Asylum Seeker Entrepreneurs in Israel

By Rebeca Raijman and Anda Barak-Bianco

Department of Sociology and Anthropology, University of Haifa, raijman@soc.haifa.ac.il; anda.barak@gmail.com

This paper focuses on the business experiences of African asylum seekers and refugees in Israel. Our main purpose is to understand how Eritrean and Sudanese asylum seekers with marginal and precarious status manage to open and operate a business in a hostile socio-economic and political environment. The arrival of this new group of immigrants in Israel is a relatively new phenomenon, starting in 2005, when tens of thousands of asylum seekers, crossing the long shared border with Egypt on foot, entered the country illegally (Afeef 2009; Paz 2011; Yakovi 2010). The vast majority of these “Infiltrators” – as the Israeli authorities refer to them – are either citizens of Eritrea, fleeing from a brutal authoritarian regime, or citizens of Sudan, escaping civil war in their country. Although unwelcome, the state was unable to deport them back to Eritrea and Sudan due to the “non-refoulement” principle. Asylum seekers were awarded temporary collective protection, which prevented their deportation but, at the same time, put them in an extremely vulnerable and liminal situation.

While state policy towards asylum seekers has been the focus of several academic studies (see, for example, Afeef 2009; Kritzman-Amir 2009; Berman 2012; Yaron/Hashimshony-Yaffe/Campbell 2013; Kritzman/Berman 2011) the personal experiences and strategies for socio-economic survival of this unique immigrant group have been neglected (Yakovi 2010). We aim to fill this gap by focusing on the entrepreneurial experiences of Eritrean and Sudanese business owners in the restaurant sector in the south of Tel-Aviv. In light of their unique legal status, we examine the motives, difficulties and barriers involved in setting up, as well as their coping strategies in operating their businesses.

The Israeli Setting

Israel is a society of immigrants and their offspring. At the end of the twentieth century, two out of three members of the Jewish majority were foreign-born (40 percent) or second-generation (30 percent) (Raijman/Kemp 2010). Israel relies exclusively on the system of jus sanguinis (right of blood) to determine the citizenship status of immigrants and their descendants. Israel’s claim to be the homeland of the Jewish Diaspora characterizes its Jewish newcomers as “returning ethnic immigrants.” The centrality of the idea of immigration as a “return” from the Diaspora is reflected in Israel’s Law of Return (1950, revised 1970) and Law of Nationality (1952). These laws create a legal framework that grants to Jews and their children and grandchildren the right to settle in Israel and the right to Israeli citizenship immediately upon arrival. Jewish immigrants do not have to go through a naturalization process, because “Israeli citizenship law views returning Jews as already belonging to the constitutive community; that is, they are considered to have a status equal to Israeli-born citizens” (Shachar 1999: 236).

Until the 1990s, the main immigration flows to Israel were of Jewish ancestry, arriving under the Law of Return. However, since the beginning of the 1990s there has been a significant flow of labor migrants (documented and undocumented) and asylum seekers from Africa. Labor migration has become a significant feature of Israel society since the mid-1990s, when a managed migration scheme for low-skilled foreign workers was enacted to replace Palestinian commuters from the Occupied Territories (Raijman/ Kemp 2007: 31–50). Labor migrants were formally recruited for three main sectors: construction (mainly from Romania, Turkey, Bulgaria, and China), agriculture (mainly from Thailand), and long-term care (mainly from the Philippines, but lately also from India, Nepal, and Sri Lanka) (Kemp/Raijman 2008). Documented and undocumented labor migrants accounted for 7 percent of the total labor force in 2010 (Central Bureau of Statistics 2011). Most of the recruited immigrants tend to return to their countries of origin, with a fairly small percentage remaining with illegal status in Israel (16 percent, according to the Population, Immigration and Border Authority – PIBA, 2014).

