The Basics

It is important to have an understanding of who can and who can't be self-employed in the UK. Refugees are entitled to work; most asylum-seekers are not. Self-employment is, however, a realistic employment option for refugees, and while they face specific problems, there are a number of factors that can support them in becoming successful.

The aim of this introduction is to:

→ Explain the difference between an asylum-seeker and a refugee
→ Understand why refugees go into business
→ Describe the problems that refugees face in self-employment
→ Give information on the background of refugees in the UK

Who Are You Dealing With?

Very often the terms "refugee" and "asylum-seeker" are interchangeable and confused with terms such as "illegal immigrant", especially in the press. The word "asylum-seeker" has even become a term of abuse amongst some people. There are, however, very distinct differences between someone with refugee status and someone who is an asylum-seeker. These are important distinctions when advising them on setting up a business.

An asylum seeker is a person who has left their country of origin, applied for recognition as a refugee in another country, and is awaiting a decision from on their asylum claim. An asylum claim is made under the 1951 UN Convention Relating to the Status of Refugees (the Refugee Convention).[1] This defines a refugee as a person who is:

- Outside his/her country of nationality or habitual residence.
- Has a well-founded fear of persecution for reasons of race, religion, nationality, political opinion, or membership in a particular social group.
- Is unable or unwilling to avail himself/herself of the protection of that country, or to return there, for fear of persecution.

If it is decided that an asylum claim meets the criteria, the person will be granted refugee status. In the past, this meant they had indefinite leave to remain in the UK. However, since 30 August 2005 they have been given five years leave to remain before having their case reviewed.

If a person does not meet the criteria of the Refugee Convention, they may qualify either for 'Humanitarian Protection' (usually for five years) or 'Discretionary Leave to Remain' (usually for three years). There is little difference

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between these in terms of access to mainstream services and people have full employment rights with refugee status, humanitarian protection and discretionary leave to remain.[1] In general, asylum seekers do not have permission to work.

As a general rule, paid employment is not permitted while someone is claiming asylum. Those that do have permission to work will not be able to start their own businesses. It is important to note that the asylum process can be a particularly stressful and uncertain time. People have little control over their lives, being unable to work, socially excluded and often living below poverty levels of support. As a result, the levels of knowledge about UK society and working culture may also be limited.

The Background of Refugees in the UK

Information on refugees is not as readily available as one might think. This is because while the Home Office collects statistics on asylum-seekers, once a refugee's claim is settled in his or her favour and they gain refugee status, they have the same rights as UK citizens, including free movement around the country. Thus, an asylum-seeker who is dispersed to Glasgow may, on being recognised as a refugee, move to Ipswich or Cardiff. Most surveys in Britain which record demographic information do not distinguish between people who were born overseas and came as economic migrants or spouses from those who came through the asylum process. Once this is complete, refugees tend to become "statistically invisible".[2] Information on refugee populations is often generated through proxy statistics, such as people born in "refugee-sending" countries, or through what is known about the asylum-seeking population. Many refugees understandably do not want to be seen as refugees once they are allowed to settle here because of the negative press coverage.

However, we do know how many asylum-seekers and dependents received positive decisions on their status in recent years. Asylum seekers make up a relatively small percentage of those who settle in the UK. The majority of those who come to this country are either economic migrants or come to be reunited with their families. For example, in 2004, 144,550 people were granted settlement in Britain. 54,310 (37.5 per cent) of these were people who had claimed asylum, and this figure was 146 per cent higher than the previous year because of a special dispensation for families who had been here more than four years.

The majority of refugees in the UK tend to be men. In 2004, 70 per cent of principal applicants were male.[3] However, this varies from country to country. In 2003, the majority of refugees from Burundi, the Democratic Republic of Congo,

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Ethiopia, Eritrea, Somalia, and almost half of those from Zimbabwe were women.[4]

Refugees are generally young. Eighty-two per cent of applicants in 2004 were under 35 years old. This age structure has potential benefits for Britain. Professor Paul Boyle, from the University of St Andrews said that this: "could…potentially offset the worst effects of changing demographics", as Britain suffers from an ageing population.[5]

Why Refugees Go into Businesses

Among particular communities, refugees of working age tended to be self-employed or run their own businesses before they came to the UK. Research shows that more than 30 per cent of certain refugee communities were self-employed before they arrived here, although this is not broken down by gender. This reflects both high levels of self-employment across the developing world and that the refugee population in the UK is very enterprising.[6] Those people who manage to flee their country and negotiate the journey to the UK are often those with an entrepreneurial spirit and the resources to pay their way here.

Refugees often have a poor experience of the labour market in the UK due to a wide range of barriers, such as discrimination and racism, poor English and negative experiences with authority. Self-employment can be seen as a means to generate their own job opportunities and to come off benefits.[7] Even if they are well qualified in their home country, because of the difficulties of finding paid employment, self-employment often becomes the only option for a large number of refugees. One business observer notes: "Their survival rates are much higher than other businesses, because it's the only thing for them, they have to work harder."[8] Some refugees also see their own business as a way of integrating with the host community.

Within a specific refugee community, there may be a demand for certain types of goods from their country of origin. Many refugees see this, and are able to use their access to the local community as a means of marketing, and their contacts in their country of origin to foster an import/export business.

Why Refugees Need Specialist Help

Despite the fact that many refugee entrepreneurs have already run businesses in their countries of origin, there are a number of barriers that refugees looking to start a business in the UK may need to overcome. These are distinct from the general population and from other minority groups in the UK. As a business adviser, you need to be aware of these in order to be able to give the best advice to refugees.

