



Position Paper

Self-employment and small business start-up for refugee & humanitarian entrants. An untapped opportunity

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Executive summary

Given the challenges, it appears fair to ask ‘why bother’ to support refugees and humanitarian entrants to become self-employed and commence a new business in Australia?

Isn't it easier just to get them into a job?

Any job?

The evidence suggests otherwise.

Refugees continue to be and are consistently the most entrepreneurial migrants in Australia¹. Yet the system in place to support refugees to avoid poverty and welfare dependence actively disincentives refugee entrepreneurs to commence their own small businesses.

Skilled and rich with ideas, evidence shows that the vast number of refugees end up in low paid, precarious employment.

But the evidence and our experience also confirms that self-employment remains an untapped opportunity for refugees as a pathway into full social and economic participation. The opportunity for decent and dignified work as an enduring alternative to low paid precarious work.

Three challenges

1. Refugee and humanitarian entrants into Australia face numerous challenges settling into a new and unfamiliar social and cultural environment, as well as challenges associated with previous and ongoing life experience and trauma.

¹ Refugee Council of Australia (2019), [Refugees are the most entrepreneurial migrants in Australia](#)

2. Starting and owning a business is inherently challenging for anyone, and even more so for those who come from refugee and asylum seeker backgrounds. Resource poor, they face a range of barriers, both explicit (discrimination for example) and less overt (limited social capital for example) compounding the challenge.
3. Recent research has also highlighted another more 'systemic barrier'. The most recent paper: *Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia*² following extensive research and consultation found that: *'There is a lack of focus on entrepreneurship and self-employment within the current service-ecosystem, which has led to an unmet need for dedicated support to encourage refugee and CALD community groups. . . to start or grow their own small/micro- businesses. Service providers are not being incentivised to encourage self-employment; community groups^[SEP] lack knowledge about the regulatory/legal obligations involved in establishing a business, and/or financial capabilities required to run a successful business; and access to finance is very limited, particularly for women on low incomes'*.

What follows is a case for support – the evidence base – that demonstrates that in the face of these challenges, refugees continue to be and are consistently the most entrepreneurial migrants in Australia³.

Resource poor in many ways, our experience⁴ is that refugees are very rich when it comes to self-employment ideas. Ideas that can change their economic and social circumstances from dependence to full participation. What is missing are the appropriate and culturally sensitive opportunities to maximise this rich potential, both for refugees and the broader Australian community.

² Mohammed & Yassin Vinita Godinho, June 2023, [Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia](#) Spectrum & Grameen Australia

³ Refugee Council of Australia (2019), [Refugees are the most entrepreneurial migrants in Australia](#)

⁴ Working with Caritas Westminster we established [SEEDs](#) in Wembley London in 2018.

The particular barriers

We believe it is important to recognise the particular barriers refugees, asylum seekers and humanitarian entrants face in Australia so we are informed of these barriers and responsive to them.

They have been⁵ and are now well documented⁶.

Refugee communities in addition to a lack of sustainable employment and training opportunities that guarantee decent and dignified work, face numerous barriers to full economic participation including, racism and discrimination; impact of disrupted education; ongoing mental health issues due to trauma; lack of affordable and stable housing; separation from family members; distance and lack of communication with families in home countries and/or countries of asylum (particularly if the family remains in a conflict situation); lack of confidence and knowledge to navigate services, all of which combine to produce a lack of opportunity.

Knowledge of the work culture in Australia, understanding of the local employment system and broader job market, digital literacy, and access to technology (computer and internet) are highlighted as additional barriers.

As noted above there are also 'systemic barriers' to decent and dignified work within the very system designed to generate employment for refugees.