In addition, since 2005 a new migration flow has become evident as African asylum seekers cross the Egyptian-Israeli border clandestinely. Until 2006, roughly 1,000 asylum seekers had entered Israel, while in 2007 and 2008 the estimated number of asylum seekers was 5,000 and 8,700, respectively. The peak influx was in 2010–2011 when more than 14,000 African asylum seekers entered Israel.
each year (PIBA 2012; Natan 2012). Recently, however, since the completion of a fence along the Egyptian border, the number of arrivals has decreased dramatically. By the end of September 2014 asylum seekers comprise 47,137 persons, 19 percent from Sudan, 73 percent from Eritrea and the rest from other countries in Africa (PIBA 2014).

In summary, the 1990s brought new kinds of immigrants hitherto unknown in the Israeli context, transforming the ethno-national mosaic of Israeli society. The changing composition of the ethnic landscape poses new challenges both to the collective identities in Israel as well as to patterns of social inequality based on citizenship and legal status. The Israeli regime of incorporation reflects a double standard: an exclusionary model for non-Jews versus an “acceptance-encouragement” model for Jews. The current immigration regime is highly exclusionary towards non-Jews not covered by the amended Law of Return, removing a priori any possibility of incorporation into the society and the polity. Unwillingness to accept non-Jewish immigrants is expressed through exclusionary immigration policies (especially restrictions on family reunion and refusal to grant residence and refugee status) and restrictive naturalization rules. The social climate towards this group of newcomers is hostile, especially in the southern neighborhoods of Tel Aviv, where most asylum seekers concentrate.

Anti-foreign sentiments, hitherto lying beneath the surface, erupted in May 2012 when more than a thousand Israelis protested against the way the government was handling the issue and demanded the removal of the asylum seekers from the southern areas of Tel Aviv. The demonstration held in the Hatikvah neighborhood turned violent as the participants began attacking asylum seekers, as well as many of the stores owned by Eritreans and Sudanese in this location. Following this protest at least seven serious assaults were committed against sub-Saharan Africans, including firebombs thrown into residences, an attack against a preschool facility attended by children of asylum seekers, and setting fire to an apartment in Jerusalem where seven Eritrean and Ethiopian migrants were living (Human Rights Watch 2012). It is within this highly exclusionary policy and hostile social climate that we should understand the marginal status of asylum seekers in Israel.

African Asylum Seekers in Israel

Israel is a signatory of the 1951 Convention relating to the Status of Refugees and the 1967 Protocol and a member of the Executive Committee of UNHCR (ExCom). The proximity between the Refugee Convention and the Second World War and the Holocaust led Israel to take an active and leading part in drafting the Convention, and it was among the first countries to sign and ratify it. By doing so, Israel undertook to grant asylum to any person entering the country “owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion.” However, the state has failed to adjust those international commitments and elaborate an appropriate constitutional-legal infrastructure and up to the year 2005 it was not a real necessity. Since the mass arrival of African asylum seekers, Israel – lacking any constitutional, legal or procedural response – tried to deal with the increasing flow by choosing a “trial and error” approach (Paz 2011). It acted inconsistently, without prior planning, applying mainly preventive and deterrent solutions.

Eritrean and Sudanese asylum seekers are given “temporary protection” or “delay in deportation” according to the non-refoulement principle of the Refugee Convention. Due to this collective shield the state refuses to consider individual applications for asylum and rejects sole requirements for refuge. As a result, this population finds itself living in limbo, in a liminal condition; on one hand, they are prevented from asking for refugee status and holding the rights that derive from that, while on the other hand they are not awarded any rights, except the right not to be deported. At the present time asylum seekers from Eritrea and Sudan are denied welfare rights, social rights or economic rights, including freedom of work.

State policies do not consider the needs of the asylum seekers and deal mainly with deportation, detention, increased retention along the border, returns back to Egypt (hot return), forced geographical allocation and coerced “voluntary” departure (Gerver 2013). A fence has been built along the Israeli-Egyptian border, as well as two detention facilities, Saharonim and Holot, near the border with Egypt.

