

Highly Skilled Entrepreneurial Refugees: Legal and Practical Barriers and Enablers to Start Up in the Netherlands

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ABSTRACT

This article analyses how highly skilled refugees experience barriers and enablers to entrepreneurship in the Netherlands. Using the welcoming talent model, the article claims that material and procedural norms as well as the governance of support for refugee entrepreneurship in the Netherlands needs a new design. Through socio-legal research on the experiences of highly skilled Syrian refugees, private support structures and municipalities with migration, integration and welfare policies and practices, we reveal that financial independence through entrepreneurship requires not just entrepreneurial skills but meeting the right people and not running into municipalities propagating work first. Policies and practices need to be developed in which welcoming entrepreneurial (highly skilled) refugees is key. Welcoming policies and practices are to offer refugees nationwide, equally accessible, transparent support structures, and access to finance instead of barriers towards financial independence.

INTRODUCTION

Imagine that after obtaining your Masters, for the past 10 to 15 years, you have worked as a doctor, a lawyer, or ran a well-established international business. War has made you leave it all behind. Arriving in Europe, more specifically the Netherlands, you receive an asylum status on grounds of subsidiary protection and are housed in a medium-sized city. Next, you are invited to discuss your career opportunities with a municipal civil servant, not necessarily someone with a migration background, not someone very entrepreneurial, but a good civil servant nonetheless. You want to retrain as a doctor or lawyer, you want to open a business again and in broken Dutch you explain your ambitions. The answer is likely to be a no: you're too old, the plan is too vague or too risky, your language skills are too poor, there is no policy, no money, no support. Or so it seems.

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The perspective of highly skilled entrepreneurial refugees on their economic integration in a host society has as of yet received scant attention in contemporary migration studies. Policy and research predominantly emphasize labour market integration via waged employment. Awareness of the opportunities of self-employment as a means to economic integration, or as we prefer to call it: “financial independence,” is however, increasing. The need to stimulate refugee entrepreneurship was recognized at the global (UNCTAD, 2018) and EU level in the *2020 Entrepreneurship Action Plan* (European Commission, 2013; see also Solano et al., 2019). Article 26 of the EU Qualification Directive stipulates that Member States shall authorize beneficiaries of refugee status and subsidiary protection to engage in self-employed activities subject to rules generally applicable to the profession and to the public service, immediately after the refugee status has been granted. Allowing for refugee entrepreneurship is, thus, a policy-relevant topic *and* a legal obligation. We draw lessons from an interview case study on the opportunities offered to highly skilled entrepreneurial refugees from Syria in the Netherlands to present new perspectives on highly skilled entrepreneurial refugees and the support organizations.

We situate our contribution at the crossroad of different bodies of literature. First, immigrant entrepreneurship in the Netherlands is central to many studies (Kloosterman et al., 1999; Kloosterman and Rath, 2018; Solano, 2019; Alvarado Valenzuela, 2019). Secondly, in legal literature, the temporariness of the refugee status is problematized (Kostakopoulou, 2002; Den Heijer et al., 2016; De Lange, 2018). The relevance of starting anew holding a *temporary* refugee status (or subsidiary protection), and the opportunities and rights attached to such status for (self)employment, has so far been overlooked in the immigrant entrepreneurship literature. De Luca and Ambrosini (2019) do not problematize legal status as a factor of relevance in the mixed network strategies of female immigrant entrepreneurs in Italy. Fang et al. (2018) show how refugees’ lack of information about entrepreneurship prevents them from starting out on their own. Although the opportunity structures offered by reception conditions are mentioned by Rath and Kloosterman (2001, 194–96), the focus has since been on the influence of *other* sets of (labour market) regulations and policies supporting or discouraging migrant entrepreneurship (Kloosterman, 2003; Rath and Swagerman, 2016). Legal contexts of reception *are* key to Söhns’ (2019) recent analysis for Germany, suggesting a possible turn in the literature. Avrić et al. (2019) study financial independence of refugees, but not the financial needs of entrepreneurial refugees. On the results of their entrepreneurial endeavours, we know even less. Hardly any studies on immigrant entrepreneurship (in the Netherlands) are longitudinal (but see Beckers and Blumberg, 2013). A third body of literature worth mentioning deals with immigration policy designed to facilitate the entry of self-employed migrants, start-ups and investors (for such policies in Australia see e.g. Mahuteau et al., 2014; and in Western Europe see De Lange, 2018). In these immigration policies, support offered by “incubators,” organizations focused on coaching and developing start-ups (Dempwolf et al., 2015) is often key. This strand of literature has yet to infiltrate the research on refugee entrepreneurs. Against the background of this diverse literature, we discuss the perspectives of highly skilled entrepreneurial refugees, support organisations and municipalities and lay bare the enablers and barriers faced by highly skilled refugees starting a business in the Netherlands. More specifically, our contribution focuses on the opportunity structures for securing financing. As research from the USA shows that migrant entrepreneurs use different, less formal, venues to access finance than natives (Moghaddam et al., 2017).

