The Entrepreneurial Spirit of Syrian Refugees in Jordan

Salime Mehtap[1], Reem Al-Shakhanbeh, and Jocelin Hattar

Abstract

Many Syrian refugees in Jordan have chosen entrepreneurship as a means of survival. This is a pilot study that attempts to profile 34 Syrian entrepreneurs in Jordan and the difficulties they faced as they tried to establish and maintain their businesses. Local business owners were also asked their thoughts on Syrian business owners operating in their area. More than 50 percent of the respondents were university graduates and had owned a business back home. Half of the businesses were funded by family and it had taken at least one and a half years of planning before starting. The majority was involved in the food industry or selling clothing/accessories and all employed fellow Syrians. None of them were registered with the UNHCR and only 24 percent reported not being harassed by the locals or authorities. Local business owners were mostly hostile towards their Syrian counterparts believing that they were cutting prices and taking away their clientele. In general the Syrian entrepreneurs did not feel welcome and if given the chance they did not wish to remain in Jordan. The findings of the study have important implications for Jordanian policy makers and will form the basis for a future large scale study on the entrepreneurial tendencies of displaced persons and their impact on host economies.

Introduction

For some, the decision to become an entrepreneur is born out of necessity, as the only means of survival in dire times. Syria has been in the midst of a civil war since 2011 resulting in the loss of over 200,000 lives and the displacement of more than 10 million of its citizens (EU 2015). Since 1948, Jordan has a history of welcoming refugees from neighboring states (Luck 2013). Many Syrians fleeing the war have sought refuge in neighboring countries like Jordan. UN figures estimate that there are currently 1.5 million Syrian refugees in Jordan (Fraihat 2015). Some of those refugees have resorted to entrepreneurship as the only means of survival both within the camps and outside. There is a lack of literature that examines the entrepreneurial

[1]Dr.Salime Mehtap, Asst.Professor of Management and Entrepreneurship, Department of Business Administration, Princess Sumaya University for Technology, Amman, Jordan.
(Corresponding Author: s.mehtap@psut.edu.jo, P.O. Box 1438, Amman, Jordan 11941)
Ms. Reem Al Shakhanbeh, Graduate Research Assistant, Department of Business Administration, Princess Sumaya University for Technology, Amman, Jordan.
Ms.Jocelyn Hattar, Graduate Research Assistant, Department of Business Administration, Princess Sumaya University for Technology, Amman, Jordan.

capacities of refugees. Our paper is a pilot study that builds a profile of Syrians who fled the civil war in search of security and safety, and how they became entrepreneurs in Jordan. It also paints a picture of the financial, legal and social difficulties that they faced as entrepreneur-refugees in their new homeland. For this purpose 34 Syrian entrepreneurs provided information about their backgrounds, reasons for starting a business, difficulties faced along the way and their recommendations to others. It also looks at the other side of the coin and explores the attitude of local businessmen towards their Syrian counterparts. It is important to understand which types of refugees are more likely to consider starting a business. This understanding will enable aid agencies and governments to provide them with appropriate conditions and support, reducing their dependency on foreign aid and helping them to engage in commercial activities that promote a sustainable and dignified living.

Literature Review

Immigrants are widely perceived as being highly entrepreneurial and important for economic growth and innovation (Borjas 1986; Li 2001; Cumming 2007; Wadha et al., 2008; Varma 2011; Neupert and Baughn 2013). Small business ownership has been a preferred path among many immigrant groups mainly because of labor market disadvantages they face in the host communities. These disadvantages include racial discrimination, language barriers, unfamiliarity with the host culture, and limited access to job opportunities (Longva 1999; Chapman 2000; Chatelard 2002; Ben-David 2009).

Sometimes people are forced into immigration and refugees or displaced persons fall into this category. Refugees have a strong will for survival and often employment is out of the

question due to their status. Many pin their hopes on self-employment as a way of securing their future (Zarrugh 2007). Refugee businesses have the ability to generate both profits and social capital, giving back to their communities and other refugees (Lamba and Krahn 2003). Microenterprise development programs are important to help refugee entrepreneurs to get their small businesses up and running (Fong et al.,2007).