Summarizing, even now, more than eight years after the arrival of the first asylum seeker, Israel lacks an asylum policy and programs to provide a multisystem solution to
this unique community. Most of the efforts are still directed to preventive and deterrent channels.

Entrepreneurship among Immigrants

Although entrepreneurship among immigrants and minority groups has attracted a lot of research attention (see, for example, Kloosterman/van der Leun 1999; Light/Bonacich 1988; Raijman/Tienda, 2003; Tienda/Raijman 2004; Waldinger et al. 1990) academic interest in asylum seekers and refugee entrepreneurship has been fairly limited. While some studies have focused on the role of country of origin and ethnic background in enhancing entrepreneurship, immigrants’ legal status has been mainly neglected. Therefore, in most studies asylum seekers and refugees are treated as part of the immigrant population and not discussed separately, despite the fundamental differences between the two populations (Cortes 2004; Portes/Böröcz 1989; Wauters/Lambrecht 2008). These differences result from the motives for immigration and legal status in the host country, among others, and affect the resources available to entrepreneurs and the opportunity structure they face, with both ultimately determining the likelihood of business success (Gold 1992; Lyon/Sepulveda/Syrett 2007; Wauters/Lambrecht 2008).

In this study we rely on the mixed embeddedness approach (MEA) to immigrant entrepreneurship (Kloosterman 2010; Kloosterman/Rath 2001, 2003; Kloosterman/Van Der Leun/Rath 1998, 1999) to analyze the experiences of African asylum seekers in Israel. The MEA model suggests three dimensions of analysis in the formation and operation of immigrant businesses: (1) individual and group resources, such as financial, human, social and cultural capital, (2) opportunity structure factors, such as market conditions (mostly found in the ethnic economy were ethnic products and services are demanded) and access to ownership (business vacancies and government policies) (see also Waldinger/Aldrich/Ward 1990; Waldinger/McEvoy/Aldrich 1990), and (3) institutional-political frameworks, such as laws, regulations, institutions and practices that condition the way in which markets operate.

As we shall see, in the case of asylum seekers in Israel, the latter dimensions turned out to be of pivotal importance in restricting their entrance into business ownership.

Methodology

The study is based on twelve in-depth interviews with restaurant owners, six Sudanese and six Eritreans. All our interviewees were men aged between 25 and 51 with at least five years in Israel behind them. The initial interviews lasted one hour, on average, but we met most interviewees more than once, in some cases for a re-interview in order to build trust, and in other cases a post-interview when the interviewees wished to further share their experiences or request help. These informal post-interview meetings helped us gather more information and understand the phenomenon from the interviewees’ perspective. Interviews were conducted in English, Hebrew, or both. Most interviews were held in the interviewees’ restaurants, enabling us to observe firsthand how the place was being run, the local atmosphere, the customers and their relationship with the owner.

Analysis of the Findings

Motivations for Self-Employment: Blocked Mobility

The primary motivation for self-employment among our interviewees was the sense of blocked mobility, an inferior position in the labor market, and the expectation that running their own business would provide an alternative path of mobility. All the interviewees decided to run their own business while they were underemployed (rather than unemployed). The majority of the business owners were previously employed in jobs that did not match their education and skills and did not offer future prospects for advancement. Most of the interviewees were primarily motivated by the desire to lead better lives, characterized by self-esteem, control over one’s life, self-advancement, and “being one’s own boss.” Only one interviewee noted financial considerations (“making more money”) as a primary motivation.

Forced to leave Sudan while still a student, Musa feels frustrated that he was unable to complete his studies. He arrived in Israel in 2007 and had been working as a waiter for four years before he opened his own business. He knew that as an African refugee he would never get promoted. The coffee shop he is currently running with a partner gives him hope that he will not have to be a waiter all his life:

I’ve been working as a waiter in a hotel ever since I came to Israel. It’s been more than five years now. But you want to get...
ahead in life. You don’t want things to stay the same. I’ve been a waiter so many years. My boss keeps telling me how satisfied he is with my work, but I know he will never promote me, for example to being shift manager. Why? Because I’m a refugee. Because I’m African. We’re only given the lowly jobs. They’ll never let me be the boss with Israelis under me.

