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## An Explorative Study of Refugee Entrepreneurship and Startup Consulting in German-Speaking Europe: A Resource-Based Perspective

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## **An Explorative Study of Refugee Entrepreneurship and Startup Consulting in German-Speaking Europe: A Resource-Based Perspective**

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### **ABSTRACT**

From the perspective of the resource-based view (Barney, 1991; Peteraf, 1993), this study presents a multi-level analysis of support structures from the current start-up consulting landscape for refugees in German-speaking Europe. Based on qualitative content analysis of 31 grant proposals submitted during a funding contest for refugee start-up consulting projects as well as over 30 interviews with participating refugee entrepreneurs, the study reveals the hurdles faced by refugee entrepreneurs, the unique resources they bring to the table and provides a snapshot of existing and planned support structures for refugee self-employment in the German-speaking realm. Incorporating extant literature on start-up consulting for refugees and migrants and classical evaluation criteria of business plan contests and incubators, common patterns are delineated. Consequent policy recommendations are highlighted and an integrated model for successful refugee start-up consulting is presented.

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*Look within the enterprise and down to the factor market conditions that the enterprise must contend with, to search for some possible causes of sustainable competitive advantages.*

—Peteraf and Barney, 2003, p. 312

Increasing government and communal as well as private philanthropic engagement in incubators and accelerators in Germany, Austria, and

Switzerland have followed role models from the United States, United Kingdom, and Australia, where the popularity of self-employment is noticeably higher than in Germany. Further, there is an ongoing public and scientific debate about the effects of self-employment and SMEs on reducing unemployment (Light, Sabagh, Bozorgmehr, & Der-Martirosian, 1994; Wilson & Portes, 1980). Migrants have been shown to pursue self-employment more frequently than the general population and can be very successful founders in sectors such as high tech (Saxenian, 1999).<sup>2</sup> On the one hand, migrants may face discrimination in the classical labor market, driving them to attempt self-employment. On the other hand, migrant entrepreneurs have been shown to contribute to a prosperous economy (Floeting, Reimann, & Schuleri-Hartje, 2005; Leicht, Berwing, & Langhauser, 2015).

Refugees compose a specialized subgroup of the immigrant population with their own unique setting. Many have to flee, often forced to leave their country of origin abruptly (Blaschke et al., 2015; Salikutluk, Giesecke, & Kroh, 2016), which contrasts with voluntary migration in pursuit of economic opportunities (e.g., Edwards, 2015; Mulholland & Ryan 2014). These trials and tribulations can be regarded in a positive light as well: Refugees may possess important resources that are relevant for entrepreneurship. For instance, some have argued that having fled could indicate self-selection for entrepreneurial dispositions such as the willingness to take significant risks (Brücker et al., 2016). If, so this could be because “the risk propensity of refugee entrepreneurs is often much more extreme as they feel they have nothing left to lose” (Freiling & Harima, 2019, p. 22).

Over one million refugees arrived in Germany in the 2 years since Chancellor Angela Merkel’s “welcoming” policy was announced in 2015, and 27% of these were self-employed in their home country (Brücker et al., 2016) with smaller increases in Austria and Switzerland. Further, qualitative interviews with refugees in Germany revealed that former business owners are keen to apply their entrepreneurial experiences and soft skills to

the new host country labor market (Lobenstein & Rudzio, 2015). Therefore, self-employment might be a suitable measure for the challenging labor market integration of refugees which has been rarely considered so far (IHK Berlin, 2016; Martín et al., 2016; Thränhardt, 2016). According to a recent study, “another area ripe for examination is to examine the real needs of refugee entrepreneurs” (Freiling & Harima, 2019, p. 23). Because of the special skill sets required for entrepreneurship the need to overcome institutional barriers (Boettke & Coyne, 2007), the start-up consulting landscape for refugees is likely to strongly influence the success of refugee start-up endeavors.

This chapter therefore aims to analyze (a) the key resources of refugees relevant for entrepreneurship, and (b) to compare the consulting approaches and measures taken by current refugee start-up incubators in Germany (and to a lesser degree in Austria and Switzerland) in light of the resource-based view (RBV) to determine both the adequacy of existing theory for this setting and the support measures which are effective in elevating the entrepreneurial potential of refugees or making the best use of their resource endowments. In light of the RBV of the firm (e.g., Barney, 1991) which conceptualizes the firm as a bundle of resources, we seek to answer the following research questions:

1. What are the key resources and isolating mechanisms of refugee entrepreneurs?
2. What are the success criteria for refugee start-up consulting in German-speaking Europe?<sup>3</sup>

For refugee entrepreneurship, “neither quantitative research nor comprehensive cross-case studies have been conducted to date” (Freiling & Harima, 2019). By providing a comprehensive qualitative empirical study, based on the qualitative analysis of a unique dataset of start-up consulting grant proposals in Germany, Austria, and Switzerland and interviews with participating refugee entrepreneurs we contribute to the research on refugee entrepreneurship (e.g., Fong et al., 2007; Freiling & Harima, 2019) and the ongoing debate on the role of skills in migrant entrepreneurship especially in the form of education and previous self-employment experience (Chiswick & Miller, 2009; Lobenstein & Rudzio, 2015).

Second, we contribute to research on the RBV of the firm, by ascertaining its explanatory power for refugee entrepreneurship and corresponding consultancy organizations. Hereby, we also contribute to research on how resource bundles develop and change in new ventures (e.g., Lichtenstein & Brush, 2001). Third, we contribute to research on start-up incubators and the role of heterogeneous resource constellations and diversity in entrepreneurial teams.

Finally, given the recent migration waves in Europe and other parts of the world, we believe that the study has practical contributions both in terms of policy considerations and in the form of knowledge of best practices for accelerators/incubators in terms of optimal resource allocation (and alignments) to support refugee entrepreneurship endeavors.

## **THEORETICAL BACKGROUND**

International literature for migrant entrepreneurship stresses different push and pull factors as well as limitations for self-employment in the ethnic economy and ethnic enclaves. Research on migrant businesses has shown that specific competitive assets (e.g., network ties and ethnic group solidarity) are key to their successful start in the host country labor market (Bizri, 2017; Light et al., 1994; Portes & Bach, 1985; Wilson & Portes, 1980; Waldinger, 1993). Employment experience in other immigrant businesses is considered vital for learning how to overcome specific hurdles in labor market integration (e.g., Vogel & Volkert, 2014). This is crucial since pre-immigration skills cannot be transferred into the economy of the host country without incurring losses (Chiswick & Miller, 2009). Beyond the demand side of the opportunity structure framework (derived from Waldinger, Aldrich, & Robin, 1990), Kloosterman and Rath (2001) propose analyzing the opportunity structure for immigrant entrepreneurship in a mixed embeddedness, considering the given social, economic, and institutional context. Such studies have already been reported (e.g., in the United Kingdom, see Bagwell, 2018) and typically fail to consider the supply side. The RBV can provide a helpful framework with which to analyze the supply side of refugee entrepreneurship—which resources refugee entrepreneurs encompass that flow into the start-ups they develop and how these are (or are not) augmented by specialized start-up incubators.

