

# **SOCIAL ENTREPRENEURSHIP AS A TOOL TO PROMOTE REFUGEE ENTREPRENEURSHIP**

## **Entrepreneurial Training Initiative in food and beverage industry by a tool of social entrepreneurship in Germany**

### **1. Introduction**

Since the refugee crisis in 2015 where more than a million of refugees were entering Germany, the German society and policy started to develop a number of initiatives in order to promote their integration. As refugees are particularly known to have a high entrepreneurial motivation due to a number of push factors, entrepreneurial training appears to be vital in order to allow them to cope with a different entrepreneurial environment in comparison to their home countries. There a number of pieces of research indicating that refugees have difficulties in adjusting to the challenges of the demands within European countries (Meyer 2015). The time factor appears to be vital in the process of integration in order to reduce push factors.

Due to low market entry barriers and the possibilities to use culture as a strategic market position, the food and beverage industry is in Germany on of the prime industry for migrants including refugee to develop in this branch entrepreneurial activities. The activities are accompanied by a high failure rate and problems due to an unpreparedness to meet managerial, financial and regulatory market standards. In order to avoid those problems and to enhance success in Germany a particular training course has been developed on the idea of social entrepreneurship to jump into this problem.

The objective of this paper will be to demonstrate by the method of a case study how social entrepreneurship is a particular force of entrepreneurship to support entrepreneurial training and activities in an efficient way. Thereby efficiency is measured in terms of use of public budget allocation, success of the program and sustainability of the participants.

### **2. Theoretical Background of the study**

The foundation and theoretical background of this paper can be found within the follow 4 pillars of this research as outlined by the following graph.

**Figure 1: The clusters of theoretical background of the research**



Source: own source.

Social entrepreneurship should be understood as a tool to solve problems of the society by applying managerial methods. The key of social entrepreneurship is focused on a mutual benefit to the problem solving by the entrepreneur to the society and the entrepreneur as a mean for income generation. Research on refugee entrepreneurship is a fairly new problem and is missing itself on agreed definitions and research frameworks as well as a clear definition. The research work in this areas is inductive in their nature and trying to use observations and qualitative research methods as a core approach to analyse entrepreneurial activities by migrants (Heilbrunn and Lennon 2017). The term and concept are often mentioned in one breath with migrant, ethnic or diaspora entrepreneurship. Migrant entrepreneurs are understood as non-nationals entering a host country with the objective of live and work in the selected country. They use or create business opportunities and engaging in entrepreneurial activities for income generation (Heilbrunn and Lannone 2017; Haimour, Harima and Freiling 2017, GEM Monitor 2017). In contrast, diaspora entrepreneurship is offering services and products from their home countries for peer migrants or nationals. The distinctive nature of refugee entrepreneurship is that these entrepreneurs were forced to leave their home country and therefore also to Waldinger et al (1990) regarded as a particular group of migrants (see also Aldrawadieh et al 2018). Although they recognize to some extend a political shelter, they need in the end to follow a specific registration process without own or a small transfer income. In general, migrant entrepreneurs have many positive effects to the labour market such as bringing new skills to the labour market (Waldinger et al, 1990; Hunt, 2011; Ottaviano and Peri, 2012), access and knowledge of their home countries (Ghosh, 2005; Portes et al., 2002). Moreover, it could be measured that due to migrants the domestic demand increases due to new services and market growth in size. As migrants do often have problems to meet the labour market standards within more advanced

economies like Europe, they often use entrepreneurship as a quick mean for income generation. In the literature, there exists also a discussion whether migrants and in particular refugees are more entrepreneurial than nationals (see e.g. Naude et al 2017). This discussion could not be clearly answered, however, due to the experience of migration and in particular the war experience to escape a country, they appear to have developed a reluctant attitude towards risk (Ionessen 2016).

