

Refugee Entrepreneurship in Malawi: Success Factors and Job Creation Effects

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Summary

Refugee entrepreneurship forms part of the informal economy of Malawi, despite a national encampment policy that denies refugees freedom of movement and of employment outside Dzaleka refugee camp. Using a sample of refugee entrepreneurs working in an urban and in a rural location, my research utilizes a quantitative method to analyze refugee-owned enterprise in Malawi.

Firstly, I interrogate the sample to determine what factors contributes to their success - where success is defined by persistence and growth post business establishment (Gartner 2004) taking into consideration variables such as sustained investment (Caliendo, Goethner & Weißenberger, 2020), diversification (Kiggundu & Pal, 2018) and access to finance (Caliendo et al., 2020; Titus, Bakare & Obiwuru, 2013). Specifically, I explore the refugees' reliance on social networks (Gartner, 2004; Entrepreneurial Process and Social Networks: A Dynamic Perspective, 2012) by measuring borrowing habits linked to investment in business growth..

Secondly, I pose questions regarding the number and type of jobs that refugee entrepreneurs create for local people.

I disaggregate results between urban and rural settings to test whether outcomes confirm that refugees located in areas rich of employment opportunities take greater advantage of local economy participation (Clemens et al., 2018), and whether job creation results differ based on geography.

I utilize qualitative interviews with six long-term refugee entrepreneurs to explore some stated values and reasons associated with the different variables.

I find that the sample makes use of a trust-based system of loans and capital grants within the refugee community, suggesting that this may contribute to their businesses existing and

growing. Whereas only one in five survey participants invests new capital into business growth on a yearly basis, those who make use of their social networks to borrow funds or to obtain goods on credit are three to five times as likely to make yearly investment in business growth compared to respondents who do not borrow at all.

Borrowing and lending habits within the sample appear to be rooted in cultural norms and in the cultural value of trust: data shows that lending is not a function of wealth accumulation through business growth, but it happens irrespectively of business size. Over one in five survey respondents lend to multiple borrowers in the community, and 89 percent of the rural sample use intra-community borrowing for financing their business. One staggering result is this: over one in five respondents gives capital to others in their network so that they might start, sustain, or increase their business activity, *without any expectation of repayment*. One likely reason is the heavy reliance of African entrepreneurs on their social networks for support, including financial (Mehta, Maretzki, & Semali, 2011) and the importance of tribal solidarity in cultures characterized by the collectivist “Ubuntu” philosophy (Lux, Lamont, Ellis, Ferris & Muchira, 2016).

Rural areas are where a greater percentage of survey participants engage in diversification, with one in three respondents running two businesses or more. According to my findings, the overwhelming majority of refugee enterprise is centered on the provision of grocery retail services, even more so in the rural areas where 86 percent of respondents run one or more grocery retail outlets.

Lastly, positive effects of refugee enterprise on job creation for Malawian citizens were found: sample data demonstrates that at least two Malawians draw employment from each refugee entrepreneur in the city, and at least three in the rural areas. Numbers of Malawian

employees increase as refugees experience business growth. This is in line with findings by Ayyagari, Demircuc-Kunt & Maksimovic (2014) concluding that, in economies like Malawi, it is indeed microenterprises that have the highest employment creation rates. While my research data shows that refugees employ Malawians in low-paying, unskilled work, literature provides valuable perspective by highlighting that informal economy network interactions are often a training ground for people with little previous experience, and a source of further skill acquisition based on observing others (Mamabolo, Kerrin & Kele, 2017; Musara & Nieuwenhuizen, 2020).

The paper contributes valuable data and qualitative insights to the current national dialogue on refugee integration in Malawi at a time when incoming numbers of people seeking asylum continue to increase, and the national government is committed to considering greater integration of refugees (UNHCR Malawi Fact Sheet, 2019; UNHCR First Global Refugee Forum, 2019). My research contributes to the academic dialogue by providing data which confirms the tribal solidarity theory of Lux, Lamont, Ellis, Ferris & Muchira, 2016, and adds perspective to the work of Clemens, Huang & Graham (2018) by providing data from a country where labour market access for refugees is legally forbidden but present *de facto*.

The research approach I utilized lends itself to broader academic application in contexts that require the gathering of sensitive information – be it on legal, social or other grounds – without compromising response quality (Bakkalbasioglu, 2020).

Keywords: refugees, refugee enterprise, informal economy, encampment, refugee policy, job creation, Malawi, migration.

1: Introduction

For over a decade now, I have been involved personally and professionally with the refugee community in Malawi. I am married to a second-generation refugee, who is also a refugee rights' activist; together we founded "There is Hope", a nonprofit that provides opportunities for academic and vocational education to refugees and their Malawian host community. I am also the founder and director of "Kibébé", a social enterprise that manufactures and exports accessories and décor to provide employment for refugee and Malawian artisans.

With 85 percent of the world's refugee population living in developing countries, and 6.3 million displaced in the largely impoverished Sub-Saharan Africa region (UNHCR Global Trends 2019, 2020), the question of the economic impact of refugees on the host nation is of vital importance for policy direction. This is a "controversial and little understood" topic (Taylor, Filipski, Alloush, Gupta, Rojas Valdes, & Gonzalez-Estrada, 2016) with different impact being observed in different host nations (Maystadt, Hirvonen, Mabiso & Vandecastelen, 2019). Whereas Alix-Garcia & Saah (2010) found that mass influx of refugees from Burundi and Rwanda between 1993-1994 caused an increment in the price of staple food for the local Tanzanian population, data from Uganda and Rwanda has proven that – with the right roadmap for economic and social integration - refugees can add value to host economies (Taylor, Zhu, Gupta, Filipski, Valli & Gonzalez, 2016).

Such complexity of results indicates that the impact of refugees on the host economy is the result of variables such as the local political and economic landscape, the national refugee policy, and whether the presence of refugees in a country is given by a recent emergency or a protracted situation.

My research will use Malawi as a case study to explore the effects of refugees on a politically stable nation but one where half of the population is poor (International Monetary Fund, 2017), the economy is largely informal (42.5 percent according to Abid, 2016) and unemployment affects almost one in five according to the latest census by the Government of Malawi (2019) as summarized in Table 1.

Table 1

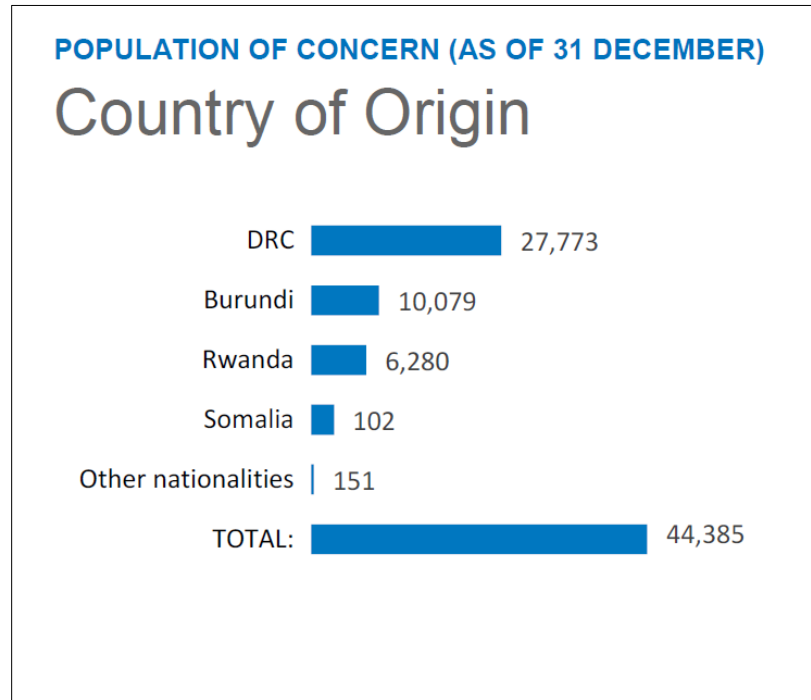
Malawi Population Data

Parameter	Value
Total Population (source: Government of Malawi, 2019)	17,563,749
Refugee Population (source: UNHCR Malawi Fact Sheet, 2019)	44,385
Informal Economy (source: Abid, 2016)	42.5%
Poverty Rate (source: International Monetary Fund, 2017)	50%
Unemployment Rate (source: Government of Malawi, 2019)	18.5%

At the end of 2019, Malawi hosted over 44 thousand refugees, whose countries of origin were DR Congo, Burundi, Rwanda and Somalia. Figure 1 below contains the exact number of people from each country of origin.

Figure 1

Population of Concern to UNHCR Malawi as of December 31, 2019 by Country of Origin



Note. Graph of the Numbers of People of Concern to the UNHCR Malawi in 2019 by Country of Origin. Reprinted from UNHCR Malawi Fact Sheet (Dec 2019). retrieved from Web site: <https://reporting.unhcr.org>

Thus far, local law has not extended the rights to employment and to freedom of settlement to refugees (WFP, 2012), therefore economic activity that is carried out outside of the refugee camp is both illegal and informal. I agree with Aleinikoff & Poellot (2014) that the international community has a moral mandate “to end the condition of being a refugee” for those trapped in protracted displacement situations. This call is rendered more urgent by the pressure that rapidly increasing refugee numbers place on the demands for humanitarian aid, which are becoming increasingly difficult to meet (Oliver & Ilcan, 2018). The United Nation High Commission for Refugees (UNHCR) recently negotiated with the international community for a commitment towards the local integration of refugees (Global Compact on Refugees, 2018). This

has resulted in Malawi pledging to adopt the Comprehensive Refugee Response Framework (CRRF), a key component of the Global Compact on Refugees (UNHCR First Global Refugee Forum, 2019).

This national pledge adds relevance to my study of refugees in the Malawian economy. Therefore, I will conduct an analysis of refugee entrepreneurship and its impact on job creation for the host population. My perspective will be that of the refugee community in Malawi, and in particular of the sub-group that is already pushing the boundaries of legality to find a means for financial independence through business initiatives.

1.1: Aims and Objectives

After an analysis of existing literature on the topics of refugee policy, the informal economy and refugee entrepreneurship, I will conduct quantitative research to gather data on the characteristics of refugee-owned enterprises in Malawi with the aim to extrapolate the factors that contribute to their success, and the extent to which refugees create employment for local citizens. I aim to analyse how refugee economic activity differs between two different study locations: Malawi's capital city, and the rural district of Ntcheu. I complement statistical findings with personal insights and reflections drawn from qualitative interviews with a purposefully selected group of six long-term refugee entrepreneurs.

Ultimately, the findings will be useful towards creating a better understanding of the phenomenon of refugee entrepreneurship in Malawi, which has to date been undocumented. Findings will have the potential to support policy development in the context of Malawi's application of the CRRF, to develop policies that will maximize the benefit to Malawians in integrating refugees into the economic and social fibre of national society. Topics for further

academic research will also emerge, which – if analysed – can contribute to comprehending the interplay between refugee enterprise and the Malawian economy.

1.2: Specific research questions

The first question that my research seeks to answer is what the contributing factors are for the success of refugee entrepreneurship in Malawi. In particular, I will explore aspects such as frequency of capital investment in business growth and the frequency of business diversification, and the lending and borrowing habits that exist within the refugees' network.

The second research question seeks to measure the impact of refugee enterprise on job creation for Malawian citizens, measured based on quantity and quality.

In formulating an analysis out of the responses to all these questions, particular regard will be given to the location of the respondents, so as to identify any location-dependent differences.

1.3: Research Methods and Main Findings

My research pertains to refugee entrepreneurship in Malawi, a phenomenon that is illegal - given the national encampment policy - and undocumented - based on the characteristics of the informal economy where refugee entrepreneurship takes place. This lack of data motivates my decision to conduct a primarily quantitative research, aimed at generating information that has value for policy considerations. Taking refugee entrepreneurship in Malawi as the research topic, I identify two population groups: refugee entrepreneurs operating in the urban district of Lilongwe, and those operating in the district of Ntcheu rural (excluding Ntcheu town). This allows for disaggregation of data by geographical location type, which is necessary for exploring one of my propositions.

In addition, I carry out six face-to-face interviews with refugee entrepreneurs whose length of involvement in the informal economy is over a decade.

1.4: Outline of the Study

I begin my study by reviewing existing literature pertaining to refugee policy, the informal economy, entrepreneurship, job creation, the dynamics of refugee participation in the economy, and finally I consider how these topics apply to Malawi.

Secondly, I set out a plan for a method of research to achieve my stated objectives, identifying research questions and hypotheses, choosing a population and samples, and selecting methods that would result in valid and reliable data.

To end I share my findings, I discuss the implications that my findings have on the existing literature, as well as on policy and further academic research.

2: Literature Review

2.1: National Refugee Policies: Encampment versus Integration

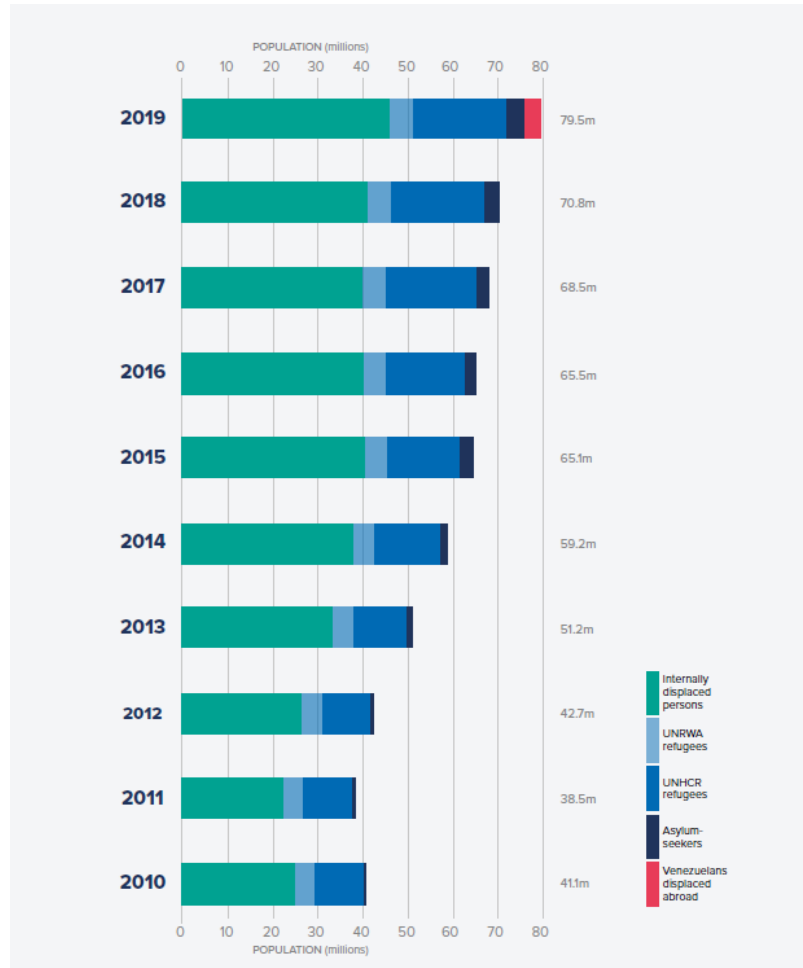
The 1951 Refugee Convention is the legal document that defines the term “refugee” as pertaining to someone living outside the country of their nationality or “former habitual residence” for “well-founded fear” of persecution, and being unwilling or unable to return there. The convention further sets out the rights of displaced persons, along with the “legal obligations of States to protect them”. (The 1951 Refugee Convention, n.d.).