While there are a number of studies on migrant entrepreneurship, to our knowledge, only a small number of qualitative studies, mostly based on interviews, focus on refugee entrepreneurship (Bagwell, 2018; Fong et al., 2007; Freiling & Harima, 2019; Heilbrunn and Iannone, 2018; Sanger, Siebert, Forster, Kunz, & de la Pena, 2016; Wauters & Lambrecht, 2008).

When contrasting migration and refugee entrepreneurship, there are some commonalities as well as striking differences. Both groups have in common that they left their home countries, oftentimes bringing ethnic capital with them. Two key differences lie in the time spent in the new host country as well as the motivation for leaving—while migrants often come to their new home voluntarily (e.g., in hope of earning higher rents), most refugees leave out of necessity, fleeing from war or significant minority discrimination with little or no time to prepare.<sup>4</sup> The third key difference

lies in the psychological baggage that refugee entrepreneurs often bring—their traumatic flight experiences and need to develop coping mechanisms to adapt to their new environment while experiencing homesickness for extended periods of time and having few or no social connections to others on arrival. A fourth and related difference relates to the heterogeneity of refugee entrepreneurs: “The personal situation of refugee entrepreneurs often makes a difference in terms of what they do, what they can achieve and how they behave” (Freiling & Harima, 2019, p. 4).<sup>5</sup> Wauters and Lambrecht (2008) dissociate immigrants from refugees and account for the special needs of the latter who suffer more from higher barriers regarding market opportunities, access to entrepreneurship, human capital, social networks, and societal environment.

Fong et al. interview 50 refugees, service providers, and technical assistance providers revealing challenges to the start-up process on multiple levels (e.g., individual, family, organization, and community). The authors highlight competing commitments (e.g., between venture and family), the need to acknowledge the heterogeneity of individual refugees and that in order to successfully assist refugee start-ups, support organizations and structures should foster literacy and financial training, requiring high community involvement. In a recent conference paper, Heilbrunn and Iannone (2018), discuss the subject of ontology as it relates to this emerging stream of literature.

Based on secondary data and expert interviews, Sanger et al. (2016) derive recommendations for German politics and economic support agencies for activating the entrepreneurial potential of refugees. The key recommendations can be summarized by favoring inclusive and interlinked support structures, hiring consultants with intercultural skills who are specialized in advising migrant businesses, sensitizing institutional support structures for refugees (BA, BAMF, IQ Network, BMAS<sup>6</sup>), and elaborating upon adequate detection of skills and qualifications, advisory measures, and the creation of legal and financial knowledge structures. Finally, Freiling and Harima (2019) summarize and compare and contrast a number of individual singular case studies of refugee entrepreneurs. In particular, they derive a number of research gaps and un- and under-explored research questions for this reemerging field. The authors also discuss the importance of coping and of home-country imprinting for refugee entrepreneurs.

However, none of these papers focus on start-up incubators or the RBV, a key theoretical framework regarding the utilization of motivation, skills, and experience (e.g., the supply-side perspective in (refugee) entrepreneurship and corresponding (non-profit) consultancy services: “In fact, case evidence from refugee entrepreneurship suggests that the basic categories of critical resources and capabilities are salient in this setting as well . . . Moreover, resource (non)availability is a pivotal issue in cases of

refugee entrepreneurship” (Freiling & Harima, 2009, p. 14). Heading a call that “another area ripe for examination is to examine the real needs of refugee entrepreneurs” (Freiling & Harima, 2019, p. 23), a key contribution of this study lies in developing a theoretical model that can explain how the resource endowments of refugees (including human, socio-cultural, and financial capital) together with the expertise of refugee start-up incubators influence the success of corresponding start-up endeavors (e.g., the founding rate and the identification or formation of competitive advantage), thereby helping to answer a recent question in the refugee entrepreneurship literature: “What are, and have been, the critical resources for founding the companies and running the businesses, and what are the enablers and constraints?” (Freiling & Harima, 2019, p. 3). The study explicitly recognizes that incubator staff and the participating refugee entrepreneurs are codependent, symbiotic relationship, more precisely one of mutual benefit: Without the skills, experience and contacts of the incubator staff, the refugee entrepreneurs cannot hope to succeed. Without the participants, there is no evidence of actual start-ups with which the NGO incubators can apply for grants, funding these require to pay for or maintain the salary of the incubator staff (i.e., for NGO survival): “Our current financing for the project is based on non-profit grants, private and corporate donations but we are evaluating other options” (D3: 7).

## **THE RESOURCE-BASED VIEW**

The RBV conceptualizes the firm as a bundle of resources, both tangible and intangible (Barney 1986; Rumelt, 1984; Wernerfelt, 1984). A central premise of the RBV is that firms compete on their resources and capabilities (Peteraf & Bergen, 2003). The RBV has become a dominant contemporary approach to the analysis of sustained competitive advantage. To achieve such advantages, key resources (core assets and capabilities) of a given organization must be identified and evaluated according to their strategic value to the firm and protected (Barney, 1991; Peteraf, 1993). To constitute a competitive advantage, in addition to being valuable, resources should be valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991). These aspects are applicable to the context of refugee entrepreneurs for the following reasons. First, refugees comprise a highly heterogeneous group, bringing their unique personal resource endowments with them, in the form of human capital, financial and home, and new host country net-work resources. The path trajectories of individual refugee entrepreneurs and their home country contacts seem intuitively hard to imitate and rare. They have been known to provide value by providing services to their peers (e.g., by selling otherwise unavailable imported goods at refugee camps)

and bring with them cultural richness from which other countries could presumably profit, for example, food recipés, customs, and rituals such as local art and dance forms, that may be hitherto unavailable in the new host country—and therefore non- or poorly substitutable.

Also, “case evidence from refugee entrepreneurship suggests that the basic categories of critical resources and capabilities are salient in this setting as well . . . Moreover, resource (non-)availability is a pivotal issue in cases of refugee entrepreneurship” (Freiling & Harima, 2019, p. 14). Thus refugee entrepreneurs have shown extreme dependence on social capital (Bizri, 2017). While having resources can form the basis of competitive advantage, these must first be recognized (i.e., perceived) by the entrepreneur or venture (e.g., Collins, 2016). In the setting of refugee entrepreneurship, start-up advisors and consultants should have the ability to identify and help leverage a given refugee’s unique resources. Overall, the RBV is clearly suited as a framework to study the potential development of sustained competitive advantages by refugee entrepreneur start-up teams.

