Will I stay or will I go?
An examination of the Australian entrepreneurship ecosystem and the ethnic entrepreneur.

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Abstract
The importance of ethnic entrepreneurship has emerged as an economic, societal and political panacea to the growing number of refugees on the move across the globe. The recent crisis sparked by war in Syria resulted in Australia committing to accept 12,000 refugees. Employing the 2014 World Economic Forum framework, this paper seeks to explore the Australian entrepreneurship ecosystem from the perspective of the ethnic/refugee entrepreneur, to determine whether it is fit for purpose in its present form. At its core, the Australian entrepreneurship ecosystem is comparatively strong in terms of human capital, accessible markets and finance. However, it is relatively weak on the other aspects of the framework, including support systems, regulatory frameworks and infrastructure, education and training, universities as catalysts, and cultural support. Even within the three ‘core’ characteristics of the ecosystem, the Australian ecosystem falls short when examined through the lens of refugee entrepreneurs. Reference is made to the development of a city/region ecosystem (Compass 2015) and recommendations are made to apply the same principles to developing ethnic entrepreneurship clusters that would assist refugees. Additionally, recommendations under the 2014 World Economic Forum framework are made that will assist key stakeholders to understand and develop an entrepreneurial ecosystem that is fit for purpose.

1.1 Introduction
In today’s rapidly changing world, countries need enterprising people who have the willingness and ability to take control of their own lives. Entrepreneurs that are able to turn a vision into reality positively influence the long-term strength of any economy because they are actually creating the industries of the future. In order for entrepreneurs to be able to operate, there needs to be an appropriate entrepreneurship ecosystem present for them to do so. A key component of an ecosystem is the entrepreneur and that entrepreneur can be a native entrepreneur, ethnic/refugee entrepreneur.

Currently there is a nation on the march across South-Eastern Europe. Syrians are leaving their homeland seeking refuge throughout Europe. According to the Red Cross (2015) 16 million Syrians have been displaced since the conflict started 4 years ago. The movement of Syrians out of their own country escalated during 2015 and consequently, Australia announced that it will accept 12,000 refugees from Syria (Henderson and Borrello 2015). This incoming group of educated but resource-poor Syrians will need to gain employment to properly integrate into Australian life. One possible choice will be the creation of their own business to support themselves and their ethnic community. This leads to the focus of this conceptual paper, which is to examine how capable is the current entrepreneurship ecosystem in Australia in sustaining the anticipated influx of Syrian refugees. In order to achieve this aim a number of objectives have been devised and they include:

- To analyse the current ecosystem for ethnic entrepreneurship in Australia
- To explore strategies for developing entrepreneurship ecosystems aimed at supporting refugee entrepreneurs.

The methodological approach adopted for this conceptual paper involves a critical reflection on the entrepreneurship ecosystem literature, along with a systematic analysis of best practice in Australia, with a particular focus on ethnic/refugee entrepreneurs. The World Economic Forum’s (WEF) 2014 entrepreneurship ecosystem model (Drexler and Eltogy 2014) was used as a framework due to its global focus and country analysis, which is appropriate for this study. Reference is also made to the Compass (2015) framework for developing city/regional ecosystems.

1.2 Ethnic Entrepreneurship and its emergence
Ethnic entrepreneurship has been a field of study in European countries since the late 1980’s
though it has its origins in the United States, where the foreign born have been overrepresented in small businesses since the 1880’s (Birdthistle 2012). Ethnic, minority and immigrant are terms used interchangeably by researchers though there are subtle differences amongst the terms. Chaganti and Greene (2002) identify immigrants as recent arrivals in a country. According to Waldinger et al. (1990, p.3) ethnic entrepreneurship is ‘a set of connections and regular patterns of interaction among people sharing common national background or migration experiences’. The term ‘ethnic’ does not exclude immigrant or minority groups. Basu and Altinay (2002) define minority entrepreneurs as being business owners who do not belong to the majority population. They further explain that a minority may not (necessarily) be an immigrant and may not share a strong sense of group solidarity with an ethnic group, in terms of a shared history, language or religion. The variety of definitions indicates the interest in ethnicity and minority entrepreneurship. The broad title ‘ethnic entrepreneur (EE)’ is adopted here as an all-encompassing term.

Refugees form a subset of the EE population. While refugees are not necessarily from a different ethnic group to their host country, in practice, they usually are and in the context of Australia, they always have been. It is therefore argued that refugees face similar challenges to ethnic entrepreneurs from different backgrounds, but the barriers are even more significant, given that refugees are likely to suffer a degree of trauma arising from having to flee their home country. Furthermore, they often have no choice about their country of destination and arrive knowing very little about it, compounding the challenge of integration. The term ‘refugee entrepreneur’ (RE) will be used to identify this subset.