The decision to start their own businesses was only a first step, however, to be followed by a long series of decisions on which the fate of these businesses depended, including what kind of business to start and where.

Opportunity Structure: Choosing the Restaurant Business and the Location in Tel Aviv

The eateries of Tel Aviv’s refugee community serve a dual function, both as a gathering place for the community members and as a living testament to the culture they have left behind (Holtzman 2006; Sabar/Posner 2013). Such places meet a widely felt need and are therefore in high demand, a fact our interviewees took into consideration when choosing their line of business.

David, from Eritrea, was among the first to open a restaurant in the Neve Sha’anan area in the south of Tel Aviv. Having identified the need for a place that could remind customers of the homes and the culture they had left behind, he opened his restaurant hoping that such yearnings would generate a loyal clientele: “There was no such place at the time, but I knew people would want to come, because everyone misses home, everyone wants to feel a little bit at home by eating [familiar] food.”

The reason reported for preferring Tel Aviv as a location had to do with the size of the relevant market segment, that is, with the size and density of the city’s refugee population. Johnny, from Eritrea, worked at a nightclub in the city of Eilat for two and a half years before moving to Tel Aviv where he was planning to open his own club. Explaining the move, he noted:

If you want to do business, Tel Aviv is the only place to do it. It’s where you have the most Africans. If you start a business, you want it to be successful, right? You want a lot of people to visit your business.

Because none of the refugees’ national or narrower ethnic communities is large enough to support business activity, only the broader African community is adequate for that purpose. As Ahmad from Sudan acknowledged, only the combined community of Sudanese and Eritrean asylum seekers enables his business to thrive: “If not for the community of Eritreans and Sudanese, I wouldn’t have made it this far…”

In addition to considerations concerning the availability of an ethnic community of potential customers, choice of location was also influenced by the refugees’ sense of social marginality and vulnerability. Some feared that Israelis might attack the business or the owner himself. Michael, from Eritrea, reports he opened a restaurant near Neve Sha’anani’s Lewinsky Park because he was afraid to open in areas with an Israeli majority. His fears concerned both the availability of potential customers and hostility or even violence on the part of Israelis:

I wanted the business to be near the Central Bus Station, because that’s where all the refugees are. If I opened in an Israeli area no one would come, and there could also be trouble. What trouble? I don’t know. Maybe Israelis don’t want to have businesses of refugees near them, so they might do all kinds of things to the business, I don’t know.

Ethnic businesses run by Eritrean and Sudanese asylum seekers are secluded from their surroundings despite their central location in downtown Tel Aviv, impeding their development and growth. Few Israelis frequent the African enclave, and even fewer purchase products or services from refugee-owned businesses. The vast majority of customers are ethnic, mainly asylum seekers from Africa, but also labor migrants from China, the Philippines, and other countries, who live in the vicinity.

The small size of the ethnic market, with its limited purchasing power and modest financial resources, presents an obstacle to the growth and development of refugee-owned businesses. The fact that business activity is restricted to the Neve Sha’anani area increases competition between the eateries, reducing their profitability and financial stability. The small and destitute population of asylum seekers cannot support the many similar businesses that open frequently.