The first Arab nation to ever experience refugee status was the Palestinians. Hanafi (2008) shed light on the different modes of entrepreneurship amongst Palestinians refugees in the West Bank. He found "a kind of communitarian entrepreneurship based on familial support" that had evolved due to lack of access to formal financing and a general mistrust of the legal and regulatory system for establishing a business.

Olwan and Shiyab (2012) discussed the economic, social, and legal conditions of 105 Syrian households in Jordan. Nearly half fled to Jordan because they believed it was secure and close to Syria- making return easy. Only 20 percent of those surveyed were able find a job with the remaining relying on humanitarian assistance to survive. The majority of respondents felt that the Jordanian government sympathizes with their situation.

Fraihat (2015) reports that less than 50 percent of the 1.5 million Syrians in Jordan are registered as UN refugees and live in the camps. The remaining are living off their own resources and contributing to economic activity. While the government sees refugees as a 'burden' on economic resources, many representatives of the Jordanian commercial and industrial sectors see them as opportunities that benefit the local economy.

Methodology

Sample, Questionnaire and Data Collection

Our sample consisted of 34 Syrian refugees who had fled from their homeland to Jordan and started their own business. A total of 63 entrepreneurs were approached by the authors, however, 29 Syrians refused to fill out the questionnaire and eight questionnaires had to be discarded because of missing information. This makes the response rate 53.9 percent. Fifteen local businessmen were also asked what they think of Syrian entrepreneurs who have set up business in the area and how Jordanians are being affected by the ever increasing influx of refugees.

The questionnaire was made up of 26 questions that aimed to collect demographic data about the respondents, why they came to Jordan, their entrepreneurial background, difficulties faced and advice to other refugees who wish to start a business in Jordan.The majority of the questions were open-ended.

Data collection started in the Sweifieh area of Amman, which is a well-known business/shopping district.The first respondent was an acquaintance of the authors and directed them to other entrepreneurs in the area. In turn each Syrian entrepreneur met would inform us of others (snowball sampling). The data was collected over a two week period.

Results

Profile of Respondents

The demographic profile of Syrian entrepreneurs in Jordan is as follows: 94 percent of the respondents are male, 71 percent are single, and 71 percent are from the city of Damascus. The largest number of respondents were between the ages of 20-30. Those who had a university degree were 56 percent and out of this, only 21 percent had studied business followed by engineering. Almost 60 percent of the entrepreneurs chose to come to Jordan because they had

family already living there and a further 20 percent chose Jordan for its proximity to Syria and potential for easy return. The remainder had no other choice. Those entering Jordan through a land border crossing were 53 percent; the remaining 47 percent had arrived by plane from Beirut. None of the respondents were officially registered with the UNHCR in Jordan and they did not have any access to government provided services such as healthcare or education.

Business Acumen

All of the respondents agreed that they had resorted to entrepreneurship as a means of economic survival. Most of the respondents had opened a business related to the food industry followed by clothing/accessories because it was the same as a family business back home and something they were experienced in. Nearly 40 percent of the Syrians chose their current business because it was a hobby they believed would be a good source of income.The respondents were asked if the circumstances were different and given the choice, what type of business would they open? The greatest percentage said they would want to open their own restaurant, followed by accounting and engineering firms.

Timing and financing

Respondents were asked how long it took to actually start their business in Jordan and whether they had taken the time to actually make a business plan. The entrepreneurs indicated that it took between one and a half to three years to start their business because it was difficult to find funding and an appropriate location. More than 80 percent of the respondents developed a business plan before actually starting their businesses. The rest started without any formal planning and relied on their experiences and skills to improvise.

The entrepreneurs had difficulty in finding finance to start their business. Refugee entrepreneurs are often barred from traditional lending institutions because they have no credit history and insufficient collateral (Zarrugh2007; Thornton et al., 2011). Half of the respondents obtained funding for their business from family, 29 percent received financial assistance from a friend and 15 percent opened the business from their personal savings.

The entrepreneurs were asked if they sent financial support to their families in Syria. Almost two thirds of the Syrians did not send any money back home. They mentioned that the money they made was barely enough to pay employees, rent and taxes and to put food in their mouths. All Syrian entrepreneurs employed their fellow countrymen, believing they were the neediest.

