



# The Palgrave Handbook of Minority Entrepreneurship

*Edited by* Thomas M. Cooney

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Thomas M. Cooney  
Dublin, Ireland

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# Introduction





# Minority Entrepreneurship: Setting the Context

Thomas M. Cooney

## Introduction

The year 2020 will feature prominently in history books as a global pandemic swept across the world and changed lives forever. Large-scale rates of deaths and virus infections were visited upon people of all backgrounds and materialised in countries at all levels of economic development. The virus was not selective in terms of victim profile, although some demographics suffered death and infection rates higher than others. As the pandemic expanded its reach and the economic effects caused by countries taking corrective measures (such as national, regional and local lockdowns) had escalating impact upon rates of unemployment, an increasing body of evidence began to emerge that minority communities were being disproportionately affected by unemployment. A similar trend was identified during the global recession of 2008–2010, while subsequent research found that such communities were unemployed for longer periods than people outside of these communities. During the recovery period of that global recession, people from such communities were encouraged to create self-employment as an alternative pathway to labour market activation. However, ‘minority entrepreneurship’ is not the same as entrepreneurship experienced by the majority population as

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minority entrepreneurs face many additional and distinctive challenges when planning, starting and growing a business. This book examines in detail the topic of minority entrepreneurship and seeks to explain the unique features of the experience and how support can be tailored to help further the ambitions of minority entrepreneurs. Ultimately, the goal of policymakers and enterprise support agencies should be to enable people from all parts of society, to maximise their economic and social potential.

While the term ‘minority entrepreneur’ is increasingly referenced in academic literature, a person’s understanding of the term can be quite varied. Sometimes the term is used to signify immigrants, other occasions it relates to ethnicity, while more broadly it is used to describe people from communities who are under-represented in terms of entrepreneurial activity. Similarly, the term ‘disadvantaged’ can have many interpretations and so finding a common understanding relevant to entrepreneurship can be challenging. One of the first goals of this book is to discuss the literature around this term and then take an all-encompassing approach to its interpretation. For example, the OECD Reports (2019) on ‘Missing Entrepreneurs’ have identified the relevant communities as Women, Youth, Seniors, Unemployed and Immigrants. Galloway and Cooney (2012) highlighted the adversities facing ‘Silent Minorities’ and identified Women, Gay, Disabled, NEETs (Not in Education, Employment or Training) and Ex-Offender communities as being disadvantaged in terms of entrepreneurial behaviour. Wood et al. (2012) identified Indigenous entrepreneurs (e.g. Aborigine, Maori) among disadvantaged communities, while Foley and Cooney (2017) suggested that Roma entrepreneurs also face significant challenges in starting a new venture. The book on ‘Minority Entrepreneurs’ is open to all these communities as one of its key ambitions is to be inclusive of any group who might be considered as disadvantaged or under-represented in terms of entrepreneurial activity.

The OECD Reports on ‘Missing Entrepreneurs’ (2013, 2014, 2015, 2017, 2019) have sought to identify the key challenges faced by potential and nascent entrepreneurs from minority and disadvantaged communities, which include issues such as lower levels of self-confidence, managerial experience, entrepreneurial skillsets and self-funding. These reports offer recommendations that policymakers could utilise to help reduce existing challenges for missing/minority entrepreneurs and redress market, institutional and behavioural failures that disproportionately affect people from under-represented communities. Research into minority entrepreneurs by Galloway and Cooney (2012) highlighted that people from within these minority groups frequently suffer social marginalisation because of the intolerance and discrimination presented by mainstream society and this inevitably impacts

upon their ability to become an entrepreneur. But Inclusive Entrepreneurship policies can help people to acquire skills and work experience, build networks, become more employable and so improve their labour market attachment capacity (OECD 2017). They can also address declining rates of labour productivity and growing inequality in terms of income, plus unlock the unrealised entrepreneurial potential of these under-represented communities. However, fresh thinking is required by researchers, educators/trainers, enterprise support agencies and policymakers if people from minority and disadvantaged communities are to maximise their economic and social potential.

Unfortunately, there is limited research available which gives insights into the entrepreneurial behaviour of entrepreneurs from minority and disadvantaged communities (Cooney and Licciardi 2019), and greater understanding is needed if policymakers are to design and deliver initiatives that are truly appropriate for their needs (OECD 2019). There is a significant opportunity within this field for researchers to undertake studies that will lead to a better comprehension of the entrepreneurial behaviour of various classifications of minority entrepreneurs, for educators and enterprise support agencies to deliver tailored support, and for policymakers to design policies and programmes that reflect the unique challenges that entrepreneurs from these communities endure when starting a business. This book will contribute to existing knowledge by: (1) Providing a current understanding of the literature for each of the communities; (2) Examining entrepreneurial behaviour within each community; and (3) Offering new frameworks/models from which future researchers can build new knowledge. This book is targeted at stakeholders who might welcome building an inclusive approach to entrepreneurial behaviour and supporting the enhancement of the economic and societal well-being of regions and countries.

## **Why Is This Topic Important?**

The ever-changing demographic profile of countries across the globe has stimulated substantial debate about equality, diversity and inclusion in many countries in recent years. For example, recent political elections in some countries have been shaped by the economic and social policy implications of multiracial societies and how national governments might address the flow of immigration. Even when taking a broader understanding of the term 'minority communities' to include marginalised and disadvantaged people, arguably there is limited recognition within the mainstream society of the

potential contribution that people from these minority communities can offer when truly integrated as equal members of society. Indeed, many people view minority communities as a 'problem issue' that needs to be resolved as such communities are frequently considered a drain on the national exchequer because of the high unemployment rates and other disadvantages that they suffer. Unfortunately, too few people see minority communities as a positive opportunity to bolster local economies and enhance societies stimulated by the benefits of diversity and inclusion.

The number of people who can be categorised as members of the various minority communities is much larger than many people expect. For example, according to the World Bank (2020a), over one billion people (approximately 15% of the world's population) experience some form of disability and are more likely to experience adverse socio-economic outcomes than people without disabilities. According to the World Economic Forum (2020), there are an estimated 272 million international migrants around the world which represents approximately 3.5% of the world's population. Recent estimates on global poverty from the World Bank (2020b) suggested that 9.2% of the world's population, or 689 million people, live in extreme poverty on \$1.90 or less a day. The report also intimated that global extreme poverty is expected to rise in 2020 for the first time in over 20 years due to the COVID-19 pandemic. The terms 'minority' and 'marginalised' are frequently understood to be a small number of people in society and therefore almost irrelevant to the greater well-being of the country. However, the reality is that these communities are large percentages of every nation's population and therefore cannot be dismissed as inconsequential.

When people from minority communities seek assistance from enterprise support agencies, the response that is habitually received is that minority entrepreneurs are equally eligible to apply for any support programme that is available to 'mainstream entrepreneurs'. However, a frequent finding in academic literature on minority entrepreneurs is their low propensity to use mainstream business support agencies, so they frequently rely instead on self-help and informal sources of assistance. The barriers to a larger acceptance of assistance from enterprise support agencies have included issues such as: not being aware of the existence of such assistance, the inappropriateness of service offerings and a lack of trust and confidence in those delivering support. For example, enterprise support agencies regularly possess websites that do not have universal design, events are held in locations that are not accessible to all potential clients and staff are not trained to understand and address the additional and distinctive challenges faced by minority entrepreneurs. Indeed, responses such as '*we treat everyone the same*' and '*our door is open to everyone*' are commonly used to defend existing practices when

the reality is that treating everyone the same is not good practice and not everybody knows that their door exists!

The extent to which the support needs of minority businesses are distinctive in comparison with those of mainstream businesses is the subject of much debate and is addressed throughout the book. Although many of the support needs of minority businesses are shared with their majority counterparts, there are also specific challenges unique to the different minority communities and these have implications for the way business supports might be delivered if they are to be effective. Minority entrepreneurs are also confronted with challenges in respect of starting and managing a business that is peculiar to their circumstances and these include a lack of business contacts, greater difficulty in accessing finance from institutional sources and an information deficit when it comes to negotiating the business regulatory and legal environments.

Guided by economic growth as well as by social objectives, targeted intervention to directly assist aspiring minority entrepreneurs is being introduced to good effect in some countries where the value of such communities is being increasingly recognised. What is required across many more countries is targeted intervention promoted through the social networks and media channels favoured by minority communities. Any such targeted intervention should recognise the distinctive challenges faced by minority entrepreneurs, but should also appreciate the unique advantages that they can offer through their established networks within their own communities. At a time when countries are seeking to build trade to recover from the COVID-19 pandemic, it is arguable that minority communities are a positive resource that is not being constructively utilised. This book seeks to highlight the value of advocating greater levels of minority entrepreneurial activity, while recognising that being more inclusive of these communities is not a panacea to all the economic and social challenges facing a nation. Equally, it is not being proposed that every person from a minority community should be encouraged to become an entrepreneur, since not everyone has the capacity to become a successful entrepreneur and not all business ideas are worth pursuing.

## Structure of the Book

The structure of the book has been designed to enable people to delve in and out of sections as best fits their purpose. The pillars to the book are the Introduction in Part I and the Conclusion in Part V, but between them

are the core sections. Part II contains five chapters which offer overviews of the current situation from different perspectives. Part III contains 12 chapters, with each one dedicated to examining a single minority community. The communities investigated are: women, youth, seniors, immigrants, LGBTQ+, people with disabilities, NEETs, ex-offenders, indigenous people, Roma, refugees and unemployed. Each chapter explores the academic literature concerning a specific minority community and their needs relevant to entrepreneurial activity. Part IV contains five chapters and offers different viewpoints regarding the future of research, training and policymaking related to minority communities. Overall, the book provides a detailed mapping of the literature on the topic of minority entrepreneurship and identifies multiple opportunities for further research.