Our research question is as follows: **What institutional barriers in law and practice are encountered by highly skilled entrepreneurial refugees from Syria to finance their start-up in the Netherlands and how can these barriers be overcome?** By answering the second part of this question, we aim to co-create solutions for more welcoming policies and practices for entrepreneurial refugees. Syrian (aspiring) entrepreneurs form an interesting case because a relative high number of them have been entrepreneurs in Syria and are likely to want to pursue similar career trajectories (Alexandre et al., 2019). Yet only a small number started their own business again after arrival in Europe (Betts et al., 2017, 18). We examine what role policies and practice play in this.

In our study, we define an entrepreneur as someone who is considering starting a business, who is already solo-self-employed or owns a small (for-profit or non-profit) enterprise with no more than five employees. A “refugee” holds either a Convention refugee or a subsidiary protected status (Qualification Directive 2011/95/EU, article 13 and article 18). Because Dutch law does not distinguish between the two statuses when granting economic rights, we will refer to both as a “refugee.”

Our focus is on highly skilled refugees, which we defined as people holding higher professional qualifications or higher professional skills, both attested by *at least three years* of higher education or professional experience, which definition we take from the European Blue Card Directive recast.¹ The regulations and practices discussed do not necessarily discriminate according to skill level, they apply equally to both unskilled and skilled refugees. However, adhering to the rules regarding entrepreneurship requires a high level of bureaucratic literacy, something one would expect to be more available among the highly skilled. Hence, one would expect that if the highly skilled experience barriers, surely, the less skilled refugees (as well as other newcomers) likely face them even more. On the other hand, highly skilled refugees are possibly left to fend for themselves, as is the case with other highly skilled migrants in the Netherlands (Noronha et al., 2018).

The contribution evolves as follows. We outline our methodology in section 2. In section 3, we frame the elements that define welcoming policies and societies for entrepreneurship. In section 4, we discuss the welcoming nature of material and procedural norms and governance structures that shape Dutch policies for entrepreneurial refugees and show how entrepreneurial refugees from Syria experience and deal with these in practice. We conclude this article with policy and practical suggestions to alleviate financial and institutional barriers to start up for Syrian entrepreneurial refugees in the Netherlands.

METHODOLOGY

The results presented here are the outcome of an interdisciplinary socio-legal research project studying migrant entrepreneurship in the Netherlands (De Lange et al., 2019). The legal research is based on desk research of legal texts, parliamentary documents, reports and case-law. The financial independence of refugees is a complex topic and its understanding requires legal scholarship across a multileveled landscape of law, including administrative (integration, market access permits, laws on social benefits) and civil (financial services, rental and other contractual agreements), administered and ruled on by different institutions (national, regional, local) and courts (administrative and civil). Hence, we have scrutinized a multi-actor and multilevel field (Scholten et al., 2017). A holistic approach of the relevant legal norms is needed to flesh out the (legal) complexity entrepreneurial refugees face towards financial independence. For this, we studied material and procedural migration, integration, welfare *and* entrepreneurship regulation and the role of local and non-governmental actors working with entrepreneurial refugees in the Netherlands.

The empirical research presents the practical implications of these regulations and their incoherency in welcoming entrepreneurial endeavours by Syrian refugees. One of the authors, a Syrian researcher with a refugee background, conducted 14 in-depth interviews with Syrian refugees in the Netherlands following an interview guide. Eleven of our interviewees were highly skilled. We interviewed three women and eleven men. See Table 1 for the main background characteristics of our interviewees. Although we aimed for an equal gender balance, our male researcher had easier access to male peers. Also, women might be more hidden in ethnic or informal economies (Hillman, 1999). The Syrian researcher approached Syrian entrepreneurial refugees within his own personal network, and used referral sampling methods to reach entrepreneurs outside his network. This sampling strategy allowed us to quickly build up rapport with potential interviewees and overcome

feelings of mistrust that prevent interviewees to talk openly about their experiences. The authors used regular feedback sessions to ensure that research ethics were upheld and that the interview data collected was of sufficient quality. All interviewees signed informed consent forms, and the process of data collection and analysis was approved by the universities' ethical review board. The interviewees' identities are protected by using pseudonyms and in rare cases by concealing identifying characteristics.

