

# Ignite Small Business Start-ups Program: Helping refugee entrepreneurs make million-dollar economic contribution

## 1. Summary of the impact

Launched in 2013, the three-year Ignite Small Business Start-ups Program set out to assist newly arrived humanitarian migrants or refugees to set up businesses and re-establish themselves after their often-traumatising journey. Professor Jock Collins – Professor of Social Economics at the UTS Business School – negotiated a three-year UTS Contracted Research Grant with Settlement Services International (SSI) to monitor the development of the program and evaluate its outcomes.

In addition to the positive outcome on an individual level, the Ignite program has provided clear economic benefits to the nation, including a reduction in welfare payments, the increase of tax revenue generated by the business enterprises in the form of company tax and GST, as well as the tax revenue generated by the employees of the refugee enterprises.

## 2. Problem

At first glance, humanitarian refugees are the most unlikely entrepreneurs. They face perhaps the greatest barriers to setting up a business enterprise in Australia: they have no financial capital, no social capital, their human capital and qualification are not recognised, they are unfamiliar with the Sydney market and the business red-tape, and their linguistic capital is often weak. Their families are fragmented and they lack a community support system to start a new life.

Moreover, the widespread discourse on refugees has tended to be ridden with fear, negativity and notions of undue entitlements for those arriving in Australia. Public perception inhibits them from finding employment as they are often alleged of taking advantage of existing systems, or are labelled as terrorists, religious radicals or simply dangerous.

As a result, refugees struggle to generate an income and provide for their families, and unemployment rates for refugees are exceeded only by unemployment rates for Indigenous Australians.

### **3. Beneficiaries**

The most immediate beneficiaries of the Ignite Small Business Start-up program are the latest cohorts of refugee arrivals to Australia, in particular those refugees escaping persecution in the Middle East, but also those arriving from Africa and Asia.

The team also found newly arrived female refugees to be equally passionate about entrepreneurship. This is an important finding because many refugee families who arrive in Australia are single-parent families headed by women, and they have significantly benefitted from assistance in achieving their business goals.

### **4. Approach to impact**

The Ignite Small Business Start-ups Program, an initiative of humanitarian organisation Settlement Services International (SSI), was launched in 2013 to assist newly arrived humanitarian migrants or refugees to set up businesses.

A total of 240 clients were accepted into the Ignite program. Most came from Iran (87), Iraq (34) and Syria (23), though refugees from 30 countries and 27 different first languages took part. Eight out of ten were males, and most participants lived in suburbs in western and south-western Sydney.

Despite a displaced and disrupted living and educational history prior to settling in Australia, many refugees - and about half of these Ignite clients - had experience as entrepreneurs prior to arriving in Australia. As such, while some of the clients turned to starting a business out of necessity, many were simply assisted to re-establishing existing professional pathways.

The team used an approach which they call a 'social ecology of enterprises', a term highlighting the broad spectrum of people and entities involved in this program. Newly arrived refugees are met by case workers who refer potential entrepreneurs to the Ignite! enterprise facilitators employed by SSI. These facilitators walk the journey alongside these refugees, and shepherd them through the necessary processes for the establishment and operation of their selected business.

To take an example, a young woman was identified as having leather-working skills. The program assisted her in establishing an ABN, sourcing leather, securing a stall in a market and securing funds from a micro-finance organisation to purchase the equipment she needed. In addition, the program was able to assist her in creating a webpage for her business, discuss opportunities and strategies for marketing, and assist her in managing her taxes. The team goes as far as assisting individuals find their way through the Sydney

public transport system for the first time to ensure they feel comfortable with their daily commute to their new workplace.

This model of approaching minority entrepreneurship has become a blueprint and sparked interest in other wealthy nations currently receiving a large number of refugees, including Canada, Germany and Sweden.

## **5. What has changed as a result of this work?**

### **5.1. The Outcomes**

Now at the end of its three-year pilot, the program has helped to establish 62 new refugee businesses – the majority in the retail sector, though businesses in the cultural and recreational services sector outnumbered cafes and restaurants by more than two to one. This is a success rate of 25 %.

This outcome is particularly remarkable considering all clients involved in the program had been living in Sydney for less than three years. The lack of social, cultural and economic capital was overcome by the intricate web of support mechanisms put in place through the program.

It is also important to note that the remaining 75% of clients were not necessarily failed business attempts. The enterprise facilitators had exhausted their capacity with earlier clients, limiting their ability to respond to others. Those who remained unserved had equal passion, innovation, ability and the commitment required to reach their entrepreneurial dream. With more resources to hire additional enterprise facilitators, the success rate may have been even higher.