So what motivates EEs to establish a venture? Volery (2007, p.2) in his research identifies that EEs establish a business as an ‘obvious reaction to blocked opportunities in the labour market’. By establishing a business, EEs create their own employment and can overcome some of the many barriers they face when they have relocated to another country. Barriers include the perception that EEs may lack educational qualifications, that they have limited access to relevant social networks for transmitting information on vacancies, and/or that local employers may simply discriminate against them (Rath 2010; Birdthistle 2012). Desiderio (2014, p.2) further supports this by highlighting that ‘both low-skilled and highly qualified migrants may use entrepreneurship as a strategy to overcome obstacles to successful market integration, be those obstacles to accessing qualified employment or to upward occupational mobility’. These definitions are consistent with the concept of ‘necessity entrepreneurship’ identified by the ongoing Global Entrepreneurship Monitor (GEM) cross-national research (Davidsson et al. 2012).

In welcoming EEs to a nation, the host nation needs to be cognisant of the fact that its entrepreneurship ecosystem needs to be tailored for them. A ‘one size fits all approach’ does not work in this case. It is imperative that the ecosystem is tailored for EEs as they will have additional and/or specific issues that native-born entrepreneurs will not have experienced. This is particularly important for REs who, as discussed above, face significant additional barriers to entrepreneurial activity. The next section discusses the entrepreneurship ecosystem and then specifically focuses on each pillar in the Australian context.

2.1 Entrepreneurship Ecosystem

The concept of entrepreneurial ecosystems has recently become a ‘hot topic’ amongst both policy-makers and academics. According to Stam (2015) it has been heralded as a ‘new framework’ accommodating the transition from an entrepreneurship policy towards a policy for an entrepreneurial economy. But what is it? The concept itself does not have an agreed definition. For example, Mazzarol (2015, p.2) explained it is ‘as a conceptualisation of an environment in which the right combination of elements help to foster economic growth through enterprise and innovation’. Stam’s (2015, p.5) definition somewhat reflects
Mazzarol’s views through proposing ‘the entrepreneurial ecosystem as a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship’. Stam (2015, p.5) highlights that ‘geographically an ecosystem could be a city, a region, a country and also other systems, less strictly defined in space, such as sectors or corporations’. In developing an ecosystem at a city/regional basis, one could adopt the model proposed by Compass (2015), which focused on developing high-impact, technology ecosystems in cities and is explained in Table 1 below.

### Table 1: The Evolution of Entrepreneurial Ecosystems from a city/regional basis

<table>
<thead>
<tr>
<th>Phase</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emergence</td>
<td>A city gathers or assembles the necessary resources for a startup ecosystem to come to life. A threshold of critical mass is reached where usually at least a few dozen startups are founded within a few blocks or within a small neighbourhood. Growth is <em>organic</em>.</td>
</tr>
<tr>
<td>2. Activation</td>
<td>Local startup community leaders and policy makers engage in a concerted effort to increase interactions between their local stakeholders and those of best practice entrepreneurship ecosystems elsewhere in order to learn from their experience, knowledge and philosophy and thus accelerate the development of local ecosystems. Growth is still mostly <em>organic</em>.</td>
</tr>
</tbody>
</table>
| 3. Integration| Occurs in two sub-phases: 3a) regional and national and 3b) international.  

#### 3a) Regional/National
Several small or medium-sized exits (of $100-$500 million) that are exciting, unique, or remarkable at a regional or national level attract key stakeholders and resources required for further growth. Growth becomes *inorganic*, fuelled by external resources.  

#### 3b) International
Several very large exits, for instance four to six companies valued at over $1 billion—a valuation threshold that bestows the label “unicorn”. These attract new resources at an international level, including: large corporations in search of new technologies, investors, entrepreneurs, and talent (both managerial and technical) in search of opportunities. Growth becomes *inorganic*, fuelled by external resources. The ecosystem becomes a major driver of national economic growth.  

| 4. Maturity | Growth of resource attraction begins to level off and its relative growth rate, calculated on a larger and larger denominator, inevitably slows down. However, absolute growth in terms of startups and capitalisation value continues to outperform ecosystems at earlier stages. |

Adapted from Compass (2015, pp.9-14)

To examine a nation’s ecosystem, the World Economic Forums (WEF) model can be applied and this is the lens taken in this conceptual paper and it is appropriate due to its country and global focus. According to the World Economic Forum (WEF) (2012) the ecosystem for entrepreneurship comprises of seven pillars (support mechanism, funding and finance, human capital, education and training, regulatory framework and infrastructure, culture and markets). Within 12 months the WEF redeveloped this ecosystem and added another pillar to it: Universities as Catalysts (Drexler and Eltogy 2014). The presence of these pillars does not guarantee an effective ecosystem. It is the targeted nature of these pillars and their complimentary interactions that determines whether they are ‘fit for purpose’. Table 2 identifies the components of each pillar of an entrepreneurial ecosystem, which forms the foundation for this paper.
Table 2  An Entrepreneurial Ecosystem and its Components