Chapter ‘[Understanding the Term ‘Minority Entrepreneurship’](#)’ from Dana and Vorobeva opens Part II of the book with a detailed, in-depth review of the literature that considers the evolution and many interpretations of the term ‘Minority Entrepreneurship’. Its purpose is to take the reader through the journey of this evolution in a comprehensive fashion. This is followed by a review of the data from the Global Entrepreneurship Monitor in chapter ‘[What Does GEM Say About Minority Entrepreneurship?](#)’ by Levie and Mwaura which presents empirical evidence that entrepreneurial activity among minorities may in practice be more a result of, rather than a solution to, a lack of basic economic alternatives (such as social security), while a theme of unfulfilled intentions points to discrimination during and after start-up. In chapter ‘[Social Networks and “Missing Entrepreneurs”](#)’, Menzies discusses the role of social networks and argues that family social networks can have positive and negative effects, while formal networks have been successful in some contexts. Chapter ‘[Opportunity Structures from an Intersectional Perspective](#)’ from Kacar, Verduijn and Essers criticises existing theoretical perspectives on opportunity structures, in relation to minority entrepreneurs, for the predominant insistence on they being objective, material rules and resources, and the same for everyone. This section of the book concludes with chapter ‘[Beyond “Getting Asked to Dance”: Inclusive Entrepreneurial Ecosystems](#)’ from Krueger who provides an overview of the key aspects of how to develop entrepreneurial ecosystems inclusively and he discusses how a focus on true inclusion is a ‘rising tide strategy’ that lifts all entrepreneurial boats in the community.

Part III of the book exams entrepreneurial behaviour among each of the 12 different communities identified for the book. The section begins with chapter ‘[Do Women Engage Differently in Entrepreneurship?](#)’ by Brush and Greene which explores the narratives that highlight differences

between men and women entrepreneurs, both those evident in stereotypes and those that represent reality. The chapter concludes that it is important to recognise differences between men and women and among groups of women, to understand what they are and how differences might contribute to a better entrepreneurial model for all. Chapter ‘[Stimulating Youth Entrepreneurship](#)’ by Greene examines why there is a need to support youth entrepreneurship, what support is on offer and whether attempts to stimulate youth entrepreneurship actually make any difference to the entrepreneurial aspirations and activities of young people. Moving from youth to seniors, chapter ‘[Senior Entrepreneurs as Untapped Potential](#)’ by Maritz, Eager and De Klerk provides theoretical and pragmatic approaches to illustrate areas of opportunity for this growing sector of entrepreneurship, together with a spotlight on contemporary issues such as female senior entrepreneurs, education and training support, and policy and government support. In chapter ‘[Immigrant Entrepreneurship in World-Historical Perspective: A Transitional Phenomenon?](#)’, Jones and Ram argue that self-employment is often a key occupational strategy for immigrant communities experiencing resistance to their incorporation into their host economy. They also suggest that heavy dependence on self-employment should actually be regarded as a transitional anomaly in a modern economy, a temporary measure by which a newly arrived population attempts to insert itself into the receiving society’s labour market. Chapter ‘[Entrepreneurship and Coming Out: Exploring the Experiences of Gay and Lesbian Entrepreneurs](#)’ by Kidney explores the literature on what it means to be a gay entrepreneur and how coming out might influence the experience of entrepreneurship, while chapter ‘[Disabling the Welfare State: The Impact of UK Benefit Reforms on Disabled Entrepreneurs](#)’ by Kašperová and Kitching examines how the ‘capable-incapable’ and ‘independent-dependent’ binaries underpinning the welfare system influence disabled people’s entrepreneurial motivation and behaviour. The NEET (Not in Employment, Education or Training) community is discussed in chapter ‘[Social Problems, Entrepreneurial Behaviour and NEETs](#)’ by Santos-Ortega, Muñoz-Rodríguez and Grau-Muñoz who explore the complex binomial between NEETs and entrepreneurship and studies its feasibility through an analysis of the programmes that have been initiated by international institutions, and the lines of action that could guarantee better future perspectives in this field. Smith examines ex-offenders in chapter ‘[Gizza a Job, I Can Do That’: What the Literature Tells Us About How the Inability to Secure Employment Can Lead to Ex-offenders Starting a Business](#)’ and reviews the literature and cognate streams such as Prison Privatisation, the Crime–Dyslexia–Entrepreneurship’

Pathway and the Education Pathway. Chapter ‘[Indigenous Entrepreneurship](#)’ by Colbourne provides insights into how Indigenous entrepreneurship promotes social, environmental and economic value creation by and for the benefit of Indigenous peoples and asserts that Indigenous ventures are developed with explicit goals to benefit the community, instigate social change and protect the environment that is contingent on the particular culture, traditions and spirituality of the Indigenous people connected to the land and its resources. Chapter ‘[Roma: Travelling Can Be Disruptive to Creating a Sustainable Business?](#)’ by Foley examines entrepreneurial activity within the Roma communities, plus the challenges involved in creating a sustainable business while living a nomadic or settled Roma existence, while chapter ‘[From Taking Flight to Putting Down Roots: A Narrative Perspective of the Entrepreneurial Journey of a Refugee](#)’ by de Vries, Ranabahu and Basharati highlights that home country connections, transition experiences and host country integration practices shape the start-up and business growth of refugee entrepreneur ventures. The final chapter of Part III is chapter ‘[Does Unemployment Contribute to Self-Employment and Productivity in Regions? A Causal Examination Adopting a Cross-Lagged Design](#)’ by Örtqvist and Ejdemo who examine the causality between unemployment and outcomes in terms of self-employment and regional productivity. Each of the chapters in this section provides a foundation from which other studies can build relative to the specific community addressed.

In Part IV of the book, this section is seeking to examine future research directions relating to the topic. In chapter ‘[Conceptualising Learning in Minorities Entrepreneurship](#)’, Rae proposes a unifying approach to minority entrepreneurship which supports and advances its theoretical, as well as practical, advance as a field of study. This integrates prior work and adds to it the distinctive contribution of entrepreneurial learning to minorities entrepreneurship, which has previously been absent. Chapter ‘[How Do Social Enterprises Deliver Tailored Support to Minority Entrepreneurs?](#)’ by Šebestová and Krejčí presents the relationship between social and minority entrepreneurship from the perspective of business support. The chapter highlights a model which covers a mixture of decision-making processes made by social enterprises to involve minorities in tailored business development. An alternative approach to minority entrepreneurship is offered in chapter ‘[Supplier Diversity: A Mechanism for Supporting Minority Entrepreneurship](#)’ by McKinney who discusses supplier diversity as a mechanism for supporting minority entrepreneurship, while chapter ‘[Policies for Promoting Entrepreneurship as a Means of Increasing Social Inclusion](#)’ by Xhenti reviews the mixed evidence to date in relation to both enterprise policies more



broadly and inclusive policies in particular and it proposes an alternative conceptualisation of the policy process that makes evident the need to take context more seriously. This section concludes with chapter ‘[Future Research Opportunities: A Systematic Literature Review and Recommendations for Further Research into Minority Entrepreneurship](#)’ by Mazzarol who provides a detailed systematic literature review of the evolution of the field of minority entrepreneurship from its origins in the 1940s, through to the start of the 2020s. The chapter highlights the major authors and most significant publications, as well as the main areas of research focus, methodologies used and key findings. It provides a rich conclusion to the section and draws together the multiple strands across the book. Chapter ‘[HEIs, Minority Communities and Enterprising Behaviour](#)’ is the final chapter of the book and it presents a new conceptual framework that offers a unique contribution to existing theoretical knowledge about the provision of tailored entrepreneurial education and training by Higher Educational Institutions for minority communities supporting the learning of enterprising behaviour.

## Conclusion

This book collects the expertise and experience of scholars from across the globe and offers a broad range of perspectives relating to minority entrepreneurship. The ambition of the book is to present a meticulous analysis of current thinking, thereby offering a basis from which future researchers can contribute further insights and knowledge. Ultimately, this book contributes to existing knowledge by:

- providing a current understanding of the literature for each of the identified communities;
- examining entrepreneurial behaviour within these communities;
- offering new frameworks/models from which future researchers can build new knowledge.

It is clearly evident across the chapters that substantial untapped entrepreneurial potential exists within these communities if it can be effectively mined through customised support. It is not being suggested that such tailored assistance is required throughout the lifetime of businesses, although strategies such as Supplier Diversity (chapter ‘[Supplier Diversity: A Mechanism for Supporting Minority Entrepreneurship](#)’) have shown what interventionist provision can achieve for growth-oriented minority businesses. While one can approach supporting minority entrepreneurs through

a social lens via concepts such as equality, diversity and inclusion, this book predominantly uses an economic lens to highlight the economic advantages that engendering greater levels of entrepreneurial activity among minority and marginalised communities can bring at a local and national level.