Despite being ratified by 145 State Parties, the provisions of the Convention can be considered “as recommendations only and not legally binding obligations.” (WFP, 2012): Ruaudel & Zetter (2018) note that almost half of State Parties for example declare reservations on the right to work, and even in countries where employment is made accessible, conditions are imposed. Therefore, it is chiefly the national refugee policy which determines the level of integration available to refugees, and whether they can “pursue economic autonomy”. (Easton-Calabria & Omata, 2018).

As we see in Figure 2, the global number of refugees, including internally displaced persons (IDPs), continues to grow, having reached 79.5 million people in 2019. (UNHCR Global Trends 2019, 2020)

Figure 2

Numbers of Displaced People World-wide: 2010-2019



Source. Graph of the Numbers of Displaced People World-wide: Value 2010-2019. Reprinted from UNHCR Global Trends 2019. (2020) Retrieved from Web site: <https://www.unhcr.org/globaltrends2019/>

Oliver & Ilcan (2018) explain that, as the numbers of displaced people soar, demands on humanitarian aid are increasingly difficult to meet, and national refugee policies shift toward containment and repatriation, hence protection challenges such as the provision of shelter, food and sanitation exist alongside profoundly flawed frameworks that affect the achievement of “social and economic improvement mandates, and other kinds of humanitarian objectives”.

Grandi (2018) notes that – although many of the shortfalls in refugee protection around the world are caused by an unprecedented growth in the number of displaced people – “the politicization of the refugee issue and weaknesses in international solidarity” are additional causes for the inadequacy of the global response.

According to UNHCR Africa, 78.5 percent of displaced people on the continent are confined to living in refugee camps, which - Masuku & Nkala (2018) say - are largely at risk of becoming “permanent settlements” given that there is no immediate solution in sight for the situations that have caused displacement in the first place (Crisp 2002). Long (2011) points out therefore that “any solution to this form of exclusion must involve the restoration – or even the creation – of meaningful citizenship”.

Uganda stands out in Africa for its approach to hosting displaced persons: refugees have freedom of movement and employment, and policy is geared toward their economic and social integration (Kreibaum, 2016). Yet critics have observed that regional pockets of political insecurity create barriers to refugee self-reliance (Kaiser, 2005), while others question whether such refugee self-reliance approaches are developed with the “refugees’ well-being and protection” in mind, or rather they are “shaped by priorities of international donors” such as cost-cutting, and the phasing out of open-ended aid programs (Easton-Calabria & Omata, 2018).

Crawford & O’Callaghan (2019) conduct an analysis of four East-African countries’ national applications of the CRRF, designed by the UNHCR to create places where refugees are “safe, better included, no longer living in camps, and not dependent on humanitarian assistance only” (Global Compact on Refugees, 2018). Crawford & O’Callaghan (2019) find that even under the CRRF, “discouragement of mobility – legally or in practice – creates fundamental impediments to self-reliance” given that refugees are usually hosted in remote rural areas disconnected from the economic activity of urban centers. The refugees’ continued permanence in those regions, they claim, would limit their opportunities for engagement in income-generating activities and keep them in need of humanitarian assistance for survival even outside a refugee camp.

2.2: The Informal Economy

Dungy & Ndofor (2019) propose that the concept of informal economy is not clearly or consistently defined, and that the term is often used in place of “indigenous economy” – the way business was conducted in Africa before colonization. Findings by Abid (2016) tend to support this statement: during statistical compilation, Abid reports finding varying results “based in fact on a different conception of the phenomenon studied”. Nonetheless, Mhando (2018) believes that “the informal economy flourishes by filling the gap left by formal institutions” and Bruton, Ireland & Ketchen (2012) describe the informal economy as the ensemble of “activity involving informal firms, their suppliers, and their customers” in the production and distribution of legal goods and services while not being duly registered with government authorities. Webb, Tihanyi, Ireland & Sirmon (2009) therefore conclude that “the informal economy couples illegality with legitimacy”.

Musara & Nieuwenhuizen (2020) identify “abject poverty, unemployment and institutional failures” as enablers of informal sector activity, while Goel, Ram, Schneider and Potempa (2020) find that immigration significantly increases the size of informal economic activity. Webb et al. (2009) attribute informal entrepreneurial activity to a “lack of access to the resources and to the markets available within the boundaries of formal institutions”.

Galdino, Kiggundu, Jones & Ro (2018) expound on what exact institutional failures deter small-business owners from pursuing formalization, citing bureaucracy and excessive regulations, coupled in Africa with the absence of corresponding social protection or other benefits. Williams & Kedir (2017) agree that formalization will certainly require additional expenses, but it may provide “insufficient benefits to foster legitimacy”. They identify other

deterrents to formalization in the lack of “transparency and predictability of the policy environment” and in centralized bureaucratic structures, which can be difficult to reach by all.

Fadahunsi & Rosa (2002) warn of the costs that the informal economy has on society, citing “revenue lost from uncollected taxes” as well as the cost of inspection and law-enforcement action. In addition, Mathias, Lux, Russell Crook, Autry & Zaretzki (2015) demonstrate that informal activity undermines the flourishing of the formal economy, because it generates an imbalance in the costs that competing businesses face when offering goods or services in the same territory.

Kiggundu & Pal (2018) consider the informal economy in Africa as the driving force for economic activity and employment, as they state that micro and small enterprises and family-owned firms “occupy up to 90% of the economies” on the continent. They add that, where national institutions are weak, the informal sector represents “a viable substitute” for the formal economy and contributes positively to human development.

2.3: Entrepreneurship in the Informal Economy

Cunningham & Lischeron (1991) present the controversy that surrounds the definition of entrepreneurship from one which reserves the term for innovators and founders of novel products, services or platforms, to a more inclusive use of the term which would encompass small business owners. Webb et al. (2009) cited by Musara & Nieuwenhuizen (2020) provide a definition for enterprise in the informal economy as “a set of illegal, yet legitimate activities through which individuals recognize and exploit business opportunities.” Cannatelli, Smith & Sydow (2019) refer to “the entrepreneurial context” as a space, spanning across formal and informal confines, which empowers or hinders people from taking advantage of business opportunities. Shane & Venkataraman (2000) echo the definition of entrepreneurship as a

phenomenon occurring at the point of a person exploiting an opportunity within a given set of circumstances.

Williams & Kedir (2017) observe that unregistered enterprises are characterized by providing poor quality merchandise for low-income consumers, using a network of suppliers and financiers that also belong to the informal sectors, and may not be able to migrate with the enterprise should this transfer to the formal economy.

Webb et al. (2009) reflect on the paradox created by the growth of informal business ventures: through growth, the business owner may enjoy gains in wealth while on the other hand being exposed to increased risk of detection: this risk may motivate a transition to the formal economy.

2.3.1: Successful Entrepreneurship

Kiggundu & Pal (2018) describe the informal economy in Africa as exposed to a range of market imperfections that push entrepreneurs to adopt “different firm structures” such as becoming a “cluster of unrelated businesses”, under the ownership of one entrepreneur, as a strategy to diversifying their investment.

The successful entrepreneur leverages the strengths of their personal networks to facilitate the identification, evaluation and undertaking of business opportunities as well as to draw from a pool of knowledge on business set-up and management (Entrepreneurial Process and Social Networks: A Dynamic Perspective, 2012).

After the activity is established, successful entrepreneurs “grow” or “persist” rather than “quit” – and they can benefit from “a significant portion” of the opportunities available to them

from their personal networks, which provide “social, emotional and material support” (Gartner, 2004).

Caliendo, Goethner, & Weißenberger (2020) define a persistent businessperson as one who displays a consistently motivated attitude alongside “renewed active engagement” in a venture despite a “changing market environment, or challenging conditions”. Caliendo et al. (2020) also found factors related to opportunity, such as access to capital, to be predictive of the ability of an entrepreneur to remain persistent.

2.4: Job Creation through the Informal Economy

If “youth employment tops Africa’s development agenda” (Sumberg, Flynn, Mader, Mwaura, Oosterom, Sam & Shittu, 2020), the informal economy has a role to play. Data from Ayyagari, Demirguc-Kunt & Maksimovic (2014) demonstrates that, in developing countries, firms with 20 employees or less have the highest job creation rate, with potential for further employment creation were it not for barriers such as lack of access to finance, lack of tax incentives and benefits, and poor infrastructure, say Titus, Bakare & Obiwuru (2013).

According to Global Entrepreneurship Research Association (2018), Africa is the region with the lowest proportion of entrepreneurs expecting medium to high job creation opportunities, defined as the addition of six or more jobs over a five-year period. A comparison to other regions is illustrated in Table 2, below:

Table 2

Entrepreneurs’ Job Creation Expectation by Region

Region	Proportion of Entrepreneurs Expecting Medium to High Job Creation Opportunities
Africa	17.0%
Latin America and the Caribbean	18.0%
Europe	18.5%

Asia and Oceania	21.0%
North America	29.5%

Source. Adapted from Global Entrepreneurship Research Association (2018). Global Entrepreneurship Monitor (GEM) Global Report 2017/18. London: Global Entrepreneurship Research Association (GERA)

One important clarification is that - according to findings by Ayyagari et al. (2014) - job creation in small enterprises does not translate into faster growth, because of limitations in productivity, defined by OECD (n.d.) as the efficiency ratio of production inputs ("such as labor and capital") "used to produce a given level of output". Ayyagari et al. (2014) therefore caution that policy geared toward "growth and increase in productivity" must concentrate on resolving the systematic shortfalls in the economic environment and relevant institutions.

Haltiwanger et al. (2013) find that the rates of job creation also depend on the motivation of the business owner: they draw a difference between "subsistence entrepreneurs" and "transformational entrepreneurs", this second group having the determination to invest in growth, with ensuing prospects for employment generation, and therefore deemed by Harliwanger at al. as worthy of promotion within a framework of economic policy.

Minniti and Naudé (2010) contribute to the dialogue by their findings pertaining to women in developing countries: these are more likely to participate in economic activity by joining an existing informal sector firm, given their "lower average entrepreneurial ability, inhibiting cultural institutions, non-growth aspirations and a business environment that often discriminates against them".

Having established that it is negative conditions such as "abject poverty, unemployment and institutional failures which create impetus for engaging in informal sector entrepreneurship", Musara & Nieuwenhuizen (2020) recognize that the informal sector over time becomes a valuable training ground for the people it employs. Mamabolo, Kerrin & Kele (2017) state that

entrepreneurs often acquire skills through interaction with their social networks and go on to use these skills in subsequent phases of their business activity.

Webb, Khoury & Hitt (2020) warn that although it might seem that informal initiatives provide a solution to failing economic institutions, achieving developmental progress, and therefore job creation, requires that voids be filled in both the formal and informal sectors. Sumberg et al. (2020) agree on the importance of investing in policies that would develop the formal sector and create the “decent work for all” advocated for under the United Nation’s sustainable development goal number eight (Sustainable Development Goals, n.d.r) starting with educated youth in urban areas. Malfense Fierro, Noble, Hatem & Balunywa (2018) found that, to reduce the lack of “stable wage employment in Africa” and associated risks of “emigration and terrorism”, governments must develop policies focuses on formal sector development, and recognize the facilitating role played by portfolio entrepreneurs.

2.5: Refugee Participation in Economic Activity

Ruauadel & Zetter (2018) believe that “the right to work and access to labor markets are key” to the economic self-reliance of displaced persons, as well as for the nurturing of a sense of dignity and self-worth, and for meaningful contribution to the host community.

UNHCR Global Trends 2019 demonstrate that, despite some national policies providing legal status and even naturalization to refugees, integration into the host nation’s workforce “remains challenging”: employment rates of refugees are not only lower than that of native-born populations, but also lower than other migrants’.

In Uganda, where displaced people have the legal right to take up paid work, the World Bank (2019) estimates that four in five refugees are unemployed, and even when employed, their salaries are 35-45 percent lower than the native workforce. Fasani, Frattini & Minale (2018)

document similar results in Europe with the additional research contribution that labour participation improves quantitatively and qualitatively when refugees are granted legal status and associated integration rights with minimal delay from the time of arrival in the host country.

In nations which do not extend the right to employment to refugees, Galdino, Kiggundu, Jones & Ro (2018) state that “politically excluded groups are more likely to operate in the informal economy” given no alternative for escaping poverty. Petriglieri (2011) indicates that economic activity acts as a means to reassert one’s identity as a productive member of society, after this identity is threatened by adversity, therefore highlighting the benefits of belonging to a productive community in terms of personal and collective self-image.

Shepherd, Saade & Wincent (2020) found further evidence of societal benefits of entrepreneurial action among protracted refugees, with entrepreneurial activity contributing to building “resilience to adversity” and “providing a vehicle for identity change”.

Galdino et al. (2018) add to the research by focusing on the role of trust as a replacement to formal institutions in regulating business practices, such as access to financial instruments or employment contracts.

Clemens, Huang & Graham (2018) report on the formal labor market access (LMA) of refugees globally, where LMA is defined as “the right, unrestricted by the government in law and in practice, to seek employment and start a business”. On a global scale, the proportion of refugees with formal LMA is minimal, Clemens et al. (2018) say, and they go on to analyze five key factors in a host country that are likely to shape the outcome of greater market inclusion attempts, summarized in Table 3.