With the objective to understand the challenges refugees face in order to develop entrepreneurial activities in advanced economies, the classification of the economic development stages by Porter (1990) has been reviewed (see also World Economic Forum and Global Entrepreneurship Monitor (GEM)). The key point for this research is that refugees developing entrepreneurial activities need to understand the change of entrepreneurial behaviour from a survival to an innovation driven economy (Meyer 2015). In particular, the change from an unstable environment to a highly organized environment requires an entrepreneurial strategy in order to meet national financial and management standards (Heilbrunn/Rosa 2017 and Grewe-Salfeld 2017). These expectations often cannot be met due to a missing entrepreneurial training and false interpretations of their own personal entrepreneurial capabilities (Kay and Günterberg, 2015). The food and beverage is market entry low and known as an easy access market. The performance of service in the industry is nevertheless highly regulated as it is accompanied by a number of hygiene and food nutrition relations and sets high demands on fiscal documentation. Thereby the risk within the food and beverage industry are often not understood, as the cost structures are often miscalculated and the conduct of financial instruments is missing (Meyer 2012). The development of managerial and professional competences are based on different models and concepts. Thereby, the method on training on the job has been forwarded in the conduct of migrants very positive as in this case there is an opportunity Managerial development

### **3. The Case of the Refugee Canteen in Hamburg**

Due to the fact that the food and beverage industry is due to the low entry barriers very attractive as well as the need of trained personnel is very high (Meyer 2016), two social entrepreneurs set up a refugee canteen for the purpose to offer a high quality training for refugees aiming to enter this industry. The objective of the scheme was to training the service standard within this branch including the necessary regulatory requirement of the trade as hygiene requirements, treatment

of nourishment and responsibilities while serving food as a commercial good. Moreover, the training course also covered aspects of cost accounting, pricing and financial aspects, strategy development, leadership and so forth.

In the years 2016 up to 2018 yearly 250 participants took part in the course. The six-months course has been financed through a combination of grants by the Ministry of Integration (Bundesamt für Migration) as well as the Labour Office in Germany (Agentur für Arbeit). After the successful participation of the course, 80% of the participants took a job in hotels and other major employers of this branch and 20% went further and started their own business.

#### **4. Preliminary Results of the study**

The analysis of this case have been guided by the following issues: the appropriateness of resource allocation, the success and opportunities of the business venture and own economic rewards of the programme. The methods of obtaining data was the semi-structured interview of the participants as well as the entrepreneurs himself. Thereby one needs to consider that the quality of the interviews were limited to language problems. As most participants of the course were still in their registration and filing process, there was an underlying fear that the interview would be considered for this process. All participants were male in the age between from 22 to 35 years which reflects the profile of refugees in Germany (BAMF 2016). The participants have been selected to the programme voluntarily by the recommendation of the department of labour.

##### **A. Overall evaluation**

All participants have been satisfied by the programme of the refugee canteen. In particular the combination of professional training and language course has been pointed out very successfully. This allowed the participants to speed up the process in acquiring the language and gave them some confidence to acquire the necessary skills for a later job. Also the direct interaction with professionals of the branch allowed the participants to understand better the standards of service quality and how the market is functioning in Germany. In particular, most participants granted that they found often direct employment opportunities on the grounds of this training, sometimes even the opportunity of an apprenticeship. Those who are aiming for entrepreneurship in this branch were further interested in courses with particular reference of entrepreneurial training.

## B. Appropriateness of resource allocation

Interviews with the authorities and shareholders of the programme showed that the budget where spent only on those participants who voluntarily applied for the programme and where not forced to join the programme. In particular the aspect that the initiative had also to come by the participants was highly valued by the interview partners. Moreover, since the majority of the participants receive further training how to conduct an application, the integration rate into the first labour market was very high.

## C. Economic rewards for the social enterprise

The provided budget by each individual participants was sufficient enough to cover the cost as well as offering an return of investment. The company itself has been registered as an non-profit-limited company. This allowed also to receive further grants from the stakeholders as hotels which benefit from the programme in the supply of new labour sources. Moreover, the private arrangements allowed also for the German authorities to react faster as well as to reduce public burdens as e.g. the number of participants and other demands on the facilities. In particular the increase in the number of participants allowed a sufficient budget to cover the cost without reducing the quality.

## 5. Conclusions

The example showed in particular how social entrepreneurship can highly flexible reduce the challenges and problems of integration of refugee while closing the gap between the arrival status and professional integration status. In particular the examples showed that this example was able to combine the interest of various stakeholders in a very efficient way. The training and integration was performed in this interim stage. The own sandwich position allowed potential employers to support the venture as well as public authorities to allocate budget in a very efficient way.

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