Institutional-Legislative Framework: Legal Barriers to Entrepreneurship

Access to entrepreneurship and the ease of starting a business are primarily a function of the laws, statutes, and regulations in the host country. The denial of freedom of
employment to asylum seekers in Israel applies to self-
employment as well, contrary to Art. 18 of the Convention
which declares that “the Contracting States shall accord
to a refugee lawfully in their territory treatment as favorable
as possible and, in any event, not less favorable than that
accorded to aliens generally in the same circumstances as
regards the right to engage on his own account in agricul-
ture, industry, handicrafts and commerce and to establish
commercial and industrial companies.” In 2010, the Minis-
try of the Interior directed the municipalities to allow sub-
mission of business licensing application solely for business
owners who are in possession of ID cards or residency
permits that include work permits. This directive prevents
94 percent of asylum seekers in Israel from being the owner
of a business that requires a license, food places includ-
ed. In addition, the few who are eligible to apply for a
business license are forced to operate in the informal
economy because the state denies them an active file at
the tax authorities, so that they cannot pay taxes legally.
This is the institutional and legislative context that should
be taken in consideration when analyzing asylum seeker
entrepreneurship in Israel.

As in other developed countries, private businesses in Israel
are heavily subject to government regulation and inspec-
tion (Leung 2003). All eateries in Israel require licensing in
accordance with the 1968 Business Licensing Act10 for the
protection of public safety and health. Every entrepreneur
wishing to open an eatery must apply for a license from
the local municipality certifying that the business meets all
standards and requirements and is safe for customers,
employees, and the general public.

The licensing process is considerably longer and costlier for
eateries than for other businesses, however, which most
interviewees ignored when choosing what type of business
to start. In addition, eateries must be located in physical
facilities that meet certain safety standards in order to
receive licensing, a fact ignored by most of our interview-
ees when choosing a location for their business. Many
assumed they needed to do nothing more than to sign a
leasing agreement with the property owner. Gabriel, from
Eritrea, recalled his ignorance when he first opened his
restaurant, which inspectors closed down only three
months later:

*I didn’t know anything [about business licensing]. I just want-
ed to start my own business. I didn’t even know there was such
a thing [as a business license]. I thought it was all okay, be-
cause both the real estate agent and the property owner knew I

was going to open a restaurant, and they never told me I
couldn’t do that here.**

By the time the business owners realized something was
legally amiss, it was too late and legal sanctions had al-
ready been imposed. Though all our interviewees were
previously employed at Israeli restaurants and hotels, their
experience was limited to menial jobs such as waiters,
dishwashers, and kitchen assistants, without any exposure
to managerial tasks or skills and without any knowledge of
the local business culture and regulations. They were not
exposed to the complexities of managing a business until
after they opened their own places.

Even those aware of the existence of licensing require-
ments – all of them with prior business experience in their
countries of origin or elsewhere (Sudan, Libya, Egypt) –
lacked knowledge of the precise procedures and institu-
tions involved. Their business experience from various Afri-
can countries proved to be useless in Israel, with its very
different set of laws and regulations. David, an Eritrean
running his own restaurant in Tel Aviv’s African enclave,
soon realized this. Having set up and managed his own
coffee shop in Khartoum, to which he fled to avoid military
service in Eritrea, David resolved to open a similar business
in Israel, a place where “through the food you could feel a
little bit at home.” Although he was aware of the need to
obtain a license, he was unfamiliar with the requisite pro-
cedures: “I thought it was going to be the same [as in
Khartoum]. You write a letter to the Ministry of Finance
and ask for a license. Here everything is more complicat-
ed…” His business experience from Sudan did not equip
him with skills adequate to a developed economy, deliver-
ing no advantage in an environment with such radically
different codes.

All our interviewees named lack of information about the
various aspects of the licensing process as one of the main
obstacles they were facing. They believed that coping with
licensing issues would have been easier had there been
official guidance and counseling bureaus to guide them
through the process and provide the necessary business
and legal information, as in other countries. However,
neither the Israeli government, nor the local municipal
authorities, nor any of the various NGOs devoted to assist-

ing the refugees have an agency dedicated to helping
refugee business owners and entrepreneurs. Our inter-
viewees believed that such an agency could facilitate the
licensing process, help them save money, and prevent
avoidable tensions with the establishment:
No one helps. There’s no one to turn to. The government doesn’t help. The NGOs don’t help. I don’t want them to give me money. But I do want to know there’s someone I can turn to, someone to prevent me from falling. No one explains anything, either. We don’t know what to do, how to get a permit (Teddy, Eritrea, pub owner).