The interviews were held in Arabic and lasted between one and two hours and were audio recorded; the recording was simultaneously transcribed and translated into English by the Syrian researcher. The transcripts were analysed by the authors with qualitative data analysis software MAXQDA using thematic analysis. Themes that occurred were access to financial resources and start-up support via municipalities and incubator programmes.

We also interviewed ten people working with five refugee (pre)incubators programmes, two co-operated with and funded by municipalities and three (mainly) privately funded, together covering operations in different parts of the Netherlands. We also interviewed three policy advisors from different municipalities and a representative of microcredit institute Qredit. (Pre)incubators are mostly civil society initiatives providing a three to four months training programme, coaching, and sometimes also workspace and alumni network for entrepreneurial refugees. The focus of these civil society initiatives differs: some focus solely on the pre-entrepreneurship phase, on developing an entrepreneurial mindset; whereas others focus on practical support during the starting up phase. None of these initiatives focus specifically on highly skilled refugees, although a certain skill level and knowledge of a common language is needed to participate. The validity of our findings was supported by a steering committee of experts from both the field and academia. They commented on the research process and the conclusions drawn.

MULTILEVEL WELCOMING POLICIES AND PRACTICES FOR ENTREPRENEURIAL REFUGEES

The important role of receiving societies in shaping entrepreneurial opportunities for migrants, including refugees, has been well established (Kloosterman et al., 1999; Kloosterman et al., 2016).

TABLE 1
OVERVIEW BACKGROUND CHARACTERISTICS INTERVIEWEES.

Interviewee	Gender	Age	Skill level	City size	Type of business	arrival in NL
OH1	M	36	Higher education	Big	Retail	Jul 2015
OH2	M	31	Higher education	Big	Retail	May 2014
OH3	M	44	Higher education	Big	Non-profit/foundation	Sep 2015
OH4	M	49	Higher education	Big	Non-profit/foundation	Jun 2014
OH5	M	29	Higher education	Big	Restaurant	Sep 2015
OH6	M	28	High school	Big	Wholesale	May 2014
OH7	F	37	Higher education	Big	Non-profit/foundation	Jan 2012
OH8	M	38	High school	Small	Wholesale	Jun 2014
OH9	M	49	Higher education	Big	Recruitment company	Sep 2015
OH10	F	38	Higher education	Small	Art trade	Nov 2013
OH11	M	39	Higher education	Medium	Non-profit/foundation	Oct 2015
OH12	F	23	Higher education	Big	Wholesale	Feb 2014
OH13	M	45+	Unknown	Big	Wholesale	Feb 2014
OH14	M	50	Higher education	Big	Retail	May 2014

We study “the role that state regulation can play in shaping the economic behaviour of immigrants inside national borders” (Freeman and Ögelman, 2000), more specifically, municipal policies and practices that affect entrepreneurial endeavours of refugees. It is well documented that migrant reception conditions are influenced by multilevel policies and actors (Zincone and Caponio, 2006; Scholten and Penninx, 2016; Caponio and Jones-Correa, 2018). Building on this body of literature, we distinguish a divide between material *and* procedural norms, *as well as* governance structures implementing them (De Lange, 2018). Conditions for accessing state or municipal welfare arrangements (material norms), the time it takes before application-decisions are made (procedural norms), as well as the various public and private actors involved in these processes, and the governance structures at local, regional or state-level (governance) influence entrepreneurial outcomes and hence the level of welcoming refugee entrepreneurship.

Material norms are set by local governments, and especially cities take up an increasingly prominent role (Bauder, 2017; Oomen et al., 2018). In the United States, cities are branding themselves as “welcoming”, promoting migrants’ social and economic integration to stimulate local economic development (Huang and Liu, 2018; Rodriguez et al., 2018). Although the extent to which welcoming cities implement welcoming policies on the ground differs, the idea is to support collaborations between public, private and non-profit actors and stimulate interaction between newcomers and long-term residents to create a welcoming community climate that facilitates longer-term socio-economic integration (Huang and Liu, 2018; Rodriguez et al., 2018). Supporting migrant entrepreneurship is one way to stimulate socio-economic integration.