<table>
<thead>
<tr>
<th>Entrepreneurship Ecosystem</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human capital and Workforce</strong></td>
</tr>
<tr>
<td>(Management and technical talent, entrepreneurial company experience, outsourcing availability, access to immigrant workforce)</td>
</tr>
<tr>
<td><strong>Accessible markets</strong></td>
</tr>
<tr>
<td>(Domestic and foreign markets (large companies as customers, governments as customers, SMEs as customers))</td>
</tr>
<tr>
<td><strong>Funding and Finance</strong></td>
</tr>
<tr>
<td>(family and friends, angel investors, private equity, venture capital and access to debt)</td>
</tr>
<tr>
<td><strong>Support Systems</strong></td>
</tr>
<tr>
<td>(mentors, advisors, incubators, accelerators, network of peers)</td>
</tr>
<tr>
<td><strong>Regulatory framework and Infrastructure</strong></td>
</tr>
<tr>
<td>(Ease of starting a business, tax incentives, business-friendly legislation/policies, access to basic infrastructure, access to telecoms, broadband, access to transport)</td>
</tr>
<tr>
<td><strong>Education and Training</strong></td>
</tr>
<tr>
<td>(Available workforce with pre-university education, available workforce with university education, entrepreneur specific training)</td>
</tr>
<tr>
<td><strong>University as catalyst</strong></td>
</tr>
<tr>
<td>(Major universities: promoting a culture of respect for entrepreneurship, playing a key role in idea formation for new companies and playing a key role in providing graduates for new companies)</td>
</tr>
<tr>
<td><strong>Cultural support</strong></td>
</tr>
<tr>
<td>(Tolerance of risk and failure, preference for self-employment, success stories/role models, research culture, positive image of entrepreneurship, celebration of innovation)</td>
</tr>
</tbody>
</table>

Drexler and Eltogy (2014, p.7)

2.2  Australia’s Ecosystem for Entrepreneurs

For this paper the level of analysis is on a country basis i.e. Australia. The US is included here as the benchmark with high scores across all pillars. The UK and Ireland are included as European countries that have historical links and institutional similarities to Australia. Pakistan also has historical links to the UK and a sizeable Chinese ethnic community. Singapore has two minority ethnic groups Malays and Indians, and was once a British colony. Mexico is included here, as in common with Australia, it is a member of the Asia-Pacific Economic Cooperation, among others and also has indigenous peoples, recognising a total of 56 different groups. According to Drexler and Eltogy (2014) not all countries have strengths when it comes to the pillars of the entrepreneurship ecosystem and Table 3 provides evidence of this for a given set of countries. The higher percent pillar score per country indicates the nation that readily provided the pillar content and the lower percent indicates the opposite.

When compared overall, Australia fares poorly with an average score of 53% for the eight pillars, with only Pakistan and Mexico scoring lower. The U.S. not surprisingly, comes in first in six of the eight pillars with an average score of 77%. The UK and Singapore have average scores that place them 2nd and 3rd. What is evident is Australia has no pillar in the 90% range, only two pillars in the 70% range with the majority falling between 50% and 20%. Drexler and Eltogy (2014, p.4) reported that entrepreneurs cited the first three pillars (human capital workforce, accessible markets and funding and finance) as of “pivotal importance”. On these three pillars, Australia rates third behind the USA and the UK. This suggests that Australia has a strong core entrepreneurial ecosystem. However, an analysis of the remaining five pillars highlights weaknesses in the Australian ecosystem, which places it 5th (39%) after the USA, UK, Singapore and Ireland and only marginally ahead of Mexico.
The following section will explore, from an Australian perspective, each of the pillars in the context of supporting REs.

### 2.2.1 Human Capital and Workforce
A number of studies have identified a positive relationship between an entrepreneur’s preceding work experience as an employee and their business development (Bosma et al 2004;
Previous employment experience in the host country increases immigrant’s knowledge of the business environment, leading to better access to information, human capital and funding from formal institutions (Basu et al 2008). Supportive of this, Deakins and Whittam (2000, p.116) purport that “the formation of business ideas and the ability to establish a successful business will be affected by the entrepreneur’s past experience, training, education and skill development.” Chaganti and Greene (2002) suggest that less experienced entrepreneurs have reduced opportunities for success and tend to concentrate exclusively on ethnic markets. A lack of managerial experience and poor business skills are confirmed as key reasons for the failure or poor performance of ethnic businesses (Birdthistle 2012). This suggests that opportunities to enter the workforce generally should be part of the support system for refugee entrepreneurship so as to get an understanding for how business is done in Australia before starting out on their own.

Australia’s high ranking may offer advantages for the integration of highly educated REs (provided their qualifications are recognised in Australia). However, it may actually present an additional barrier for those with limited education as entering a relatively highly-educated country, coupled with language barriers, increases their disadvantage in entering either the workforce or self-employment. While Australia offers some incentives to high-calibre business migrants (such as the Business Talent Visa for high-calibre business owners or people who have sourced venture capital (VC) (Collins 2008)), or to migrants willing to work in regional or rural areas (the Regional Established Business in Australia visa), this offers no benefit to refugees who already hold permanent residency status. Furthermore, the Refugee Council of Australia finds that refugees face particular barriers to entering the local workforce, thus reducing their opportunities to gain the local work experience to help them integrate.