What do we mean by 'decent and dignified work'? The following headline characteristics define decent and dignified work:

- sufficient pay to cover basic needs
- job security
- paid holidays and sick leave
- a safe working environment
- and a supportive line manager.⁷

Research has established that government funded service providers (especially JobActive providers and JVES mentors) are incentivised based on their ability to place jobseekers into employment, and

⁵ Refugee Council of Australia (2010), [What works: Employment strategies for refugees and humanitarian entrants](#)

⁶ See for example – Mohammed & Yassin Vinita Godinho, June 2023, [Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia](#) Spectrum & Grameen Australia & SVA Consulting 2023 [Thrive Refugee Enterprises Impact Report 2017-2022](#)

⁷ The research behind our understanding of decent and dignified work is listed below:

<http://blogs.lse.ac.uk/politicsandpolicy/what-is-decent-work-and-how-can-it-be-achieved/>

<http://uwsoxfampartnership.org.uk/wp-content/uploads/2016/03/Decent-Work-Report-Final.pdf>

<http://www.research.mbs.ac.uk/ewerc/Our-research/Research-themes/Industrial-relations-and-decent-work>

<https://www.tuc.org.uk/research-analysis/reports/decent-job-dfid-fails-tucs-decent-work-test>

<http://www.emeraldinsight.com/doi/full/10.1108/ER-03-2017-0071>

<https://www.eurofound.europa.eu/observatories/eurwork/articles/quality-of-life/key-elements-of-fair-employment-and-decent-work>

<https://www.trustforlondon.org.uk/publications/minimum-income-standard-london-201617/>

<http://www.liboro.ac.uk/news-events/news/2017/march/mis-london-threshold-four-out-of-10-unable-to-live-a-decent-life.html>

<https://www.opendemocracy.net/decent-work-for-all>

<http://onlinelibrary.wiley.com/doi/10.1111/ilr.12013/full>

retain their employment for six months. This discourages long-term engagement for most disadvantaged jobseekers, especially those with language and qualification barriers. In addition, encouraging jobseekers to consider self-employment is not an incentivised activity.⁸

The result is that far too often refugees eager to get work and who bring many skills and years of experience to Australia, are underemployed, and work in low-paid, low-skilled and insecure jobs. In-work poverty is a common experience. Faced with financial hardship the choice between poverty and in-work poverty leads to a *'take any job'* option⁹.

Securing decent and dignified work for refugees, that is well-paid, sustainable and includes all the benefits of full-employment is of course one solution. We applaud those agencies that generate decent and dignified work for refugees as the outcome they seek – rather than payment for a six month 'outcome' for refugees in any job available.

Another solution, often unrecognised and supported, is self-employment pathways, recognising existing skills and experience, building on the richness of the entrepreneurial spirit that refugees can bring to this country, as an alternative to precarious low-paid employment.

The self-employment solution

The 2020 Victorian Parliament [Inquiry into sustainable employment for disadvantaged jobseekers](#) made a significant finding pointing to entrepreneurial self-employment for those facing barriers to obtaining and retaining sustainable employment:

Finding 54: Assisting jobseekers from disadvantaged backgrounds to start a small business helps them gain financial independence and can lead to them creating jobs^[1] and employing jobseekers from similar backgrounds.

A decade earlier the Refugee Council of Australia made similar findings. The focus of their consultation at the time was on *'what works'* in supporting the transition of refugee and humanitarian entrants to employment. The research found that 'assisting former refugees to establish their own businesses can contribute to creating employment opportunities for refugee and humanitarian entrants who are more recently arrived' and that 'migrants from non-English-speaking-backgrounds are comparatively more successful at establishing small business enterprises when compared to Australian-born entrepreneurs and migrants from English-speaking backgrounds'¹⁰.

Interviews conducted with employment services involved in supporting small business development, as well as employees and supervisors working in social enterprise initiatives, highlighted a number of

⁸ Mohammed & Yassin Vinita Godinho, June 2023, [Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia](#) Spectrum & Grameen Australia

⁹ See the Client Employment Journey mapping pages 14, & 16-17 in Mohammed & Yassin Vinita Godinho, June 2023, [Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia](#) Spectrum & Grameen Australia. Note the outcome of this 'journey': 'Employment outcomes were particularly poor for those from refugee and culturally and linguistically diverse (CALD) migrant backgrounds across Hume, keeping many people trapped in lower-skilled, insecure, and lower-paid jobs. The emergence of COVID-19 made this situation even more dire, revealing multiple gaps in the local employment support systems, particularly for migrant and refugee jobseekers' (p.3).

¹⁰ Refugee Council of Australia (2010), [What works: Employment strategies for refugees and humanitarian entrants](#)

strategies that were considered influential in enabling entrepreneurs from refugee backgrounds to start and sustain their own businesses. These included:

- Targeted small business training and support
- Enterprise facilitation
- Social enterprise and initiatives supporting small business development
- Mentoring programs with an employment focus.