Table 3*Host Country Factors Affecting Refugee Labor Market Access (LMA)*

Factor	Effect on LMA Expansion
Current extent of LMA	The level of labor market adjustment required is directly proportional to the tightness of restrictions on refugee participation to the formal or informal economy.
Skill and demographic profile of refugees	The complementarity between skills of refugees and natives will determine the success potential of economic inclusion.
Labor market characteristics	Where the informal market is larger, and refugee inclusion at an informal level already present, a small shift of economic activity to the formal sector is to be expected.
Geographic location and concentration	The benefit to refugees of formal LMA will be greater for those located in areas rich of employment opportunities, negligible for others.
Policy choices and the political context	Refugees' economic contributions, policy choices, and the political environment are inter-connected. Political communication around the benefits of increased LMA on society at large is required if policy drafting and implementation are to be successful.

Source. Adapted from Clemens, M., Huang, C., & Graham, J., (2018). "The Economic and Fiscal Effects of Granting Refugees Formal Labor Market Access." *CGD Working Paper* 496. Washington, DC: Center for Global Development. <https://www.cgdev.org/publication/economic-and-fiscal-effects-granting-refugees-formal-labor-market-access>

2.6: Refugee Policy and the Informal Economy in Malawi

"When acceding to the 1951 Convention, Malawi entered nine reservations, which serve to limit refugees' rights and ability to locally integrate" (WFP, 2012), these include withholding the right to settle outside the refugee camp and take up employment. When refugee economic activity takes place outside of the refugee camp this is therefore illegal. UNHCR Malawi Fact Sheet (2019) states that "due to the encampment policy, the majority of refugees and asylum

seekers have limited income generating opportunities”, which puts refugees at risk of malnutrition: with a 40 percent funding gap in the UNHCR Malawi budget, food rations were halved in 2019.

The country however is at a turning point in its refugee policy: the Minister of Homeland Security committed Malawi’s pledge to apply the principles of the CRRF (UNHCR First Global Refugee Forum, 2019), a commitment that still stands although the June 2020 elections have since brought a different political alliance into power (The Economist, 2 July 2020).

Abid (2016) estimates the size of the informal economy in Malawi to be 42.5 percent. “Agriculture is described as the engine of Malawi’s economic growth” state Chinsinga & Chasukwa (2012) without a corresponding relationship between “youth employment and agricultural development” in a country with a median age of 17 (Mussa, 2013). The World Bank in Malawi (2020) echoes the same: “poverty and inequality are stubbornly high” and employment is negatively impacted by low productivity in the agricultural sector, and a substantial lack of alternative opportunities. According to the latest national census (Government of Malawi, 2019), the national working population comprises all persons aged 15 to 64, who are further classified as “economically active” if they are working or seeking employment. At the time of the census, 18.5 percent of economically active people were unemployed, with a disaggregation between male unemployment at 16.6 percent and female unemployment at 20.3 percent. Numbers are reported in Figure 3, below:

Figure 3*Table of the Working Age Population by Sex, 2018.*

Population	Total		Male		Female	
Total	17,563,749		8,521,460		9,042,289	
Working Population	9,188,275		4,431,102		4,757,173	
Economically Active	6,614,065		3,242,280		3,371,785	
Economically Inactive	2,574,210		1,188,822		1,385,388	
Employed and Unemployed		Percentage of Total		Percentage of Total		Percentage of Total
Labour Force	6,614,065		3,242,280		3,371,785	
Employed	5,389,463	81%	2,702,506	83%	2,686,957	80%
Unemployed	1,224,602	19%	539,774	17%	684,828	20%

Source. Government of Malawi (May 2019). 2018 Population and Housing Census Main Report. Retrieved from Web site: <http://populationmalawi.org/wp1/wp-content/uploads/2019/10/2018-Malawi-Population-and-Housing-Census-Main-Report-1.pdf> Last accessed 10th Sept, 2020.

Mussa's conclusion of a comprehensive study of youth employment in Malawi (2013) advocates, among others, for policy to "support employers in taking active part in the creation of decent jobs for young people". Mussa suggests that offers of financial incentives such as subsidies or tax breaks would motivate firms, but he does recognize that "the very high levels of informality among enterprises in the country can hamper the effectiveness of such a strategy".

2.7: Summary

The literature indicates how, even with policy framework recommendations and support from the UNHCR, it is a national policy that determines the rights and responsibilities of refugees in each territory.

The informal economy takes center stage during the analysis of economic activity in developing countries, and it emerges as a sector that – though insufficient to bring sustained economic growth at national level - creates employment for those who are otherwise excluded

from the formal job market. Entrepreneurship within the informal economy is always associated with exploiting an opportunity, and most often this translates in the provision of cheap goods or services to low-income consumers. Such business exists within informal supply and distribution networks that are tailored in such a way as to be inadequate for survival should a move to the formal sector be required.

The concept of entrepreneurship in the literature is defined in different ways, however one common thread is represented by the elements of people exploiting opportunities within a specific context. Successful entrepreneurship is characterized by persevering through challenging times, adapting in strategy and structure to respond to market conditions, and utilizing one's social networks as a source of guidance and support.

When refugees engage in income-generation activities particularly in the developing world, they do so in the context of the informal economy. This could be in the context of an integration policy or against the law in countries that decline refugees' right to work.

The literature does not present data pertaining to the current economic activity of refugees in Malawi, and therefore neither to the extent of the contribution of refugee-owned businesses to creating local jobs. This is a gap that I propose to fill through my research, with quantitative data analysis that would inform the discourse around the application of the CRRF at national level.

One specific finding of Webb et al. (2020), that has relevance in the Malawian context, is that "when biases such as education or gender" preclude individuals from accessing necessary resources and markets in both the formal and informal sector, the interaction between these two economic realities becomes "exacerbating", and no longer do informal initiatives substitute the role of formal economic systems. This topic of biases against economic inclusion represents a

valuable opportunity for further research in barriers and enablers of job creation in Malawi, which however lie beyond the scope of my research.

3: Research Methodology

3.1: Research Objectives

My research seeks to analyse refugee-owned enterprise in Malawi in terms of success factors, and in regard to its effects on job creation for local people. I explore reliance on social network borrowing for growth in refugee-owned businesses, and the use of diversification as a tactic to mitigate market environment dysfunctions.

I disaggregate results between urban and rural settings where relevant. This information is valuable to test whether Clemens et al. (2018)'s finding that labour market access for refugees is only marginally beneficial to those located away from areas rich of employment opportunities is applicable to Malawi.

For my research, entrepreneurship is defined using the more inclusive approach of Shane & Venkataraman (2000) as any activity that exploits an opportunity, in any given economic context. Hence, I use the term refugee-owned enterprise to indicate an activity established by individuals who live in Malawi as asylum seekers or refugees, who reside and run their business(es) amongst the local community, outside the only national refugee camp of Dzaleka. The setting of my research is the Malawian informal economy, defined as an environment that exists and functions outside of the national legal framework regulating the economy, such as formal business registration.

In order to measure entrepreneurial success among the sample, I use indicators of entrepreneurial persistence, of the use of social networks to overcome barriers to financial access, and of strategic firm structure.

Lastly, I collect information on the number of Malawian staff employed by each survey participant, and produce data that is disaggregated by business size – measured by reported

monthly revenue brackets – and by location, to see whether any of those factors are of particular influence on local job creation.

In order to achieve greater depth of analytical insight, I additionally carry out qualitative interviews with six entrepreneurs who have been active in the informal economy outside the refugee camp for at least a decade. I identify the qualitative interview respondents from among the leaders of the informal network of refugee businesses in the city of Lilongwe and in Ntcheu rural. As part of their leadership role, these long-term refugee entrepreneurs exercise critical thinking, negotiation and problem solving, and expressing their views on behalf of the community. These qualities form the basis of my selection.

3.2: Research Questions and Hypotheses

My first research question seeks to identify the factors that contribute to success of refugee-owned enterprises. In this case I define success as the ability of entrepreneurs to “grow” or “persist” rather than to “quit” after the birth of their business activity (Gartner, 2004). In particular, I will explore entrepreneurial persistence through sustained capital investment as one indicator of business growth (Caliendo, Goethner & Weißenberger, 2020), the use of diversification as a strategy to mitigate adverse market conditions (Kiggundu & Pal, 2018), and tactics pertaining to overcoming access to finance barriers (Titus, Bakare & Obiwuru, 2013).

Secondly, I ask questions to measure the numbers and types of jobs for Malawian citizens that refugee-owned businesses generate.

My questions and hypotheses are listed in Table 4 below:

Table 4*Research Questions and Hypotheses*

Research Question: What are the success factors of refugee-owned enterprises in Malawi, and what is their contribution to the creation of jobs for Malawian citizens?	Hypotheses
RQ1: What factors contribute to the success of refugee-owned enterprise within the informal economy in Malawi?	<p>H1: Refugee-owned enterprises in the informal economy in Malawi invest capital into business expansion at least once a year, both in urban and rural settings.</p> <p>H2: Refugee entrepreneurs operating in the informal economy in Malawi diversify their investment across more than one business type, both in urban and rural settings.</p> <p>H3: At least half of refugee-owned enterprises engage in intra-community borrowing and lending, both in urban and rural settings.</p> <p>H4: As the size of a refugee-owned business grows, so does its reported habit of lending.</p> <p>H5: As a refugee entrepreneur's rate of borrowing increases, so does their frequency of capital investment in business growth.</p>
RQ2: What is the effect of refugee-owned enterprise on job creation for citizens in Malawi?	<p>H6: For every refugee entrepreneur active in the informal economy, at least one Malawian finds employment in unskilled, low-income roles, both in urban and rural settings.</p> <p>H7: As the size of a refugee-owned business grows, so does the average number of Malawian citizens who are employed therein, both in urban and rural settings.</p>

I identify variables and indicators, contained in Table 5 below, that I wish to measure in order to test my hypotheses. The location of the respondent will be recorded on each questionnaire to allow for disaggregation of data.

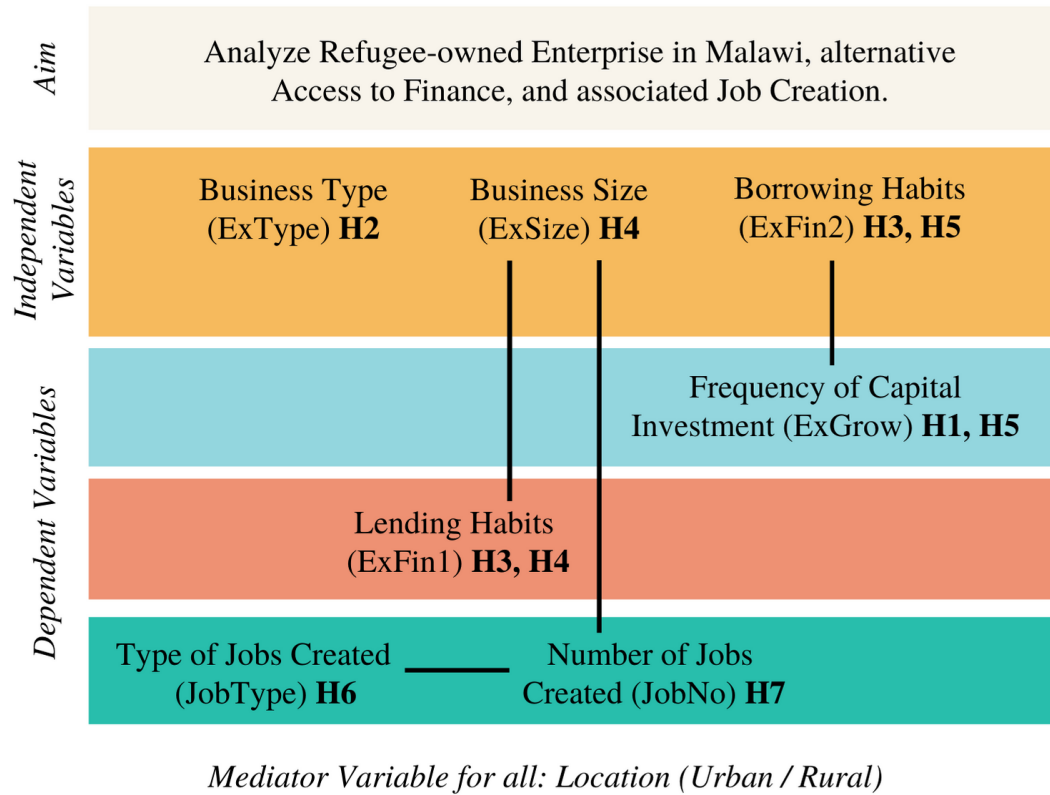
Table 5*Research Variables and Indicators*

Variable	Type	Indicator Name	Indicator Description
Business Type	Independent	ExType	Type of business activity such as retail outlet, wholesale outlet, import, export, farming, goods transport, public transport, financial services or other.
Business Size	Independent	ExSize	Average reported monthly revenue of business.
Capital Investment	Dependent	ExGrow	Reported frequency of capital investment into business growth, <i>dependent on borrowing habits.</i>
Lending Habits	Dependent	ExFin1	The business-owner's lending habits include providing alternative access to finance to others in the informal economy, <i>dependent on their business size.</i>
Borrowing Habits	Independent	ExFin2	The business-owner's borrowing habits include taking loans from relatives, from the bank, or from others refugee entrepreneurs or Malawian entrepreneurs.
Number of Local Jobs Created	Dependent	JobNo	Number of jobs created by each refugee-entrepreneur for Malawian citizens, <i>dependent on the size of the business.</i>
Type of Local Jobs Created	Independent	JobType	Type of jobs created by the business for Malawian citizens.

In Figure 4 below I illustrate the relationship between variables for each hypothesis tested, all mediated by the location of the survey participants.

Figure 4

Conceptual Framework



3.3: Population and Sample

My study pertains to the following population (N): people living as refugees in Malawi who illegally participate in the informal economy outside of Dzaleka refugee camp - the only refugee camp in Malawi.