2.2.2 Accessible Markets
Ethnic entrepreneurs (EEs) mainly cater for customers in their own [ethnic] enclave. Krieger (2011, p.47) states that EEs need to be ‘encouraged to break out of these captive markets’. In order to get out of this mind-set, EEs need to adopt marketing methods to attract customers from all communities. The capacity to expand into markets beyond their limited enclave is linked to the skill level of the EE (Chaganti and Greene, 2002). Previous waves of refugees entering Australia have indeed established their own ethnic enclaves. For example, the 1970s/80s influx of Vietnamese ‘boat people’ established vibrant communities in major cities (Cabramatta in Sydney, Richmond and Footscray in Melbourne). As well as catering to their local ethnic community, they have integrated into the general community through food businesses which make Sydney and Melbourne world-renowned for varied, authentic and affordable cuisine from a wide variety of cultures. Saunders (2011) identified such enclaves as ‘arrival cities’, which are clusters of migrants (internal or from overseas) on the outskirts of large cities. Though often regarded negatively as ‘ghettos’, Saunders argued that they were in fact the foundation of thriving entrepreneurial communities, founded on the social capital developed among their inhabitants.

Liberal MP Philip Ruddock, recently quoted on ABC, has warned against the ‘ghettoising’ of the Syrian refugees, who according to him are expected to be resettled in Sydney and Melbourne (Conifer et al 2015). He went on to say that locating refugees within existing ethnic communities can provide a solid foundation of social supports, bolstered by the appropriate government integration initiatives. The Australian government has no specific incentives for EEs, but does assist entrepreneurs in general in developing an export strategy through providing an Export Market Development Grant (Morle et al 2012, p.15).
2.2.3 Funding and Finance
Accessing finance, especially in today’s economic environment, is a major challenge, particularly for EEs who are now faced with a completely different financial environment to that she/he experienced in her/his home country. According to the OECD/European Commission (2014 p.114) EEs use informal or community based funding mechanisms to secure financing. These sources are often limited to relatively low amounts therefore they tend to downsize their business plans to take this into account. This is why the European Commission established such policies as the Competitiveness and Innovation Framework Program (CIP), the lending and investment programs devised by the European Investment Bank, and the European Investment Fund. Microcredits are small bank loans to assist people who have no collateral and/or who have no access to common bank credit. This scheme is quite new to Europe, since it was first propagated in regions such as India and South America. The European Commission sought to improve the availability of microloans for small businesses and for socially excluded people who wish to become self-employed, such as EEs. The Joint Action to Support Microfinance Institutions (JASMINE) was therefore founded and has been extended to operate from 2014-2020. Microcredit schemes have become widespread throughout the EU and EEA (European Microfinance Network 2011).

Australia provides a multitude of government grants which may be provided at federal, state/territory, or local government level, through a range of different government portfolios. Keeping track of them though is a challenge and for entrepreneurs identifying those relevant to their own business presents a significant challenge. Some grants potentially useful to REs include the ‘No Interest Micro-business loan’ grant in Tasmania, which provides an interest-free loan for the development of a business idea into a practical proposal. However there are eligibility criteria such as the need to have a Health Care Card and have a completed business plan (Australian Government 2015a). In other cases there are restrictions based on the minimum threshold or operating expenditure threshold i.e. AUD$750,000 for SME businesses, which is prohibitive to newly established businesses. Collins (2008) identifies the New Enterprise Incentive Scheme (NEIS) as a federal scheme that EEs can avail themselves of. Overall, it was difficult to find a targeted grant/funding scheme for EEs at a federal level. Australia has been found to lag behind other innovation driven economies in terms of government programs (Davidsson et al. 2012, p.20). For refugees, arriving with no savings and no assets, access to even the smallest seed funding presents significant challenges. Microfinance addresses this need, but is underdeveloped in Australia. The Department of Social Services lists a very limited number of microfinance and matched savings initiatives, only one of which – Good Shepherd Microfinance - appears to be traditional microfinance (DSS 2015).

2.2.4 Support Systems
A significant obstacle for any new entrepreneur is their lack of familiarity with regulations and procedures when starting their business. EEs are, however, particularly disadvantaged in this regard due to lower education levels and language barriers. Occasionally, measures provide material assistance, for example incubation units/programs. One would question how well this particular measure is being achieved as Krieger (2011) found that a challenge that many EEs face is finding a location, such as office space, manufacturing space and/or a shop. In relation to networking, Krieger (2011, p.48) notes that ‘initiatives to improve connections between SMEs may be generic, targeting entrepreneurs regardless of origin’.

The US, UK and Pakistan rank the highest when it comes to support systems with Australia coming fourth. This pillar involves the networks of peers, mentors and professional advisors that surround entrepreneurs. Incubators and accelerators are a good indicator of support systems; since they seek to concentrate all of these in a single location. The rationale for incubators and accelerators is to kick-start high growth potential start-ups, however some
doubt has been expressed as to how effective this model is in the absence of a robust venture capital sector to provide follow-up funding on graduation (Mazzarol, 2015). Kinner (2015, p.13) supports this by identifying that the availability of venture capital is a measure of how supportive a country’s ecosystem is. He found that Australia barely registers on the radar when comparing domestic venture capital investment with that of its global counterparts.