## Human Capital Resources

*“Yes. I worked for a company in Iran. Auto company . . . and others . . . I had this idea but thought I couldn’t do it until 2 or 3 years of other experience.”*

(I1: 16)

Human capital can be defined as “the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value” (Becker, 1962). It also includes intellectual capital (e.g., Andriessen, 2004) and psychological capital. Human capital has been found to be predictive of new venture performance in a number of studies by entrepreneurship researchers (e.g., Cooper, Gimeno-Gascon, & Woo, 1994; Shrader & Siegel, 2007).

For refugee entrepreneurs, knowledge and habits acquired by formal and informal education and training as well as paid and unpaid work experience are particularly relevant success criteria (e.g., Fong et al., 2007). Pre-migration business experience and English fluency are viewed as key indicators of personal resources (Min & Bozorgmehr, 2000). Since refugees often have to flee their country abruptly, they may have only incomplete degrees or degrees that have not yet been recognized by the new host country. Similarly, they often have to interrupt their employment or training. Further, they are likely to experience culture shock and alienation (e.g., Nicassio, 1983), with little or no knowledge of the local language in their new host country, where reaching any level near fluency can take many years. In addition to such competitive disadvantages, refugee entrepreneurs may

have long-lasting post-traumatic stress symptoms, depression and anxiety, particularly when they stem from war-torn territories or have experienced other forms of violence (e.g., Bogic et al., 2012). This can be interpreted as a (negative) psychological capital endowment.

Bemak and Chung (2014) argue that refugees have unique psychological (e.g., affect) characteristics that differ from those of migrants, with implications for entrepreneurial cognition and behavior. For instance, having made it to new shores implies certain survival attributes (Mueller, 2014).

In addition, refugees have to divide their attention between coping matters, adapting to a new environment while pursuing their actual entrepreneurial endeavors. While start-up incubators and self-employment advisory services have a history in Germany, there are few such services focused on migrants (e.g., the IQ Network). Moreover, only recently have the first incubators been founded that aim to help refugees start a business. Such undertakings are best described as highly ambitious, as organizations will be confronted with a myriad of challenges stemming from the diverse and unique backgrounds of refugees. The number of employees available on the labor market with both experience in start-up consulting and with migrants or refugees is very limited. Therefore, we expect the refugee start-up consulting projects under study to show significant variation in the degree of human capital they bring to the table, in terms of both general start-up consulting experience and more specific experience consulting migrant or refugee entrepreneurs. We posit:

**Proposition 1:** *Human capital resources have a positive and critical impact on the (perceived) success of refugee start-ups.*

**Proposition 2:** *Human capital resources have a critical and positive impact on the (perceived) success of refugee start-up consulting.*

## **Network Resources (Social Capital)**

*I have friends who want to help me. A friend with import (business) from China. He works that too. And one is a teacher but the best friend is Eritrea. He does what I want. And also student group. Also social workers...*

(I2: 265–267)

Mitchell defines social networks as a “specific set of linkages along a defined set of persons” where the “characteristics of these linkages as a whole may be used to interpret the social behaviour of the persons involved” (Mitchell, 1969, p. 2). The importance of social networks as resources for entrepreneurial success is well-known (e.g., Brown & Butler, 1993; Jenssen,

2001). Light views ethnic resources as the major factor facilitating the entrepreneurial performance of ethnic communities (Light, 1972; Light, 1984). Following Greene, ethnic resources take the form of family support structures, labor assistance, and pooling of financial resources, in addition to intra-family loans or private loans that assist in the start-up phase of new ventures (Greene, 1997; Min, 2000). Ethnic resources can also take the form of co-ethnic employees, customers or supplies (Min & Bozorgmehr, 2000; Yoon, 1997). Refugees may not have a choice of where to settle in a host country (e.g., in Germany), which can inhibit the formation of ethnic enclaves. Given their abrupt arrival, refugees lack strong network ties in their new local settings and similarly often lack a significant number of weaker ties, which have been shown to offer new resources for organizational development (Wu & Choi, 2004) as well as to facilitate start-up growth, and help to explore new opportunities and prerequisites to attain market success<sup>7</sup> (Peng & Zhou, 2005). Refugee entrepreneurs can display an extreme *dependence on social capital*, often lacking both strong and weak ties (Bizri, 2017; Freiling & Harima, 2019).

At the same time, refugees from Syria and other Arab nations, a large part of the recent immigration wave to the German-speaking realm, bring *Wasta*—Arabic for connections or social pull—with them (Hutchings & Weir, 2006). *Wasta*, rarely openly discussed by Arabs themselves, pervades the culture in Arab countries and is seen as a force in all significant decision-making (Cunningham & Sarayrah, 1993; Sawalha, 2002). While signed contracts and formal agreements are heavily relied upon in Western countries, in the Arab World, once a (reciprocal) trust relationship has been established, business partners depend on their word of honor in business dealings (Demirbag, Mirza, & Weir, 2003).

Recent case studies have highlighted the important role of social capital for refugee entrepreneurs (Bizri, 2017; Collins, 2016; Sandberg, Immonen, & Kok, 2017) and these show a distinct network structure, playing a pivotal role when bootstrapping the venture.

Social capital is, however, just as important for the start-up consultants/incubator staff. These can pass on their strong and weak links to the financial services sector in order to facilitate loan applications for the refugees they advise or help navigate the local institutional landscape (e.g., tax offices, unemployment offices, trade chambers, etc.). Therefore, we posit:

**Proposition 3:** *Network resources (e.g., both strong and weak ties) have a positive impact on the (perceived) success of refugee entrepreneurship.*

**Proposition 4:** *Network resources (e.g., both strong and weak ties) have a positive impact on the (perceived) success of refugee start-up consulting.*

## Financial Capital

*It (my business idea) needs at least more than 8000 € a month (which I don't have), because I need to have some staff after completing this program.*

(11:273)

Studies have found that financial capital is predictive of new venture performance (e.g., Cooper et al., 1994). New businesses must overcome the cash-flow valley of death until break-even is reached (Moore, 1995). This is typically accomplished with the help of bank loans, money from friends and family, or in some cases angel investors, venture capital firms or online crowdfunding. Migrants are often dependent on personal savings for capitalization (Light & Gold, 2000; Min & Bozorgmehr, 2000) and can face credit constraints under labor market discrimination (e.g., Frijters, Kong, & Meng, 2011). Refugees confront financial hurdles above and beyond those of other migrants. First, refugees can spend their entire savings on human trafficking to the point that they may owe a significant debt even after arrival.<sup>8</sup> They also lack a credit history in the country of arrival, where they may not even be permitted to open a bank account. Refugees who are lucky enough to have the identification documents and legal permission to open an account and have some sort of credit history, may face discrimination by loan officers or bank policies. This problem of capital acquisition is further aggravated by the often-abrupt separation of refugees from their families and friends, who may be out of reach for quite some time after arrival. But even long after arrival, refugees may have reduced cash flow at their direct disposal for another reason—remittances (e.g., Rapoport & Docquier, 2006). Those who do find employment or are able to successfully find customers for their self-employment or start-up venture, typically send money home to their families (or close friends) in their home countries, who are likely to live in more dire circumstances, or at the very least, in nations with decisively lower average income rates.<sup>9</sup> While this is undoubtedly crucial to the economic recovery of the home country (e.g., typically war-torn territories), such remittances can create a capital drain on the new venture, restricting potential growth, and necessary investments. Overall, this implies a strong selection process, where those refugees lucky enough to arrive in their new host country without debt or that come from a wealthier family will have an easier time financing the seed phase of their business (e.g., via bootstrapping).