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# Understanding the Current Situation



# Understanding the Term ‘Minority Entrepreneurship’

Léo-Paul Dana and Ekaterina Vorobeva

## Introduction

Since Sombart (1911), minority entrepreneurship has been an enticing topic that has attracted researchers (with roots in diverse disciplines ranging from economics to sociology) to observe that entrepreneurial behaviour differs across various communities. However, it was not until recent times that the wide assortment of studies on this topic was first collected into publication (Dana 2007c). While the research is rich, ambiguities are many. According to the federal government of the USA, Afro-Americans, Alaska Natives,<sup>1</sup> American Indians and Latinos qualify as minority entrepreneurs, as do persons of Asian or Pacific Island ancestry. In academia, different disciplines have developed a rich literature without a commonly agreed terminology or agenda, and each has used the term minority entrepreneurship in line

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<sup>1</sup> Comparing Alaska Natives and others in Alaska, Light and Dana (2013) identified and explained major differences in attitudes and behaviour with regards to entrepreneurship.

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with its traditions and respective foci. In other words, the relevant body of literature lacks a unifying focus (Bates 2011). Moreover, questions raised as well as methods utilised significantly differ between the disciplines (Bates 2011). The problem is that this creates conceptual confusion that may hinder fruitful interdisciplinary work. The objective of this chapter is to facilitate inclusive discussions about the topic with the ambition of reaching some form of common understanding.

The growing interest in minority entrepreneurship—and lack of agreement—may be partly attributed to the increasing scale of the phenomenon. Having traditionally concentrated in marginal sectors, minority entrepreneurs have managed to not only significantly grow in number in recent years, but also to enter more profitable industries. Although many minority enterprises were usually small businesses such as barbershops/hair salons, retail stores and small cafes, minority business people have more recently been highly active in profitable industry sectors of information technology, wholesaling and manufacturing (Bates et al. 2018). This positive shift was partly enabled by a decline in discriminatory barriers (Bates 2011). An increasingly inclusive business environment has opened-up new opportunities for minorities, and this has had an important impact on their success indicators. For example, the gross receipts of minority enterprises appear to grow much faster than the ones of non-minority businesses in the USA (Barr 2015). Moreover, as entrepreneurship education becomes more mainstream, minorities have also enjoyed better access to highly valuable cultural and knowledge capital, which plays a crucial role in entrepreneurial activities (Marchand and Hermens 2015).

Norwegian anthropologist Frederik Barth (1963) studied entrepreneurship as an activity involving the relationship of persons and institutions in communities with unlike ethnicities; he placed a great emphasis on the existence of different spheres of values, and he described an entrepreneur as being an essential broker, mediating boundary transfers in a situation of contacts between cultures. The economist Reuven Brenner suggested that entrepreneurial risk-taking was a strategy by which social groups attempted to regain good fortunes following an unanticipated decline experienced by that community (Brenner 1987). The sociologist Ivan Light pioneered the concept that ethnic minority entrepreneurship is an adaptation to labour market discrimination prompting immigrants to adopt marginal niches in the economy to gain upward social mobility (Light 1972). These examples highlight how interdisciplinary the topic has become in recent decades, with Gurau et al. (2020) providing a contemporary interdisciplinary model of

immigrant entrepreneurs. This chapter follows this multidisciplinary understanding of minority entrepreneurship.

## Defining 'Minority Entrepreneurship'

Cantillon (1755) defined entrepreneurs as individuals who absorbed uncertainty caused by changing conditions and, thus, contributed to the welfare of society. The aristocrat economist and industrialist Jean Baptiste Say defined an entrepreneur as an agent who:

unites all means of production and who finds in the value of the products...the re-establishment of the entire capital he employs, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself. (Say 1816, pp. 28–29)

Dana (1995a) explicitly agreed with psychologist David McClelland that an entrepreneur is an individual who earns his/her livelihood by exercising

some control over the means of production and produces more than he can consume in order to sell (or exchange) it for individual (or household) income. (McClelland 1961, p. 65)

Based on the classical definition of the word, which can be traced to the German *unternehmung* (literally translated as 'undertaking'), the work of Dana has generally understood entrepreneurship as referring to an economic undertaking (Dana 1999, 2007b, 2018).

Similar to the words 'entrepreneur' and 'entrepreneurship', the term 'minority entrepreneurship' may have multiple meanings. Most loosely, minority entrepreneurship entails a self-employment enterprise run by a person who is not typical of the mainstream society and can therefore be described by the adjective minority (Waldinger et al. 1990; Greene and Butler 1996; Richtermeyer 2002). Deriving from the fact that the entrepreneurship scene arguably remains a playground of native-born middle-class white male city residents in the age bracket 35–44 years, minority entrepreneurship is expected to introduce distinct, non-dominant axes of nationality, class, race, age, gender or location (Parker 2009; Irastorza and Peña 2014; Ram et al. 2017; White 2018). Moreover, Bates et al. (2018) mentioned that a composition of social groups defined as minorities can change over time. This dependency on characteristics of mainstream society as well as a studied

timeframe makes the notion of minority fluid and relational. Through the fluidity the concept embraces various interpretations.

The topic of ethnic minority entrepreneurship occupies a predominant position in relevant debates. Partly, it can be explained by the growing number of ethnic minority enterprises, such as in the USA where the number of firms owned by people with immigrant roots doubled within the last 20 years (Bates et al. 2018). Nevertheless, like Ward and Jenkins (1984), Desiderio (2014) emphasised the importance of both context and case regarding self-employment by ethnic minorities since the distinctiveness of a business environment may differ significantly from one state to another, thereby limiting or providing opportunities for certain ethnic groups. Moreover, different ethnic groups (whether minority or not) have disparate cultures, values, preferences, taboos and priorities, hence their entrepreneurial behaviour will vary accordingly. For instance, in many Western states, entrepreneurs of Asian and Turkish origin traditionally demonstrate the highest self-employment rates, while the African descendants the lowest (Wahlbeck 2007; Oliveira 2007; Portes and Yiu 2013; White 2018). This is important to remember when attempting to understand entrepreneurial behaviour and/or the lack of it. Comparing entrepreneurs from different ethnic backgrounds, Dana (1995a, 1996) observed occupational clustering and illustrated that the behaviour of individuals from different ethnic backgrounds is different when faced with the same opportunity for entrepreneurship. One size does not fit all.

Much of the research on the phenomenon of minority entrepreneurship has addressed ethno-cultural, linguistic, racial and religious diversity. It is arguable that research in this area originated in developed countries, especially in the USA (Light 1972) and in Europe (see, for example, Boissevain and Grotenbreg 1987), including the UK (Ward 1987). Waldinger et al. (1990) focused their definition on the term 'ethnic entrepreneur' which they considered to be people (usually immigrants or descendants therefrom) who shared a common background or experience in a host society. Nevertheless, Tolciu et al. (2010) noted that in relevant studies, ethnicity is discussed in two different ways, namely, as roots of entrepreneurs or methods of business management such as relying on ethnic clientele. Indeed, as observed by Casson (1990), many ethnic entrepreneurs do not extend their customer base beyond the ethnic community. Introducing migration into the discussion, Ram et al. (2017) specified that ethnic entrepreneurs consist of both immigrants and children or grandchildren of these immigrants. This definition has led to much ambiguity between the terms 'ethnic entrepreneur', 'immigrant entrepreneur' and 'minority entrepreneur'. Indeed, the notions of

ethnic and migrant entrepreneurship are often used interchangeably as clearly articulated definitions of the concepts are still lacking. Partly, it is caused by the dependency of the term 'migrant entrepreneurship' on a definition of a migrant. For instance, according to Portes and Rumbaut (2001), a migrant can be defined as a foreign-born individual who moved to a receiving country at the age of 12 or later. Ram et al. (2017) introduced a broader definition, according to which a person can be seen as a migrant if (s)he is a child of foreign-born individuals. Nevertheless, a dividing line between ethnic and migrant entrepreneurship can be drawn considering the fact that a migrant entrepreneur is always a part of an ethnic community, but not every ethnic entrepreneur is a migrant. This implies difference in challenges that might be experienced by either group. Finally, talking about relevant theories, Dana (1997) pioneered a general model on ethno-cultural minorities, and this was further developed by Dana and Morris (2007). Thus, theories that are relevant to ethnic entrepreneurship include: (1) middleman minority theory (Loewen 1971; Bonacich 1973); (2) ethnic enclave theory (Light 1972); and (3) reactive cultural theory (Dana 1997).

So what constitutes an ethnic minority? A market in Turpan (China) may help one to fully understand the importance of context and relativity of the notion 'ethnic minority'. In China, the majority of people are Han Chinese, while others comprise minorities. Being a large country, China is divided into administrative regions, somewhat similar to states in the USA. Among these is Xinjiang, where (unlike most of China) majority of people are not Han Chinese. Xinjiang is home to indigenous Uyghurs who practice Islam and speak a Turkic language rather than Mandarin; here, Han Chinese (who form the mainstream majority elsewhere) are a minority. Thus, it can be seen that within China, a Han Chinese individual is a member of mainstream society in Beijing, but not in Turpan where the same person is considered to belong to a minority group. Likewise, a Muslim Uyghur who belongs to mainstream society in Xinjiang becomes a minority entrepreneur upon leaving Xinjiang. Once overseas, both Han Chinese and Uyghurs are in the minority, and important differences and similarities can be found in their entrepreneurial behaviour. Therefore, minority status is a function of host society, and this was explored in detail in the early twentieth century by Bainbridge (1907) who wrote about Jews in China, while in the late twentieth century researchers such as Dana (1998) focused on examples of Muslim entrepreneurs in China.