Overcoming Restrictive Regulations

Whereas ordinary licensing requirements apply universally to all entrepreneurs in the restaurant business, a new government regulation in force since 2010 has specifically targeted business owners from Eritrea and Sudan.11 According to the new regulation, only Israeli citizens or legal residents with work permits may apply for business licenses. This denies the right of self-employment to asylum seekers residing in Israel under collective and temporary protection. The regulation threatens to put an end to business initiative among the refugee community and to shatter its economic activity. As we shall see, however, business owners have been able to overcome this obstacle by turning to certain communal and financial resources. As Musa – a Sudanese running a coffee shop with a partner despite their ineligibility for permits – put it: “It’s not a problem. You find ways around [the restrictions]. They close a door, we open two windows.”

To get around the new restriction, many business owners register their business under the name of a fictive owner, with the latter “fronting” for them vis-à-vis the authorities. The practice is widely documented in the literature and is popular among entrepreneurs working on the outskirts of the law and in the informal economy as much as among business owners who fail to deal with regulations (Leung 2003; Ojo/Nwankwo/Gbadamosi 2013). The preferred practice is to turn to a relative or a tribe member with the appropriate visa, someone who “speaks the same language.”12 In such cases, the fictive owner’s assistance is motivated by “bounded solidarity” (Portes 1995), without remuneration and without a real option of refusal. It is thus not rare to find asylum seekers who formally own several businesses, each run and in fact owned by a different relative. Gabriel, an Eritrean without the “required visa” who registered his business under his cousin’s name, explained the strategy: “You take someone else and put it under their name. But it’s got to be a relative, because a relative is going to help you out. Someone else would ask for money.”

If no relative or close friend is able to help, broader circles of asylum seekers are approached. The arrangement in such cases is financial in character, with the fictive owner contributing his or her name, the real owner investing work and capital, and the profits shared equally by the two parties. Motte, from Darfur, recalled how he and his partner had brought in a third partner in order to register their coffee shop under his name:

I have a partner...He also has a non-working visa. But we’re not going to go to City Hall. We have another partner...with a visa. He’ll go to City Hall, and it’s all under his name... He doesn’t work here, he doesn’t invest either, but we give him a third of everything.

Thus, our interviewees were able to overcome the legal barriers to entry by using ethnic and financial resources through which they created alternatives to the visa requirement, making this obstacle “go away.”

Financial Capital

In addition to laws and regulations in the host country, barriers to entry also include the availability of financial capital for investment (Bates 1997). Formal financing for refugees in Israel is limited for several reasons: the prospective businesses are considered high-risk, and the required collateral is therefore beyond the reach of most refugee entrepreneurs; the bureaucratic procedures involved are overly complex, deterring many from making formal applications (Masurel et al. 2002; Ram et al. 2000); Moreover, dark-skinned refugees often suffer racial discrimination, making institutional financing even harder to obtain than in the case of other ethnic entrepreneurs (Ram/ Theodorakopoulos/ Jones 2008). In Israel, commercial banks refuse credit to asylum seekers (despite the absence of any formal directive to that effect by the Supervisor of Banks). Non-formal financing is unavailable to most asylum seekers in Israel due to their marginal social position; and microfinance organizations for refugee entrepreneurs are generally not available.