Not only do the refugee entrepreneurs face capital restrictions, but so do the refugee start-up incubators (typically NGOs), who are often dependent on the support of donations or cause-related sponsoring foundations. Therefore, we expect that:

**Proposition 5:** *Financial capital resources have a positive impact on the (perceived) success of refugee entrepreneurship (e.g., the rate of incorporation).*

**Proposition 6:** *Financial capital resources have a positive impact on the (perceived) success of refugee start-up consulting.*

## METHODOLOGY

In this study we closely follow a number of refugee start-up incubators (NGOs) and their participants in German-speaking Europe over an 18-month period. We employ a qualitative analytical and interpretative multiple case study approach (Eisenhardt, 1989; Yin, 2004) utilizing qualitative content analysis (Krippendorff, 2004) of 31 grant proposals evaluated during the month of April 2017 as part of a competitive selection process for external funding (50 thousand Euros grants) for NGO-led refugee support projects in Germany, Austria, and Switzerland in addition to qualitative interviews with program participants, incubator staff members, and external experts as well as field notes taken during and after on-site visits.

We chose a qualitative case study methodology because this avenue is known to be particularly fruitful for new and emerging fields, where phenomena need further exploration and there are multiple contingencies that suggest the importance of the respective context (Eisenhardt, 1989; Strauss & Corbin, 1990; Yin, 1994).

The grant proposals vary in length from 3–4 pages to approximately 30 pages and are similar in nature to (nonprofit) business plans, describing in detail the incubator's goal, team member's roles, skills and experience, the project timeline, cost estimates, and so forth.

Evaluation criteria of the contest included the innovativeness of the refugee consulting and recruitment approach, the degree of follow-up support after the project phase, incorporation into existing social structures, embeddedness in the institutional framework (i.e., cooperation with unemployment offices and trade chambers), dedication to specialized target groups of refugees, nonprofit business models and classical business project success criteria. The latter included team member experience, scalability of the consulting concept, professionalism and completeness of the proposal (including financial projections) and evaluation methods.

Moreover, so far, over 30 interviews were conducted with refugee entrepreneurs that took part in the incubator programs,<sup>10</sup> then professionally transcribed and translated into English by a dual native speaker where necessary. A study by Guest, Bunce, and Johnson (2006) found that 12 interviews were sufficient to reach theoretical saturation, a key point recommended by Glaser and Strauss (1967, p. 61). With a more

**TABLE 2.1 Overview of Interviews**

Primary Data	Org. Code	Total Number of Interviews	Total Duration (min.)
German NGO 1	D4	7	295
German NGO 2	D2	9	375
German NGO 3	D1	9	420
European NGO 1	D3	8	360
<i>Total (all interview data)</i>			1,090
Supplemental Data	Number		
Grant Applications	31		
<i>Total Pages of Material</i>	>350 pp		

heterogenous group, we reached this point a bit later and continued collection well beyond this point to be able to better evaluate the incubators.

While a majority of the interviews were conducted during the incubator programs which ran from 6 to 12 months, we also participated in a number of follow-up interviews, which gave us indications of which training measures were effective and which lacking, as well as the perceived usefulness of the measures for the refugee entrepreneurs that participated in them.

In our content analysis, we depart from a premise of the RBV. Based on our findings, we aim to test the explanatory power of the RBV for the highly complex context conditions of refugee entrepreneurship, and if necessary, to extend the framework. Therefore, our inductive approach aims at theory building, with the goal of generalizing from the specific (Saunders et al., 2009).

We began with close observation of the data, and then sought to uncover recurring patterns that led to our propositions in an iterative process, until we believed theoretical saturation was reached. In terms of sampling, we began by analyzing the successful grant proposals, as these were immediately and uniquely accessible and offered the highest learning potential for our research questions. We then triangulated our qualitative grant proposal data with interviews with the participants of the refugee start-up consulting NGOs and by means of informal interviews held with key organization staff.

## ANALYSIS

Following the guidelines of Strauss and Corbin (1990) and Huberman (1994), our coding process was as follows: We first used open coding, allowing the data to speak and based on our intuitions from the RBV. The transcripts were coded using the software Atlas TI. As we successively

iterated through each proposal and interview, this list of codes was successively extended and filled with quotes. Those items that had few or no occurrences were dropped unless essential from a theoretical or practical perspective. Next, redundant codes were eliminated. During the selective coding process, codes were brought into relation to each other. Finally, during axial coding, higher level constructs emerged.

**TABLE 2.2 Representative Supporting Data for Each Aggregate Dimension**

Aggregate Dimensions	Theoretical Categories	First-Order Codes
Human Capital (Refugee Ent.)	Work Experience	<p>“Yes. I worked for a company in Iran. Auto company (. . .) and others (. . .) I had this idea but thought I couldn’t do it until 2 or 3 years of other experience.” (I1: 16)</p> <p>“We conduct competency screening (before begin of the program).” (D3: 52)</p>
	Education and Training	<p>“In Germany you always want that (education), it’s perfect. For example, how can I explain that. For example, if someone is an accountant then you have to be professional (about certified). If I . . . (INT: Need a degree?) Yes.” (I2: 91–96)</p> <p>“I’m an industrial engineer and now I’m ..(virtually unemployed).” (I1: 25)</p>
	Language Skills	<p>“I cannot speak Deutsch well (. . .) I can understand about 80% but I can’t speak well. I can write good too.” (I1: 48)</p> <p>“A key aspect is the German language as the language used in the program (in exceptional cases we of course fall back on English). That allows improvement of language skills and learning the relevant vocabulary of the field [entrepreneurship]. (D4: 1:13)”</p>
	Emotional Stability	<p>“A risk of exiting the program prematurely is higher with refugees than with other participants (. . .) they may face difficult personal situations, e.g., insecure living conditions, difficulties bringing other family members to Germany, etc.” (D1: 1:64)</p> <p>“It was more than challenging. It was frustrating (not being able to work in Germany upon arrival).” (I1: 172)</p>
Social Capital (Refugee Ent.)	Network Ties in Home Country	<p>“My friend from Sudan e.g., has a warehouse and shop. And has many clients and he works a lot and earns well.” (I2: 243)</p> <p>“Here I have good contact with Eritrean people.” (I2: 31)</p>