Procedurally speaking, access to financial capital is a challenge for (aspiring) entrepreneurs across the globe (Global Entrepreneurship Monitor, 2018). Migrant entrepreneurs, however, appear to experience greater difficulties accessing financial start-up capital. This has been related to stereotypical views held among financial creditors of migrants as essentially lacking credibility as serious entrepreneurs, though Ram and Jones find no significant differences between migrant and white entrepreneurs’ access to finances in the UK (1998, 48–55). Be that as it may, hurdles to access finance can be overcome through a more diverse business environment. Eliasson (2014), for instance, shows that the prevalence of migrant entrepreneurship in Sweden is related to the presence of co-ethnic bank employees. In other words, a more diverse business support structure can enhance opportunities for migrant entrepreneurship, and break down procedural barriers. However, faced with poor access to formal channels of financial capital, many (migrant) entrepreneurs secure start-up money via informal sources instead, such as friends and family (Ram and Jones, 1998; Villares-Varela et al., 2018).

A challenge specifically for newcomer entrepreneurs, as is the case for the Syrians subject to this study, is to navigate the bureaucratic environment. To start up a business in a highly regulated economy, knowledge of the regulatory framework or (money to hire) someone to help navigate the bureaucratic system in a foreign language is essential (Wauters and Lambrecht, 2008; Villares-Varela et al., 2018). This may be especially true for those migrants with business experience in informally regulated economies, where regulations and penalties may have been much more relaxed. Since the 2015 refugee influx, mentoring projects to support refugee integration via entrepreneurship have grown across Europe (Solano et al., 2019). Such incubator programmes match refugee (or migrant) entrepreneurs with experienced professionals or entrepreneurs usually active in the same sector. The mentor advises the migrant entrepreneur and often helps them navigate the local business environment (Solano et al., 2019).

Local governance structures may thus enhance the welcoming nature of societies and mediate institutional barriers, but do not create welcoming policies. Most of the literature discusses the material and procedural norms and governance structures related to (migrant) entrepreneurship separately. In the following, we analyse these together, discussing the welcoming nature of Dutch policies and society, looking specifically at material and procedural norms and governance structures.

WELCOMING ENTREPRENEURIAL REFUGEES IN THE NETHERLANDS

The welcoming nature of material and procedural policy norms and governance structures related to refugee entrepreneurship in the Netherlands is discussed first, followed by empirical reflections based on our interviews.

Material and procedural norms & governance structures

A first relevant material norm is given in migration law. At the point of refugees' admission, the Netherlands does not consider their economic potential, nor makes a welcoming gesture towards financial independence or otherwise "integrated" highly skilled refugees to fast track into a more secure status. Instead, all refugees have to wait five years in the Netherlands before being eligible for Dutch nationality or permanent residence (under the EU Long-Term Residence Directive² or the national scheme). These permanent statuses give a stronger right to remain because they cannot be withdrawn in case the reasons for granting protection, the fear for persecution or general insecurity in the country of origin, no longer justifies offering protection.

Secondly, the laws on civic integration have relevance. The EU Qualification Directive 2011/95 (article 26 and 34) prescribes that the EU member states have to authorize access to self-employment and ensure access to integration programmes, considering the specific needs of refugees (De Lange et al., 2017). In the Netherlands, passing civic integration examinations is an individual refugees' responsibility and needs to be completed within three years.³ The programme consists of modules on language (level A2) and on Dutch labour market orientation. None of the modules focus on business-related language skills or entrepreneurship; hence, the programme is not very welcoming towards entrepreneurship. Refugees can borrow up to € 10,000 from the government to pay for courses and examinations, money that could be used to enjoy entrepreneurship education. A refugee on social welfare runs the risk of their benefits being reduced when failing to pass the civic integration examinations within three years, incurring a fine and having to repay the € 10,000. Moreover, welfare recipients have an obligation to "participate," which means they must regularly apply for jobs and accept jobs that are "generally accepted labour." This system easily allows for deskilling of highly skilled refugees as it has them take on any, also unskilled, work (De Lange, 2018). After three years, refugees can thus be indebted, cut on welfare and/or stuck in a menial job.

Thirdly, we raise attention to the generic laws on welfare provision for entrepreneurs, the responsibility of municipalities. After moving from the asylum reception centre to a municipality, most refugees receive welfare benefits. Refugees have little say in where they will live (housing is assigned, and personal preference is considered by exception). An entrepreneurial refugee might have to negotiate on his or her ambitions with a bureaucrat in a town where entrepreneurship – as goes for the Netherlands in general – is not a (common) way out of social welfare at all (Vluchtelingenwerk, 2018, p. 11). The budget for facilitating people on welfare into entrepreneurship for 2018 was calculated for no more than 1,781 starting entrepreneurs (Parliamentary Documents 2018-2019, 35200-XV nr. 8, p. 31).