I identify refugee entrepreneurs for my study as having the following characteristics: people who entered Malawi seeking asylum from other African countries where conflict or political tension cause insecurity, who take part in the informal economy, and who voluntarily associate under the leadership of a community leader for purposes of mutual support. Adeleye, Luiz, Muthuri & Amaeshi (2020) present the strong correlation between the Southern African

cultural value of “Ubuntu” expressed through “compassion, caring, sharing, harmony, and inclusiveness” and business practices on the African continent. Therefore, there is a basis to believe that my criteria set includes most, if not all, refugee entrepreneurs. Further, Lux, Lamont, Ellis, Ferris & Muchira (2016) find that Ubuntu as well as “tribal solidarity” are enablers of social network ties in Africa.

I identify two geographical locations as case studies for my research: Lilongwe (urban N) and Ntcheu rural (rural N). The choice of location was driven by the fact that I reside in Lilongwe, and I have access to a number of networks of refugee entrepreneurs from previous interaction. In the case of Ntcheu rural, the territory is compact enough to facilitate the enumerator’s work. Additionally, one of the refugee entrepreneurs there had previously resided in Dzaleka refugee camp. She knew our enumerator both in person and by reputation and could vouch of his intentions to the wider refugee community in Ntcheu.

With the help of online tools as suggested by Salkind (2012), I have calculated the minimum required sample size for a projected confidence level of 95 percent, and margin of error of 5 percent, reported in Table 6, below:

Table 6

Sample Sizes for Population Size

District	Population Size	Sample Size
Lilongwe	850	265
Ntcheu Rural	100	80

Note: calculations obtained from <https://www.qualtrics.com/experience-management/research/determine-sample-size/>. Last accessed 10th Sept, 2020.

In each of the two study locations, a community leader of local refugee entrepreneurs keeps a contact list. The population sample reside and work outside the refugee camp illegally,

which requires an above-average level of trust for the disclosure of information. Accessibility to the sample is however different in the two locations: in Lilongwe, the density of refugee-owned businesses and the familiarity of the enumerators with the location contributed to an easy identification of participants at random. Enumerators reported that approximately one in 50 people approached did not wish to take part in the survey, at which point the enumerators chose another random participant.

In Ntcheu rural, the enumerator was not familiar with the area and needed help to identify the sample population. Bakkalbasioglu (2020) recommends the use of a sampling strategy called “interviewee-as-fixer” based on utilizing the personal connections of the first interviewee to obtain the participation of others on the research population list. Bakkalbasioglu (2020) finds that such a strategy “shortens access time and decreases non-commitment” of potential research participants, as well as giving the researcher “a partial insider status” vis à vis the population, which in turn has the potential to enhance response quality. Using the “interviewee-as-fixer” approach, the enumerator was able to successfully administer the survey to each randomly approached respondent among the sample.

3.4: Research Method, Validity and Reliability

Creswell & Miller (2000) discuss the importance of employing validity procedures to increase the accuracy of the participants’ accounts representations, and most importantly to ensure the validity of any inference drawn from the data collected. It is based on their work that I decide to shape my research approach.

I use a mixed methods approach based on a quantitative survey questionnaire for collecting and analyzing measurable data, and qualitative interviews for recording personal insights. This approach allows to consider the topic “from a variety of perspectives” (Salkind,

2012) and I expect the interview responses to provide information that will underpin statistical results. In particular, I carry out qualitative interviews with six refugee entrepreneurs who have operated in the Malawian informal economy for over a decade, accumulating experience, insights, reflections and beliefs that I aim to capture for the benefit of research depth.

The scheduling and translating of the face-to-face interviews for my qualitative research is undertaken by a cultural mediator who belongs to the refugee community, and who is trusted based on his refugee advocacy work spanning over a decade. The kind of mutual understanding emanating from a researcher's "prolonged engagement in the field" is considered an important validity procedure by Creswell & Miller (2000). In addition, participants are asked to "help form the research questions" at the onset of the qualitative research process, which Creswell & Miller (2000) further recommend as tactic to increase the validity of qualitative research outcomes.

3.4.1: Quantitative survey

My choice of data collection method is based on the following considerations: given that the information I am soliciting pertains to an illegal activity, I choose to employ enumerators from the population community, refugees known and trusted by the sample. To reduce non-participation based on skepticism, I ask my cultural mediator and community advocate to send an audio message to the population in the case study areas, through their network leaders, to inform them about the enumerators' forthcoming field-work, and the purpose of the research. In order to maximize the clarity of the questions asked, I choose to use a Kirundi-version of my questionnaire, and to employ enumerators fluent in Kirundi, which is the native tongue of most of the population studied. The English version of the questionnaire is used to interview respondents who do not speak Kirundi. Both my enumerators are also fluent in English, Kiswahili and Chichewa: languages spoken by the population. With the objective of capturing

responses accurately, reducing errors associated with low literacy rates and with being unfamiliar with questionnaires, the enumerators tick the boxes on behalf of the survey participant whom they interview. To reduce the risk of Covid19 transmission, I choose to provide enumerators with a face mask, hand sanitizer, and information on safe distancing while administering the survey questionnaires. For the same reason, I choose to limit the number of face-to-face interviews that I carry out to six. Lastly, in order to prevent risks associated with theft of electronic devices, power outages, or lack of electricity connection in the surveyed areas, I choose to utilize paper questionnaires.

I carry out data analysis using Excel and SPSS, producing tables and charts that illustrate the frequency of relevant indicator responses and the correlation between different indicators.

3.4.2: Qualitative in-depth interviews

I utilize a cultural mediator to interview six entrepreneurs from the refugee community based on their longevity in the informal economy in Malawi. Interviews take place in person or on the telephone depending on the location of the participant. Questions are tailored to their area of expertise or their business location. Given the restrictions brought about by the Covid pandemic, and sensitivities detailed in my ethical considerations in chapter 3.6 below, it was impossible to increase the number of interviewees to more than six.

3.4.3: Data Analysis Technique

For my technique of analysis of the quantitative data, I utilize Microsoft Excel to initially construct data collection forms, and code each variable with associated range of data possible. Subsequently, I calculate the distribution of scores and study the relationship between variables using a combination of Excel and SPSS, as laid out in Tables 7 and 8 below:

Table 7*Data Analysis Techniques on Individual Indicators*

Indicator Name	Indicator Description	Analysis Technique
ExType	Type of business activity such as retail outlet, wholesale outlet, import, export, farming, goods transport, public transport, financial services or other.	Mode
ExGrow	Reported frequency of capital investment into business growth, <i>dependent on borrowing habits.</i>	Mode
ExFin1	The business-owner's lending habits include providing alternative access to finance to others in the informal economy, <i>dependent on their business size.</i>	Mode
ExFin2	The business-owner's borrowing habits include taking loans from relatives, from the bank, or from others refugee entrepreneurs or Malawian entrepreneurs.	Mode
ExSize	Average reported monthly revenue of business.	Mode
JobNo	Number of jobs created by each refugee-entrepreneur for Malawian citizens, <i>dependent on the size of the business.</i>	Mode
JobType	Type of jobs created by the business for Malawian citizens.	Mode

Table 8*Data Analysis Techniques on Variable Relationships and Sample Comparison*

<i>Objective</i>	<i>Analysis Technique</i>	<i>Indicators Involved</i>
Investigate the relationship between the business size the number of jobs created.	ANOVA	JobNo dependent on ExSize
Investigate the relationship between frequency of capital investment and borrowing habits.	Chi-Square	ExGrow dependent on ExFin2
Investigate the relationship between business size and lending habits.	Chi-Square	ExFin1 dependent on ExSize
Examine the difference in average number of people employed by refugee-entrepreneur according to geographical location.	t-test for independent samples	JobNo

For my technique of analysis of qualitative data, I will manually code, analyze and organize the responses due to the small size of the interview sample, and the limited number of questions.

3.5: Strengths and Limitations of Research Design

The strength of my research design undoubtedly lies in the involvement of a trusted refugee to act as an access point to the population sample. Specifically, my husband who was born and raised in DR Congo from Burundian parents is perceived as a member of the community by both Congolese and Burundian people. In addition, the Rwandese people who are refugees in Malawi belong to the Hutu ethnic group, which is the same as my husband. In post-genocide Rwanda, “propaganda broadcast over radio helped to change interethnic attitudes”

towards greater interethnic trust (Blouin & Mukand, 2019). The Rwandese people who became displaced through the genocide however would not have been exposed to those national broadcasts, which Blouin & Mukand (2019) empirically tested to equal a persistent lack of trust between ethnicities. Therefore, an ethnic match between the enumerator and the sample is of great importance and relevance to the success of the data collection. The second enumerator involved in questionnaire administration is a young woman from the refugee community, who spent the last four years pursuing a Bachelor's Degree in Community Development in Blantyre, Malawi's commercial capital. Her strengths emerged in taking advantage of cultural perceptions of young women as non-threatening, to reassure research participants of the confidentiality of their data.

The translation of research documents and the use of enumerators who are fluent in multiple languages further adds to the validity of the design, by minimizing misunderstandings rooted in linguistic nuances. The disaggregation of samples between urban and rural demonstrates an understanding of the different economic contexts present within Malawi.

My research does not include the perspective of Malawian citizens who find employment in refugee enterprises, which would be suitable for a further study. My research also excludes a study of Malawian refugee policy and the political context, which Clemens et al. (2018) find to deeply affect refugee labor market access in a host nation.

My qualitative study was heavily affected by the Covid pandemic and associated restrictions in the handling of face-to-face interviews, and in the holding of group meetings, preventing me from organizing focus groups, for example, and leading me to restrict the interviews to six. Discomfort from some of the sample in talking about an illegal activity was another barrier to identifying more people willing to participate in in depth interviews, beyond

completing the survey questionnaire. I recognize that with such a limited number of participants, individual bias carries weight, and it is not diluted across a larger number of responses.

3.6: Researcher Reflexivity and Ethical Considerations

Attia & Edge (2017) advocate for the benefit of recognizing the significance of one's "knowledge, feelings, and values" vis à vis the research questions one chooses to formulate, the analytical perspective one decides to utilize, and the resulting findings. Malterud (2001) highlights that a researcher's background and consequent angle of investigation does not constitute a bias unless the background is not disclosed.

Through listening to endless first- and third-person accounts, I have developed an understanding of the drive that results from facing poverty, especially for refugees who have families to provide for, both materially and as role models. I have come to believe that it is immoral to encamp people whose displacement is protracted, and I have observed the effects of such protracted encampment on the mental and physical health of refugees. I have come to value employment as a means of providing refugees with opportunities for self-reliance and self-determination. In addition, through the employment of doubly marginalized groups such as refugee women and refugees with disabilities, I have observed how earning money through dignified work allows for greater societal inclusion.

Nonetheless, I have chosen to test specific and quantifiable hypotheses through quantitative data collection and statistical analysis, making a conscious effort to overcome potential biases.

Maintaining complete confidentiality over the identities of all participants is of the utmost importance, as information was disclosed on the promise of anonymity. Four of the qualitative interview participants are refugees who have obtained permits to transition into the formal sector,

These businesspeople still associate with the refugee entrepreneurs for the social benefit of belonging to a supportive group, and I will hereafter refer to them as “the extended refugee network”. I do not include them in the quantitative research because they are no longer restricted by the rules that apply to refugees. Their insight and experience however can help to enhance the comprehension of topics analyzed in this study, as they can reflect on their time as refugee entrepreneurs and identify the dynamics which affected them then.

4: Findings

4.1: Response Rates

In the rural case study location, the community leader accompanied the enumerator and introduced him to the survey participants, and as a result they were able to achieve a 100 percent response rate against the planned number of participants required.

In the urban sample, the enumerators re-selected new participants from the research population list each time one refugee entrepreneur felt uncomfortable about disclosing their information. This was done to obtain a large enough sample for statistical confidence level and margin of errors to be acceptable. However, once the audio message from the cultural mediator was sufficiently shared and reached all the members of the refugee entrepreneur network, an additional 13 refugee entrepreneurs volunteered to complete the questionnaire, because they stated that it was important to measure the part they play in the economy. As a result, the actual respondent numbers are higher than those planned, as reported in Table 9 below:

Table 9

Actual Respondent Numbers compared with Planned Respondent Numbers

Urban Sample	Planned N=265	Actual N=278
Rural Sample	Planned N=80	Actual N=80

4.2: H1 Frequency of Capital Investment as a Contributing Factor to Entrepreneurial Success

I hypothesize that refugee-owned enterprises in the informal economy in Malawi invest capital into business expansion at least once a year, both in urban and rural settings. Results indicate that 81.6 percent of refugee entrepreneurs only re-invest profit, and not new capital, into the growth of their business. Disaggregated results however reveal that urban refugee

entrepreneurs are five times as active as rural refugee entrepreneurs in growing their own business through yearly capital investment, as shown in Table 10 below:

Table 10

Frequency of Capital Investment into Business Growth by Refugee Owned Enterprises in Malawi, by Location Type

Response Type	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
Only re-invest profits into growth	81.6%	77.7%	95%
Invest new capital once a year	17%	20.9%	3.8%
Invest new capital every 2-4 years	1.4%	1.4%	1.3%

Related to capital investment however are the results emanating from the Lending Habits indicator. In fact, over one in four respondents from the combined samples report giving capital to others simply to help them start a business or revive a struggling business, with no expectation of repayment. This indicates capital investment, but not in one's own business. Among the rural sample, the number of respondents who report giving capital to others is close to one in three, as illustrated in Table 11 below:

Table 11

Refugee Entrepreneurs' Habitual Practice of Providing Capital to Peers in Malawi, by Location Type

Response Description	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
"I give business capital to people that are close to me, just to help them."	28.6%	27.4%	32.5%
"I give loans to people, and they pay me back."	27.7%	28.5%	25%
"I never give money to anyone."	54.3%	57%	45%

When probing qualitative interview respondents on this practice, two factors seem to motivate such behaviour, deeply rooted in cultural values and habits.

Firstly, the principle of “gusohora” which in Kirundi and Kinyarwanda language means “to release”. It is customary among our sample to involve relatives or friends in the running of an economic activity over several years, without formal remuneration apart from providing lodging and meals. There comes a time, often coinciding with the relative or friend getting married and / or moving to another geographical location, when the entrepreneur will “release” them with the financial capital to set up a business of their own. The amount given depends on the length of service and the diligence displayed by the relative or friend in the workplace. M. - an interview participant from the “extended refugee network” - indicated that USD 6,500 would be considered an average size “release” capital. Another respondent also from the “extended refugee network”, B. who is in his 30s, estimates having given capital to 25 people “all from Uganda, Burundi or Rwanda”.