*(continued)*

**TABLE 2.2 Representative Supporting Data for Each Aggregate Dimension (Continued)**

Aggregate Dimensions	Theoretical Categories	First-Order Codes
Social Capital (Refugee Ent.) (cont.)	Network Ties in Host Country	<p>“I have friends who want to help me. A friend with import (business) from China. He works that too. And one is a teacher but the best friend is Eritrea. He does what I want. And also student group. Also social workers . . .” (I2: 265–267)</p> <p>“No, I did not have any family here at all (upon arrival). (. . .) I heard about the program from one of my new friends here.” (I1: 78–83)</p>
Financial Capital (Refugee Ent.)	Savings or Debt	<p>“It (my business idea) needs at least more than 8,000 a month (which I don’t have), because I need to have some staff after completing this program.” (I1: 273)</p> <p>“Refugees often come here with nothing. If anything they often have debt . . .” (D2, Field Notes:2)</p>
	Role of Credit/ Credit History	<p>“(INT: And, in terms of financial situation, do you think it will be, is it difficult to get credit?) Of course. Especially I have no job yet.” (I2: 315)</p> <p>“The first camp, the first refugee shelter I worked there, on my own, that was such a far away village. And I drive to town and I bring some lotion and towels, Arab bread and I sell it back to the camp and also credit (for mobile phones and internet).” (I2: 48)</p>
Human Capital (NGO)	Consulting Experience (NGO)	<p>“We (as experienced consultants) offer our participants workshops and trainings to improve their business skills. These include marketing (. . .) but also soft skills such as presentations, negotiation and professional writing.” (D1: 1:40)</p> <p>“She (. . .) has experience working with refugees and understands their needs (. . .) he, our project assistant, consults businesses and strongly connected in the local startup scene.” (D4: 7)</p>
	Team Composition (NGO)	<p>“The core team is composed of employees of our NGO, but we will also hire freelancers and startup consultants.” (D1: 18)</p> <p>“We have several projects here with specific people in charge of each. She manages this program (together with her assistant).” (D4: 7)</p>
	Education and Training (NGO)	<p>“She studied cultural anthropology and intercultural communication (. . .) and holds master’s degree.” (D4: 6)</p> <p>“Our founder previously started another nationwide non-profit (. . .) and our co-founder obtained a business administration degree.” (D2: 2)</p>

(continued)

**TABLE 2.2 Representative Supporting Data for Each Aggregate Dimension (Continued)**

Aggregate Dimensions	Theoretical Categories	First-Order Codes
Human Capital (NGO) (cont.)	Language Skills (NGO)	<p>“(interested parties) will be informed about the goals, contents, and opportunities about the project in at least two languages.” (D3: 3:66)</p> <p>“Participating (refugees) have very different levels of German language skills (. . .) To startup in a sustainable way, it is therefore planned to offer a ‘qualification Entrepreneurship relevant German’ as well as the possibility to converse with German-speaking people.” (D3: 3:44)</p>
	Emotional Stability (NGO)	<p>“We put significant focus when designing this pilot program on (. . .) and [on] our offering for psychological and social services.” (D1 1:64)</p> <p>“Refugees face difficult personal situations (. . .) that’s why we offer psych services and support measures.” (D3: 16)</p>
Social Capital (NGO)	Network Ties in Host Country (NGO)	<p>“[our] cooperation partner offers significant synergies concerning questions of recognition of foreign qualifications and corresponding advisory.” (D3: 3:11)</p> <p>“Our working goal is to make sure that refugees that want to start up in Germany obtain more and more effective assistance. For us this means (1) that we actively integrate actors from the German startup scene into our work and (2) that we develop smart networks of similarly inclined actors, to together strengthen the effect of our work.” (D1: 1:47)</p>
Financial Capital (NGO)	Own Capital (NGO)	<p>“Our current financing for the project is based on non-profit grants, private and corporate donations but we are evaluating other options.” (D3: 7)</p> <p>“We are currently financed by three non-profit foundations (but are applying for other sources).” (D4: 8)</p>
	Foreign Capital (NGO)	<p>“There are a number of challenges faced by new arrivals (refugees), among them are (. . .) and access to capital.” (D3: 3)</p> <p>“Founders of small and tiny startups only need very small loans. They can receive these via microfinance, venture capital (and state funding measures).” (D4: 6)</p>
	Access to External Funding (NGO)	<p>“Areas identified where coaching and qualification is needed: Possibilities and limits when seeking to obtain financing for the venture, alternatives to bank loans.” (D3: 3:40)</p> <p>“Partial goals: Marketing and Business Plan created and partially implemented . . . if necessary financing strategy partly implemented (corporate bank account, financial plan, initial financing).” (D1: 1:59)</p>

## RESULTS

The coding process for the grant proposal texts resulted in 38 final codes. These were grouped into the categories: recruiting measures, market entry support, knowledge transfer, long-term support, and consulting project attributes. The construct “consulting project attributes,” for instance, contains codes that capture the degree to which the respective project proposal considers the aspects mentioned, for example, the experience of the team, the legal form of the applicant, the timespan of the proposed project, the degree to which goals and the consulting methodology were explicit, ties to other projects, the project’s budget, and the project’s goals.

The variation observable among the project proposals is striking. First, the stark differences in overall proposal length can be seen as a signal of effort and/or quality on behalf of the respective incubator/NGO. Second, only a few teams had members with previous experience consulting start-ups, and only a few of these had experience with self-employed migrants. Also, while some proposals listed other funding sources (e.g., nonprofit foundations), few proposals included a degree of self-funding for the project. This may be due to the social mission of these proposed projects, as ventures with social goals (e.g., assisting the access of refugees into the labor market as entrepreneurs) are often judged on emotional grounds, whereas profit-oriented ventures are judged on more rational measures (e.g., Grinchnik, Smeja, & Welppe, 2010).