It is questionable whether many of the incubators and accelerators in Australia would offer useful support to REs, except for those who speak English and have an entrepreneurial and/or STEM background – i.e. those who are least in need of support. A recent discussion paper highlights that the accelerator model does not suit all businesses, particularly those that do not require significant seed capital, but nevertheless benefit from support during the vulnerable start-up stage (Webb 2013). Incubators, often known as ‘enterprise centres’ or ‘hubs’ are still commonly found in Australia, usually supported by local government, providing working spaces, advice, mentoring and networking for slower-growing, organically financed start-ups. Ethnic communities support their members with education and mentoring through a range of NGOs, many of them affiliated with the Federation of Ethnic Community Councils of Australia (FECCA). However, these NGOs themselves are under threat through reduction or removal of the small grants on which they rely, such as the Settlement Grants Program (becoming harder to access), the Migrant Communities Employment Fund and the Building Multicultural Communities Fund (both recently discontinued) (FECCA 2014a). Finally, the NEIS program (referred to in section 2.2.3) provides ongoing mentoring as well as other supports.

2.2.5 Regulatory Framework and Infrastructure

To increase the success of entrepreneurial measures, appropriate policies and programs should be developed to spread the entrepreneurial culture and to encourage people to be entrepreneurs. According to Vonk and Ribbink’s (2008) and the European Commission’s (2000) study of ethnic entrepreneurship policies in Europe they were able to identify 146 policy measures which offered services that led to the strengthening of human, social and/or financial resources which enables the EE to be empowered. The main focus of these policies is on enhancing the human capital of entrepreneurs through training, counselling and information services. They found that interventions fostering social networking explicitly are small in number, however many promote networking implicitly instead. Fewer measures focus on providing financial services, but in fact, many programs facilitate access to finance by strengthening the entrepreneur’s skills and knowledge.

Australia scored 54% when it came to ‘Regulatory framework and Infrastructure’ and only two percent greater than Mexico. According to (then) Treasury officials Kukoc and Regan (2008, p.6) weaknesses of the Australian government are the absence of indicators and accurate, internationally comparable data that reflects the innovative nature of entrepreneurship and distinguishes it from ordinary business activities. Furthermore, without such data it ‘is difficult to draw firm conclusions about the true level of entrepreneurial activity in Australia or any other country or improve the quality of public policy initiatives aimed at supporting this activity’. Kinner (2015, p.61) identifies that Australia is the only country in the OECD that does not have a science and innovation strategy and lacks a consistent narrative about how the country will transition to a knowledge-intensive economy.

The World Economic Forum (WEF) identified that Australia’s infrastructure ranked 18th out of 148 nations, an improvement on its ranking of 20th in 2012 (Schwab 2013). However, it highlighted that Australia lags behind the world’s best practice (i.e. Hong Kong – ranked 1st; Singapore 2nd; Germany 3rd). When defining a ‘well-developed infrastructure’ Schwab (2013, p.5) broke this down to mean a well-developed transport and communications network; an effective mode of transport including quality of roads, ports and air transport;
unimpeded businesses and factories in terms of electricity supplies and a solid extensive telecommunications network. Table 4 below provides a snapshot of the infrastructure and regulatory framework for Australia.

Table 4: Regulatory Framework for Australia (adapted from Mazarrol 2015 and Schwab 2013)

<table>
<thead>
<tr>
<th>Infrastructure Aspect</th>
<th>Rating/Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Startup process duration</td>
<td>2.5 days</td>
</tr>
<tr>
<td>No. of procedures required to start up a business in Australia</td>
<td>3</td>
</tr>
<tr>
<td>Internet adoption rate</td>
<td>34/148</td>
</tr>
<tr>
<td>Road infrastructure quality</td>
<td>40th</td>
</tr>
<tr>
<td>Railroad infrastructure quality</td>
<td>33rd</td>
</tr>
<tr>
<td>Port infrastructure quality</td>
<td>42nd</td>
</tr>
<tr>
<td>Air transport infrastructure quality</td>
<td>30th</td>
</tr>
<tr>
<td>Compliance costs for trading across borders</td>
<td>11 separate payments</td>
</tr>
<tr>
<td>Export permits documents required</td>
<td>5</td>
</tr>
<tr>
<td>Import permits documents required</td>
<td>7</td>
</tr>
<tr>
<td>Average cost per container shipped from Australia</td>
<td>US$1,150</td>
</tr>
<tr>
<td>Average cost per container imported from Australia</td>
<td>US$1,170</td>
</tr>
<tr>
<td>Time to import/export goods</td>
<td>Double</td>
</tr>
<tr>
<td>Company tax rates</td>
<td>30%</td>
</tr>
<tr>
<td>OECD average tax rates</td>
<td>25.6%</td>
</tr>
<tr>
<td>Restrictive labour regulations</td>
<td>47%</td>
</tr>
<tr>
<td>Inefficient government bureaucracy</td>
<td>47%</td>
</tr>
<tr>
<td>Pay as you go tax system</td>
<td>11 separate payments</td>
</tr>
<tr>
<td>SME turnover under $2m</td>
<td>Cash accounting</td>
</tr>
<tr>
<td>Incentives for small and new businesses</td>
<td>Immediate asset deductions up to $20,000</td>
</tr>
<tr>
<td>Professional costs associated with startup</td>
<td>Australian Government 2015b</td>
</tr>
<tr>
<td>SMEs with turnover under $2m can operate cash rather than accrual accounting</td>
<td></td>
</tr>
</tbody>
</table>

