

Refugee Constrained Entrepreneurship – The Emergence of a Liquid Cage

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Abstract

This conceptual paper explores the adaptability of Max Weber's works on rationality and the Iron Cage of rationality (ICR) in the context of refugee entrepreneurship. We consider restricted entrepreneurship under superimposed conditions. We connect to literature from the fields of entrepreneurship and organisational studies to understand refugees' engagement in entrepreneurship. The paper offers a conceptualisation of a more liquid cage whereby refugees focus on their skills and expertise, whilst also considering contextual opportunities in order to engage in entrepreneurship outside the restrictive institutions. The paper's contribution is highlighted through developing better understanding of restricted entrepreneurship in refugees' under-investigated context, whilst focusing on how Weber's ICR can be adapted to understand refugee entrepreneurship as a more contextualised phenomenon.

Introduction and Background

The paper aims to develop better understanding of refugee entrepreneurship in host countries under superimposed conditions, which are likened to an ICR, and questioning the extent to which Weber's metaphor of ICR can be adapted to understand refugees' constrained entrepreneurship and the role of emotional displays in their entrepreneurial engagement. In other words, our research question is: how does an ICR paradoxically encourage the very enterprise it is designed to stop?

This conceptual paper is concerned with refugee entrepreneurship and the process of rationalization. We use the term entrepreneurship to refer to different forms of self-

employment, whether formal or informal, which refugees engage in to secure some income. The paper builds on Max Weber's (1922/1978) seminal works on rationality and the 'iron cage of rationality' (ICR) which have determined a long lasting perception of how individuals are bound by rationality within institutions. We apply the metaphor of ICR to the status of refugees, in this case both asylum seekers and refugees, where the former are those who wait for decisions to be made as to their eligibility to qualify for the status of refugees. We focus on refugees in the EU in general and the UK in particular, and consider the effects of rigid and bureaucratic restrictions imposed upon them – for example, education restrictions (The Guardian, 2015), housing restrictions (Global News, 2017) and employment and self-employment restrictions (Refai et al., 2018) – which have constrained refugees socially and financially.

We view these rigid restrictions in relation to Weber's ICR metaphor described in his work, *Economy and Society* (1922/1978), and look in particular at refugees' entrepreneurial actions. Weber (1947) relates these bureaucratic restrictions to organisational structures which define formal systems that guide rational actions. To him, this instrumental rationality is coterminous with quantification and regulations, whereby intuitive and spontaneous feelings are replaced by calculation of materialistic value and gains. Individuals become more like functionalist machines with no fantasy and emotion in their relations (Gouldner, 1954; Gabriel, 2005). Weber argues that bureaucratic rationalization traps individuals by initiating a system of controls within an 'iron cage' of subjugation and restraint; similar to Calvinists who are guided by asceticism and abstinence (Weber, 1922/1978).

We view this ICR metaphor to be relevant to understand the plight of refugees who find themselves forced to take life changing decisions through entrepreneurship to (re)gain their self-respect, status and power, and access to value and networks within the limitations of the

institutional cage within which they are incarcerated. We consider stories of refugees presenting different examples of entrepreneurial engagement (e.g. Bizri, 2018; Dajani, 2018; Refai et al., 2018) and documenting how refugees seek survival and a better life. We argue that perhaps these stories also suggest that the strict and challenging institutions facing refugees have not actually deterred them from pursuing entrepreneurial actions, nor has it turned them into machine-like individuals with no emotions, dreams and ambitions. As such, we relate our discussion to views of entrepreneurship as a highly contextualised phenomenon whether, for example, in rural (e.g. Gaddefors & Anderson, 2018; Smith, Somerville & McElwee, 2018), family (e.g. Alsos, Carter, & Ljunggren, 2014; Arregle et al., 2015), academic (e.g. Rasmussen, 2011; Wright, 2014) or gendered structures (e.g. Marlow & Patton, 2005; Minniti & Naudé, 2010) contexts, and raise questions as to whether and how Weber's ICR can be adapted to consider the emergence of a more liquid cage that enhances our understanding of refugee entrepreneurship.

Discussion

Our discussion highlights that refugees do not operate in a rigid cage. The restricted context they face, including strict border controls, push them into finding an escape through creating a more liquid cage. This is in line with Clegg and Baumeler (2010) who link liquidity to asylum seekers' and immigrants' through more porous cages.

In order to understand how a liquid cage emerges in refugee entrepreneurship, we agree with Perrow (1986) that power is not necessarily always limited to bureaucratic formality. As such, refugees focus on their skills and expertise; they become more alert about their own abilities, what they know and whom they know to build networks and access value (Al-Dajani et al. 2019). This power display through entrepreneurship arguably links to Gabriel (2005) as a form

of emotional display and access to capital that refugees left behind. These images support our view that refugee entrepreneurship does not take place within a rigid cage.

Our discussion highlights the significance of context in refugee constrained entrepreneurship. We therefore concur with Harmeling, Sarasvathy, and Freeman (2009) that opportunities should be viewed around contingencies and value creation, whereby value is created through resources that are controlled by the agent. Here, rational, alongside situational, views are combined to create value and values through a more pragmatic view that focuses on the nature of the contingency, rather than the nature of the agent or the process.

Conclusions

Despite the restricting institutions controlling refugees, refugee entrepreneurship cannot be examined through a rigid ICR. Rather, an adapted more liquid cage is required. This liquid cage presents an opportunity for refugee entrepreneurs to escape institutional restrictions and address emotional discontents by focusing on their skills to try to gain some power through entrepreneurship. By focusing on their skills and what they can utilise, refugees will start to realise the wider range of opportunities available and act more independently.

The paper offers conceptual, theoretical and contextual contributions. First, a conceptual contribution is presented through clearer conceptualisation of constrained entrepreneurship in ways that offer better understanding of the role of refugees and the context in which they operate. As such, we address increasing concerns regarding the effects of strict legal institutions on pushing refugees into informal and illegal activities (Refai et al., 2018).

Secondly, a theoretical contribution is seen in the application of Weber's ICR, which has, thus far, had limited application in entrepreneurship research. This contribution is highlighted through exploring the adaptability of Weber's iron cage metaphor (1922/1978) as a lens to

investigate refugee entrepreneurship, and conceptualising a more liquid cage. Thus, setting foundation for future empirical research.

Thirdly, the paper offers a contextual contribution through its focus on an increasingly growing context, namely refugee migration into developed European countries from countries where war, terror and poverty are commonplace, giving rise to the so call refugee crisis. This crisis is unlikely to be over anytime soon despite the drop in the number of refugees arriving in EU member states since 2016 (The Guardian, 2018).

The paper offers policy makers better understanding of the implications of strict legal institutions on refugee entrepreneurship. As such, the paper views the potential for consideration of refugees by governments as contributors to economies through policies that facilitate their engagement through entrepreneurship. The paper also offers recommendations for councils and refugee aid agencies to explore refugees' skills and support their engagement as active citizens and contributors, rather than consumers, to the formal economy through entrepreneurship.

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