Starting an eatery requires more financial resources than many other businesses due to the high investment needed in equipment and renovation. Our data show that the average initial investment is roughly equivalent to 20 monthly salaries at minimum wage ($24,300). This amount includes broker’s fees, rent, equipment, renovations, and in quite a few cases payment to the previous leaser. Johnny, from Eritrea, left his old job at an Eilat nightclub and
moved to Tel Aviv in order to open his own club in a basement in Neve Sha’anan Street. His initial investment was substantial:

The [real estate] agent told me that the rent would be 20,000 NIS a month, including city taxes. I needed to pay another 20,000 NIS to the agent, and another 20,000 NIS as collateral. On top of that, I had to pay another 105,000 ILS for the equipment of the [previous leasers] from Sudan. All in all, I paid 165,000 NIS to get in.13

The considerable financial investment turns the absence of formal financing into a significant obstacle to entrepreneurship, in addition to the legal barriers noted above. Our interviewees tended not to complain about the limited availability of formal financing, however, turning instead to informal sources. Raising capital from informal sources is nevertheless a daunting task. The refugees’ ethnic social network is of little help: the local refugee population is largely destitute and its members fear risking what little they have; and close relatives who could provide crucial help, are often far away and inaccessible (Gold 1992; Wauters/Lambrecht 2008). One exception to this last hurdle was Jack, who raised some of the initial capital for his Darfuri restaurant in Tel Aviv from his nephew in Sudan:

I saved money from [my salary at] the Hilton, and I also got some money from my sister’s son. My brother-in-law died here, in Tel Aviv. When someone with a family dies, [his family] gets money. Who gives them the money? Everyone. The whole community. One person might give 1,000 [NIS], another 2,000 [NIS], another 4,000 [NIS]. My nephew gave me all that money… I collected the money for him, and I took all of it as a loan. I pay him back every month.

Half of our interviewees raised capital from close friends. The sums in such cases are modest, the loan is interest-free and repayment is not time-limited but rather depends on ability to repay, with the debtor morally permitted to cease repayment if the business proves to be unprofitable or closes down. Still, even when external capital was raised through ethnic networks, this funding accounted for only a small part of the total investment, which was based mainly on self-financing.

Our interviewees reported saving their own capital from the salaries they were paid as employees (2.5 years on average). Some took on multiple shifts in order to save the initial capital, while others worked two jobs simultaneously. This strategy was often repeated in cycles: our interviewees worked as employees to save the initial capital required to start a new business, ran the business until they ran out of capital, temporarily returned to the labor market as employees to save more capital for a new business initiative, and so on. Two of our interviewees were in the second round of this routine, while others claimed they would return to the labor market in order to save enough money for a new initiative in case their current business closed down.

Conclusions

In this paper we examined the business experiences of Eritrean and Sudanese asylum seekers in Israel. Specifically, we focused on their motives for becoming self-employed, the difficulties and barriers, as well as their coping strategies while setting up and operating their business in the southern neighborhoods of Tel Aviv.

Similar to the experiences of immigrant entrepreneurs in other advanced industrialized countries, it is the existence of a large African clientele that provides the basis for the establishment and growth of businesses in the south of Tel Aviv. In addition, personal security concerns derived from the hostile attitude of Israelis motivated Eritrean and Sudanese asylum seekers to open their eateries in the south side of Tel Aviv. Segregation from Israeli society, reflected in social and physical exclusion, requires business owners to rely solely on the refugee low-income population as the market segment that supports their business. Hence, the businesses tend to remain small, with very low profit margins, and highly exposed to failure. The turnover rate is high, as well as the financial damage caused to the entrepreneurs. Our study has shown that asylum seeker entrepreneurs lack crucial information on business licensing and procedures required for opening and operating a business. The lack of access to relevant, reliable information sources, coupled with extreme segregation from Israeli society do not allow business owners to bridge information gaps, and therefore engage in wrong business practices, particularly in relation to regulation. As a result, refugee entrepreneurs experience substantial financial losses, confrontation with authority representatives, and considerable distress. Moreover, the socio-legal limbo the refugees are in is a fertile ground for exploitation and oppression by various service providers who can be certain that the refugee business owners will not approach the authorities to seek protection from their mistreatment. The State of Israel, by neglecting this immigrant population, in effect sponsors unethical and
even criminal behavior among the refugees and targets the most vulnerable populations in Israel.