In relation to Australia’s infrastructure there is room for improvement. When compared to Singapore and New Zealand in terms of cost of trading across borders, paying taxes and registering property, Australia performs badly. When compared to the OECD average, Australia’s compliance costs for trading across borders were found to be worse. For securing export permits it takes five separate documents and for imports seven documents. Mazzarol (2015, p.4) also highlights that ‘the average cost per container shipped from Australia was around US$1,150 and US$1,170 per container for imports. This compared to US$440 per container in Singapore and US$870 (export) and US$825 (import) for New Zealand. Additionally, the length of time it takes to import/export goods is double that when compared to Singapore (8-9 days compared to 4). Therefore for EEs who import produce from their home nation, this is an expensive and lengthy business activity for them.

Though not the highest in the world, Australia’s company tax rates are around 30% when the OECD average is 25.6%. Schwab (2013) highlights the top four problematic factors for doing business are restrictive labour regulations; inefficient government bureaucracy and tax rates and tax regulations. Mazzarol (2015) highlights that Australian businesses pay 47% of annual profit in taxes, it takes some 105 hours per year to complete and it takes 11 separate payments to complete. In Singapore its significantly less i.e. 17% in taxes, 82 hours per annum to complete and only 5 taxes are paid each year, therefore there are ‘like with like’ nations that Australia could learn from. In relation to legislation, Collins (2008, p.56) found that many EEs in Australia who contributed to his findings complained of the difficulty of having to work their way around the bureaucratic maze of legislation, red tape and policy developments that impacted on their business.

The Australian tax system does offer some incentives to small and new businesses including: reduced tax rates whether incorporated or sole trader, immediate asset deductions up to $20,000, and of professional costs associated with startup (Australian Government 2015b). In addition, SMEs with turnover under $2m can operate cash rather than accrual accounting, which is more aligned to the viability of startups and any SMEs with a lengthy cash conversion cycle.

2.2.6 Education and Training

Allison et al. (2015, p.3) found that throughout Europe the approaches to entrepreneurship teaching and learning are diverse and that ‘more sophisticated, fully integrated approaches are becoming embedded in the student experience, in particular involving them in real-life situations and market requests and developments faced by industry’. Furthermore, they highlight that interdisciplinary and multidisciplinary experiences are important for students
engaged in entrepreneurship and innovation’. The University of Limerick in Ireland is an example of this in practice. Hynes et al. (2011) reviewed a practice based, interdisciplinary module, which enhanced the collaboration between educational institutions and the small business community, which has resulted in a more employable, well rounded and skilled graduate. Furthermore, having migrant students enrolled in university has proven to be beneficial to a nation. For example, Hunt and Gauthier-Loiselle (2008) found that a 1.3% increase in the migrant population of college graduates in science and engineering courses caused a 20% increase in patents per capita.

Once accepted as refugees to Australia, refugees have access to normal welfare programs, including unemployment benefit, making them eligible for NEIS, delivered through the national network of Technical and Further Education (TAFE) colleges and aims to move participants from unemployment to self-employment. Participants undertake the Certificate IV in Small Business Management course (3 months) and receive ongoing income for the next 9 months. They also receive 12 months of business mentoring.

According to Oliveira and Rath (2008, p82), EEs are often associated with a wide array of problems, notably a general lack of business management skills and competences, and often also a poor grasp of the host country’s language. Clearly refugees need to have adequate English and basic education to complete training successfully. Such education is available in Australia, but there are difficulties with access to it as highlighted by FECCA (2014b) who has identified many barriers facing new communities attempting to integrate into education and employment and these include: poor English skills; lack of local networks; vulnerability due to trauma; low levels of education/training; non-recognition of prior education/experience; dealing with unfamiliar government structures; and discrimination.

2.2.7 Universities as Catalysts
This pillar is the newly added dimension to the entrepreneurial ecosystem. Though entrepreneurship education offerings have grown significantly globally in the past decade, this trend is not evident in Australia (Maritz et al 2015) and this is possibly reflective of the low score attributed to it (38%). Currently two Australian universities offer a Masters in entrepreneurship, with an additional 13 postgraduate programs offering at least 50% of their content in entrepreneurship (Maritz et al. 2015). However to gain entry onto these programs requires previous work experience and a recognised undergraduate/professional qualification. Endowed chairs, common in the US are largely absent in Australia (Kinner 2015). Furthermore, Kinner (2015, p.27) explicitly states that Australia’s startup ecosystem is immature and that it is ‘important that educational programs focus on imparting core skills’. Additionally, Kinner (2015, p.12) highlights that ‘entrepreneurship education in most Australian universities is delivered by academics with limited first-hand experience of entrepreneurship’. He suggests that to engender a culture of entrepreneurship on campus ‘it is essential that senior leaders actively promote the cause and engage the university community in a dialogue about the role of entrepreneurship in the university’ (Kinner 2015, p.47).