The coding process for the semi-structured interviews with refugee entrepreneurs and incubator staff yielded 17 codes. From the evidence (see Table 2.3), we could confirm that in our setting, as predicted, human capital indeed has a positive and critical impact on both the perceived success of refugee start-ups (Proposition 1) and on refugee start-up consulting (Proposition 2): The dimensions work experience, education and training, language skills, and emotional stability each play important roles for the interviewed refugee entrepreneurs, while similar dimensions appeared in conversations with staff members of the incubators. In Germany, Austria, and Switzerland, most people have a working knowledge of English, which can be an alternative for some refugees. Nonetheless, not knowing German is a big disadvantage in this region and it is a comparatively difficult language to learn (and teach well). Learning the local language is important for refugees not only in business dealings, but also in terms of feeling included rather than excluded from larger parts of society. Initially, only a small number of refugee incubators offered German instruction as part of their programs and relied on their prerequisite of participants having beginner knowledge<sup>11</sup> when entering. Further, emotional stability was initially ignored as a success factor by most programs. Only one incubator reported hiring a psychologist to assist refugees when needed with psychological

**TABLE 2.3 Supplementary Information on the Grant-Recipient Organization**

Descriptives	NGOs			
	D1	D2	D3	D4
Grant Amount Awarded (€)	50,000	50,000	50,000	50,000
Own Funding Contribution (€)	33,000	20,000	31,640	5,000
Other External Funding (€)		24,000	30,000	35,350
<b>Total Project Volume (€)</b>	<b>83,000</b>	<b>94,000</b>	<b>111,640</b>	<b>90,350</b>
Employees in Core Team	3	2	4	1
Additional Part-time employees	n/a	n/a	1	1
External Mentors/Coaches	2	1	1	1
Location: City Size	Small	Large	Large	Small
Length of Grant Application (pp.)	35	11	28	12

Note: External Funding for organization “D3” is estimated.

issues and conflicts affecting their intrinsic motivation. Clearly this support dimension should not be neglected.

Similarly, we found support for our propositions that (social) network resources have a positive impact on the perceived success of both refugee entrepreneurship (Proposition 3) and refugee start-up consulting (Proposition 4): We find that diaspora networks and more generally, network ties both in the home and host country (and thus network resource endowments) play a role for both participating refugee entrepreneurs and the incubators observed. Refugees have high expectations regarding staff member introductions to potential clients, financiers, and so on, but at the same time often place high hopes on their business associates, friends, and distant relatives in their home (or the new host) country. Incubator staff members perceive their connections to the local start-up scene and cooperation partners (e.g., the local unemployment and immigration offices) to be highly important in achieving their goals. This makes perfect sense, since in Germany, Austria, and Switzerland, immigrants face bureaucratic hurdles when pursuing most types of work, let alone self-employment, which are contingent on their visa status and often on having an approved business plan.<sup>12</sup> If refugees become self-employed, they do not pay into the country’s social safety net, which is not popular with the unemployment agency or parts of the German government for example. Cultivating relationships with these offices can smoothen start-up endeavors and the navigation of bureaucratic nightmares on both sides.

Finally, we find supportive evidence that financial capital has a positive impact on the perceived success of refugee entrepreneurship (Proposition

5) and of the respective refugee start-up incubators (Proposition 6):<sup>13</sup> One's own capital, foreign capital, and access to external funding were each perceived as necessary resources. It is worth noting that for the refugees, debt burden is a sensitive topic that was only revealed in informal conversations; only very few participants reported any significant savings. Therefore, the participants viewed external financing as critical to getting their ventures off the ground. The incubators on the other hand, were in much more comfortable situations, with funding provided by other larger non-profit foundations with excellent chances of renewal (typically for 12 months at a time, contingent on taking steps towards their respective mission). However, privately, several incubator staff members expressed doubt about the prospects of continuing to run the respective programs if further funding were to be declined by the respective support foundations. The NGO-run programs are therefore highly dependent on external donors.

## **DISCUSSION AND MODEL**

The results of our analysis of incubator funding applications are startling—there is currently a clear mismatch between the expected and actual expertise of a start-up consulting team focused on the target group of refugees. While it is commendable that people want to help others, even the best crafted proposals divulged areas in which subject-matter expertise is lacking (either in regard to working with migrants or refugees, or previous start-up advisory experience). Second, it became evident that most proposals lacked a holistic program to support refugees in particular. For instance, local language instruction and psychological support are both crucial aspects of any structured program for this target audience—aspects which were often neglected in the proposals.

The interviews conducted with participants and incubator staff revealed that the subset of incubators that received the final grants found it challenging to lead participants towards finding a product or service with a unique selling proposition (USP) or innovative edge. A majority of ventures pitched by participants (at the end of their respective incubator programs) were in areas with low entry barriers such as catering, restaurants, handicraft, language services, online trading, and brick-and-mortar import/export. Start-ups often require sizable financial capital that is difficult if not impossible for refugee entrepreneurs to provide, but “in the case of trade and services, however, entrepreneurs may circumvent such challenges by providing labor and/or knowledge as focused input to the value-added process” (Freiling and Harima, 2019, p. 13).

The chosen industries of the refugee entrepreneurs under study—those with low barriers to entry—also call into question whether or not

the identified resource endowments are unique enough to lead to competitive advantage-based rents as suggested by the VRIO (valuable, rare, inimitable, organization resources) framework, a central concept within the RBV. Therefore, it seems likely that many such ventures will be short-lived. Further, these types of business, while likely valuable (e.g., by increasing the consumer's choice set beyond current alternatives), are at least on the surface easily imitable. Granted, not everyone knows how to prepare Syrian cuisine, but at the very least, such businesses are likely to soon compete with others from the same ethnicity. While the interviews showed that the programs were somewhat effective overall in educating participants in various aspects of the start-up process, taken together the data revealed fundamental underlying dynamics of this type of setting, allowing us to construct a theoretical model, with implications for future studies on refugee entrepreneurship and the RBV as well as practical implications for refugee incubators and entrepreneurs.

Based on our learning from the submitted proposals and interviews, we draw best practice insights for refugee start-up consulting services and test our assumptions on the RBV of the firm (e.g., Barney, 1991). First, we summarize the mechanisms frequently employed by such organizations and derive theoretical implications for different types of resources of refugee entrepreneurs. Next, we derive implications for policy and practice.

The insights gained from real life business support projects from refugees indicate to which extent the existing business support structures for founders with and without a migrant background can serve as a support basis for refugee start-up efforts. By doing so, we attempt to distinguish which offerings need to be adapted to the special needs of the specific target group of refugees.<sup>14</sup> In addition, further prerequisites for successful refugee start-up consulting concepts can be detected, such as the need for additional personal assistance, training, and qualification for advisors and mentors.

Recommendations can be characterized by the expertise and skill sets of consultants and cooperating partners, local language (and culture) instruction measures, personal support networks, institutional embeddedness, and the ability to sense, seize, and overcome refugee specific hurdles in the founding process and to identify and help exploit unique resource endowments of individual refugees.