Difficulties in doing business

The transition from one country to another is never easy and it is normal to face problems especially when starting from square one. Nearly 30 percent of the respondents stated that they did not face any problems when starting their business, 20 percent complained that it was hard to get things done as people looked down on them.The others complained of hatred and racism, high rental prices and bureaucratic hurdles.

The majority of the respondents said that locals harassed them. One respondent recalled an incident where a Jordanian woman told him to go back where he came from because he was ruining the country. This is one of a few stories we were told and similar to the events reported by Luck (2013). A quarter of the respondents claimed that they had been harassed by the police and 18 percent claimed that they had been harassed by government officials. Only two respondents were satisfied with living in Jordan. Yet, none of the respondents want to stay in

Jordan once the war stops. Most of them expressed that they didn't feel welcomed and would still leave even if their new businesses were doing well.

Recommendations to other Syrian refugees

Most of the Syrian entrepreneurs emphasized the importance of capital and location for the success and survival of a business. The entrepreneurs believe that if you have limited funds, you should stick to something that you know and understand. They believe that businesses related to the food industry have a good chance of success in Jordan and that the business owner should establish a cordial relationship with his customer in order to ensure repeat purchases and positive word of mouth. They encouraged other Syrians to try to integrate with the host community and to show Jordanians that they are good people.

They also called on the Jordanian government to make it easier for Syrians to establish their own businesses. They said that if Syrians were given more opportunities, they could look after themselves and not rely on the government for aid. This would enable them to live in dignity. They also called on locals not to exploit their situation.

Local business owners' attitudes towards Syrians

The sudden flow of refugees to Jordan, a country with limited resources especially in terms of water, has created a huge strain on its infrastructure, resources and its ability to provide proper care as a host community (EU 2015; Fraihat 2015).

All of the locals interviewed have openly expressed their opinions about Syrian labor in Jordan, and most of those opinions were negative and based on personal experience. For example, they described the Syrian workers to be "unreliable" and "ungrateful" because of their

willingness to leave their work for another higher paying job,without any notice. They said that Syrian business owners were “cutting prices” and “stealing” customers. They were also bothered by the increasing number of Syrian beggars hanging around their stores.

The locals also believe that the Syrians have a negative impact on the economy, driving up the price of goods and rent for houses and taking away jobs from the Jordanians. Only two locals sympathized with the situation of the refugees and said the Jordanians had a moral and religious obligation to reach out to those in need in whatever way they can. They also said that the Syrians were “very determined, hardworking and resourceful”.

Conclusion

Starting a business is never easy under ordinary circumstances, let alone when someone has refugee status. As refugees in Jordan, it is difficult for Syrians to engage in entrepreneurial activities mainly due to three main aspects: financial, legal and social. Jordanians tend to blame the Syrian refugees for the poor economic conditions in the country and the Syrians do not feel welcome. Syrians are skilled and equipped enough to be first class entrepreneurs and good competitors in any market. Jordan needs to capitalize on the entrepreneurial spirit and talent of Syrian refugees in order to aid in the economic development of the country. Providing willing Syrians with self-employment opportunities will decrease the pressure on the camps and make them less dependent on the government for aid. Furthermore, it will allow them to engage in business activities that will increase their standard of living, boost their morale and help rebuild their shattered lives, while at the same time contributing to the overall economic cycle. For this reason, the Jordanian government needs to introduce microenterprise development programs and training that allows Syrians to capitalize on their entrepreneurial talents. As for now, the Syrians

are a minority in transition and consider Jordan as a temporary platform to make enough money to sustain themselves, until they can go back home.

Limitations and Recommendations for Further Study

Many of the Syrian entrepreneurs approached refused to fill out the questionnaire. They were suspicious of the identity of the authors and even accused them of working for the government. Another barrier faced was the inability to visit the Zaatari Refugee Camp in order to collect data. The study needs to be replicated on a much larger scale and beyond the city of Amman in order to make the findings more generalizable. It would also be interesting to collect data and make a comparative study of how different Jordanian stakeholders view the Syrian refugees.