REs are likely to encounter significant barriers accessing even those university programs that exist. Swinburne University of Technology in Melbourne, has recognised this challenge and has engaged in dialogue with the Refugee Council to discuss the Syrian refugees that are coming to the region soon. It has designed a ‘Taster’ program that will introduce the vocational courses it has available to the refugees and to other ethnic groups. To make members of the ethnic community feel welcome, Swinburne University has developed a ‘Welcome Tree’ which has words of welcome from members of the wider community. Furthermore, Victoria University offers the John Byrne Scholarship for Refugees, which aims to support a recent refugee who is undertaking TAFE studies at the university. The Ignite program, an initiative of Migrant Resource Centres in New South Wales has taken 129 REs from 25 different countries
(Collins 2015). Programs like this and *Stepping Stones* are being hailed as a key component of Australia’s response to integration of the anticipated Syrian refugees.

### 2.2.8 Cultural support

According to Singer et al (2014) if a country wants to be more proactive in developing an entrepreneurial culture, it is relevant to implement consistent policies and programs on restructuring the capability of the education system toward providing entrepreneurial competences as a kind of transversal skill for everyone. The UK government has recognised the importance of this by dedicating one day in the school calendar so that all secondary school children do ‘enterprise’ for the day. The European Commission supports the *European Day of the Entrepreneur* which includes activities for youth, public, politicians and it is a tool that is used to promote entrepreneurship in order to create growth in jobs. As mentioned previously, Australia is the only country in the OECD that does not have a science and innovation strategy, however moves are afoot to change this. In 2015, the Australian government has proposed to ‘refocus its industry policy to drive entrepreneurship and innovation’ (Australian Government 2015a).

Singer et al (2014, p.12) found that on a global basis, African and North American economies display a greater entrepreneurial culture when compared to EU economies. They attributed this to the *value of high status attributed to successful entrepreneurs* found in these two economies and which was additionally supported by high media attention for entrepreneurship. They found that EU economies showed the lowest social values towards entrepreneurship in terms of (i) being a desirable career choice, (ii) being associated with high social status and (iii) being the focus of positive media attention. An example of positive media attention is the ‘Ethnic Entrepreneur of the Year Awards’ in Ireland, which aims to reward members of ethnic minority groups for their work in establishing business and social projects throughout the country and has been in operation since 2007. This awards program gets national airtime on the television, newspaper and radio.

Australia’s low rating of 29% on Cultural Support is surprising, placing it well behind culturally similar countries such as Ireland (42%) and England (40%) and only just ahead of Pakistan (25%) and Mexico (22%). Furthermore, it is at odds with Davidsson et al’s (2012) GEM findings which indicated that 53% of Australians thought entrepreneurship was a desirable career choice, 67% felt successful entrepreneurs had high status and 73% found media attention to entrepreneurship positive. The contra position may be explained by Australia’s attachment to the ‘tall poppy syndrome’, whereby the ‘very successful’ may be regarded with envy and suspicion and there is enjoyment at seeing them fall from grace. It is unlikely, however, that portrayals of entrepreneurs in the media have much influence on REs, as they fall into the category of ‘necessity entrepreneurs’ (Reynolds et al., 2001 p.56). Hindle and Klyver (2006) found no significant relationship between entrepreneurial activity and positive media, except for a reinforcing effect for opportunity-driven startup founders.

### 3.1 Conclusion and Recommendations

The conclusions that can be drawn from this conceptual paper is that; at its core, Australia has the foundations of a positive entrepreneurship ecosystem i.e. strong human capital workforce, accessible markets and funding and finance. However, when these three pillars are specifically examined for ethnic/refugee entrepreneurs, the paucity of services and supports are apparent. In relation to the remaining five pillars, the weakness of this sub-group of pillars drags the core group down from a ranking of 3rd place (behind USA and UK) to 5th place. Clearly, concentrating on ameliorating the weak features of these pillars will have the effect of improving the positive potential for all Australian-based entrepreneurs, irrespective of nationality/ethnicity. Therefore, Australia needs to be more aware of its failings in terms of its
mentoring and advisory supports, it needs to be even more pro-(small) business; it needs more entrepreneurship training and both more widespread and more accessible University programs.

The conclusion therefore suggests that the Australian entrepreneurial ecosystem for REs is not fit for purpose. To develop a more suitable RE ecosystem requires an understanding of how entrepreneurial ecosystems develop. Compass (2015) identifies four stages of the evolution of entrepreneurial ecosystems and these were described in Table 1. The Compass (2015) framework is specifically based on a detailed study of the evolution of high-impact, technology startup ecosystems, however we believe it can be tailored for an ethnic/refugee entrepreneurship ecosystem. Our research suggests that there are no RE ecosystems anywhere in Australia that have yet graduated from the Emergence phase in Compass’s (2015) model. The requirements of the Emergence phase is a community of tenacious, visionary REs and mentors who won’t let the lack of support and resources get in the way of creating new businesses. One of the best ways to foster a vibrant RE community is to nurture it with many types of events: workshops, meet-ups, and events such as microbusiness Startup Weekends. These events are powerful because it is critical that REs meet each other face-to-face, form bonds, share tips and challenges, and feel the support and camaraderie of their fellow REs on their journey. Having a social support structure composed of other REs who can empathize and commiserate through the vicissitudes of the business startup journey is critical for the success of startups, especially in a newly forming RE ecosystem (Compass, 2015).