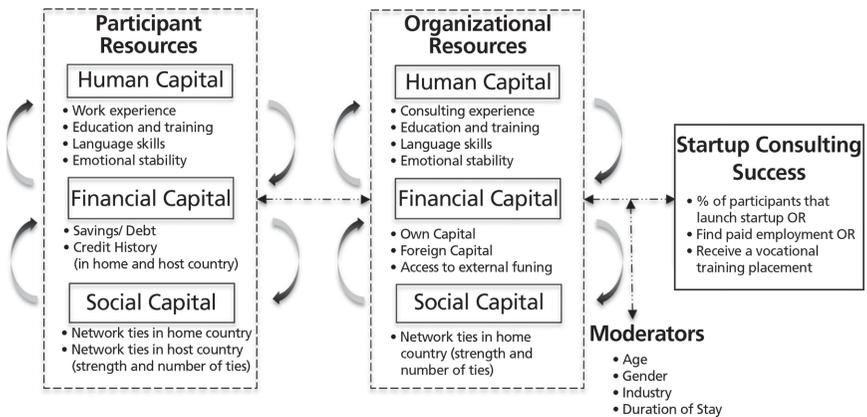
We find a number of limitations in current proposals, such as insufficient attention to critical success factors suggested by the literature, such as language and psychosocial variables specific to the refugee situation (Behrensen & Groß, 2004; IHK Berlin, 2016; Liebau & Schacht, 2016; Rich, 2016), weak communication strategies, absent skill audits. In addition, general project management best practices, such as conducting a project risk-benefit analysis, having a realistic timeline, and so forth, were partly neglected.

The collaboration of an international network of organizations that included self-employment as an alternative integration strategy into the labor market indicates that refugee self-employment has been established in the global political discourse. Further, interesting side aspects were detected on the basis of the analyzed proposals consisting of franchising business models where spin-offs are activated through social entrepreneurship, promoting self-employment of refugees.

Based on our preliminary results and the discussion above, an integrated model of refugee start-up consulting success is developed, depicted in Figure 2.1.

## Participant Resources

Participating refugee entrepreneurs enter the (NGO) start-up consulting programs with three types of capital. First, participants differ in their human capital: Their previous work (and self-employment) experience, their education and training, their language skills, and their emotional stability (and resilience). Second, they bring with them (typically a lack of) financial capital in the form of savings/debt (owed to human traffickers) and little or no credit history in their new host country. Third, they possess



**Figure 2.1** Integrated model of refugee startup consulting success. *Note:* The conceptual model currently focuses on the micro and meso levels of analysis. An extension of this model for the macro level is in development, particularly along the dimension nationality of participants and embeddedness into a geographic region. Thus refugee entrepreneurs may be pushed or pulled into self-employment. Further, the city size that harbors the respective incubator/accelerator program, is likely to moderate the resources available to the programs and participants, as is the level of government support and level of development of financial institutions.

various degrees of social capital: network ties in their home country and in their adopted host country. These can be either strong (e.g., family, relatives, and close friends) or weak (loose, typically work- or business-related associates or former associates). In the case of host country ties, local and ethnic ties can be differentiated. Particularly strong ties with locals are likely to help refugees quickly learn the local language, adapt to customs, and help them to navigate their environment. Also, the perception of social inclusion is likely to foster the emotional stability needed to cope with past trauma from the experience of having to flee their home country.

## **Organizational Resources**

Nonprofit organizations seeking to consult refugees also bring with them these three types of capital. As with participants, human capital plays a crucial role. Organizations here differ first and foremost in terms of team composition. Organizations led by teams in which at least one member has prior experience with start-up consulting or working with migrants are much more likely to be successful than those without. Therefore, one or more team members should be familiar with business administration, so that necessary training modules can be developed to teach refugees the basics of business model validation and customer acquisition. Cross-cultural training (CCT) can help mitigate the effects of culture shock and ease integration into the new host environment. Cross cultural training is designed to ensure that participants are equipped to deal with the psychological stressors of adjusting to a new cultural environment as well as being able to effectively manage their organization's human resources (Forster, 2000; Tung, 1988; Zakaria, 2000). Such knowledge becomes pertinent for refugee entrepreneurs when there is a substantive cultural distance between the entrepreneurs' nation of origin and their new host country (e.g., Kaye & Taylor, 1997). Language skills, particularly English, Arabic, and Farsi, are also helpful, as refugees rarely speak the local language prior to arrival and often take significant periods of time to learn it at a basic conversational level (e.g., B1 in Germany). If no team member speaks a foreign language, engaging a (volunteer or paid) translator can be an alternative. Since many refugees come from war-torn regions and have experienced trauma, it is helpful to have a team member with a degree (or better yet training) in psychology, or access to a freelance psychologist. These can mitigate conflicts that may arise when participants from different countries of origin participate in the same program.

Refugee start-up consulting organizations also vary in their endowments of financial and social capital. Financial capital includes not only the financial footing of the organization but also their access to external financing and

(start-up) funding sources. In terms of social capital, the organizations' weak ties play a crucial role in allowing team members to make (or facilitate) formal introductions to participants (e.g., with local business and industry representatives, government agencies, venture capitalists, and angel investors).

## **Refugee Start-up Consulting Success**

We define refugee start-up consulting success as one of three outcome cases: (a) a significant percent of participants are active in their own start-up or pursuing self-employment 12 months after the end of a support program or measure, or (b) find paid employment within 12 months after the end of a support program or measure, or (c) are successfully placed in a vocational training program of 3 or more months duration within 12 months after the end of a support program. Even though the main goal of the support organizations in question is consult refugees who wish to start-up, these measures make sense because the overarching goal of such support structures is to further labor market integration of refugees and immigrants and to improve (overall) social welfare.

## **Moderators**

First, age and gender play moderating roles—older refugees are likely to have work experience in their country of origin upon arrival, but at the same time may be slower to learn the local language. Female refugee entrepreneurs (31% of our sample) may self-select into certain industries (e.g., highly competitive food services) and may even face resistance from their male counterparts, who are used to being the income-earners in their family (e.g., it is particularly shameful to be an unemployed male in some parts of the world).

Second, the selected industry (and market/occupation) play a moderating role. Some markets and professions require less know-how or financial capital at the onset, for example, local mom-and-pop supermarkets and fast food restaurants.<sup>15</sup> Also, IT skills are somewhat independent of language (e.g., programming) and some types of ventures may come more easily for immigrants that do speak or learn the local language such as freelance translation services.

The country of origin plays a moderating role in whether or not a participant together with the supporting organization will be able to launch a successful venture. For instance, bank accounts may or may not be the norm in the country of origin. Where financial institutions are lacking, basic knowledge of banking and finance and corresponding credit histories are

less likely to be present. In some countries, such as Syria, a significant percentage of the population speak some English, which could facilitate their adaptation to the host country. Further, ethnic capital plays a larger role in some societies than others. Similarly, the host country plays a role in determining the success of a refugee's venture: First and foremost, immigration policy will determine an entrant's visa status and permission to stay and/or pursue (self-) employment. Also, the degree to which local institutions (e.g., employment agencies, immigration departments, chambers of commerce, etc.) are supportive of and experienced with the needs of refugees can play a moderating role in the refugee's successful pursuit of self-employment. Finally, the duration of stay plays a modifying role in that it can be a proxy for refugee's knowledge of the local language and culture and for the number and strength of his/her network ties in the host country. Thus, our study helps answer the question, "What are, and have been, the critical resources for founding the companies and running the businesses, and what are the enablers and constraints?" (Freiling & Harima, 2019, p. 3).