References

Baldwin-Edwards, M. (2005). “Migration in the Middle East and Mediterranean,”Mediterranean Migration Observatory, Panteion University, Athens, Greece.<http://iom.ch/jahia/webdav/site/myjahiasite/shared/shared/mainsite/policy_and_research/gcim/rs/RS5.pdf>. Accessed on Dec. 13, 2014.

Ben-David, E.(2009). “Europe’s Shifting Immigration Dynamic,”*Middle East Quarterly*, Spring, 15-24. <http://www.meforum.org/2107/europe-shifting-immigration-dynamic>. Accessed on Dec. 13, 2014.

Borjas, G. J. (1986). “The Self- Employment Experiences of Immigrants,”*Journal of Human Resources*, 21(4), 485-506.

Chapman, B.(2000).“Immigration: An Overview of Information Resources,”*Reference Services Review*, 28(3), 268-289.

Chatelard, G.(2002).“Iraqi Forced Migrants in Jordan: Conditions, Religious Networks and the Smuggling Process”, EUI Working Paper RSC 2002/50.

Cumming, D.(2007).”Government Policy towards Entrepreneurial Finance and Innovation Investment Funds,” *Journal of Business Venturing*, 22(2),193-235.

EU (2015). “Syria Crisis,” European Commission Humanitarian Aid and Civil Protection. <http://ec.europa.eu/echo/files/aid/countries/factsheets/syria_en.pdf>.Accessed on March 22, 2015.

Fong, R., N.B. Busch, M. Armour,L. Cook-Heffron, andA. Chanmugam (2007).“Pathways to Self-Sufficiency: Successful Entrepreneurship for Refugees,” *Journal of Ethnic and Cultural Diversity in Social Work*, 16, 127-159.

Fraihat, M.(2015).Syrian Refugees in Jordan: Economic risks and Opportunities. <http://governance.arij.net/en/?p=80>.Accessed on Feb.18, 2015.

Hanafi, S.(2008). “Modes of Entrepreneurship of the Palestinian Refugees in the Palestinian Territory: Camp versus Cities of the West Bank,” CARIM-AS 2008/45, Robert Schuman Center for Advanced Studies, EUI, Italy.

Lamba, N.K., and H. Krah (2003). ”Social Capital and Refugee Settlement: The Social Networks of Refugees in Canada,”*Journal of International Migration and Integration*, 4(3), 355-360.

Li, P.(2001). “Immigrants’ Propensity to Self-Employment: Evidence from Canada,”*International Migration Review*, 35(4),1106-1128.

Longva, A.N.(1999). “Keeping Migrant Workers in Check: The Kafala System in the Gulf,”*Middle East Report*, 211, 20-22.

Luck,T.(2013). “In Jordan Tensions Rise between Syrian Refugees and Host Community,” Washington Post. <http://www.washingtonpost.com/world/middle_east/in-jordan-tensions-rise-between-syrian-refugees-and-host-community/2013/04/21/d4f5fa24-a762-11e2-a8e2-5b98cb59187f_story.html>. Accessed on Dec.2, 2014.

Neupert, K.E., and C.C.Baughn (2013). “Immigration, Education, and Entrepreneurship in Developed Countries,”*Journal of Enterprising Communities: People and Places in the Global Economy*, 7(3), 293-310.

Olwan,M., and A. Shiyab (2012). “Forced Migration of Syrians to Jordan: An Exploratory Study,” MPC Research Report 2012/06, Robert Schuman Centre for Advanced Studies, EUI, Italy.

Thornton, P.H., D. Riberio-Soriano, and D.Urbano (2011).“Socio-Cultural Factors and Entrepreneurial Activity: An Overview,”*International Small Business Journal*, 29(2), 105-118.

Varma, R.(2011).“Transnational Migration and Entrepreneurialism: Indians in the US Technology Sector,”*Perspectives on Development and Technology*, 10, 270-287.

Wadha, V., A. Saxenian, B.Rissing, and G. Gereffi (2008). “Skilled Immigration and Economic Growth,”*Applied Research in Economic Development*, 5(1), 6-14.

Zarrugh, L.H.(2007). “From Workers to Owners: Latino Entrepreneurs in Harrisonburg, Virginia,”*Human Organization*, 66(3), 240-248.