Municipalities may offer welfare recipients, including refugees, financial support for starting a business ("*bijzondere bijstand zelfstandigen*," hereafter "BBZ"; Participation Act article 78f), hence giving municipalities the discretion, but not the obligation, to depart from the dominant waged-labour approach (De Lange et al., 2017). The scheme allows aspiring entrepreneurs on welfare benefits at most twelve months to prepare a business plan while being exempted from the obligation to find and accept waged employment. Research shows that migrant entrepreneurs using the scheme are more successful than natives, which is possibly explained by their difficulties finding waged labour (Kok et al., 2018). The refugee may be required to participate in preparatory programmes

for entrepreneurship organized internally or by appointed third parties. To complicate the governance structure, municipalities can join forces in a Regional assessment organization, take on the assessment of applicants themselves or contract it out to private actors. As we will show, arbitrariness can seep in here. A granted BBZ-facility means that the entrepreneur has three years to become independent of welfare benefits. Extensive reporting to the municipality is required.

In case a BBZ-application fails, the rejection is open for appeal. A migrant shop owner who challenged a rejection was confronted with an external party's advice, which held that his business plan missed focus and hence feasibility. The shopkeeper disagreed. The court held that although he was not expected to present third party expert advice of his own (for which he had no money as he was applying for welfare benefits after all), he could have tried to convince the court himself of the feasibility of his business plan (CRvB 18 December 2018, ECLI:NL:CRVB:2018:4314). Commentators stressed how usually someone's personal vision cannot refute the municipalities expert advice (Van den Bogaard and Nacinovic, 2018), raising awareness to possible double standards of proof in cases concerning migrant entrepreneurs, or at least in this case. Although Dutch administrative law provides a well-developed set of procedural rules to access the BBZ, access to courts to challenge unfair implementation remains challenging (and costly). It goes without saying that timely decisions, transparency and procedural fairness add to a welcoming climate for migrant entrepreneurs.

In the Dutch context, a myriad of organizations is responsible for the implementation of the laws on migration, integration (and education) and welfare of refugees. Multiple ministries at the national level are responsible for the relevant legal framework (Justice & Security, Education, Culture and Science, and Social Affairs and Employment, but not Economic Affairs), and different bodies implement this framework in practice (Immigration and Naturalization Service on Immigration, *DUO* for civic integration). Municipalities have – at least until 2021 when a change in the laws is foreseen – a limited responsibility in respect of civic integration while they are in charge of providing social benefits and stimulating welfare recipients (back) to work. It is at this local level that (lack of) access to financial support for highly skilled Syrian refugees is experienced.

SYRIAN HIGHLY SKILLED REFUGEES-ENTREPRENEURS' EXPERIENCE

It is well documented how the length of asylum-procedures may influence employability, as well as the entrepreneurial spirit of newcomers (De Lange et al., 2017). Most of the Syrian entrepreneurs we interviewed received their temporary residency permit relatively quick, within six months, and others had to wait over a year. Many experienced the time spent waiting for their application-decision as wasted, due to the inability to learn Dutch or perform waged or self-employed labour while waiting. After receiving a refugee status, some reported difficulties finding waged employment matching their education and skill level in Syria as an important motivator to start up a business. Others, with entrepreneurial experience in Syria, decided to pursue the same trajectory in the Netherlands, though most switched to a different line of business (requiring less start-up capital, skills or local business knowledge), implying deskilling tendencies with regards to refugee entrepreneurship. One of our interviewees, a Syrian lawyer with over 15 years of experience running his own law firm in Syria, mentioned he initially wished to retrain as a lawyer and become self-employed again in this profession in the Netherlands:

One time I asked my municipality to help me acquire an equivalency for my law bachelor in Syria. Unfortunately, the contact person told me: "you are too old, and therefore we are not able to finance you for that". I asked them to give me some training to be able to get a diploma but they refused because they said: "we are not able to pay all this money for you". I replied: "but you

are already paying the welfare". Their reply was: "No, it is not the municipality that pays the welfare, it is the central government." (OH4)

The costs of welfare are in fact on the municipal budget, so the argument given by the contact person in this example was ungrounded. There are different (municipal) budgets for education, employment, a loan to start a business, falling under the responsibility of different municipal departments. This illustrates the variety of norms *and* horizontal multiplicity of governance. A civil servant in one department might not even know of the opportunities for support in another. Nor do civil servants warn for the consequences of (not) taking out welfare: interviewees who started a business without municipal support, waiving their welfare benefits, did not always realize other entitlements would lapse too, such as support for children's school activities.

