

Displaced, excluded, moving on: a study of refugee entrepreneurship in Kenya

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The global refugee crisis has grown in scale over the last 30 years. There are currently 25.4million refugees worldwide of whom 85 percent reside in developing countries (UNHCR, 2019). As a result of the protracted violence and instability in the East African region, Kenya has been on the frontier of receiving refugees and asylum seekers since the 1970s. However, the official approach of the Kenyan government has been to enact a unique encampment policy that has effectively stripped the refugee community of the right to free movement and employment across the country. Most refugees are restricted to camps located in predominantly arid and semi-arid areas that have often been subjected to socio-political marginalisation (Campbell *et al*, 2011). In effect, these refugees are denied the opportunity to contribute to the economy of the host country by using their entrepreneurial skills and resources to create value and enhance national productivity. In the same vein, the imposed restrictions make it difficult for the refugee households to support themselves, raise household income, and forge a path to long term resettlement or return.

However, in spite of these constraints, the refugees are employing new strategies to overcome institutional and infrastructural barriers and challenges. This paper therefore presents a study of refugee entrepreneurs within Kakuma refugee camp in Kenya. We examine the role of social capital- in its bonding, bridging and linking forms. We draw from in-depth interviews of key stakeholders, supplemented with archival documents and policy papers, to review existing policies and interrogate the models of refugee entrepreneurship in Kenya. We also examine the link between refugee resilience, self-reliance and ingenuity on the one hand, and entrepreneurial success and livelihood recovery on the other hand. We then propose a conceptual framework that highlights the role of social capital in overcoming institutional and infrastructural constraints to entrepreneurship among refugee populations.

The increase in refugees and asylum seekers is often perceived as taxing on host communities, creating a stigma around financial and social burdens (Stearns, 2013; Tumen, 2016). Engagement in entrepreneurial activity by refugees has proved to help improve both socioeconomic prospects of refugees and the host community. Refugee entrepreneurship has

gained traction in the last two decades (Rizma, 2017; Wauters and Lambrecht, 2008;; Turcotte and Silka, 2007 and Bollinger and Hagstrom, 2004). Though refugee entrepreneurial activity has been viewed under 'immigrant entrepreneurship' the dynamics around institutional, infrastructural and social capital structures differ from other migrant groups (Bemak and Chung, 2014) as they are subject to international law and as well as refugee laws specified by each country receiving them (Rizma, 2017). Moreover, refugees tend to have less extensive social networks (Gold, 1992) having fled persecution with little knowledge of possible opportunities ahead. Most refugee entrepreneurs are necessity driven due to discrimination faced in employment, capital markets and even consumer markets (Wauters and Lambrecht, 2008 & Coate and Tennyson, 1992). These barriers are further exacerbated by stringent policies in host countries that often create incumbents for refugee integration. Formal institutions that are rigidified and fail to address the interests of refugees create protracted situations. Furthermore, refugees who are placed in camps for repatriation undergo further isolation from interacting with institutions and host population creating a further unlikely place for fostering entrepreneurship. The exile and local resentment limits access to resources and markets adding to reduced incentives to risk investment of time and resources in entrepreneurial activity (Down and Warren, 2008).

Entrepreneurship is embedded in social contexts (Aldrich and Zimmer, 1986), social networks (Carsrud and Johnson, 1989) and can be understood in terms of the various situations encountered by the social groups they relate to (Gibb and Ritchie, 1981). Refugee entrepreneurs encounter political, social and economic challenges and in such environments development is fostered through identifying possibilities and opportunities that exist in order to enhance their advancement and development (Piazza-Georgi, 2002). Entrepreneurship that is fostered by and fosters social capital, as in the case of refugees, constitutes a mechanism to implement self-development creating a drive for economic capital (infrastructure and financial resources) and improved institutional capital (institutional structures and mechanisms within the community).

Kenya's encampment policy has been in existence since 1992 following an influx of refugees from Sudan and Somalia a notion that was driven by the overwhelming numbers of refugees and political and ethnic dimensions (Campbell, 2011; Lindley, 2011). The refugee management system was deemed suitable as it allowed for provision of assistance to the large number of

refugees by UNHCR whilst serving the interest of security concerns of the Kenyan government (IRC, 2018). As a result, the policy violates human rights restricting freedom of and rights to work for refugees. The unique case of Kakuma camp has shown to be an economic and social asset for the local economy, camp has a vibrant informal economy boasting over 2,000 businesses that has boosted the Gross Regional Product by 3.4% and employment by 2.9% (Sanghi et al. 2016). The entrepreneurial and economic activity in has attracted new private investors in the areas, expanded the operations of existing firms, and supported local entrepreneurs to expand employment opportunities for refugees and the host community, improving services, reducing prices, increasing choice and contributing to self-reliance (IFC, 2018).

Despite facing institutional and organisational barriers in resource constrained environments (Jack and Anderson, 2002), entrepreneurs have found various ways to overcome these challenges. The lack of finance and functioning markets are overcome via lending groups within social network, family ties and remittances (IFC, 2018) to those in need and entrepreneurs seeking seed capital. Legal and political systems are navigated through avoiding complex and bureaucratic procedures that involve setting up businesses. Lack of infrastructure is often tackled by either improving it themselves or perceived as business opportunities by entrepreneurs (Crisp, 2003). Poor access to resources and lack of market information are overcome by leveraging human capital accrued prior the refugee status, creating novel virtual infrastructure via technology and networks maintained with external markets. Moreover, entrepreneurs have expanded the scope of their customers extending to the host community expanding their social networks (Omata and Kaplan, 2013).

This paper also highlights significant policy and practical implications. Most recently in 2016, the United Nations High Commission for Refugees (UNHCR) and the Kenyan government has taken on a social inclusion initiative in Kaloboyei, a settlement conceived from 40km Kakuma camp, promoting a commitment to self-reliance for refugees. The 14 year project intends to be part of Kenya's vision 2030, creating a sustainability in agriculture and development. Kenya's continuous reception of refugees and the policy on integration create an important consideration for the government as well as the host community in softening their notion as well as encampment policy when it comes to refugee management especially where economic benefits are most likely to be felt (IRC, 2018).

Adapting policies from neighbouring countries, such as Uganda should be placed on careful selection of location where access to markets and infrastructure are of importance (Kaiser, 2006) and not where pre-existing camps and negotiations are of importance as this also impacts ability of self-reliance.

Based on preliminary findings in this exploratory study, we posit that social capital is an effective resource deployed by refugees to overcome barriers and facilitate a) better access to infrastructure and access to market (b) support for refugee entrepreneurs and (c) integration between refugee and host communities. Further, we argue that a more inclusive policy is significantly beneficial to both the host country and the refugee communities. Among other things, such a policy promotes social economic integration, facilitates entrepreneurial learning and co-creation, and the injection of dynamism that raises overall national productivity. Finally, we argue that an inclusive policy, rather than an encampment policy, not only satisfy the goal of creating opportunities to achieve economic outcomes both for the refugees and the host country, it is also effective in achieving security outcomes and cohesive, peaceful co-existence between refugees and the host population.

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