It should be added that the concept of minority refers not only to insufficient presence in an entrepreneurship ecosystem, but also to unequal distribution of resources among minority groups and a dominant population (Healey 2014). Therefore, minority entrepreneurs are often addressed as



a 'socially disadvantaged' group (Sonfield 2001). Indeed, according to Ram et al. (2017), ethnic and migrant entrepreneurs are crucially disadvantaged even before business entry. They might experience numerous obstacles in the business market such as social and institutional discrimination, lack of appropriate networks, lack of relevant human capital or hampered access to necessary financial resources. The prevalent disadvantage theory argues that business people of foreign origin are more often pushed rather than pulled (Dana 1997) into entrepreneurship due to discrimination in the labour market (Volery 2007; Dana and Morris 2007; Kloosterman 2010; Nijkamp et al. 2010; Ensign and Robinson 2011; Jones et al. 2012; Irastorza and Peña 2014; Desiderio 2014; Gonul 2018). This unfavourable position has long-lasting consequences, which are mirrored in, for example, success rates: pushed ethnic entrepreneurs have been proven to have lower survival rates than pulled ones (Amit and Muller 1995). Partly, it can be attributed to the fact that pushed self-employed migrants lean towards sectors with low entry barriers where cut-throat competition, high labour intensity and low income make it harder to succeed (Volery 2007; Nijkamp et al. 2010; Jones et al. 2012; Desiderio 2014; Fornaro 2018).

Entrepreneurs from a visible minority—including Afro-Americans in the USA (Glazer and Moynihan 1963; Light 1972) and Roma in various host societies (Foley and Cooney 2017)—can encounter discriminatory barriers that potentially impede entrepreneurship; these can be indirect (such as issues with access to education) or direct kinds of discrimination. For example, first Young (2007) and later on Vorobeva and Dana (2021) noted that people of African descent are denied the role of equal economic actors due to widespread negative racialization in host countries and their adverse position within local and global power networks. Some communities such as the Amish in the USA choose to dress in a way that makes them a visible minority, and they choose not to assimilate with the wider population (Dana 2007a), while other groups/individuals prefer to assimilate (Hamilton et al. 2008). However, even with assimilation, the characteristics of visual minorities remain (Light 2007). Bates et al. (2007) explained that the uniqueness of minority-owned businesses is rooted in barriers encountered, and they also suggested that the process is more difficult for visual minorities than it is for the non-visual minorities (e.g. white person versus black person—dependent upon the context environment).

The academic interest in ethnic entrepreneurship is well justified, not only by the growing scale of the phenomenon, but also by the large amount of crucial impacts it has on policy and practice. For example, previous studies frequently link migrant entrepreneurship to economic development

in both receiving and sending communities. Migrant entrepreneurs are also believed to spread new business practices and ideas, improve competitiveness, create jobs, establish transnational cooperation, raise life satisfaction, increase attractiveness of locations, fight demographic and economic crises, and revolutionise customers' preferences (Baycan-Levent and Nijkamp 2007; Dana and Morris 2007; Desiderio and Mestres-Domènech 2011; Ensign and Robinson 2011; Jones et al. 2012; Desiderio 2014). Thus, migrant entrepreneurs proved to be important actors in the development of economic systems, true 'agents of change' as called by Dana and Morris (2007). A special case of ethnic minority entrepreneurship involves transnational entrepreneurs who are:

social actors who enact networks, ideas, information and practices for the purpose of seeking business opportunities or maintaining businesses with dual social fields, which in turn force them to engage in varied strategies of action to promote their entrepreneurial activities. (Drori et al. 2009, p. 1001)

Members of a diasporic<sup>2</sup> minority may commute between their new host society and their country of birth, becoming transnational entrepreneurs conducting business in a context of double embeddedness (Kloosterman 2010), using multiple languages. One of the examples is a Bulgarian Jew who uses an Israeli passport to commute for business between Sofia and Tel Aviv (Dana 2005).

Minorities are not limited to ethnic groups. One can also fall into a minority category in a variety of ways. Touching upon gender, women were traditionally discussed as a minority group in entrepreneurship arena (Waldinger et al. 1990; Greene and Butler 1996; Sonfield 2001; Strom 2007). Indeed, despite a rapid growth in the number of businesswomen during the last century, the research of Wood et al. (2012) indicated that women still remain under-represented in entrepreneurship community. Reasons for under-representation can be various, including socially prescribed gender roles, lack of crucial human capital or gender discrimination (White 2018). Moreover, in the USA, women have lower household wealth which can hinder their access to external investments and bank loans (Barr 2015). Due to these constraints, businesses owned by women tend to be much smaller compared to male enterprises (Barr 2015). Existing structural barriers have forced women to engage with the informal sector or with their husbands'

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<sup>2</sup>For discussions of diaspora see: Brubaker (2005), Cohen (2008), de Lange (2013), Rauch (2001) and Sheffer (2003).

enterprises as unpaid workforce (Henry et al. 2017). Finally, professions traditionally exercised by women are located in low-wage non-innovative sectors hampering generation of valuable human capital (Henry et al. 2017). Thus, Jennings and Brush (2013, p. 679) concluded that:

perhaps the most fundamental contribution of women's entrepreneurship research lies in acknowledging and documenting that entrepreneurship is not a gender-neutral phenomenon.

Gradually changing gender roles paved the way for acknowledging the indispensable role of females in the entrepreneurship ecosystem. Female entrepreneurs proved to create new strategies of business management. For example, their enterprises are orchestrated around relation-based strong connections rather than dispersed business networks (Foss 2017). Moreover, it was found that female entrepreneurs pursue positive social change more often than financial gains in their business activities (Ascher 2012; Kearins and Schaefer 2017). Finally, female entrepreneurship has a potential to introduce new business practices and form unique identities advocating for better work–family balance in time-consuming and labour-intensive entrepreneurship (Lewis 2017). Juggling to be mothers, wives and businesswomen at the same time, ‘mumpreneurs’ attempt to combine feminine ideas of motherhood with the perceived masculinity of business activities. Nevertheless, to demonstrate the relational nature of gender minority similarly to ethnic minority, let us introduce a few examples. Lithuania has more women than men in the general population. Hence, a man in Lithuania is in the minority when it comes to gender; nevertheless, a woman entrepreneur in Lithuania is referred to as a minority entrepreneur because in terms of entrepreneurial activity women are outnumbered in the state. The number of female entrepreneurs also greatly varies across countries (Kelly et al. 2011). In Ghana there are six businesswomen for every one businessman (Ascher 2012). Many women in Laos are entrepreneurs because religion discourages men from being entrepreneurial (Dana 1995b), and so in that country male entrepreneurs constitute a minority. Thus, relativity of the notion ‘gender minority’ debunking the myth that men always represent a dominant group has been demonstrated by previous studies (Dana 1995b).

The literature on the connection between age and entrepreneurship does not offer a systematic analysis. Nevertheless, there are a few crucial findings shedding some light on what role age can play in the business market. For example, it was found that entrepreneurial intentions decrease (Lévesque and Minniti 2006), while business opportunities grow with age (Lee and Vouchilas 2016). However, the peak of entrepreneurial activities seems to be

achieved in the age brackets from 35 to 44 years (Parker 2009). Since the results of studies have proven to be mixed, different types of entrepreneurship (e.g. novice vs. non-novice, incorporated vs. unincorporated) also need to be considered in order to better understand the impact of age on business activities (Zhang and Acs 2018). For example, full-time entrepreneurship is decreasing, while part-time self-employment is growing with age (Zhang and Acs 2018). In the body of relevant literature, both youth and elderly people have been discussed as age minorities. Indeed, together with underrepresentation within the entrepreneurship community, they suffer direct or indirect discrimination related to their age. Nevertheless, similar to previously discussed categories of ethnicity and gender, the term minority proved to be relational regarding age groups as well. The definition of age minorities largely depends on national demographic indicators such as life expectancy, age of maturity, retirement age, etc. Elder generations seem to enjoy better entrepreneurship opportunities enabled by accumulated social, human and economic forms of capital. Indeed, knowledge-based economy favours entrepreneurs with extensive professional experience. Loarne-Lemaire et al. (2017) have suggested that seniors embark in social enterprises with a conscious willingness to help society, while Maalaoui (2019) emphasized the uniqueness of elderly entrepreneurship. The study of Azoulay et al. (2020) claimed that better chances for success come with higher age; a 50-year-old founder is two times more likely to make higher profits than a 30-year-old. As a result, growth-oriented businesses with large economic impacts belong to middle-aged entrepreneurs, not young entrepreneurs (Azoulay et al. 2020). Nevertheless, experience is often discussed as an opposition to creativity, which closes the doors to innovative sectors for many elderly entrepreneurs. Favouring youth, Silicon Valley has even been accused of ageism (Azoulay et al. 2020). It can be partly attributed to the belief in the obsolete nature of human capital possessed by older generations. In addition, the accumulation of new human capital might be hindered for elderly people. For example, previous studies indicated that the older a person is, the less likely (s)he will engage with training for entrepreneurship (Bosma et al. 2008).