Securing start-up capital can be done via various channels. Less than five of our interviewees were able to use the municipal support programme BBZ, and others opted for other channels because of the strict administrative requirements or lengthy procedures. As an incubator phrased it: some prefer other sources for finance than the municipality, because they prefer not to constantly be under watch, and fulfil the administrative duties that come with the scheme. Incubators help with the bureaucracy, and they find it cumbersome too, but at least they know the language. A policy advisor in a medium-sized city responsible for the BBZ indicated to use the following criteria to assess applications: whether someone has some business idea and some knowledge about the branch in which he/she wants to operate; they must have basic Dutch language skills; an entrepreneurial mentality; and not have high debts. But municipal eligibility requirements for the BBZ (and individual assessments) may differ.

For example, one of our female interviewees studies and runs a family business with her father, which aims to produce and sell medical appliances. To apply for the BBZ, the daughter attended a general information workshop on the BBZ organized by the municipality. At the time, she was still learning Dutch. The Dutch language workshop was too difficult for her to comprehend. The father paid a consultant to help them draft a business plan. But when they heard it could take up to two years before the BBZ would actually be granted they realized it was not feasible for them, as they did not want to wait that long. Instead, they took out a loan from friends, which allowed them to start out small. Another interviewee, who opened a retail business, mentions his own lack of understanding of the Dutch system and procedures as an obstacle in the start-up phase:

The municipality was very facilitative. But at that time, I did not know the regulations and I thought they were making it difficult. Now I understand the system here, and I understand that that's just how the system works. This understanding came after I started my business, developed a big network and got to know a Dutch person who is as a mentor to me. (OH2)

Still, this Syrian retailer believes the procedure to approve his business plan to acquire funding from the municipality took a long time:

I wrote my business plan myself, using Google translate. It was crazy. The municipality assigned me a contact person to set up the business plan, which took around 6 months. I started the procedure in June 2016 and I got the approval in May 2017. There were a lot of procedures. (OH2)

The lengthy procedures and administrative requirements and the stories circulating about these are reason for several of our interviewees to turn to friends or family to secure a loan.

I was thinking of getting a loan from the municipality, but because of the complicated procedures, the fact that the restaurant was about to be sold and that the procedures would last almost 6 months, I was unable to get the municipal funds on time. . . (OH5)

Another route to financial start-up capital could be a bank loan, although the incubators we interviewed all pointed out that it remains difficult for refugee entrepreneurs to secure financial funds via this route. Dutch banks have established a non-profit venture, Qredits, for microfinancing (investments up to € 250,000). Qredits is also responsible for the European Union Progress-microcredit facility, which the European Commission established to facilitate financing of vulnerable and small entrepreneurs, including refugees (De Lange et al., 2019). Most entrepreneurial refugees' financing needs would fall under the scope of Qredits. However, incubators point out that until mid-2018, Qredits refused to invest in refugee entrepreneurs with temporary residence status. Although a Qredits representative informed us that their primary focus is on the quality of business proposals, they also admitted that a temporary residence permit is a barrier to granting financing, as the risk that a temporary permit is not prolonged is deemed too high. Refugees thus, in general, have to wait five years to meet the eligibility criteria for funding. This approach also jeopardizes the effect of the European facility for refugee entrepreneurs. Qredits nonetheless co-finances incubator programmes where refugees receive training in writing a business plan and acquire entrepreneurial skills. Such initiatives are, however, generally limited in regional scope and number of participants.

A Syrian interviewee unaware of the existence of incubator programmes, opened a restaurant in a big city, initially aimed for a bank loan. In retrospect, he reflects on starting up:

One of the impossible ideas at that time was to get a loan from a bank because it requires lots of procedures and you need to have a concrete business plan and other things. So I decided to turn to another source and sought a person who I know and can give me the money and I thought that a family loan would be the best option. (OH6)

Indeed, family loans are the most common way of financing a start-up when material and procedural barriers push refugee entrepreneurs to such informal sources. Although our interviewees did not report abusive conditions, the high barriers to formal sources of funding are likely to increase the use of risky or unlawful funding, rephrasing Gresham's law stating "bad money drives out good money" in "lack of good money allows for bad money." Anecdotal evidence of this happening on the ground is given by a court decision on the city's prerogative to shut down a Syrian restaurant on public order grounds because the owner had invested unaccounted for funds (District Court Amsterdam, 9 October 2018, ECLI:NL:RBAMS:2018:7913). The restaurant owner faced additional sanctions such as the obligation to reimburse the costs of the reception as asylum seeker and previously received welfare benefits.