Secondly, the cultural value of “ubuntu” (Adeleye et al., 2020) emerged as a driver for entrepreneurs gifting capital to others: as one respondent put it “I know that although today they are in need, tomorrow it might be me”. Therefore, when quantifying capital investment into informal economic activity, it is important to consider the impact of the practice of providing capital to others, and not just investment into personal business growth. When I asked interview participants to explain what motivates them to engage in informal lending or giving, refugees respond with a level of surprise, asking me “is that not what people do everywhere?”. Only when I explain the existence of safety nets such as business insurance or stata welfare systems does it

become clear that this intra-community sub-economy has functions that Westerners usually associate with a welfare system, and with banking and insurance.

For further research, it would be useful to measure year-on-year absolute numbers of refugee-owned businesses in Malawi, as well as the percentage of refugee-owned enterprises that relied on third-party capital for their establishment. This would clarify whether, and to which degree, the provision of intra-community capital results in year-on-year increment of refugee-owned businesses in Malawi.

To determine the significance of this first finding connected to lending and borrowing habits, I make use of statements and opinions that I have collected through qualitative interviews. Despite the unfortunate omission in my quantitative survey design of a specific question on lending to Malawians, many interviewees stated that lending is restricted to other refugee businesspeople based on trust. One interviewee from the “extended refugee network” said that when he first engaged in informal economic activity in Malawi he did try to demonstrate openness and friendship towards Malawian business partners by extending credit and in a few cases providing capital, but he said “I never got my money back, and the business of those Malawians to whom I had given capital did not last long”. These sentiments were echoed by another interviewee who said “even when you give Malawians payment in advance for goods they are supposed to supply, there are always excuses as to why the procurement delays or it does not happen according to the terms agreed.” Hence, the importance of this disclosure is that refugee entrepreneurs perceive a net difference in their business ethics compared to those of Malawians. If this is the case, combined with results demonstrating that the achievements of refugees in business are grounded in intra-community borrowing and lending, the study exposes a barrier to the empowerment of Malawians in the informal economy: lack of trust. Before I

make recommendations on what action might contribute to overcoming this barrier, further research would be needed to determine the levels of trust within the Malawi business community when it comes to borrowing and lending, supplying goods and services as agreed, and making good use of business capital.

4.3: H2 Frequency of Diversification as a Contributing Factor to Entrepreneurial Success

I hypothesize that refugee entrepreneurs operating in the informal economy in Malawi diversify their investment across more than one business type, both in urban and rural settings.

Results show a significant difference between the urban and rural samples: in the city only one in six survey participants report being active in more than one sector, but in the rural sample the frequency of business diversification among the sample doubles, as illustrated in

Table 12 below:

Table 12

Refugee Entrepreneurs' Diversification Practices in Malawi, by Location Type

Business Type Active In	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
One per entrepreneur	84.1%	88.8%	67.5%
Two or more per entrepreneur	15.9%	11.2%	32.5%

Further analysis highlights that it is not the availability of farmable land which drives economic activity in rural areas, but rather the lack of land ownership rights for refugees. Only 13 percent of the rural sample engages in commercial farming; when I ask my qualitative interview sample about this, G. explains that “it takes a lot of money to prepare a land for farming, most often the landlord will let you do that (meet the initial expense) and then say he needs the land back the following year.”

Coupled with the lack of land ownership rights which deters the more affluent refugees, lack of capital drives the choice of business type for the majority: 85 percent rate of entrepreneurial activity in Ntcheu rural centers on grocery retail. Interviewee G. says: “Renting a house and a shop in the city requires capital, but when you don’t have anything you come here where Malawians are as poor as we are, you start making mandazi (a local doughnut), you push yourself until you save enough money to buy a bicycle so that you can take your mandazi to busy places. With that extra money you can now begin making twice or three times as many mandazi per day, and over time more. That is when you have enough profit to buy groceries, divide them up into small individual portions, and sell them to the villagers for a profit. That is how you start your grocery retail shop. That’s how we all started.” Interviewee I. adds: “grocery retail is the smart choice when you are poor like us: whatever little money you have, you use to buy groceries in bulk: you sell some at a profit, and you use the rest for the home, reducing your family’s grocery expense”.

With Figure 5 below I illustrate the most frequent types of entrepreneurial activity that refugees engage in, based on data from the combined samples. Grocery retail, an industry that 68.4 percent of the sample participate in, comprises traditional forms of grocery distribution such as “market stalls, roadside markets, small shops and neighborhood kiosks” (Khonje & Qaim, 2019). Food, toiletries, and other household goods are sold in single portions or small size packaging, to meet the needs of low-income customers.

Figure 5

Refugee Entrepreneurial Activity in Malawi by Business Type, based on Urban and Rural Combined Samples N=385

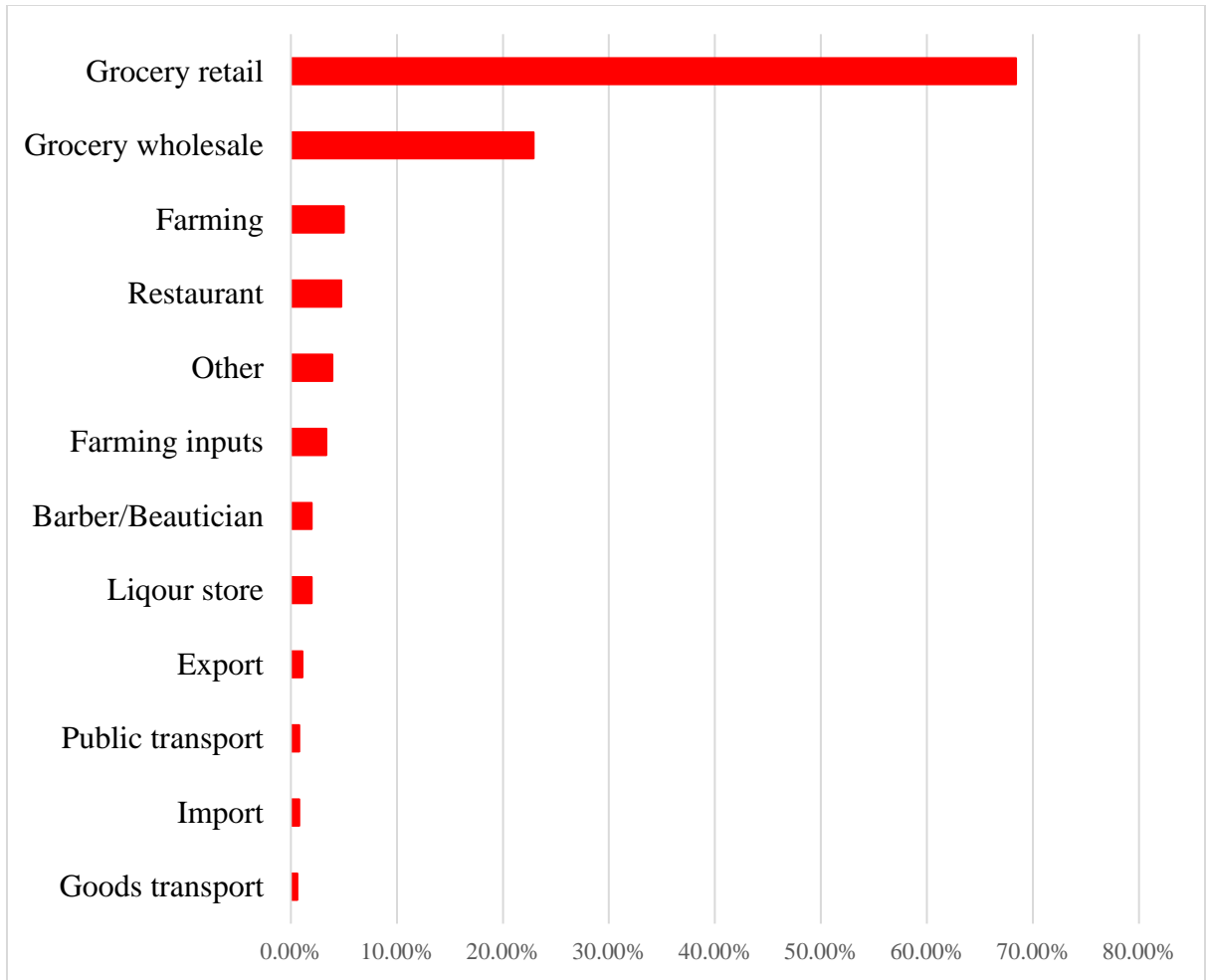


Table 13 below shows the top three business types that the sample are engaging in, by location.

Table 13

Refugee Entrepreneurial Activity in Malawi: Top Three Business Types by Location

Urban Sample Data N=278		Rural Sample Data N=80	
Grocery Retail	63.3%	Grocery Retail	86.3%
Grocery Wholesale	26.3%	Farming	13.8%
Other (Restaurants, Barber shops, Liquor Stores and Farming Inputs)	16.9%	Grocery Wholesale	11.3%

During interviews, several participants indicated that it is work ethic over diversification that brings success to the refugee business community in Malawi. They talked of characteristics

associated with long-term orientation: being rigorous in saving and investing profits into business growth, being slow in upgrading one's lifestyle despite income generation, and being prepared to work hard, long hours for many years before reaping the profits. One rural entrepreneur talked of "selling individually-wrapped sweets from morning till evening" for years as part of his journey to becoming a grocery wholesaler.

4.4: H3 Intra-community Borrowing and Lending of Capital

I hypothesize that at least half of refugee-owned enterprises engage in intra-community borrowing and lending, both in urban and rural settings.

The percentage of respondents who does provide loans is 27.7 in terms of combined sample average, with only two percentage points difference from urban to rural sample. The percentage of respondents who takes loans from other refugees is 47.3 as a combined sample average, suggesting that each respondent who lends cash does so to multiple borrowers.

When comparing results disaggregated by location type, I find a stark difference in the level of reliance on borrowing from other refugee entrepreneurs: 88.8 percent of rural respondents say they borrow from other refugees, while only 35.4 percent do so in the city. Interviews carried out with selected refugee entrepreneurs in Ntcheu rural reveal a heart-wrenching reality: "Life in the refugee camp was hell, the food was insufficient. I decided to use all my strength to try and provide for my family. I did not have enough capital to start something in the city, so I chose to come here." "Most of us started making and selling mandazi" (a simple fried donut, commonly consumed as a snack or inexpensive lunch in Malawi). "When someone gives you capital for 10 kg of flour and 5 liters of oil, you know that life has started."

Another point of difference between the urban and rural sample is the level of borrowing from their Malawian counterparts: in the city 17.7 percent of the sample takes loans in cash or

kind (in the form of goods supplied on credit) from Malawians. In the rural areas only five percent of respondents do so. This would suggest that the presence of economically empowered Malawian businesspeople in the city, and the trust these have towards refugee businesspeople provides an alternative source of finance, which is not available to the rural sample.

From qualitative interviews I gain a deeper level of insight: whereas the refugees interviewed are happy to lend to other refugees, all respondents shared negative personal as well as reported experiences of Malawian borrowers not repaying loans as stipulated. The trust value reported on by Galdino et al. (2018) seems therefore to be overall higher within the refugee business community, than between refugee and Malawian businesspeople. This might be leading to a completely separate sub-economy within Malawi, where the availability of capital enables refugees to embark on economic activity, and to sustain its growth.

Table 14 presents a summary of findings.

Table 14

Borrowing and Lending Habits of Refugee Entrepreneurs in Malawi, by Location Type

Lending Habits	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
“I never give money to anyone.”	54.3%	57%	45%
“I give loans to people, and they pay me back.”	27.7%	28.5%	25%
“I give business capital to people that are close to me, just to help them.”	28.6%	27.4%	32.5%
Borrowing Habits	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
“I only use my own money (savings).”	41.7%	51.6%	7.5%
“Relatives give me money to help me.”	3.6%	4.7%	0%
“I take a bank loan.”	0.3%	0.4%	0%

“Refugee businesspeople lend me money which I repay.”	47.3%	35.4%	88.8%
“Malawian businesspeople lend me money which I repay.”	14.8%	17.7%	5%

The low rates of bank loan adoptions are not surprising in the informal economy, however further research would be required to determine whether borrowing habits would change if refugee entrepreneurs could transition into the formal economy. Equally, separate research into the rate of borrowing from banks on the part of Malawian or foreign investors in Malawi, compared with informal borrowing and lending would be useful. Both policy makers and commercial bank board members would draw useful information pertaining to enablers and obstacles to accessing finance, and its effects on the expansion of the Malawian economy.

A., a longstanding member of the “extended refugee network” said to us that he only utilizes bank loans in minimal proportion to intra-community borrowing for his export business. The only reported advantage of taking a bank loan, he said, is that “it protects you from coming under the scrutiny of financial intelligence”. On the other hand, he said, the bank’s interest rates are far higher than what his social network offers.

4.5: H4 Relationship between Business Size and Lending Habits

The hypothesis that, as the size of a refugee-owned business grows, so does its reported habit of lending is unfounded.

On the survey, respondents could indicate their average gross monthly earnings by ticking one of five earning brackets, as per Table 15 below. I have allocated names to each category for ease of reporting.

Table 15

Business Size Variable: List of Possible Responses

Response Allocated Name	Earning Bracket (Malawi Kwacha)	Earning Bracket (US\$ equivalent)
Micro (XS)	100,000 - 500,000 MK	\$133 - 666
Small (S)	500,000 - 1,500,000 MK	\$666 - 2000
Medium (M)	1,500,000 - 3,000,000 MK	\$2,000 - 4,000
Large (L)	3,000,000 - 6,000,000 MK	\$4,000 - \$8,000
Extra Large (XL)	more than 6,000,000 MK	>\$8,000

Figure 6 below shows the distribution of results in the combined sample for various business sizes. Each of the five business size categories comprises between 15 and 26 percent of the sample, as illustrated.