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English Language
A significant barrier for many refugee communities in Britain applies across all employment options, and this is **English language** ability. UK business culture places a lot of emphasis on written business plans, and even when verbal English is effective, many refugees' written English can still be very poor. A lack of English skills means that it is difficult to communicate with a wide range of people and services, including potential customers, business advice agencies, job centres, bank managers, landlords, and access to information. Advising refugees on enterprise issues needs to take into account a refugee's language needs and abilities. This does not necessarily mean a refugee has to know perfect English to be able to run a business, but that they may have particular information and advice needs, and require additional help to communicate with the mainstream.

Accessing Capital
Research has shown that refugees (like many other kinds of entrepreneur) have problems **accessing sufficient capital** to start up.[9] However this is often compounded among refugee communities by a lack of access to information, racism amongst potential lenders, and cultural issues around accessing finance, for example, even access to bank accounts can be problematic, as banks require paid utility bills and identification and a credit history in the UK.

Access to Information
Refugees can suffer from a lack of knowledge about the processes needed to run a business in the UK and may have little **access to the information** needed. This includes what are sometimes called "the rules", such as the legal structures of trading, taxation, licences, insurances, responsibilities and requirements from official bodies. Refugees may be unfamiliar with British red tape, or with formally presenting written business plans. They may need considerable help to understand the way in which British businesses operate, which might be very different from the way they run in their home country.

Unfamiliarity
Refugees are often unfamiliar with British business culture. For example, in their country of origin, people may buy and sell through bartering, gift giving, or other customary practices. In addition, many things are taken on trust, through verbal rather than written agreements. More significant problems can include a lack of knowledge about UK banking systems, how to make or receive payments, and basic understanding of trading legislation.

Previous Experiences
Because of previous bad experiences with immigration officials and other statutory bodies through the asylum process, refugees are often suspicious of

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authority, and tend to rely on informal support such as family and friends. Often they can be wary of approaching official or apparently official bodies.

Discrimination and Racism

Discrimination and racism may be a barrier for refugee communities. This may come from any source, but can include potential lenders, banking staff, and customers – in fact any one of the many people who can influence the setting up of a business. We shall come to ways of dealing with or overcoming discrimination later on, but is important to know that refugee communities often experience discrimination and racism, not only because they are from a minority ethnic community, but also because refugees and asylum-seekers as a category are often scape-goated.

Non-recognition of Qualifications

Many UK institutions do not recognise refugees' qualifications from their home country. This is a severe difficulty. In addition, a refugee may not have any certificates to prove that they have such qualifications - the establishment they qualified in may have had its records destroyed, and certificates may have been destroyed or lost in the process of migration. This can prove a major impasse for refugees who choose businesses that legally require them to have certain qualifications to certain standards. This includes the medical professions, social work, and finance and accountancy. As a result, many refugees take work beneath their skill levels and are subject to a process of "deskilling" where their existing skills are forgotten and fade away over time.

Refugee Entrepreneurs

There are a number of well-known examples of successful refugee-run businesses, both past and present.

Michael Marks was a Jewish Russian refugee and one of the founders of the Marks and Spencer retail chain. He arrived in Leeds and set up a number of market stalls. Later he brought in a partner, Tom Spencer, who invested £300 and helped establish business links with manufacturers which allowed the market stalls to develop into a chain of stores around the country. Spencer's share grew to £15,000 and he retired in 1903. Marks was naturalised in 1897 and continued to work for the company until he died in 1907.

And more recently…

Peter Paduh came to the UK from Bosnia in 1993. In 2003 he set up Maxitech.biz, a not-for-profit company that reuses and recycles IT equipment for UK companies. He came to England on his own and stayed in a children's home in London until the local authority found him a foster home. Then he went to university, did a work placement at Microsoft and worked for a number of

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computer companies. In 2005 he won the Young Business Person of the Year award. [10]

Together with three friends, Meriem Omer set up an East African restaurant called Meroe/Addis on the Caledonian Road in London. Originally from Eritrea, she had run a women's co-operative for demobilized women fighters, with a carpentry workshop, a bakery and a fish market. Her friends knew about cooking, so they pooled their money and skills, wrote a business plan and looked for premises. 'It was difficult to get finance,' says Meriem, 'and very hard work. You work long hours, but it is very rewarding. You are your own boss, you contribute to the community and the economy, you make a living for yourself, and you promote your culture as well.'

Checklist

Some of the things to consider when working with refugee clients:

- → Is the client eligible to work in the UK?
- → Is communicating in English a difficulty?
- → Do they already have a business idea?
- → Have they been self-employed in their home country?
- → What qualifications do they have? Are these needed for the business in question?
- → Are their qualifications recognised in the UK? Do they have the certificates?
- → What are their previous experiences of working with officials in the UK?
- → How much do they know about UK business culture?
- → What do they still need to know?

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[1] Asylum and Immigration Appeals Act 1994 s 1
[2] Islington Enterprise Agency (2005): 8
[3] http://www.homeoffice.gov.uk/rds/pdfs05/hosb1305.pdf
[4] http://www.icar.org.uk/?lid=925
[5] Professor Paul Boyle, School of Geography and Geosciences, University of St Andrews, press release dated 16 October 2002.

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[6] Kirk 2004 quoted in Islington Enterprise Agency (2005): Refugee Enterprise Partnership: Research Report 14.
[7] Islington Enterprise Agency (2005): Refugee Enterprise Partnership: Research Report 33
[8] Michael Bell Associates (2004): Refugee and The London Economy: Maximising the Economic Potential and Impact of London's Refugee Communities 55
[9] Michael Bell Associates (2004): 53, Islington Enterprise Agency (2005): 16
[10] http://www.refugeeweek.org.uk/InfoCentre/PositiveImages/Young+Entrepreneur.htm

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