With the development of innovation-oriented economies, youth have started to play a more significant role in the business market. Young people are believed to be more creative and energetic, they are less likely to be occupied with family responsibilities (Azoulay et al. 2020). Indeed, many venture capital firms mention young age as one of the criteria in order to access their investment programmes. On the other hand, younger generations struggle to acquire necessary social and financial capital required to build a sustainable business (Azoulay et al. 2020), with many young people lacking

reliable credit history which hampers their access to bank services. When talking about age in minority entrepreneurship research, the fast-growing body of research on student entrepreneurship attracts special attention. With the rising popularity of entrepreneurial activities among students, the term 'studentpreneur' has been coined to fully grasp the phenomenon (Marchand and Hermens 2015). Reasons for engaging with entrepreneurship among students have proven to be multiple. One of them is the availability of human resources, as well as entrepreneurial environment created by universities. Another reason is that entrepreneurship education is becoming more mainstream and being introduced at different stages of the formal education process (Marchand and Hermens 2015). Moreover, iconic figures such as Sergey Brin, Bill Gates, Steve Jobs, Larry Page and Mark Zuckerberg (who got ideas for their successful businesses while studying at the universities) serve as positive role models for students all over the world. Peter Thiel, co-founder of PayPal, even created a fellowship programme which provides grants to school dropouts under the age of 23.

Despite being treated separately in relevant studies, nevertheless, the briefly outlined minority groups may overlap in identities of individuals, and so they form more complex entities. This intersection of various identity categories such as race, age, gender or disability was a focus of intersectionality research since Crenshaw et al. (1995) identified the special disadvantaged position of black women in the USA. Therefore, intersectionality research originated from black feminism through critical race theory and post-colonialism literature and became especially concerned with position of minorities in power relations (Crenshaw et al. 1995; Manuel 2006; Hancock 2007). The approach highlighted complex inequalities and raised the question of social justice and inclusion (Hancock 2007; Hankivsky and Cormier 2011). Despite its obvious relevance, the approach of intersectionality has not been extensively applied in minority entrepreneurship research. Ram et al. (2017) were among a few researchers who acknowledged the great value of the paradigm for minority entrepreneurship studies. They claimed that the focus on intersectional identities of entrepreneurs offers a broader view of their position in social systems and concluded:

Accounting for ethnic relations, racism and discrimination is not sufficient to explain the ways in which migrant entrepreneurs find their way in the markets of the countries of destination. Its intersection with gender and class is central to these experiences. (Ram et al. 2017, p. 8)

Such findings encouraged many researchers to look beyond established research practices, and it was confirmed by later studies that entrepreneurship experiences of individuals are located at the intersection of multiple identities. Unique combinations of identity makers may provide entrepreneurs with a special or disadvantaged position within power networks. Debunking the myth that ethnicity is central to entrepreneurial activities, Pijpers and Maas (2014) demonstrated that in the case of gay Filipino hotel-owners in the Netherlands, sexuality proved to play a key role. The study explored the connection between class, sexuality and ethnicity claiming that sexual orientation was at the core of identity construction, as well as enabling creation of strong bonds with clients. Twisting class, gender and location, one of the earliest works applying an intersectionality approach to entrepreneurship was devoted to rural women in Australia (Mankelov and Merrilees 2001). It showed how gender intersecting with a rural environment shaped business experiences of women. Finding themselves in a market of limited size, rural female entrepreneurs developed strategies of informal networking and a bottom-up approach to business opportunities identification. Leveraging available resources, businesswomen in rural areas proved to be demand-driven and therefore highly adaptive to needs of local markets. In fact, intersectionality has already proven its relevance in policy-making concerning minority entrepreneurship. For instance, the European Commission implements several projects aimed at providing tailored support to young or female migrants. For instance, Entrepreneurship Without Borders (EntryWay) pays special attention to young migrants as to-be-entrepreneurs. Co-funded by the EU's Erasmus the 'Kaleidoscope: Supporting Female Migrant Entrepreneurs' project aims at inspiring migrant women to start their own businesses. Twisting nationality, gender, class and age in order to identify groups with multiple vulnerabilities, the national and supranational authorities design highly effective solutions to empower disadvantaged social groups.

Unfortunately, frequent references to minorities not only attract public and academic attention to existing inequalities, but arguably they also contribute to the reproduction of these inequalities. Thus, ethical implications of research on minority entrepreneurship must be acknowledged. Excessive unclear use of the concept 'minority' broadly associated with numerous disadvantages might lead to social and economic marginalisation of certain social groups (White 2018). Indeed, Freeman (1994) and Theodore (1995) warned that focusing on minorities as purely disadvantaged groups can lead to the so-called 'reverse discrimination'. Partly caused by prevalence of qualitative studies with limited scale, White (2018) argued that minority enterprises were often framed as small, ethnically oriented or providing a limited impact

in the business market. White (2018) also suggested that concise neutral vocabulary should be chosen to minimise any negative connotations associated with the term ‘minority’. Joining the above-mentioned authors in their concerns, in our turn, we encourage readers of this book to stay highly aware of possible negative implications that research on sensitive topics of inequality and discrimination, even with good intentions in heart, may inadvertently have.

## Conclusion

The concept of minority entrepreneurship has proven to be fluid, dynamic and relational, embracing various interpretations depending on context, case and timeframe. Moreover, intersection of various identity makers such as gender, class, nationality and age proved to be central to business experiences of minorities. Behaviour with regards to entrepreneurship varies greatly among minority groups, but what unites all of them are specific challenges connected to their non-dominant positions. Understanding different behaviours can guide policymakers to become increasingly relevant. During policy design, it should be taken into account that, for example, some communities have cultural capital that encourage (Dana et al. 2019) or inhibit (Light and Dana 2013) entrepreneurial behaviour. The fact that minority entrepreneurs are, as a rule, pushed into self-employment due to the lack of alternatives and various structural barriers also demands special attention of policy-makers. Appropriate political response proved to be able to turn minority entrepreneurship into a considerable advantage for a host community spreading innovations, mobilizing capital and improving social cohesion.

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# What Does GEM Say About Minority Entrepreneurship?

Jonathan Levie and Samuel Mwaura

## Introduction

The Global Entrepreneurship Monitor (GEM) is the largest and longest-running social science research project in the world. From the first experiment with eight countries in 1999, 114 economies have since participated. Most of these are independent countries; the exceptions being special economic areas including Hong Kong, Puerto Rico and the Azores. Each year, participating national academic teams survey at least 2000 adults at random and survey at least 36 experts in different aspects of the business environment regarding entrepreneurship in their economy. Participants in the adult population survey are approached by whatever means are most appropriate in their economy. They are asked a wide range of questions that probe their entrepreneurial attitudes, activity and aspirations. Over the years, the survey medium has shifted from telephone interviews via random digit dialling of fixed line telephones to a mix of landline, mobile and face-to-face interviews.

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In several countries, experiments have been conducted with online panels. A central data team ensures that surveys are harmonised and are as equivalent as possible.

The GEM database now runs to millions of cases of individuals. Government data on business creation tends to focus on business registrations. GEM's unique contribution is its focus on individuals and what makes some individuals behave entrepreneurially. Because GEM has been running for so long, it is possible to see the effect of economic cycles on entrepreneurship and to begin to understand the complex relationship between national economic and social context and the types and rates of entrepreneurship. Clear patterns across the world are evident for individuals with different demographic profiles, in different economic and cultural contexts. This chapter reviews some of these patterns, in particular for women, younger and older people, people who are not working because of a disability, the unemployed, immigrants and ethnic minorities. Published research using GEM data that reveal patterns in minority entrepreneurship are also reviewed. At the time of writing, 2017 was the latest year that global individual-level data was available to national team members, so global comparisons of entrepreneurial activity will mainly focus on the combined 2016 and 2017 databases, containing survey data on 344,757 individuals aged between 18 and 64 in 70 countries. Immigrant entrepreneurship was a special topic in GEM 2012 and data from this year is used in the section comparing immigrant and non-immigrant entrepreneurship.

## **What Does GEM Tell Us About Entrepreneurship and Gender?**

According to the GEM data, rates of business start-up intention, start-up activity and business ownership vary by gender across stages of economic development (as Table 1 shows). In most economies (but not all), female entrepreneurial activity is around two-thirds of male entrepreneurial activity. This ratio tends to vary with an economy's stage of economic development. In the least developed economies, female entrepreneurial activity is high, on par with or even higher than male entrepreneurial activity. More female than male entrepreneurial activity is driven by necessity rather than opportunity. The ratio of female-to-male rate is higher in poorer countries and it declines across the entrepreneurial process from intention to closure. Furthermore, it also tends to be lower, the higher an economy's stage of economic development.

