

The Basics

It is important to have an understanding of who can and who can't be self-employed in the UK, and indeed what self-employment is. 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 also a number of factors that can support them in becoming successful.

The aim of this introduction is to:

- Explain the rights of asylum-seekers and refugees
- 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

Asylum-seekers, refugees and the right to work

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 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 they do 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 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.

What is Self-employment?

Self-employment is where someone works for him or herself, rather than as an employee of another person or organisation. Broadly speaking, you are **self-employed** if you are in business on your own account, and **employed** if you work for an organisation and do not run the risks of owning a business yourself.² Although there are several disadvantages to self-employment, one of the main attractions is not having to work for someone else. People who are self-employed often tend to earn more than someone who is employed by someone else, but they may work long hours; their income is not regular and they need to arrange their own sick pay, pension, and holiday. Being self-employed is a recognised 'legal' form of business operation in the UK, so specific legalities have to be understood and conformed to.

Why Refugees Go Into Businesses

Amongst certain 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 the fact that the refugee population in the UK is highly enterprising.³ 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.⁴ Even if refugees are well qualified in their home country, due to the difficulties of finding employment, self-employment often becomes the only option for many. One business observer noted: "Their survival rates are much higher than other businesses, because it's the only thing for them, they have to work harder."⁵ 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.

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 computer companies. In 2005 he won the Young Business Person of the Year award.⁶

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

- Is the client currently allowed to work?
- Do they know what self-employment means?
- Do they know the legal and other implications and are they prepared to comply with these?

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¹ Asylum and Immigration Appeals Act 1994 s 1

² The difference is distinguished in case law. The HMRC state: "The law for tax and social security legislation does not define 'employment' and 'self-employment'. But, over the years, the Courts have

considered this issue and their guidance on whether an individual is an employee or self-employed is known as case law.” (<http://www.hmrc.gov.uk/pdfs/ir56.htm#2a>).

³ http://www.refugeecouncil.org.uk/infocentre/asylumlaw/seeking_asylum.htm

⁴ Islington Enterprise Agency (2005): 33

⁵ Michael Bell Associates (2004): Refugee and The London Economy: Maximising the Economic Potential and Impact of London’s Refugee Communities 55

⁶ <http://www.refugeeweek.org.uk/InfoCentre/PositiveImages/Young+Entrepreneur.htm>