Nine years later the Refugee Council of Australia published further data¹¹ that argued that ‘refugees are Australia’s most entrepreneurial migrants and are almost twice as likely to be entrepreneurs as the wider Australian population. Despite this, both current policy and refugee settlement services focus on other forms of employment and rarely encourage entrepreneurship as a potential avenue for refugees in Australia’.

Reference was made to the then new report by the Centre for Policy Development (CDP) and Open Political Economy Network (OPEN) that shows that supporting refugees in Australia to launch new businesses could result in nearly \$1bn a year added to the economy within ten years. An increase in refugee businesses results in jobs for both refugees and locals as well as increased local and international trade¹².

More recently research conducted by Social Ventures Australia and Thrive Refugee Enterprises¹³ found that:

- Around 19% of all refugee and asylum seeker entrants in Australia are business owners. This is higher than the average for Australian-born individuals, at around 16%.
- Government data shows that almost 30% of all refugees will start a business within 10 years of being in Australia¹⁴ and the ABS found a sharp increase in the proportion of refugee and asylum seekers reporting income from their own businesses after five years of residence in Australia, with the percentage of this group reporting their own business income jumping from just under 10% after five years in Australia to around 27% after eight years in the country¹⁵.
- The small business pathway is important for both refugee and asylum seeker men and women. Refugee and asylum seeker women also have higher rates of business ownership than Australian-born women, with rates of 14% and 11% respectively¹⁶.

The evidence identified above supports the suggestion that that assisting refugees from resource poor communities to start a ‘small business’, especially a business that fits with the ‘for-purpose’ sector, will assist them to gain financial independence that can lead to sustainable self-employment and also employment for others from similar circumstances.

¹¹ Refugee Council of Australia (2019), [Refugees are the most entrepreneurial migrants in Australia](#)

¹² Centre for Policy Development and Open Political Economy Network (2019), [“Seven steps to SUCCESS: enabling refugee entrepreneurs to flourish”](#)

¹³ SVA Consulting 2023 [Thrive Refugee Enterprises Impact Report 2017-2022](#)

¹⁴ Centre for Policy Development and Open Political Economy Network (2019), [“Seven steps to SUCCESS: enabling refugee entrepreneurs to flourish”](#)

¹⁵ ABS (2016), [“Understanding Migrant Outcomes - Insights from the Australian Census and Migrants Integrated Dataset, Australia”](#)

¹⁶ Hugo, G et al (2011) [“Economic, social and civic contributions of first and second generation humanitarian entrants”](#), University of Adelaide; and The ^[1]_[5EP]Parliament of the Commonwealth of Australia, Joint Standing Committee on Migration (2013), [“Incentives to support new business enterprises”](#) ^[1]_[5EP]

Sustainable employment including self-employment benefits individuals and their families economically, by increasing household income and improving living standards. It also improves individuals' self-esteem, health and wellbeing and reduces their risk of social isolation. It facilitates social and economic inclusion and generates healthier and more inclusive communities.

Further benefits not just for refugee communities but the broader Australian community include: 'the incremental change that occurs through business transactions; building trust, reciprocity and familiarity, [allowing] for a natural process of social and economic integration, [and] increasing the likelihood of successful settlement for people from refugee and asylum seeker backgrounds'¹⁷.

It has also been demonstrated that communities with high rates of self-employment can become a 'virtuous cycle', as business owners motivate and support future entrepreneurs through role modelling, cultural and industry networking, information sharing and mentoring. They 'demonstrate by doing' what may be achieved, and the key factors required for success¹⁸.

The Thrive Social Enterprise Impact Report estimates that at least 7,500 refugees are interested in starting a small business or becoming self-employed (25% of those in the job market). The Centre for Policy Development projects that launching 1,000 new refugee businesses each year could yield \$98 million in annual economic and fiscal gains. As the Report concludes the future opportunity is large.

Not a quick fix

As we have observed evidence points to the fact that currently there is little access to training, mentoring, and support from federal and state governments for refugee (or other people from resource poor communities) to establish themselves in self-employment. Non-government organisations that do offer self-employment programs and support for this cohort can be counted Australia wide on one hand and maybe a few fingers. Scale and funding available are generally limited

Changing the systemic barriers will take time.