Figure 6

Sample Distribution by Business Size

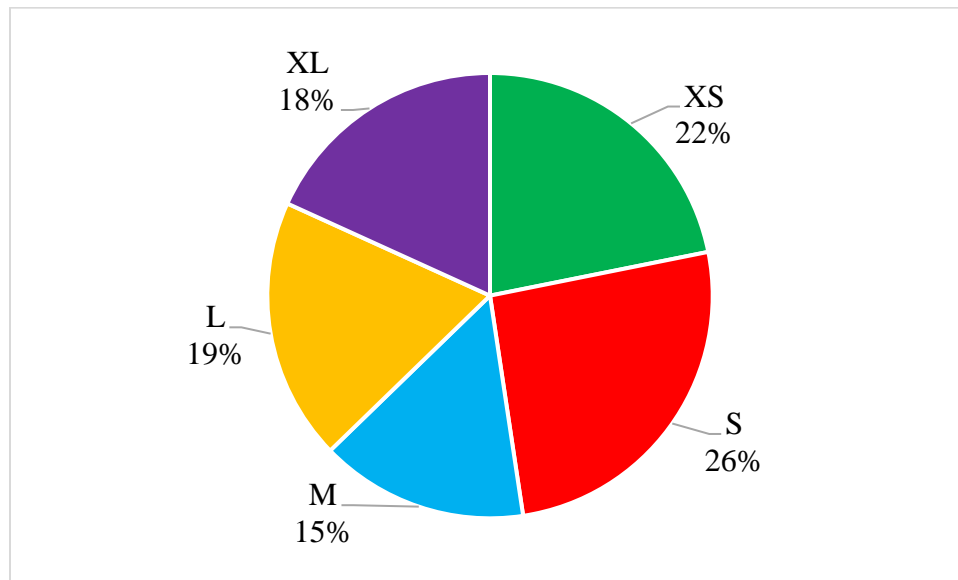
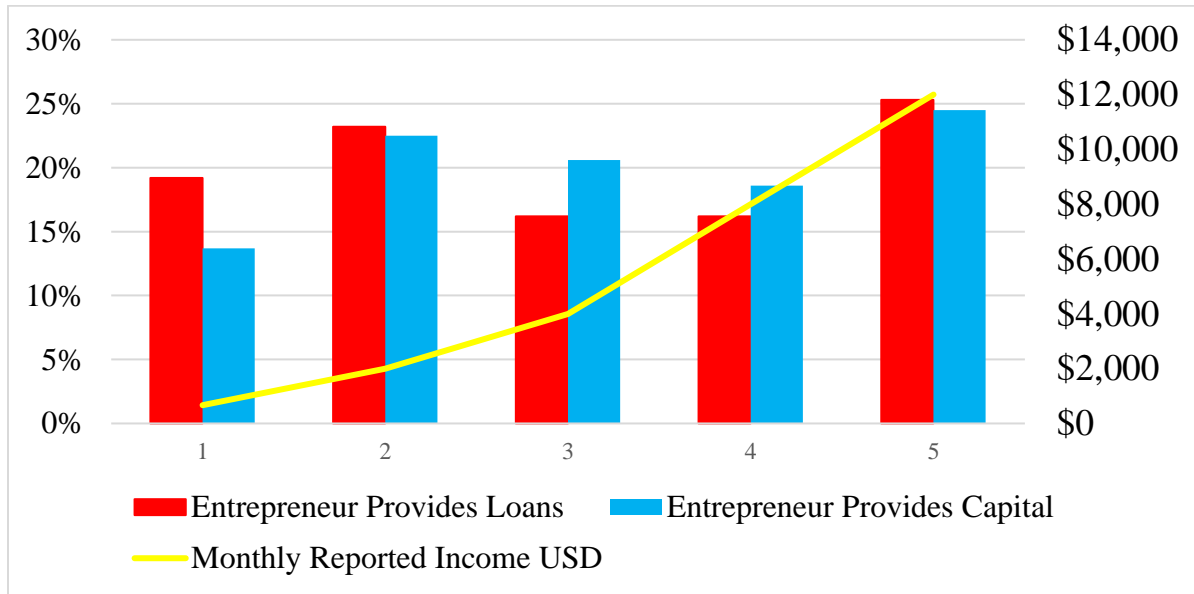


Figure 7 below provides a visual representation of reported lending and giving habits at each stage of the business size. The lending habits indicators follow similar trajectories, yet they display no relationship with the business size growth graph. This would confirm that lending habits are connected to cultural values more than they are to the availability of finance.

Figure 7

Lending Habits of Refugee Entrepreneurs in Malawi by Reported Monthly Gross

Earnings Size, N=358



4.6: H5 Relationship between Frequency of Capital Investment and Borrowing Habits

I hypothesize that, as a refugee entrepreneur’s rate of borrowing increases, so does their frequency of capital investment into business growth. Results demonstrate that, compared to those who do not borrow money, respondents who make use of finance from within the refugee community are three times more likely to invest capital in business growth once a year. When loans or goods supplied on credit are made available by Malawians, the likelihood of yearly capital investment into growth is multiplied by five times compared to respondents who do not obtain credit from Malawians.

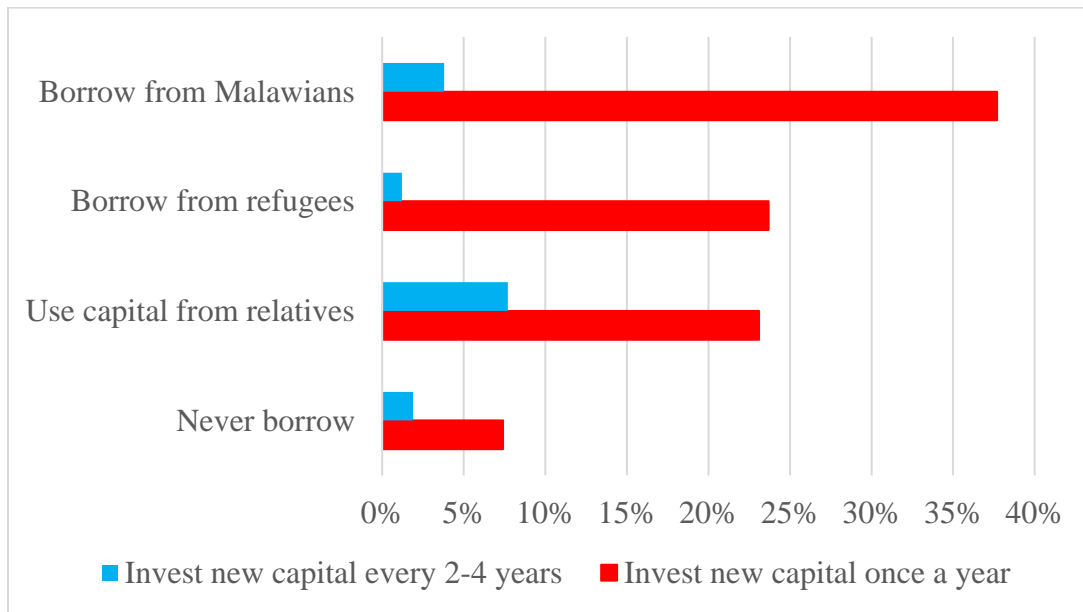
Another important result is that the habit of using capital given by relatives corresponds to the highest rate of occasional investment, which I define as taking place every 2-4 years. This

would seem to indicate that the sample utilizes cash received from relatives less frequently than they do loans.

This is illustrated in Figure 8 below.

Figure 8

Frequency of Capital Investment by Refugee Entrepreneurs in Malawi by Borrowing Habit, N=358



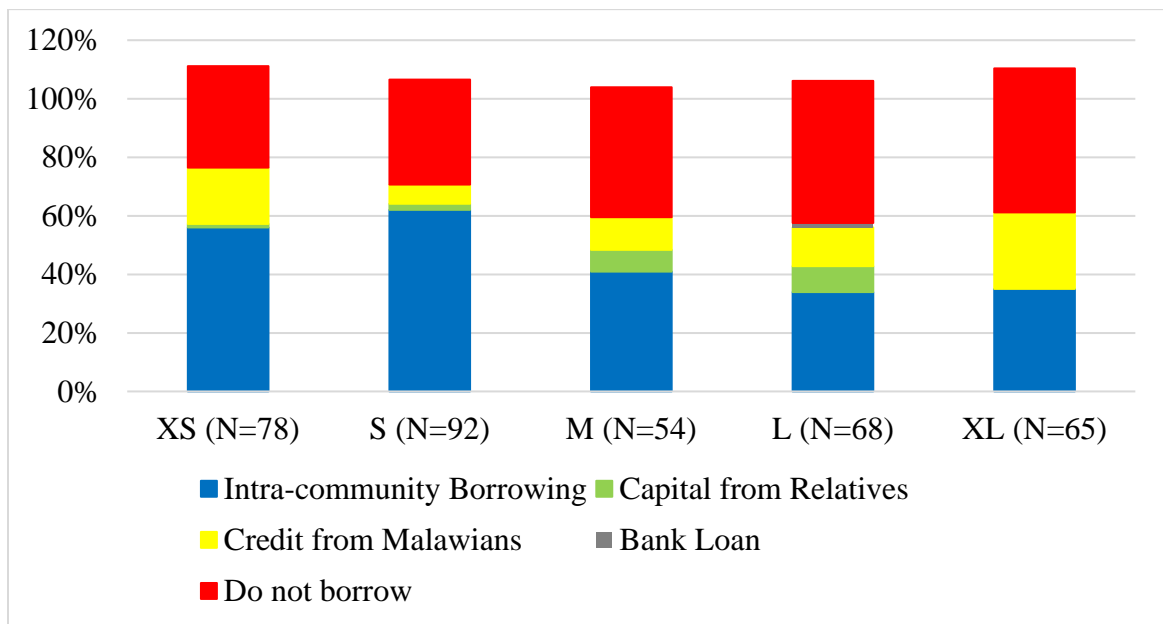
At a deeper level of analysis, I consider borrowing habits and frequency of investment for respondents in different business size categories.

Looking at borrowing habits, data from Table X illustrates how in the micro and small stages of entrepreneurial development measured by reported monthly earnings, participants rely on intra-community borrowing in over half of cases. The habit decreases slowly to reach 40 percent of cases or below as the size of the business grows. Interestingly, credit from Malawians is more significant for micro and extra-large entrepreneurs, according to the sample, which would indicate that Malawians trust that refugees will repay goods obtained on credit whether their activities are very small scale, or very large scale. Lastly, between seven and nine percent

of the sample from the medium and large categories reports using capital from relatives, which could possibly be interpreted as follows: the value of capital received as “gusohora” (typically in the region of US \$6,000 according to an interviewee) is useful to establish a business that might yield between \$2,000 and \$8,000 in monthly earnings. This is an assumption that would need to be further researched empirically.

Table 16

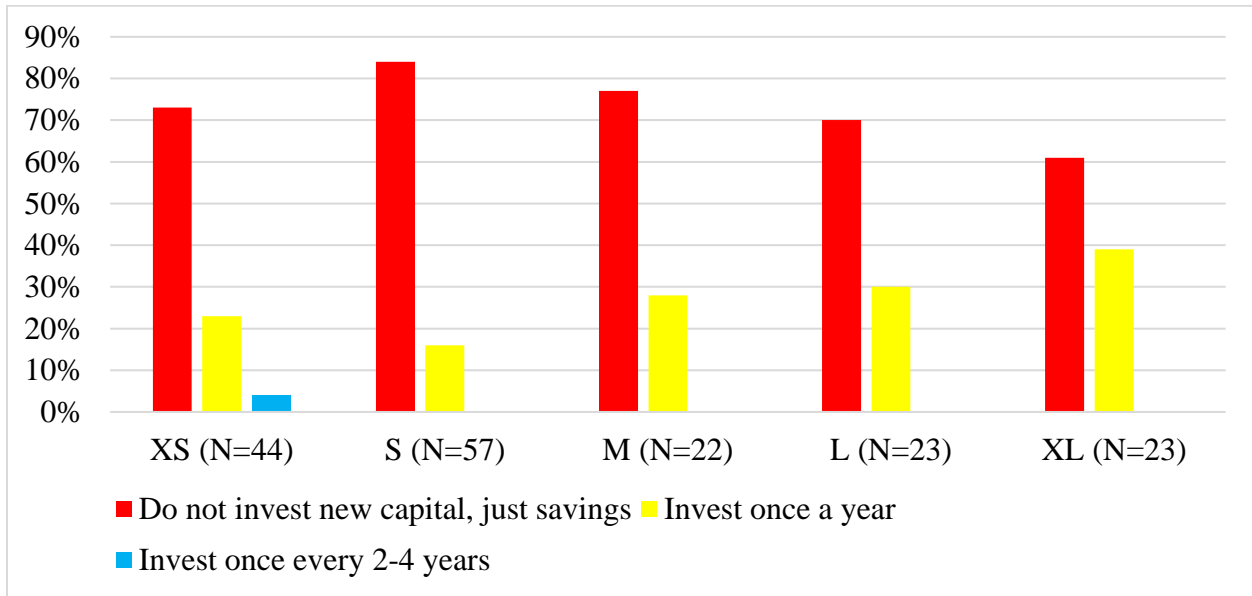
Borrowing Habits of Sample by Business Size (percentages)



I utilize Figure 9 below to consider differences between business size groups in their reported frequency of capital investment when they do make use of intra-community loans, which is itself the most common way of obtaining finance. As it is to be expected, frequency of investment increases after the initial establishment of the sample’s entrepreneurial success. Respondents in the medium, large, and extra-large categories, who make use of intra-community borrowing, invest into the growth of their venture(s) on a yearly basis in respectively 28, 30 and 39 percent of cases.

Figure 9

Reported Frequency of Investment into Business Growth by Survey Participants who use of Intra-Community Borrowing



4.7: H6 Job Creation for Malawian Citizens

I hypothesize that for every refugee entrepreneur active in the informal economy, at least one Malawian finds employment in unskilled, low-income roles, both in urban and rural settings.

According to my findings, for each refugee entrepreneur who responded to the questionnaire, at least two Malawians were employed. Amidst the rural sample, the average is three and a half jobs created for Malawians by each refugee entrepreneur.

Overall, the rural sample has a higher job creation rate per refugee entrepreneur, compared to the urban sample.

Results by location type are illustrated in Table 17, and Figures 10 and 11 below.