We also signal that, with the support of corporate, philanthropy and some municipal subsidies, a "market" for civil society support of entrepreneurial refugees has developed in the absence of a generic programme.⁴ These public/private support organizations mediate the barriers put up by municipalities or banks, which would otherwise be insurmountable for refugees. For instance, a medium-sized municipality invests in refugee entrepreneurs through a collaborative project with the local business school and university of applied sciences. The programme consists of network meetings, workshops (on developing business ideas, writing a business plan, and other practical business-related aspects) and business coaches who are individually matched to a refugee. The coaches all have experience with entrepreneurship but are not coached via the programme. They are coaching on a voluntary basis as is common practice with incubator programmes for refugee/migrant entrepreneurs. Like most programmes, this programme started small, with eight refugees in 2018 (8-20 participants per training is common). In May 2019, six of them started their own business. Another English-language entrepreneurial support programme, predominantly privately funded, operates in two big cities. Entry conditions are fluency in English, a high educational level and prior business experience. This programme has successfully assisted ten out of 46 refugees in applying for the municipal BBZ. Only a few of their participants are introduced to the programme

by municipalities, most find them through friends. Although the programmes, both public and private, facilitate access to funding, support remains rather incidental because availability and accessibility differ per municipality or region and the scale of all the projects is minimal. Here, again, the size and locality of a city matter, and so does the individual contact person that is assigned to a refugee with entrepreneurial plans.

The different municipal approaches towards refugee entrepreneurship can be painful and impact business sustainability, as one interviewee relates:

Here in the Netherlands the municipality will appoint you a contact person to follow up with and help you. (...) The problem is that there is no specific rule for receiving this BBZ fund so it is based on the discretion of the municipality. So it differs per municipality. When municipalities have the money, they fund the enterprise for two years or maybe more. Therefore, the people who start in the same sector can sell their products cheaper than people who put up their own money. This allows them to launch their business faster and they satisfy lots of people with their prices. This affects me because I start with my own money and I cannot lower my prices like they do. This affects my business a lot. And I suffer from that. (OH8)

In this respect, and to come full circle ending with the discussion of a material norm, we argue that the unequal treatment between refugees according to the randomly assigned place of residence is in contradiction with the EU principle of equal treatment. According to settled case-law, the principle of equal treatment or non-discrimination requires that comparable situations must not be treated differently and that different situations must not be treated in the same way unless such treatment is objectively justified (EU Court of Justice judgment *S.P.C.M. and Others*, C-558/07, ECLI:EU:C:2009:430, paragraph 74; also judgement *P&S*, C-579/13, ECLI:EU:C:2015:369, paragraph 56, more specific on the proportionality of integration measures). The diverse and sometimes arbitrary frames employed by local governments when dealing with refugees call for attention. Allowing this municipal practice of unjustified different treatment means allowing distortions of competition to occur and jeopardizes the effectiveness of the authorization of refugees to work as self-employed as prescribed by the EU Qualification Directive. We feel our interviewees who were refused BBZ could challenge the municipalities' decision to deny support to start up a business. Of course, such a legal challenge would take time, likely time rather spent doing business and being independent of an organization that one feels discriminated by. We call upon policy makers at the national level to address this issue of insufficient facilitation of the track towards financial independence for entrepreneurial refugees.

CONCLUSION & RECOMMENDATIONS

The aim of this article was to analyse how highly skilled refugees experience barriers and enablers to entrepreneurship in the Netherlands. Through socio-legal research on the experiences of highly skilled Syrian refugees and employees of private support structures, municipalities and a financier, we reveal that starting up as refugee entrepreneur in the Netherlands requires not just entrepreneurial skills. It depends on the local reception conditions, the use of municipal discretionary powers and sometimes even the municipal contact person that someone is assigned to. In short, in the experience of entrepreneurial highly skilled refugees, the welcoming nature of policies and practice for their entrepreneurial ambitions falls short.

Legally speaking, the complex bureaucracy and limited support for self-employment might be said to create an infringement on article 26 of the Qualification Directive, which says Member States shall authorize beneficiaries of refugee status and subsidiary protection to engage in self-employed activities. Fulfilling this obligation means developing welcoming policies in support of

social equality and equal opportunities towards financial independence. To do so, there is a need to address: the regional differences in opportunity structures; the stigma of the label of a temporary residence status; prevent rigid, arbitrary frames caused by the multilevel (horizontal and vertical) governance of the domains dealing with refugees' integration. This does not just call for different policies, but of changing the mindset of the people implementing policies into a more welcoming one. Training bureaucrats, volunteers and other intermediaries to become facilitators to entrepreneurial (highly skilled) refugees is called for.