## **LIMITATIONS AND FUTURE RESEARCH**

First, even though the first two incubators completed their incubation rounds at the time of writing and several participants registered their businesses, it is premature to fully evaluate the final outcomes of the start-up consulting projects (i.e., the number of start-ups generated per participant and their survival rate), as this will take several years. Nonetheless, a number of refugee start-up teams have registered their businesses in Germany and at least one team has received early-stage funding from a venture capital firm. Second, a portion of our data is based on the analysis of grant proposals for NGOs. Such proposals reflect the self-perception of the respective NGO seeking funding and it is in the interest of the participating parties to present themselves opportunistically, that is they may exaggerate their experience and contacts and may leave out significant risks to the respective projects. If opportunism took place during the grant application process, this should be true across all of the proposals, making them more comparable. In our case, we could partly reduce this limitation by observing the actual outcomes of the incubators that were funded, which were largely in line with the grant proposals that were written. That is, we found no evidence of opportunism, which could be a reflection of the nonprofit scene, where such behavior is typically frowned upon. Further, the textual analysis of the grant proposals primarily served to identify initial codes relevant for the successively analyzed interview transcripts and to provide a helpful source of triangulation.

Also, Freiling and Harima (2019, p. 6) find that only a few of the individual case studies they review go beyond the solo (self-employment/micro-business) level: “Only in a few cases did the refugees found a business in teams or quasi-team structures.”<sup>16</sup> However, in our case, we interviewed participants of refugee start-up incubators that market themselves as such on their websites and social media profiles and where in most cases participants comprise small teams of two to three members each, implying growth potential. Nonetheless, the way of thinking encouraged by the RBV, that of unique resource endowments leading to competitive advantages, brings light into the black box of refugee entrepreneurship.

Finally, the Arab world has been said to be culturally relatively homogenous (Hutchings & Weir, 2006) and the large majority of our participants are from nations with similar backgrounds and cultural values. Given the specific institutional conditions in Germany, and the overrepresentation of certain origin countries (e.g., Syria & Iran) the results may not be fully generalizable to refugee entrepreneurs in (or from) other countries. Also, even within the Arab world, home-country imprinting could take on somewhat different forms for refugees.

Therefore, future studies could study refugee entrepreneurship among groups from other origin countries, perhaps contrasting different institutional (e.g., host country) settings. Further, it has been found that business counseling services directed towards minority entrepreneurs can face legitimacy dilemmas (Nilsson, 1997); the role of legitimation for refugee start-up incubators could be further explored. Finally, a theory closely related to the RBV, that of dynamic capabilities (Teece, Pisano, & Shuen, 1997), could comprise a helpful lens for future studies.

We hope that the model provided can enliven the debate on the role of resources in refugee start-up consulting on both the individual and organizational levels.

## **CONCLUSION**

In conclusion, we wish to emphasize that our chapter addresses the role that (non-profit) organizations can play in building and shaping the resource endowments of refugee entrepreneurs, by guiding them on a path towards becoming successful start-up teams. From our evidence, we provide an emergent model and number of propositions on the role of different resource types in shaping the competitive advantage of refugee entrepreneurs, thereby addressing the preconditions under which nonprofit incubators can best promote labor market integration of refugees in the form of entrepreneurship.

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## NOTES

1. Dr. Andrew Isaak is assistant professor of entrepreneurship at the SolBridge International School of Business, South Korea and affiliated with the Institute for SME Research, University of Mannheim, Germany.
2. Self-employed refugees are considered to be entrepreneurs in the context of this study. This makes sense intuitively since refugees must take a number of risks to attempt self-employment, often under highly challenging circumstances.
3. Following Fong et al. (2007), our preliminary success criteria include: The overall learning outcome (e.g., skills acquired including business acumen and knowledge of the local language), the ability to retain participants in a given incubator/start-up support program, the outcome in terms of successful self-employment (which will become successively known in 2017 and 2018 as the NGO programs which are still in progress), or other labor market integration outcomes.
4. German refugees from the war-torn Syria are but one striking example. Our dataset also comprises individuals from Iran that were forced to leave the country to escape torture because of their religion (e.g., Bahá'ís, Mandéans, & Yarsanis). While informed consent was obtained for our interviews, we anonymized the names, locations, and positions of the corresponding parties to protect their identities for obvious reasons.
5. This finding is confirmed by this study particularly regarding emotional stability (see Table 2.2).
6. BA: German Federal Employment Agency, BAMF: German Federal Migration Agency, IQ Network: Integration through Qualification, BMAS: Federal Office for Employment and Social Welfare.
7. In such cases, social capital can take the form of symbolic capital: If refugee entrepreneurs know other successful entrepreneurs funded by a certain venture capital firm, it makes much more likely to attain funding by this firm. This is because alone being associated with other successful people can raise one's social prestige and signify being part of the in-group that is likely to

share similar values (e.g., hard work, innovation, growth-orientation). For more on the distinctions between symbolic and social capital, see Bourdieu, 1984.

8. According to our calculations, based on a publicly available dataset, refugees in Germany face a debt of over \$9,000 USD on average.
9. <https://www.arabamerica.com/syrian-refugees-send-remittances-back-home/>
10. Approximately 31% of interviewees were female, a majority (51%) of participants were 30–40 years old, 28% were older (Ages 40–55), and only 19% were younger (Ages 20–30). Seventy-one percent originated from Syria, 20% from Iran, 5% from Afghanistan, and the remaining 4% from Jemen and Eriteria.
11. The cutoff for the programs was B2, which is known as advanced beginner, or slow and basic conversation. There were large differences in language skills between participants even within the B2 level.
12. In German, this is called a *Tragfähigkeitsbescheinigung* (or certificate of a viable business model) and can be approved not only by staff members of the unemployment office, but by certified start-up consultants.
13. While the programs are still partly in progress, we can say from our informal conversations and attendance of the pitch events, that in addition to the coded data, we also know that at least one new business from each incubator has been officially registered with the corresponding business registration office. One of these has already received €50,000 in venture capital.
14. It is premature for us to evaluate the concrete outcome of the start-up consulting projects proposed (i.e., the number of start-ups generated per participant and their survival rate), as these are still in progress. Such evaluation is planned at a later date.
15. Restaurants may have low barriers to entry but at the same time have very high failure rates with almost two thirds of restaurants failing in 3 years according to a study of Dun & Bradstreet data on the U.S. hospitality sector (Parsa, Self, Njite, & King, 2005); this is considerably higher than the 50% of new businesses that fail in 5 years according to the U.S. Small Business Administration (SBA, 2012).
16. On the role of solo entrepreneurs vs. scalable ventures, see also Isaak, Bachenheimer, and Isaak, 2014.

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