There are however, promising signs of the development of systematic capability in supporting ethnic/refugee entrepreneurial activity. At grassroots level, this is mostly conducted by small or micro NGOs; supported by government grants, donations and community volunteers. The Refugee Council of Australia acts as an umbrella organisation supporting its members. Unfortunately these organisations are themselves struggling to survive due to dwindling government grants and increasing bureaucracy to obtaining them (FECCA 2015b).

The Ignite program demonstrates one of the key characteristics of the Activation phase. However, it must be noted that this program depends on NGO entrepreneurs to drive it. While RE enterprise development programs are always likely to be driven by a passionate and capable few, governments and the corporate sector could do more to support them. The entrepreneurial people behind such programs are usually highly skilled at networking, finding resources and making the best use of them. But they are necessarily limited in their impact by being dependent on their own time, energy and personal networks. Government programs and corporate partners can provide essential resources to help RE facilitators such as Ignite’s Violet Roumeliotis to scale up their operations, just as the Activation phase of the Compass model requires. Using the WEF pillars, the following are recommendations to foster ethnic/refugee entrepreneurship ecosystems in Australia:

**Pillar 1: Human Capital and Workforce:**
- Support ethnic/refugee community organisations to mentor ethnic entrepreneurs with no prior business background by matching them with experienced entrepreneurs.
- Expand the visa system to target STEM students for undergraduate and postgraduate programs. There is evidence to show that with an increase in the migrant population in science and engineering courses leads to a reciprocal increase in patents per capita.

**Pillar 2: Accessible Markets**
- To minimise the ghettoising of refugees, consider the supports that the community can provide along with the necessary government supports. For example there is an historical symbiotic relationship between the Lebanese community and the Syrian community.
- Marketing training programs specifically for ethnic/refugee entrepreneurs should be made available to help them expand beyond their own ethnic community.
Pillar 3: Funding and Finance
- Increase the availability of microfinance, to begin with, aiming to match the relatively widespread availability in Europe and other regions. This scheme could be linked to mandatory training on the regulatory and tax regime in Australia.
- An overhaul/review of the funding and finance schemes needs to be undertaken to ensure that all stages of business growth are catered for and that the programs are much more inclusive as there are currently restrictions on size and turnover.
- Provide low level funding where the bank acts as guarantor.

Pillar 4: Support systems
- Increased support for connecting existing communities and organisations through umbrella bodies such as RCOA and FECCA and the network of Migrant Resource Centres. For example, local or state government funding for events that would bring the RE community and their supporters together.
- Targeted advice, in multiple languages is required.
- Raising awareness of RE activity and its contribution to economic and social capital, in order to attract volunteer advisers and mentors, and to encourage established organisations to find ways to work with RE businesses (for example at the second author’s local primary school a group of Somali refugee women provide cooked meals three days a week).

Pillar 5: Regulatory Framework and Infrastructure
- In the proposed 2015 redesign of the Industry policy it should be explicit that data is gathered on a yearly basis to enable global comparisons to be conducted.
- Streamline the tax compliance bureaucracy and the bureaucracy around importing and exporting through the investment in IT systems and hiring more compliance officers.
- Offer tax credits/incentives to hire ethnic minorities.

Pillar 6: Education and Training
- Recent refugees should be supported in their endeavours to educate themselves with regard to language skill development and programs about integration into Australian society.
- Review the Vocational Training education uptake and explore ways to reduce the barriers to this important pillar.

Pillar 7: Universities as Catalysts
- Embed within the curriculum a focus on ethnic entrepreneurship.
- Devise a transition program that will help refugees to access higher education.
- Encourage senior leaders to debate the issue of entrepreneurship.

Pillar 8: Cultural support
- Make better use of social media to promote the positive aspects of owning one’s own business and/or being an ethnic entrepreneur and how they contribute positive to society.
- Produce a TV series that is similar to SBS’s highly successful series ‘Go Back To Where You Came From’ and have the program focus on local and ethnic entrepreneurs.

In relation to recommended next steps, the following are recommended:
- A comparison needs to be conducted, comparing and contrasting more countries using the WEF framework, therefore broadening the study.
- Since the entrepreneurship ecosystem is still new it is imperative to review the developing ecosystem frameworks and apply them to nations.
- A key next step in the application of the WEF framework to ethnic entrepreneurs is to use the eight pillars as the basis for an interview schedule. Using this interview schedule EE from a variety of ethnic groups should be interviewed.
- Finally, the next step is to compare and contrast other EE groups in Australia and contrast their views on the eight pillars.
References