Like many small businesses, these new refugee business start-ups will take some time to increase their profitability. Most successful Ignite clients expected or wanted to expand their business in some way in the coming five years while an equal number expected to begin hiring workers or increase the size of their workforce in the coming five years.

Aside from the positive outcome on an individual level, the Ignite program has provided clear economic benefits to the nation, including a significant reduction in welfare payments. Two thirds of the male Ignite entrepreneurs and three quarters of the female Ignite entrepreneurs were not receiving Centrelink payments at the time of interviews. Based on these 22 individuals, and using a conservative estimate of average refugee Centrelink payments of \$20,000 per year, annual savings of \$880,000 (or \$4,400,000 over 5 years) have been achieved due to the successful business start-ups supported by the Ignite program.

Furthermore, there has been an increase of tax revenue generated by the business enterprise in the form of company tax and GST as well as the tax revenue generated by the employees of the refugee enterprises. This is due to the fact that refugee

entrepreneurs tend to employ other refugees, and 20 jobs have been created by Ignite clients so far. An additional 25 Ignite entrepreneurs plan to employ more people in the near future. Likewise, the benefits of the innovation that new refugee entrepreneurs bring to the Australian market are a significant advantage for the economy.

The Ignite program has also produced other social, psychological and settlement benefits for humanitarian immigrants in Australia. The successful Ignite clients report that the Ignite program has enabled them to find new friends in Sydney, building their social capital. Most clients also reported that their English language fluency increased dramatically since they engaged in the Ignite program. This builds their linguistic capital and in turn contributes to their business success and their daily lives as part of the broader cosmopolitan Sydney community. This could make a significant contribution to the overall social cohesion of Australian society.

The SSI Ignite program has also demonstrated that newly-arrived female refugees are equally passionate and successful as entrepreneurs, with one in four of the Ignite clients who succeeded in setting up a business being women.

## **5.2. Impact**

The immediate goal of the SSI Ignite program was to boost minority entrepreneurship and enable refugees to access the resources and support required to start a business. As such, the project has demonstrated a tried and tested successful model of how this can be done, though still on a relatively small scale.

However, the ultimate desired impact is to make a difference at policy level and public discourse level to ensure that refugees have equitable access to opportunities when arriving in their new home and are able to receive the help they need to re-establish themselves financially. The Ignite initiative has made an important first step towards reaching this longitudinal goal by offering an evidence base

## **6. What has helped you accomplish this work?**

### **6.1. Personal enabling factors (including research)**

One of the leading forces in the SSI Ignite program, UTS Professor Jock Collins, credits the success of the initiative to the team's wealth of experience within this field and the strong industry relationships that have been built with NGOs and other organisations over the years.

With over four decades of research experience in the public, private and community sector – particularly with migrant community sector organisations - Professor Collins continues to use his reputation and the trust he has built with the over 70 industry partners towards making a social impact in important areas including immigration. He has established

mutually beneficial relationships in which he provides research and input, and in return receives support for projects that serve the Sydney community.

The enterprise facilitators involved in the project contributed with their expertise in the domains of accounting, finance, marketing, IT and management. Their commitment was critical in achieving the outcomes and allowing the participants to be successful in their business endeavours.

## **6.2. External enabling factors**

One of the key collaborators on the program was SSI who covered much of the cost involved in the program after an initial failed funding application. The initiative also benefitted from later research grants and over 100 volunteers provided their expertise in a vast array of areas from finance to accounting, marketing, web-page design and IT specialists who were part of the resources team involved in the initiative and called upon to provide advice to the refugee entrepreneurs when establishing their business.

Professor Collins also credits UTS as an institution for enabling such research projects and taking an interest in work that reflects the diverse and multicultural community living in Sydney.

## **7. Challenges**

One of the key challenges encountered during the project was an emotional one; during interviews with the refugees, the team learned about their traumatic experiences of loss and family separation, violence and fear. Dealing with such stories was undoubtedly difficult for everybody involved in the program.

In addition, as with most academic research projects, the demand for publication and funding applications often derails researchers from being in touch with the issue they are trying to solve. However, Professor Collins says he has always made a conscious effort to foreground the ultimate social change his project seeks to make, and firmly maintains ties to his participants, the organisations and the communities involved in his work to ensure they are the primary beneficiaries of his research. Professor Collins argues that policy impact and dissemination of the research findings to print and electronic media are as important as journal articles and other academic publications as desired outcomes of the research process.

The final challenge for projects like these is time. According to Professor Collins, many young researchers are expected to produce results and address long-term issues without having the necessary support, and more importantly, the years of relationship-building required. When tackling major issues such as the refugee crisis, multiple layers of government and society need to spring into action, and this collaboration can only take place when relationships and trust have been built over the years.

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