The Seven Steps to SUCCESS Report¹⁹, outlined a number of recommendations in 2019 to improve the support available to prospective refugee entrepreneurs in the following broad areas:

- Coordinate a strategic approach to present entrepreneurship as a viable option in all publicly-funded initiatives
- Offer prospective entrepreneurs upskill via business and language training or acquisition of local business licenses
- Support refugees to make connections both with other refugee entrepreneurs to share knowledge and with potential customers and markets
- Provide access to capital via government backed loans to lower the biggest stumbling block of lack of funding

¹⁷ SVA Consulting 2023 [Thrive Refugee Enterprises Impact Report 2017-2022](#)

¹⁸ Refugee Council of Australia (2019), [Refugees are the most entrepreneurial migrants in Australia](#)

¹⁹ Centre for Policy Development and Open Political Economy Network (2019), "[Seven steps to SUCCESS: enabling refugee entrepreneurs to flourish](#)"

- Lift regulations and welfare barriers that impede entrepreneurship by continuing welfare payments for the first year of business and creating additional visa places for refugee entrepreneurs
- Target support both to different stages of business and different groups such as young people, women, and those in regional or rural areas
- Finally, highlighting successful refugee entrepreneurs helps inspire others and create a more positive narrative about refugees in Australia.

These recommendations would work together to create a more supportive environment for refugee entrepreneurs in Australia and their local communities, however any serious and concerted effort to take up of these recommendations has yet to be seen.

Additionally, the time it takes to start a small business, commence operations and achieve break-even is generally 3–5 years in reality. As noted above 30% of all refugees will start a business within ten years of being in Australia²⁰ and the ABS found a sharp increase in the proportion of refugee and asylum seekers reporting income from their own businesses after five years of residence in Australia. Initial support and programs aimed at assisting self-employment can rarely generate an outcome under 12 months, with credible self-employment start-up assistance continuing beyond the commencement of a new small businesses.

Generating decent and dignified work through self-employment for refugees and others from recourse poor communities is not a quick fix – but it is a sustainable pathway into full economic and social participation and a credible alternative to precarious in-work poverty that limits the human capacity to grow and thrive and denies people sustainable livelihoods.

Our contribution

The best way to move someone out of poverty is to give them a decent job. Even better – enable them to create their own self-employment through a for-purpose business that benefits people and planet at the same time.

Where are the opportunities for people with no financial resources, no savings to invest and living day-to-day on totally inadequate income, who have a self-employment business idea?

It's time to equalise the playing field²¹.

Our specific offer – part of the small mosaic of responses to enabling refugees into self-employment and small business in Australia – we have called The Ex-Nihilo Project. [What's in a name? Ex-Nihilo is Latin for 'out of nothing'](#). Our experience is that people from resource poor communities - refugees, culturally and linguistically diverse migrants, First Nations people, women in precarious employment, ex-offenders, single mums - often have no financial resources, no savings and are living day-today on totally inadequate welfare income. Yet our experience is also that many of these people have very rich and innovative ideas to change their circumstances through self-employment in their own for-purpose business. This experience was confirmed by our collaboration in the development of the [SEEDs](#) Hub in Wembley London²².

²⁰ Centre for Policy Development and Open Political Economy Network (2019), "[Seven steps to SUCCESS: enabling refugee entrepreneurs to flourish](#)"

²¹ Andrew Curtis (2020), [Why we need a different type of social enterprise hub in Australia](#), Pro Bono Australia

²² In 2015, I visited a disused building in Empire Way, Wembley, London with the Director of Caritas Westminster. The building – previously an Irish Catholic Social Club - was dilapidated and run-down. 'What

Building on that initial experience and developing an appropriate offer in the Australian context, the Ex-Nihilo Project offers small business self-employment opportunities for refugee and humanitarian entrants with limited resources and a great idea.

Funded through the Economic Pathways for Refugee Integration initiative, Department of Home Affairs²³, we are offering two totally free programs including a fully supported portfolio of services and support over a 12-month program, for eligible participants in order to overcome barriers and provide a pathway that enables people to start-up their own small business and move into full social and economic inclusion.