**Table 1** Rates of business activity from intention to start to closure among males and females aged 18–64 by stage of economic development

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Economy average	Female	Male	Female	Male	Female-male ratio	Female	Male	Female-male ratio	Female	Male	Female-male ratio
1. Factor-driven	42.1%	47.0%	90%	21.2%	25.3%	84%	18.1%	21.1%	86%	5.2%	5.4%	95%
Transition 1–2	27.1%	31.6%	86%	8.3%	11.5%	72%	3.7%	9.1%	41%	2.6%	4.0%	66%
2. Efficiency-driven	29.3%	35.0%	84%	12.6%	16.4%	77%	7.0%	10.3%	67%	4.0%	4.0%	100%
Transition 2–3	21.8%	28.5%	77%	10.7%	16.0%	67%	5.5%	10.7%	52%	2.8%	3.8%	73%
3. Innovation-driven	14.6%	21.2%	69%	6.8%	11.2%	61%	4.6%	9.0%	52%	1.7%	2.4%	70%
	Smallest rate			Smallest rate			Smallest rate			Smallest rate		
1. Factor-driven	14.1%	19.1%		7.9%	11.7%		4.3%	6.6%		1.7%	2.4%	
Transition 1–2	3.9%	6.2%		5.7%	6.9%		2.6%	2.3%		1.7%	1.3%	
2. Efficiency-driven	5.1%	8.3%		2.7%	4.9%		0.7%	2.0%		0.4%	0.8%	
Transition 2–3	13.4%	15.9%		7.9%	9.3%		2.7%	3.6%		1.4%	1.7%	
3. Innovation-driven	4.3%	6.7%		2.8%	5.9%		0.7%	2.0%		0.5%	0.6%	

(continued)



Table 1 (continued)

	Intend to start a business in the next three years		Early-stage (nascent or new) entrepreneur		Established business owner-manager		Closed a business in the last 12 months, business did NOT continue	
	Female	Male	Female	Male	Female	Male	Female	Male
	Female–male ratio		Female–male ratio		Female–male ratio		Female–male ratio	
	Largest rate		Largest rate		Largest rate		Largest rate	
1. Factor-driven	69.0%	75.5%	30.2%	37.6%	29.7%	31.7%	8.0%	7.6%
Transition 1–2	41.5%	52.0%	10.4%	16.6%	4.6%	19.0%	3.2%	6.5%
2. Efficiency-driven	55.4%	67.5%	30.4%	31.1%	21.5%	23.0%	9.4%	8.8%
Transition 2–3	43.9%	51.3%	19.7%	28.3%	18.0%	33.9%	4.9%	6.3%
3. Innovation-driven	53.9%	58.3%	17.8%	22.6%	13.3%	17.1%	4.3%	5.1%

Source GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2016 and 2017

Factor-driven countries: Burkina Faso, Cameroon, India, Madagascar. Transition countries (1–2): Iran, Kazakhstan, Russia. Efficiency-driven countries: Belize, Bosnia and Herzegovina, Brazil, Bulgaria, China, Colombia, Ecuador, Egypt, El Salvador, Georgia, Guatemala, Indonesia, Iran, Jamaica, Jordan, Macedonia, Mexico, Morocco, Peru, South Africa, Thailand. Transition countries (2–3): Argentina, Chile, Croatia, Hungary, Latvia, Lebanon, Malaysia, Mexico, Panama, Poland, Turkey, Saudi Arabia, Slovakia, Uruguay. Innovation-driven countries: Australia, Austria, Canada, Cyprus, Estonia, Finland, France, Greece, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, Portugal, Puerto Rico, Qatar, Slovenia, South Korea, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates, United Kingdom, United States

de la Cruz Sánchez-Escobedo et al. (2014) studied entrepreneurial intentions of men and women (i.e. at the individual level) in factor-driven, efficiency-driven and innovation-driven countries using the GEM 2008 database and found very different drivers between men and women. Across the three country-groups, women tended to have higher start-up intention rates if they were unemployed and had at least a secondary education, suggesting that a mismatch between their economic status and their abilities was pushing them to consider entrepreneurship. Fear of failure also seemed to have a negative effect on women in efficiency-driven and innovation-driven countries; perhaps in the poorest countries, women had little to lose. For men, the drivers seemed to be more pull than push, such as self-efficacy, work experience and knowing another entrepreneur, and drivers tended to vary more across the country-groups. Tsai et al. (2016) measured the moderating effect of gender on how opportunity perception and fear of failure mediated the effect of self-efficacy on intention in China and Taiwan. Each of these studies provided glimpses of a complex set of influences on entrepreneurial intention that researchers are only beginning to understand.

At a national level, Verheul et al. (2006) found in a sample of 29 countries surveyed in 2002 that, in general, female and male entrepreneurial activity rates were influenced by the same national-level factors and in the same direction. However, using different GEM survey years and different statistical methods, Arenius and Kovalainen (2006), Langowitz and Minniti (2007) and Minniti and Cardone (2009) found that the difference in early-stage entrepreneurial activity between men and women at the individual-level could be mostly 'explained' by differences in perception, specifically in entrepreneurial self-efficacy, fear of failure and, to a lesser extent, opportunity perception. Koellinger et al. (2013) found that lower rates of female business ownership were primarily due to women's lower propensity to start businesses rather than to differences in survival rates across genders and confirmed again that this was due to perceptual differences. Minniti (2010) showed that the stage of economic development was a critical factor in rates of entrepreneurship among women, because in poorer countries, out of necessity, more women were likely to start businesses, closing the 'gender gap'.

While women may be less likely than men to start businesses (at least in most countries), a study by Koellinger (2008) using 2002–2004 data found that women nascent entrepreneurs were more likely than men to have innovative rather than imitative businesses. The evidence on gender and growth aspiration of entrepreneurs is mixed. Terjesen and Szerb (2008) found that, across 35 countries, male entrepreneurs were more likely to have high growth aspirations, but Verheul and van Mil (2008) found no direct gender-related

difference in growth aspiration for the Netherlands, arguing instead that there might be indirect effects (e.g. gender differences in export propensity). Lepoutre et al. (2013) and Brieger et al. (2019) made use of special questions asked in 2009 GEM surveys on social entrepreneurship. While Lepoutre et al. found that social entrepreneurs are more likely to be men than women, Brieger et al. discovered that women entrepreneurs were more likely to be pro-social in their goals, and that this gender effect was even stronger in countries where human empowerment was high. Overall, it would appear that while there are indications of some under-representation of women in certain types of entrepreneurial activity, the situation with women's entrepreneurship globally is highly complex, multifaceted and context-dependent. Further, it is not always a case of disadvantage.

## What Does GEM Say About Youth Entrepreneurship?

Table 2 shows clear patterns in entrepreneurship among young people (aged between 18 and 29) compared with older people. Business start-up intention rates are the same among youth as among older people in the least developed economies and these are about twice those of young people in the most developed economies. Generally, the more developed an economy, the lower the business start-up intention rates among young people, but this reduction is even more marked among older people. Moving from intention to start a business in the next three years to actively trying to start a business or running a new business (early-stage entrepreneurship), the data broadly shows similar rates between youth and older people in each stage of development, but much more of a significant decline in the frequency of engagement in more developed economies compared with the least developed economies.

Older people have much higher rates of established business owner-managers than youth in all stages of development. This is, naturally, a consequence of age: older people have simply been around longer, but another reason may be greater experience and thus greater business sustainability. However, the ratios of closure to business ownership (early-stage and established) are quite similar for youth and older people in each stage of development (being slightly higher in the middle stages of economic development), which is not what one would expect to find if the businesses of younger people were being closed faster than those of older people. While older people have higher closure rates, this is because they also have higher rates of business ownership overall. Coduras et al. (2018) examined the GEM

**Table 2** Rates of business activity from intention to start to closure among youth (aged 18–29) and other people (aged 30–64) by stage of economic development

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Youth	Other	Youth–other ratio	Youth	Other	Youth–other ratio	Youth	Other	Youth–other ratio	Youth	Other	Youth–other ratio
<b>1. Factor-driven</b>	Economy average			Economy average			Economy average			Economy average		
Transition 1–2	43.9%	44.8%	98%	22.3%	23.7%	94%	10.2%	26.3%	39%	4.1%	6.1%	67%
2. Efficiency-driven	34.3%	25.9%	132%	11.4%	9.2%	124%	2.9%	8.7%	33%	3.0%	3.4%	88%
Transition 2–3	37.5%	29.4%	128%	14.3%	14.6%	98%	3.6%	11.3%	32%	3.3%	4.4%	75%
3. Innovation-driven	30.7%	23.0%	133%	13.3%	13.3%	100%	2.8%	10.4%	27%	2.2%	3.8%	59%
	23.7%	16.3%	145%	9.2%	9.0%	102%	2.0%	8.3%	25%	1.7%	2.2%	76%
	Smallest rate			Smallest rate			Smallest rate			Smallest rate		
1. Factor-driven	16.7%	16.6%	101%	9.8%	9.9%	99%	3.8%	6.4%	59%	1.6%	2.4%	67%
Transition 1–2	6.1%	4.6%	133%	7.6%	5.8%	131%	1.3%	3.0%	43%	0.6%	1.9%	32%
2. Efficiency-driven	12.6%	5.0%	252%	5.2%	3.5%	149%	0.3%	1.7%	18%	0.8%	0.5%	160%
Transition 2–3	13.6%	12.2%	111%	7.9%	7.7%	103%	2.7%	3.7%	73%	1.4%	1.8%	78%
3. Innovation-driven	8.0%	5.7%	140%	3.6%	4.5%	80%	0.5%	2.0%	25%	0.1%	0.7%	14%

(continued)

Table 2 (continued)

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Youth	Other	Youth-other ratio	Youth	Other	Youth-other ratio	Youth	Other	Youth-other ratio	Youth	Other	Youth-other ratio
	Largest rate			Largest rate			Largest rate			Largest rate		
1. Factor-driven	75.1%	69.5%	108%	36.1%	31.4%	115%	15.7%	39.0%	40%	5.5%	9.7%	57%
Transition 1-2	56.5%	39.0%	145%	13.8%	12.0%	115%	5.6%	16.4%	34%	4.8%	4.7%	102%
2. efficiency-driven	65.9%	58.5%	113%	29.8%	31.3%	95%	7.9%	27.2%	29%	8.4%	8.9%	94%
Transition 2-3	54.1%	44.9%	120%	22.6%	25.4%	89%	7.0%	37.0%	19%	4.6%	6.0%	77%
3. Innovation-driven	53.8%	54.2%	99%	17.8%	17.0%	105%	13.3%	14.7%	90%	4.3%	4.3%	100%

Source: GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2016 and 2017. For countries in each stage of economic development, see Table 1

2014 sample (over 188,000 individuals in 63 countries) and confirmed an inverted U-shaped relationship between age and early-stage entrepreneurial activity across stages of economic development, and this result is robust to controlling for other demographic variables and motivation (opportunity versus necessity).