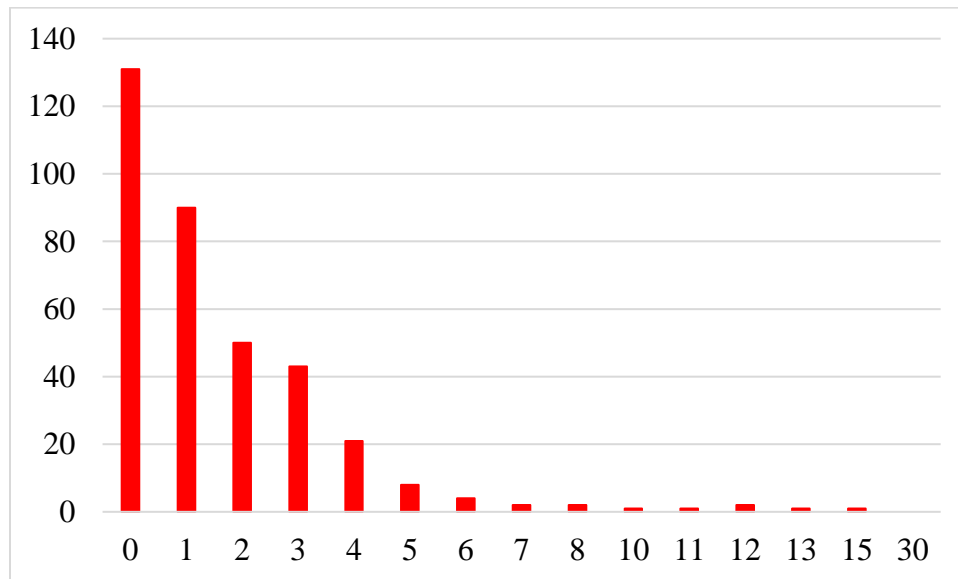
Table 17

Refugee Owned Enterprise effect on Job Creation for Malawians, by Location Type.

Response Type	Combined Samples Average N=358	Urban Sample Average N=278	Rural Sample Average N=80
Do not employ Malawians	36.6%	40.3%	23.8%
Employ Malawians	63.4%	59.7%	76.2%
Number of Malawians employed	2.6	2.3	3.5

Figure 10

Distribution of Scores from Combined Sample (N=358) on the Number of Malawian Staff each Respondent employs



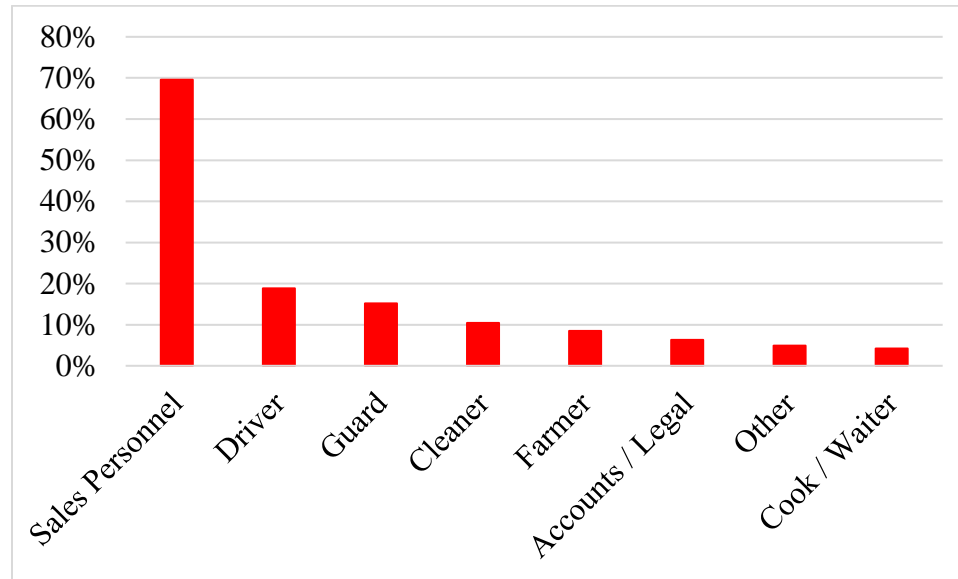
Another element of importance is the type of job created by refugee enterprises for Malawians. As a matter of fact, out of four rural survey participants who reported hiring 11 or more Malawians, three of them invest in commercial farming as a secondary business which is where they employ Malawians.

Malawian staff performing high-paying, skilled work, such as accounting and legal tasks, is only employed by 6.3 percent of refugee businesspeople, whereas the job category where most Malawians are employed is sales personnel. Figure 11 below gives a visual representation of jobs created by refugee entrepreneurship in Malawi, for Malawians.

Figure 11

Job Created by Refugee Entrepreneurship in Malawi, for Malawians, by Category.

N=358



According to one interviewee, barbershop and beauty salon staff are “always Congolese, because they’re the kings of fashion and beauty”. However, when land needs to be cleared and prepared for farming, or when it is planting season, “you need to employ a lot of people, and Malawians are the best.” This would seem to indicate that skill specialization and reputation attached to certain people groups can be a determining factor in their employability.

Overall, a separate study would be useful to identify the possible effects of formalization on job creation, expressed in job numbers and job type. One hypothesis to be verified is that the percentage of jobs in the accounts and legal category would grow, as a function of business tax requirements becoming more complex, and in response to opportunities for cross-border trade where agents provide assistance with import and export goods clearance. This would seem plausible based on reported information from the “extended refugee network”. Out of four people questioned, all reported employing Malawian staff who provide legal assistance with

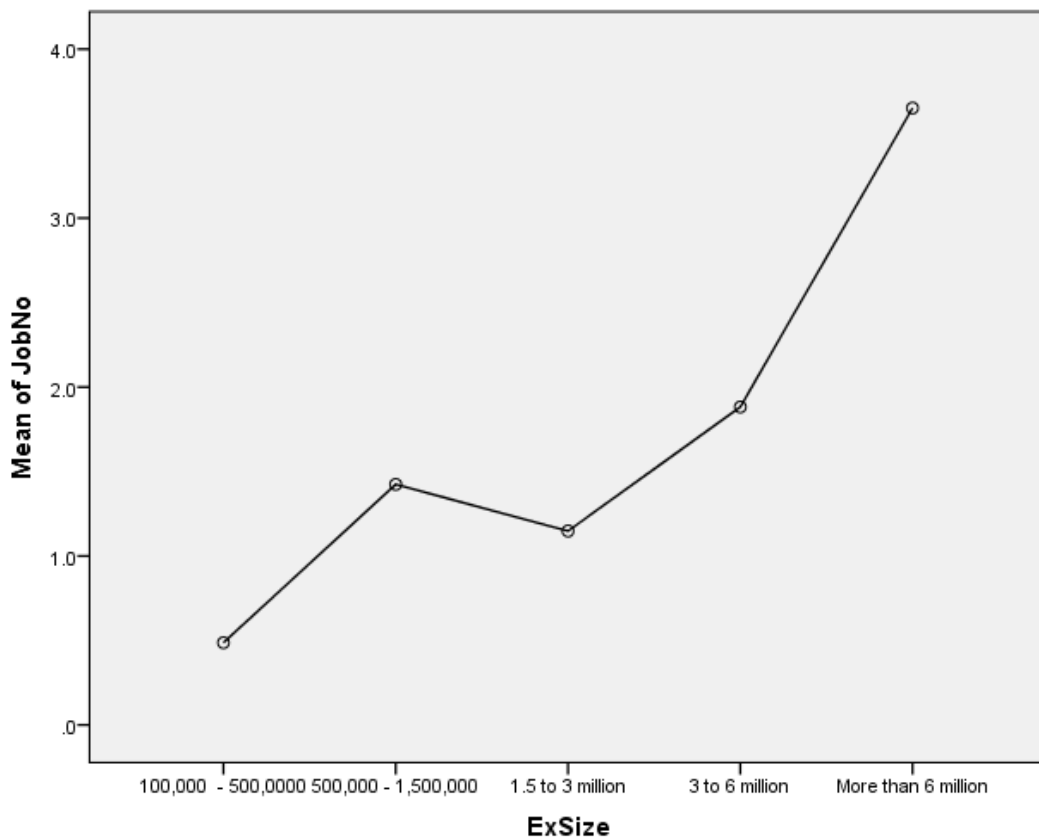
goods clearance, and others who deliver accounting services. In addition, of the same four representatives of the “extended refugee network”, the average number of Malawian staff employed was 21 per each investor.

4.8: H7 Relationship between Job Creation and Business Size

I hypothesize that, as the size of a refugee-owned business grows, so does the average number of Malawian citizens who are employed therein, both in urban and rural settings. Figure 12 below shows a proportionate growth in the number of Malawians employed by each refugee enterprise, according to the enterprise size.

Figure 12

Average Number of Malawian Staff in Refugee Owned Enterprises, by Business Size



A closer look at the type and location of refugee enterprises that create the highest number of jobs among our samples, revealed results summarized in Table 18 below:

Table 18

Top Respondents by Number of Malawian Staff Employed from the Combined Sample

Location	Business Type	Business Size (Reported Monthly Income Range in USD)	Number of Malawians Employed	Type of Jobs Created
Rural	Grocery Retail and Import	> \$8,000	15	Driver and Salespeople
Rural	Grocery Retail and Farming	\$666 to \$2,000	13	Farmers and Salespeople
Rural	Grocery Retail and Farming	\$666 to \$2,000	12	Farmers
Urban	Grocery Retail	\$4,000 to \$8,000	12	Salespeople
Rural	Grocery Retail and Wholesale, Export and Farming	\$4,000 to \$8,000	11	Farmers and Salespeople
Urban	Grocery Retail	> \$8,000	8	Driver and Salespeople

5: Discussion

Having had the opportunity to collect and review data on refugee entrepreneurship in Malawi has provided undeniable evidence that – despite legal restrictions – some refugees do operate within the national informal economy and employ Malawians in their business ventures.

In a situation where national law enforcement does not consistently enforce policy, such as is the case in Malawi, it is important to acknowledge how reality and policy differ when applying academic findings. One case in point is the framework of Clemens et al. (2018): Malawi's policy would fall under the category of extremely restrictive of refugees' participation in the economy, and thus it would be deemed to require a high level of labour market adjustment in connection to a policy shift towards integration. Although the limitations of my study and the lack of data available about any informal economy make it impossible to quantify the exact level of labour market access (LMA) for refugees in Malawi, we have sufficient information to conclude that the LMA is higher than what policy sets out. Therefore, I assume that if an economic integration policy were introduced in Malawi, the labour market would not have to adjust as much as the legal restrictions to refugees' economic activity were enforced.

When it comes to Clemens et al.'s expectations of the effects of refugees' legal integration on a shift from informal to formal economic activity (2018), I believe that Clemens et al.'s envisioned scenario will apply as follows: refugee integration is likely to result in a small transfer of economic activity from informal to formal given that Malawi's economy is over 40 percent informal (Abid, 2016), and refugee inclusion – although illegal – is already present.

Clemens et al. (2018) also underscore the importance of a complementarity assessment between the skills of refugees and those of local people to help determine the outcome of a possible integration. My findings on the habits of intra-community financing among refugees,

and indications of the values and behaviors that underpin them, are a starting point for creating a framework for skills assessment, given the literature citing lack of access to finance as a barrier to economic growth. However, based on Lux et al. (2016) we must take into account the role that “tribal solidarity” plays in forming social network ties, and conduct additional research to better understand how this might influence the people of Malawi, where at least ten different tribes exist (Encyclopædia Britannica, 2020). Mehta, Marezki & Semali (2011) say that, when it comes to businesspeople in Africa, “a symbiotic relationship exists between social and economic capital”. If the findings seem to validate this statement about the refugee business network, exploring differences and parallels within the Malawian business community should provide helpful information.

Another consideration from Clemens et al. (2018) is that they expect the greatest benefits of formal integration to be reaped by refugees located in places where jobs are widely available. While this seems indeed a reasonable conclusion, the data indicates that the unique characteristics of Malawi and its refugee population offer scope for another outcome. My rural interviewees shared with me that their own initial poverty excluded them from being able to enter the market in the city, but at the same time equipped them to be able to settle without the need of adapting into village life (where living conditions such as the scarcity of electricity and running water resemble those of Dzaleka refugee camp). Their background also gave them an immediate understanding of the needs of their customers, enabling the refugees to provide relevant products and services to the rural audience. Besides, in as much as poverty was a common denominator when refugees from the rural sample moved in with the Malawian communities of Ntcheu rural, refugees had the further disadvantage of not being able to fall back on relatives for support, for housing, or for ancestral lands to farm.

Lastly, Clemens et al. (2018) warn about the need to consider the political environment and adjust the communication as needed ahead of any integration policy implementation: particularly relevant to the Malawian context is the weekly press briefing introduced with the arrival of the new government into power (Sabola, 2020). Utilizing such platform to inform Malawians of the benefits that refugee integration will bring to society at large will multiply the efforts of non-governmental bodies involved in refugee rights advocacy.

The literature and my findings meet on the topic of job creation within the informal economy, and how valuable this is for Malawi given its high rate of unemployment. I demonstrate that Malawians are finding employment within refugee-owned business ventures, and therefore the refugees' participation in the local economy does contribute towards this important socio-economic goal. In the same breath, the literature emphasizes the necessity for a country like Malawi to push towards formalization for sustained economic growth.

6: Conclusions

Becker & Ferrara (2019), writing on the consequences of forced migration, said that research “that combines information on migrants with contextual variables at both location of origin and destination” was necessary. My work has a specific focus on the presence of refugees from DR Congo, Burundi, and Rwanda in Malawi, and particularly in the cities and villages’ informal economy environments. My research is conducted at a point in time when Malawi has committed to greater refugee integration, and a radical change in government leadership might result in the drafting and implementation of new policy.

Job creation through economic growth is one of the central themes of the new government’s agenda (Phiri, 2020). My work adds value to the current dialogue by generating data on the success factors of refugee-owned enterprise on the Malawian territory, as well as on jobs that such entrepreneurial activity generates for Malawian citizens. The findings could prove useful in the prediction of outcomes resulting from extending to refugees in Malawi the rights to settle and work outside of Dzaleka camp.

6.1: Summary and Significance of Key Findings

6.1.1: The refugee sub-economy

The first and most significant success factor is the creation of a separate sub-economy resulting from intra-community lending and giving of capital without expectations of repayment. Over one in five survey respondents lend to multiple borrowers in the community, and an astonishing 89 percent of the rural sample use intra-community borrowing for financing their business. In addition, over one in five respondents gives capital to others in their network so that they might start, sustain, or increase their business activity, without any expectation of repayment.