Our findings support the conclusion by Rath and Swagerman (2016) that to whatever extent entrepreneurship by refugees is actually promoted, it rarely explicitly connects to a wider economic agenda. Refugee entrepreneurship in the Netherlands is not connected to innovation, sustainability or economic development policies. Not intersecting these policies seems a missed opportunity for the highly skilled refugees *and* for the country of arrival to benefit from (De Lange et al., 2019). The welcoming nature of society towards highly skilled refugee entrepreneurs is, moreover, dependent on civil society actors and some municipal strongholds, with some of the big- and medium-sized cities in the Netherlands being more supportive towards refugee entrepreneurs than others. Our findings suggest that future projects might engage with refugees upon their arrival, in English, if they know that language sufficiently well. At that stage, it could be helpful to inform them not only of the special welfare benefits for entrepreneurs, but of other sources, such as subsidies provided by the Dutch Ministry of Economic Affairs for innovation and sustainable business models. Although Gál (2019) concluded that there is no positive fiscal balance of refugee immigration in European Welfare states, we would like to pose that this is, at least in part, likely the result of the many barriers to entrepreneurship.

The limited welcoming environment is especially apparent with regards to financial start-up capital. Formal financial support, via banks, microcredit funds or municipalities, is difficult to obtain for entrepreneurial refugees without additional guidance of incubators, mentors or municipal contact persons to meet material criteria as well as navigate administrative procedures. The temporariness of refugees' residence permits is a barrier to obtain microcredits. With the UNCTAD (2018), we conclude that there is still a world to win by facilitating access to the formal banking sectors, Islamic finance and alternative and innovative – legitimate – sources of funding for refugee entrepreneurs. Our findings also show that there is a need for *self-finance* without risking sanctions or the obligation to reimburse the costs of reception as an asylum seeker.

The policy implications of our findings are that there is a dire need to develop policies on welcoming entrepreneurial (highly skilled) refugees. Welcoming policies and practices are to offer entrepreneurial refugees, firstly, an incubator programme upon arrival, possibly even prior to receiving a decision on their asylum application; secondly, nationwide equally accessible (municipal) incubator programmes, departing from the wage-earning and “work first” model and allowing for entrepreneurship as a way to avoid deskilling and an honourable way towards financial independence; thirdly, the quality of incubator programmes has to be guarded, they have an important public task and should be trained and paid accordingly; fourthly the incubator programmes might have to be in English *and* provide training in the Dutch language, tailored to doing business in the Netherlands. Fifth and final, the programmes should include access to finance, through public welfare arrangements, subsidies or public/private microcredit as good money can help to avoid bad money seeping in.

Our focus was on *start-up* refugee entrepreneurs. Our research scope did not include the perspective of funding institutions. Studying their considerations to invest in refugee entrepreneurs would be an interesting line of further inquiry. We note that support for refugees *after* establishing a business is almost absent, they are to rely on generic support from, for example bookkeepers and consultants. What the refugee entrepreneurs' needs are after the start-up phase calls for further research. Also, longitudinal studies are called for to show what kind of incubator programmes are more successful, and what economic value, innovations and jobs are created by refugee entrepreneurs.

NOTES

1. We prefer the definition of the European Blue Card Directive recast to other common definitions based on the International Standard Classification of Occupations (ISCO) or educational attainment (e.g. Czaika and Parsons 2018; Docquier and Marfouk 2006), because it allows for the inclusion of entrepreneurial migrants with at least three years of professional experience as highly skilled, not limiting the highly skilled qualification to specific categories of waged employment or educational degree.
2. Directive 2011/51/EU of the European Parliament and of the Council of 11 May 2011 amended Directive 2003/109/EC to extend its scope to beneficiaries of international protection.
3. A plethora of evaluative studies (e.g. Rekenkamer, 2017) showed the failure of this ‘private’ responsibility. Some changes are foreseen in the near future (a legislative proposal to this end went into public consultation on 25 June 2019, <https://www.internetconsultatie.nl/1435>).
4. See for an almost exhaustive list www.werkwijzervluchtelingen.nl and for many initiatives focusing on entrepreneurship www.steppingstones4refugees.nl.

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