## What Does GEM Say About Seniors and Entrepreneurship?

Comparing seniors (aged 50–64) to other working age adults (aged 18–49), Table 3 shows that seniors have significantly lower intention of starting a business in the next three years than other adults, but that this difference is less marked in the least developed economies, where prevalence rates are high. A similar picture is apparent for early-stage entrepreneurial activity prevalence, which for seniors is around half to two-thirds the rate of other adults in all economic stages, except the least developed economic stage where it is closer to nine-tenths the rate of other adults. In contrast, seniors are around 1.5 times more likely to be established business owners than other adults. They have similar closure rates to other adults and a similar ratio of closure to business ownership at all stages of development. This is because lower early-stage entrepreneurship rates are compensated by higher established business ownership rates. Unsurprisingly, retirement is a significant reason for closure among seniors, with around one-in-ten seniors in all economies (except the least developed) citing this as a reason, compared with just one or two percent of other adults. Conversely, other adults were more likely to cite another job or business opportunity as the reason for closing the business.

Levesque and Minniti (2006) employed Becker's theory of time allocation to develop an explanation regarding why entrepreneurship prevalence varies with age. They argued that as individuals grow older, the value of future income declines relative to current income, and that since entrepreneurship is a form of investment in possible future income, its attractiveness relative to wage income declines as individuals age. Bohlmann et al. (2017) added declining physical and fluid cognitive abilities as individuals age to the notion of time allocation, although this did not explain their finding of an inverted U-shape relationship between age and entrepreneurial activity in the 2013 survey of 70 economies, in which rates across the combined sample of over 240,000 individuals peaked around age 30 and then slowly declined at a decreasing rate. Kautonen et al. (2014) cast some light on these puzzles by separating out those who expected to be self-employed and employ no one to

**Table 3** Rates of business activity from intention to start to closure among older people (aged 50–64) and other people (aged 18–49) by stage of economic development

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio
1. Factor-driven	40.5%	45.3%	90%	20.1%	23.6%	85%	27.7%	18.1%	153%	5.0%	5.3%	93%
Transition 1–2	17.4%	31.7%	55%	5.2%	11.1%	47%	7.1%	6.2%	114%	2.7%	3.4%	78%
2. Efficiency-driven	22.4%	34.8%	64%	10.6%	15.5%	69%	12.8%	7.6%	170%	4.2%	3.9%	107%
Transition 2–3	17.1%	28.1%	61%	8.8%	14.9%	59%	11.0%	7.1%	154%	3.5%	3.3%	107%
3. Innovation-driven	12.1%	20.9%	58%	6.5%	10.2%	64%	9.7%	5.6%	173%	2.0%	2.1%	97%
	Economy average			Economy average			Economy average			Economy average		
	40.5%	45.3%	90%	20.1%	23.6%	85%	27.7%	18.1%	153%	5.0%	5.3%	93%
	17.4%	31.7%	55%	5.2%	11.1%	47%	7.1%	6.2%	114%	2.7%	3.4%	78%
	22.4%	34.8%	64%	10.6%	15.5%	69%	12.8%	7.6%	170%	4.2%	3.9%	107%
	17.1%	28.1%	61%	8.8%	14.9%	59%	11.0%	7.1%	154%	3.5%	3.3%	107%
	12.1%	20.9%	58%	6.5%	10.2%	64%	9.7%	5.6%	173%	2.0%	2.1%	97%
	Smallest rate			Smallest rate			Smallest rate			Smallest rate		
	12.8%	17.5%	73%	9.2%	10.0%	92%	5.8%	5.4%	107%	1.4%	2.2%	64%
	2.2%	6.2%	35%	2.9%	7.7%	38%	3.8%	2.0%	190%	2.1%	1.3%	162%
	2.5%	9.0%	28%	1.7%	5.1%	33%	1.6%	1.2%	133%	0.6%	0.6%	100%
	13.5%	13.0%	104%	7.9%	9.8%	81%	2.7%	2.5%	108%	1.4%	1.1%	127%
	3.2%	7.8%	41%	3.1%	4.8%	65%	1.6%	1.7%	94%	0.7%	0.7%	100%

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio	Senior	Other	Senior–other ratio
1. Factor-driven	63.8%	73.7%	87%	25.5%	35.3%	72%	39.7%	27.3%	145%	8.7%	7.5%	116%
Transition 1–2	30.0%	51.3%	58%	7.9%	14.1%	56%	12.3%	11.4%	108%	3.7%	4.9%	76%
2. Efficiency-driven	51.4%	63.7%	81%	25.5%	31.9%	80%	28.5%	20.0%	143%	9.4%	8.3%	113%
Transition 2–3	38.4%	51.0%	75%	19.0%	25.9%	73%	40.2%	21.7%	185%	6.6%	5.1%	129%
3. Innovation-driven	53.8%	53.5%	101%	17.8%	22.4%	79%	13.3%	13.4%	99%	4.3%	4.3%	100%

Source: GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2016 and 2017. For countries in each stage of economic development, see Table 1



those who expected to employ others in the future. Using a non-GEM, Eurostat sample of 2566 respondents from 27 countries in Europe, they showed that among the former, entrepreneurial activity increased almost linearly with age, whereas among the latter it increased up to a critical threshold age (late 40s) and then decreased. They also found that age has a considerably smaller effect on reluctant entrepreneurs. This is an illustration of the value of digging deeper into motivations and context, and of the dangers for GEM scholars of categorisation using relatively crude demographic variables alone.

Using GEM 2013 data, Ruiu and Breschi (2019) found some associations between the innovative behaviour of entrepreneurs and age. Older entrepreneurs were more likely to introduce novel products and services, but younger entrepreneurs were more likely to employ new technology. However, Colovic et al. (2019) found that ‘third-age’ (senior) entrepreneurs tended to lag behind younger entrepreneurs in both technology adoption and innovation. One example of the possible impact of context on the propensity of seniors to engage in entrepreneurship is provided by Estrin and Mickiewicz (2011) who suggested that the absence of certain informal institutions in transitional economies of Eastern Europe and the former Soviet Union explained particularly low rates of senior entrepreneurial activity, causing an entrepreneurial generation gap. Another example is an article by Velilla et al. (2018) who used QCA fuzzy set analysis to uncover relatively high rates of necessity-driven entrepreneurship among seniors in developing economies, which they interpret as a response to a lack of employment opportunities. In summary, while the relationship between age and entrepreneurship parallels that between employment and age in some regards, with less dynamic activity generally associated with age, this can vary with national economic context, with both high and low levels of entrepreneurial activity shown by youth and seniors in different countries.

## **What Does GEM Say About Going from Unemployed to Self-Employed?**

Perhaps surprisingly, entrepreneurial intention and nascent entrepreneurial activity rates in the less developed economies are the same among the unemployed as among other people, while they are higher in more developed economies (see Table 4). Nascent entrepreneurial activity among the unemployed in less developed economies is typically only two-thirds the rate of other people, whereas it is the same as other people in developed economies. Given the lack of social security in less developed economies, this suggests

**Table 4** Entrepreneurial intention and nascent entrepreneurial activity rates among unemployed versus other people

	Intend to start a business in the next three years			Actively trying to start a business (nascent entrepreneur)		
	Unemployed	Other	Unemployed–other ratio	Unemployed	Other	Unemployed–other ratio
	Economy average			Economy average		
1. Factor-driven	43.8%	44.3%	99%	9.7%	14.7%	66%
Transition 1–2	30.0%	28.7%	105%	3.8%	6.4%	59%
2. Efficiency-driven	30.4%	32.5%	93%	5.9%	8.6%	69%
Transition 2–3	28.9%	24.2%	119%	8.2%	7.7%	107%
3. Innovation-driven	20.6%	17.8%	116%	5.5%	5.6%	99%
	Smallest rate			Smallest rate		
1. Factor-driven	19.8%	16.1%	123%	3.6%	4.4%	82%
Transition 1–2	2.7%	5.2%	52%	0.9%	3.4%	26%
2. Efficiency-driven	6.3%	7.1%	89%	1.0%	2.3%	43%
Transition 2–3	13.4%	13.4%	100%	4.2%	3.7%	114%
3. Innovation-driven	8.3%	5.8%	143%	1.2%	2.4%	50%
	Largest rate			Largest rate		
1. Factor-driven	70.2%	72.6%	97%	17.5%	22.8%	77%
Transition 1–2	51.4%	44.8%	115%	6.7%	8.3%	81%
2. Efficiency-driven	57.0%	63.5%	90%	19.0%	21.9%	87%
Transition 2–3	49.5%	47.1%	105%	16.0%	15.0%	107%
3. Innovation-driven	53.9%	54.8%	98%	12.5%	12.5%	100%

Source GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2016 and 2017. For countries in each stage of economic development, see Table 1

higher barriers to entry for unemployed people in less developed economies. One of these may be basic education as unemployed individuals in the less developed economies tend to be more likely to have no education, while unemployed individuals in more developed economies tend to be less likely to have post-secondary education.