The habit of giving capital for others to use in starting or sustaining a business which the “donor” has no stake in was so surprising, that I did not anticipate the need to include a hypothesis in my research about the role of such intra-community finance specifically on enterprise set-up. This forms part of my later recommendations for future research. However, my findings demonstrate that, survey participants who take advantage of loans sourced within the refugee business community are three times as likely as those who do not to invest yearly in growing their business. Further, survey respondents who report obtaining credit or goods on credit from Malawian counterparts are five times as likely to invest yearly in business growth as those who do not borrow finance at all. This indicates a statistical correlation between access to finance and frequency of investment in business growth.

The reported levels of lending are not dependent on the reported earnings of the sample, hence micro, small, medium, large and extra large entrepreneurs all practice intra-community lending.

6.1.2: Rural environment more conducive to business diversification

From interviews carried out, refugees consider diversification a goal rather than a contributing factor to initial business success.

The business category where refugees in Malawi are most frequently active is grocery retail: 63 percent of the urban sample, and 86 percent of the rural sample selected this as one of their lines of income. The second most common category is an expansion of the first: grocery wholesale.

Interviewees were clear to indicate that they initially went into grocery retail because, without significant start-up capital, by buying groceries in bulk to repackage and resell they would also indirectly save money on their family’s grocery needs.

Interviewees from the rural sample stated that the inability to own land legally in Malawi was a barrier to greater investment into commercial farming. They added that lower cost of living in terms of property rental and food creates a conducive environment for refugees with little capital but plenty of willingness to start small, work hard, and grow.

6.1.3: Malawians are employed by refugees

My findings indicate that a minimum of two Malawians draw employment from each refugee in the urban sample, and at least three Malawians find work from each refugee entrepreneur in the rural sample. The greater the reported business size of refugees, the higher the number of Malawians each refugee employ. 70 percent of the sample reports hiring Malawian salespeople, 20 percent hires Malawian drivers, 15 percent uses Malawian security guards and ten percent uses Malawian cleaners.

Results clearly indicate parallel growth between the size of a business and the number of Malawian staff it employs. I assume that – if refugee entrepreneurs were able to obtain formal business permits – their businesses would expand in size and scope, and higher turnover would continue to be matched by higher job creation rates.

6.2: Implications for Academic Research

As the first study on refugee entrepreneurship in Malawi, my findings place the spotlight on a phenomenon which is likely to increase, given the rise of refugee numbers over the years and the country's commitment to find durable solutions as an alternative to forced encampment. (UNHCR Malawi Fact Sheet, 2019; UNHCR First Global Refugee Forum, 2019). Information generated by the data I collected is vital for a shift to take place away from hearsay, myths and speculations over the refugees' participation in the Malawian economy, and towards a factual understanding of the same.

My findings confirm theories on the important role that social networks play in the success of African entrepreneurs (Mehta, Maretzki, & Semali, 2011), and well as the relevance of tribal solidarity in cultures that display traits of “Ubuntu” philosophy (Lux, Lamont, Ellis, Ferris & Muchira, 2016).

I believe that my research approach, with its heavy reliance on the use of trusted mediators for the collection of sensitive data and for increased response quality (Bakkalbasioglu, 2020) sets a valuable precedent for research into situations that are contrary to legal stipulations, but nonetheless widely established.

My work paves the way for further research in several directions. Refugees operating in the informal economy in Malawi face barriers linked with policy, with cultural differences, and with finance. I believe that researching the coping mechanisms that refugees employ would provide valuable information about the social capital of this people group.

Studying the sub-group of female refugee entrepreneurs would contribute a gender-specific perspective on the challenges or advantages that women face.

Assuming that an integration policy might be applied, this still does not grant refugees the freedom of travelling outside Malawi, and it therefore does not allow people with proven entrepreneurial capacity and cross-cultural proficiency to venture into the import and export trade sector. Conducting research into the potential benefit to Malawi of retaining high-value investors from a refugee background by providing Malawian citizenship is therefore relevant to economic growth strategy.

Lastly, it would be of great importance to determine whether refugee enterprise contributes to overall economic growth in Malawi, or rather it occupies the space that Malawians would otherwise take up, thus resulting in a zero-sum game.

6.2.1: Further research on refugee enterprise in Malawi

Repeating the study using different sample populations (both urban and rural) would further test the hypotheses of this paper.

Researching the topic from the perspective of Malawian citizens involved in the informal economy alongside refugees, whether as suppliers, competitors or employees would contribute to expanding the context of the study.

Carrying out a year-on-year study to measure the growth in number of refugee-owned businesses would provide useful trends; so would measuring the rate of reliance on third-party capital for the initial establishment of such ventures.

One interview respondent said: “it is too risky to invest money into large business ventures without permits”. This would suggest that the expansion potential of refugee enterprise is limited by illegality. If this were empirically tested, we could estimate whether an integration policy with business licenses made available to refugees could lead to economic growth and associated job creation.

Additional research into the interplay of refugee enterprise and Malawian enterprise in the informal economy might help discern whether the success of refugees dampens the efforts of local people to enter the same marketplace.

Research on the distribution of job types in Malawi would increase our understanding on whether job types created by refugee-owned enterprises and Malawian enterprises follow similar patterns.

Lastly, I see the benefit of additional research on the potential effects of refugee entrepreneurs transitioning into the formal economy on the employment rates of skilled

Malawians. My assumption is that accountants, clearing agents, and lawyers would be in greater demand, if more refugees were enabled to invest in large-scale, registered businesses.

6.2.2: Further research on the informal economy in Malawi

Given the important role which trust-based intra-community borrowing plays in sustaining refugee enterprise, I hope to see studies into whether a similar system exists within the Malawian business community, and which factors enable or prevent its flourishing, with particular regard to tribal solidarity (Lux et al., 2016).

The low incidence of use of bank loans highlighted in my findings are to be expected in an informal economy study. However further research into bank loans use in the formal economy would give more insight into the effectiveness of commercial banks in supporting national economic growth.

6.3: Implications for Policy Makers

Given the protracted nature of conflict in the Great Lakes region of Africa, Dzaleka refugee camp is at risk of becoming a “permanent settlement” (Masuku & Nkala, 2018), and requires the creation of a “meaningful citizenship” solution (Long, 2011) especially for refugees born in exile.

As Malawi considers adapting the principles of the Comprehensive Refugee Response Framework (CRRF) to its unique national characteristics, avoiding what Crawford & O’Callaghan (2019) call the “discouragement of mobility” would both allow refugees’ entrepreneurial potential to be unleashed, but also contribute to job creation in remote and economically underdeveloped areas, where – based on my rural sample – 3.5 Malawians are employed by each refugee on average. Further, Onjala & K’Akumu (2016) found that Malawi’s urbanization has been leading to urban poverty, due to the scarcity of “prerequisites for

economic growth”. Therefore, an intentional effort to encourage refugees to integrate into rural districts would need to be put in place, possibly by setting up quotas of refugees for integration in each district.

Including land ownership to the new rights extended to refugees in Malawi has the potential of having a positive effect on commercial farming expansion, however this a conclusion based on limited qualitative data, and would therefore require further research.

Learning from the Rwandese study of Blouin & Mukand (2019), the use of a radio-based program to foster trust, openness and collaboration between people groups is an effective tool to prepare all Malawians for the integration of refugees. My findings pertaining to the strategies for success that refugees have perfected in the informal economy in Malawi could be used to position refugees as peer-mentors to aspiring Malawian entrepreneurs. Such an approach to economic integration would go a long way to cement feelings of self-worth, accomplishment and acceptance in the refugees (Ruaudel & Zetter, 2018; Shepherd et al., 2020) but also encourage Malawians to draw benefit from the contribution of refugees to their economic advancement. Further programs where refugees would deliver knowledge, tips and guidance to Malawians wishing to set up a micro, small or medium business activity would aid to prepare the host community for positive integration.

6.4: Implications for Economic Development Practitioners

Uruthirapathy & Kiggundu (2018) warn that “limited availability of quality data” pertaining to the economy, both informal and formal, and on its effects on societal issues, is a problem that needs to be resolved if effective economic policy, programming and change are to be achieved. Kiggundu & Pal (2018) state that, in Africa, the development of “a viable,

competitive and inclusive indigenous private sector” must include a study of success strategies employed by micro and small informal sector entrepreneurs.

Creating a framework for wider and deeper measuring and monitoring of the informal and formal economy in Malawi is therefore imperative if we are to control the trajectory of national development.

The long-standing peace that Malawi has enjoyed not only makes it an attractive location for refugees to find security, but also creates a fertile environment for poverty alleviation (Mercier, Ngenzebuke & Verwimp, 2020). With this awareness, economists should ensure that growth-targeted programs include a social improvement element to support the eradication of all kinds of exploitation, injustice or exclusion that could eventually lead to conflicts.

Practitioners would find it informative to include refugee owners of large amounts of capital, who might be ready for formalization, and business people who form part of the “extended refugee network”, in dialogue about increasing trade with the East Africa Community, taking advantage of their fluency of language and culture, as well as their existing business connections.

Malawi would benefit from a policy framework geared at increasing the productivity of micro and small enterprises by improving the economic environment and institutions, to achieve a higher rate of job creation (Ayyagari et al., 2014). In addition, the pursuit of collaboration with portfolio entrepreneurs will not only increase the availability of decent jobs, but also reduce the risks of emigration and terrorism (Malfense Fierro, Noble, Hatema & Balunywa, 2018).

6.5: Limitations of Study

The study does not include data collection and analysis about Malawian informal entrepreneurship, and therefore findings pertaining to refugees cannot be benchmarked. The very

nature of the informal economy is that of being undocumented, which represents a weakness for adequate strategic development.

The study was also limited to two cases studies, respectively in a city and in a rural setting, and it is therefore not automatically representative of the country as a whole.

The study is limited to the perspective of refugee entrepreneurs and not any of the Malawian people who play a role in their enterprises.

The study does not provide data on year-on-year changes in refugee entrepreneurship.

The study does not illustrate the relevance of intra-community financing on the establishment of refugee businesses.

Potential effects of a policy change granting freedom of movement and employment to refugees in Malawi are not included in this research.

In the study I did not test the effects which the presence of refugees within the Malawian informal economy has on other actors operating in the same context.

6:6 Final Note

This research is an expression of the undeserved privilege I hold to act as an ally to people currently excluded from exercising the rights that much of humanity takes for granted. Through this academic exercise they have been counted, and their contribution to the Malawian economy documented. The work that I am part of through “There is Hope” and “Kibébé” is of important temporary relief to the refugee community, but it does not resolve the agony of statelessness that affects them today and that will be carried like a legacy to their descendants, unless urgent policy changes take place. It is my utmost desire that this research will be utilized to that end.

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Appendices

Appendix 1: Quantitative Survey Questionnaire

Final Thesis: Refugee Enterprise in Malawi
Business Owner Survey

District: Lilongwe Ntcheu Rural

Business Owner Survey	
ExType	What type of business activity are you involved in? (<i>mark all which apply</i>)
	1 <input type="radio"/> I have one or more retail shops
	2 <input type="radio"/> I have one or more wholesale shops
	3 <input type="radio"/> I import goods from other countries, to resell
	4 <input type="radio"/> I sell Malawian goods to other countries
	5 <input type="radio"/> I do large-scale farming
	6 <input type="radio"/> I transport goods within Malawi or within Africa
	7 <input type="radio"/> I own vehicles (bicycle, motorbike, car, minibus) that provide public transport
	8 <input type="radio"/> I lend people money and charge interest
	9 <input type="radio"/> other (<i>please specify</i>) _____
ExSize	In Malawi Kwacha, how much income do you generate in a month (on average)?
	1 <input type="radio"/> 100,000 - 500,000 MK
	2 <input type="radio"/> 500,000 - 1,500,000 MK
	3 <input type="radio"/> 1,500,000 - 3,000,000 MK
	4 <input type="radio"/> 3,000,000 - 6,000,000 MK
	5 <input type="radio"/> more than 6,000,000 MK per month
JobType	If you employ Malawian citizens, what role do they play in your business? <i>Mark all that apply</i>
	1 <input type="radio"/> they help with permits, applications, accounting, and other legal requirements
	2 <input type="radio"/> driver
	3 <input type="radio"/> farmer
	4 <input type="radio"/> sales personnel
	5 <input type="radio"/> other (<i>please specify</i>) _____
JobNo	If you employ Malawian citizens, how many in total do you employ?
	0 <input type="radio"/> I do not employ any Malawians
	<input type="radio"/> I employ _____ Malawians
ExGrow	How often do you invest new finance into growing your activity?
	1 <input type="radio"/> never, I just re-invest part of the profit margin
	2 <input type="radio"/> once a year
	3 <input type="radio"/> every 2-4 years
	4 <input type="radio"/> every 5-10 years
ExFin1	Do you ever give money to people so that they can start or grow a business? (<i>mark all which apply</i>)
	1 <input type="radio"/> I never give money to anyone
	2 <input type="radio"/> I give loans to people, and they pay me back
	3 <input type="radio"/> I give business capital to people that are close to me, just to help them
ExFin2	When you need money to grow your business, where do you get it? (<i>mark all which apply</i>)
	1 <input type="radio"/> I only use my own money (savings)
	2 <input type="radio"/> relatives give me money to help me
	3 <input type="radio"/> I take a bank loan
	4 <input type="radio"/> refugee business people lend me money which I repay
	5 <input type="radio"/> Malawian business people lend me money which I repay

Appendix 2: Semi-Structured Qualitative Interview Questions**Qualitative research interview questions – “extended refugee network”**

In what year did you start doing business in Malawi, and what type of business did you do?

When did you obtain a legal status different than “refugee” and what status was it?

Who gave you the capital to start a business?

Why did you decide to apply for the type(s) of legal status you have held / hold?

What have been positive or negative changes since obtaining the type(s) of legal status you have held / hold?

Has the transition from informal to formal business changed your access to capital finance, such as bank loans?

How has the number and type of Malawian staff you employ changed with the change in legal status?

Gusohora: how does it happen? How many people have you given “gusohora” to?

Qualitative research interview questions – “rural sample”

Why did you decide to go and work in a rural environment?

Why do most people choose to run grocery retail outlets?

Are there obstacles in refugees engaging in commercial farming?

When you got to the village, did you find other grocery retail shops? Were they Malawian? Did you bring competition?

Is there any new competition now?

Did most people start in the city and then come to the village?