Our strategic objectives are:

1. Provide refugees and humanitarian entrants **access** to start-up self-employment enterprise support ^[SEP]
2. Provide refugees and humanitarian entrants with the **skills** to commence a viable self-employment enterprise ^[SEP]
3. Provide refugees and humanitarian entrants with ongoing **self-employment** support to sustain and grow their enterprise and provide further employment for others from resource poor communities ^[SEP]
4. Provide refugees and humanitarian entrants with pathways into **social and economic participation** ^[SEP]

We are looking to recruit people who have an ‘idea’ about a business they want to start-up here in Australia. This may be an idea based on what they have already done in their place of origin or a new idea based on their own skills and desire to move into sustainable and secure self-employment.

Our programs are:

Pre-Business-Start Up (10 weeks)

Based on experience with the delivery of the Future Communities program with the School for Social Entrepreneurs for people with an entry-level idea for a business from a low-skills base, the program will offer refugee and humanitarian entrants in the western and inner-city suburbs of Melbourne:

- ✓ Seven practical learning sessions over ten weeks, including on-site visits to small businesses and social enterprises commenced by refugees
- ✓ \$500 grant to assist with purchase of either skills development or technology
- ✓ A community of people starting up projects to meet with regularly to gain support and work through challenges together
- ✓ Peer to peer support and conversational English language opportunities that build ability.

Business Start-Up (12 months)

would you do with that?’ I was asked. I suggested that with a bit of work the premises would be a great space to host a social enterprise incubator – but not one of the traditional types already on offer around London. The result was SEIDs - Social Enterprise Ideas Development – (now renamed SEEDs) a new social enterprise hub, open for business on 1 October 2018. The differentiator for SEIDs amongst other social enterprise ‘hubs’ is its offer of financial support packages to people who would otherwise be excluded from access to business development and support to commence their own small business /social enterprise as a pathway out of poverty. Over 150 people have been involved in the Hub with numerous self-employment initiatives now flourishing.

²³ This project is a component of the *Training and Work Now for Future Career Pathways* in partnership with Green Collect funded by the Department of Home Affairs: Employment Pathways for Refugee Integration as part of the ^[SEP]Refugee and Humanitarian Assistance program

Access to up to a 12-month Business Start-Up program that provides participants with the tools, resources, networks and confidence to set up and develop their own business. The program offers:

- ✓ Space with individual and collective work desks and a training facility
- ✓ Structured social business training packages that are culturally relevant and accessible to assist with all essential elements of implementing a viable social business model. We call this the business development due diligence journey:

The Business Development ‘Due Diligence’ Journey



- ✓ Business coaches
- ✓ Personal development mentors (by choice)
- ✓ Financial support packages including an initial grant of \$1000 to assist with start-up requirements when a business plan has been completed.
- ✓ Follow-on leads to access micro-finance options and start-up funds
- ✓ Ongoing practical assistance for all stages of business development.

Our call to action

We were delighted to hear in December 2022 that the federally funded Economic Pathways to Refugee Integration program would provide a three-year grant to support The Dragonfly Collective’s self-employment project as a component of a joint application with Green Collect²⁴. We were also delighted to receive support from Multicultural Consulting Services²⁵ as a referral partner and have since April been working with a steady stream of migrant and refugee entrepreneurs. Referrals have now commenced from a variety of refugee settlement and migrant resource agencies, evidence that there are many rich business ideas and opportunities within these communities.

Recognition of self-employment and small business ownership as a genuine pathway for refugees soon after arrival and an opportunity for them to build their own financial success whilst contributing to the economy and society is still in its early stages.

We experienced a range of rejections from the philanthropic sector that appears to favour the more traditional ‘get them into employment’ approach that remains the dominant thinking in providing new opportunities for refugees and disadvantaged job seekers in Australia.

However equal recognition should be given to self-employment and small business start-ups as a pathway into full social and economic participation for this cohort as well.

What do we want others to do then?

²⁴ <https://www.greencollect.org>

²⁵ <https://multiculturalconsulting.com.au>

Firstly, acknowledge and support that self-employment needs to be recognised as a viable and practical step that can be taken to promote sustainable employment and financial freedom for refugees, and others from resource poor communities.

Secondly, if you know, live or work with refugees and/or others from resource poor communities that have a dream, an aspiration, an entrepreneurial idea that would take them into self-employment and small business development please send them to us.

We will do the very best we can to make that idea into a reality.

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