Rebeca Raijman is Associate Professor in the Department of Sociology and Anthropology at the University of Haifa, Israel. Her research focuses on international migration with special emphasis on migrants’ modes of incorporation into host societies. She has published several articles on the topic of ethnic entrepreneurship and labor market outcomes of immigrants to Israel. She has conducted a comprehensive research on Labor migration to Israel, the socio-political organization of undocumented migrant communities, the politics and policy of labor migration in Israel, and public attitudes towards migrants and minorities in Israel and Europe. Her book South African Jews in Israel: Assimilation in Multigenerational Perspective (forthcoming Fall 2015) is published by the University of Nebraska Press.

Anda Barak-Bianco is a PhD student at the Department of Sociology and Anthropology at the University of Haifa, Israel. She holds a BA degree in Economics and Management from Tel-Aviv University and a MA degree from the Immigration and Social Integration program at Ruppin Academic Center. She completed her MA studies at the University of Haifa writing a thesis on entrepreneurship of asylum seekers in Tel Aviv. She currently works as the Finance Manager at “Hotline for Refugees and Migrants,” an NGO that assists refugees and immigrant workers. Her current research project study focuses on livelihood strategies of asylum seekers in Israel.

Endnotes


2. Article 33 of the International Convention on the Status of Refugees forbids the receiving state from expelling or returning (“refouler”) a refugee to the frontiers of territories where his or her life or freedom would be threatened.

3. Jewish immigrants in Israel are labeled olim (Hebrew plural [m], singular oleh [m], olah [f], from the Hebrew word aliyaḥ, literally “ascent”).

4. In 2012, these three groups comprised about 240,000. They account for 3 percent of the total population of residents (citizens and non-citizens) in the country.


6. According to the Knesset Research and Information Center, 31.6 percent of all refugees in Israel live in Tel Aviv, making it the city with the highest concentration of refugees (The Geographical Concentration of Illegal Aliens and Asylum Seekers in Israel, April 2012, page 2: http://www.knesset.gov.il/mmm/data/pdf/m03052.pdf).

7. The Convention relating to the Status of Refugees, chapter 1, article 1.

8. Between 2009 and 2012, only 22 of a total of 14,000 asylum applications were approved and the petitioners granted the status of refugee (Lentin/Moreo 2014: 6).

9. The MEA is an enlargement of Waldinger et al.’s (1990) interactive model of immigrant entrepreneurship, which emphasized the role of opportunity structures and group resources, but neglected the role of institutional frameworks influencing entrepreneurship.

10. Israel’s 1968 Business Licensing Act aims to (1) ensure adequate environmental quality and prevent nuisances and hazards; (2) secure public safety and prevent burglaries and robberies; (3) ensure the safety of all individuals present in or around the place of business; (4) prevent disease originating in animals and contamination of water sources by pesticides, fertilizers, chemicals and pharmaceuticals; (5) protect public health and ensure adequate sanitary conditions; (6) help enforce planning, construction, and fire safety regulations.

11. It should be noted, however, that when asked which obstacles face asylum seekers wishing to open an eatery, none of our interviewees mentioned the new regulation.

12. Persons with the appropriate visas include 600 Sudanese accorded resident status (5a visas) for humanitarian reasons, and 2,500 Eritreans with B1 visas that include work permits.

13. By the time of the interview 1 dollar = 3.6 NIS.

References


Cortes, Kalena E., 2004: Are Refugees Different from Economic Immigrants? Some Empirical Evidence on the Heterogeneity of


Population, Immigration and Border Authority, 2012: Data regarding foreign nationals in Israel. Report No. 4/2012 [In Hebrew]

Population, Immigration and Border Authority, 2014: Data regarding foreign nationals in Israel. Report No. 3/2014 [In Hebrew]

http://www.piba.gov.il/PublicationAndTender/ForeignWorkersStat/Documents/564899Cce.pdf