Hill et al. (2018) bring these issues to life in a vivid way with a focus on the Middle East and North Africa (MENA) countries, which have very high youth population percentages, but also the world's highest unemployment rates. They state that in Morocco, 49 per cent of youths aged 15–24 are not employed or in school (NEET); in Jordan, more than half the entire population is under 25 years of age and 25 per cent of these youths are unemployed. They suggest that the ineffective and outmoded public education systems that currently exist throughout MENA not only prevent the spread of entrepreneurship, but also increase overheads for existing employers. Koellinger and Minniti (2009) found in a cross-country panel of 16 OECD countries from 2002 to 2005, that higher unemployment welfare benefits reduced nascent entrepreneurial activity, whether necessity-driven or opportunity-driven, and whether imitative or innovative. For unemployed persons, low education levels may inhibit entrepreneurial entry in all contexts, with the presence of a social safety net further dampening any necessity 'push' effects in developing countries.

## **What Does GEM Tell Us About Entrepreneurial Intentions and Attempts by People with Disabilities?**

In 2016, GEM surveys split a category of occupation which stated 'I am not working because I am retired or disabled' into two separate categories, enabling an estimate for the first time of entrepreneurial intentions and attempts by people who are not working due to a disability. Table 5 shows the results for the combined 2016/17 database. Some caution should be applied to these results because they are based on country averages from very small samples of people with disabilities (2 per cent of national samples on average). Further, it is highly likely that people with certain disabilities could not take part in the survey and that this exclusion varied by country. Given these caveats, the results do suggest a pattern of low participation in the least developed economies on average relative to other people in the sample.

In the least developed economies (stage 1 and transition to stage 2), on average approximately one-third of people who were not working because of

**Table 5** Entrepreneurial intention and nascent entrepreneurial activity rates among people who are not working due to a disability compared with other people

	Intend to start a business in the next three years			Actively trying to start a business (nascent entrepreneur)		
	Not working because disabled	Other	Disabled–other ratio	Not working because disabled	Other	Disabled–other ratio
	Economy average			Economy average		
1. Factor-driven	16.1%	44.7%	35.9%	7.9%	13.7%	58%
Transition 1–2	7.9%	29.9%	26.3%	1.2%	6.0%	20%
2. Efficiency-driven	22.5%	32.2%	69.8%	6.9%	8.1%	85%
Transition 2–3	16.5%	25.3%	65.1%	5.8%	8.1%	71%
3. Innovation-driven	11.4%	18.2%	62.5%	4.2%	5.6%	76%
	Smallest rate			Smallest rate		
1. Factor-driven	3.7%	16.7%		3.40%	4.40%	
Transition 1–2	1.7%	5.1%		0.10%	3.30%	
2. Efficiency-driven	2.0%	6.7%		0.70%	2.20%	
Transition 2–3	13.9%	13.6%		4.20%	4.20%	
3. Innovation-driven	1.8%	6.6%		0.20%	2.50%	
	Largest rate			Largest rate		
1. Factor-driven	45.4%	72.2%		38.8%	47.6%	
Transition 1–2	12.6%	47.3%		24.2%	32.6%	
2. Efficiency-driven	58.1%	61.6%		63.3%	48.0%	
Transition 2–3	63.3%	48.0%		27.3%	26.8%	
3. Innovation-driven	53.9%	53.9%		61.6%	61.6%	

Source GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2016 and 2017. For countries in each stage of economic development, see Table 1

a disability stated they intended to start a business in the next three years, compared with around two-thirds in more developed economies (stage 2 and above). The relative proportion of people who are not working because of a disability who were actively trying to start a business was also lower, with around three-quarters of people in more developed economies becoming nascent entrepreneurs compared with one-quarter to a half in the least developed economies. In a way, this finding is not surprising, because in the least developed economies, job opportunities are scarce, social services may be rare or non-existent, and in some countries there may be cultural reasons surrounding economic inactivity among people with disabilities. In more developed economies, as people with disabilities are encouraged to engage

in the mainstream economy, entrepreneurship may be actively promoted as a solution to a lack of employment opportunities for people with disabilities, because it may offer more flexibility than regular employment (Halabisky 2014). On the other hand, while people with disabilities may need the opportunity that entrepreneurship can offer even more in the least developed economies than in more developed economies, they may struggle to cope in brutally competitive market environments. In addition, in some collectivist family-oriented cultures, it may be taboo for people with disabilities to be seen 'out there' fending for themselves.

## What Does GEM Tell Us About Entrepreneurship Among Immigrants?

Table 6 shows that in every stage of development (except in the least developed economies), immigrants tend to have higher business start-up intention rates, early-stage entrepreneurial activity and business closure rates than non-immigrants. In the least developed economies, immigrant intention, early-stage entrepreneurial activity and business closure rates are lower on average than equivalent rates for non-immigrants. In contrast, relative established business ownership rates of immigrants and non-immigrants vary with stage of development as more developed economies tend to have lower rates of established business ownership among immigrants relative to non-immigrants, while less developed economies tend to have higher rates of established business ownership among immigrants than non-immigrants. One possible reason for this difference in relative entrepreneurial activity between immigrants and non-immigrants in the least developed economies and other economies is that immigrants in the least developed economies are markedly better educated than non-immigrants. They may be taking jobs that require high levels of education to which non-immigrants do not have access. On the other hand, in more developed economies, immigrants may face discrimination in the labour market, including non-recognition of their education qualifications, forcing them to consider other economic alternatives, such as entrepreneurship.

Across all stages of economic development, immigrants are much more likely than non-immigrants to cite 'another job or business opportunity' as a reason for shutting down their business. It may be that, faced with challenging integration issues such as language or culture, or real or perceived discrimination in the labour market, immigrants turn to entrepreneurship as a temporary way of making a living until something more attractive

**Table 6** Rates of business activity from intention to start to closure among immigrants and non-immigrants by stage of economic development

	Intend to start a business in the next three years			Early-stage (nascent or new) entrepreneur			Established business owner-manager			Closed a business in the last 12 months, business did NOT continue		
	Immigrants	Other	Immigrant-other ratio	Immi grants	Other	Immigrant-other ratio	Immigrants	Other	Immigrant-other ratio	Immi grants	Other	Immigrant-other ratio
1. Factor-driven	27.7%	44.4%	62%	17.8%	23.3%	76%	10.2%	9.9%	103%	5.3%	9.7%	55%
Transition 1-2	66.4%	46.5%	143%	25.8%	17.4%	148%	7.9%	6.4%	124%	21.7%	7.8%	277%
2. Efficiency-driven	45.1%	32.3%	139%	19.7%	12.8%	154%	10.1%	7.3%	138%	11.4%	3.7%	313%
Transition 2-3	29.1%	27.0%	108%	16.5%	14.9%	111%	7.9%	8.2%	97%	5.3%	2.9%	183%
3. Innovation-driven	21.6%	13.0%	166%	10.3%	7.5%	137%	5.7%	6.9%	83%	2.5%	1.7%	142%
Smallest rate	12.8%	17.5%	73%	5.5%	2.2%	250%	1.3%	0.5%	260%	4.7%	0.4%	1175%
1. Factor-driven	2.2%	6.2%	35%	16.0%	7.8%	205%	4.8%	3.3%	145%	8.5%	2.7%	315%
Transition 1-2	2.5%	9.0%	28%	7.2%	4.8%	150%	2.6%	1.8%	144%	1.3%	1.5%	87%
2. Efficiency-driven	13.5%	13.0%	104%	1.6%	4.1%	39%	2.8%	2.0%	140%	1.2%	0.8%	150%
Transition 2-3	3.2%	7.8%	41%	3.3%	3.9%	85%	1.2%	3.2%	38%	0.5%	0.6%	83%
3. Innovation-driven	Largest rate			Largest rate			Largest rate			Largest rate		
1. Factor-driven	81.7%	72.3%	113%	49.8%	41.4%	120%	33.9%	31.2%	109%	42.5%	28.0%	152%
Transition 1-2	100.0%	73.9%	135%	40.5%	32.7%	124%	14.0%	9.5%	147%	16.4%	14.1%	116%
2. Efficiency-driven	66.1%	64.3%	103%	89.0%	49.9%	178%	41.4%	29.7%	139%	36.6%	8.1%	452%
Transition 2-3	87.3%	44.6%	196%	24.4%	22.6%	108%	17.3%	15.2%	114%	16.3%	3.7%	441%

(continued)

Table 6 (continued)

	Intend to start a business in the next three years		Early-stage (nascent or new) entrepreneur		Established business owner-manager		Closed a business in the last 12 months, business did NOT continue		
	Immigrants	Other	Immigrant–other ratio	Immigrants	Other	Immigrants	Other	Immigrants	Other
3. Innovation-driven	45.7%	26.5%	172%	27.2%	12.5%	218%	14.7%	4.1%	3.7%
				Immigrant–other ratio			Immigrant–other ratio	Immigrants	Other ratio

Source GEM Adult Population surveys, 2016 and 2017. Stages are those reported by the Global Competitiveness Report for 2012

1. Factor driven: Ethiopia, Gaza Strip & West Bank, India, Nigeria, Pakistan, Uganda, Zambia. Transition (1–2): Algeria, Angola, Botswana, Egypt, Iran. 2. Efficiency-driven: Anguilla, Bosnia and Herzegovina, China, Colombia, Costa Rica, Ecuador, El Salvador, Jamaica, Macedonia, Panama, Peru, Romania, South Africa, Thailand, Tunisia. Transition (2–3): Argentina, Barbados, Brazil, Chile, Croatia, Estonia, Hungary, Latvia, Lithuania, Malaysia, Mexico, Poland, Russia, Trinidad and Tobago, Turkey, Uruguay. 3. Innovation-driven: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Italy, Japan, Netherlands, Norway, Portugal, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom, United States

comes along. Several authors have used GEM data to understand both immigrant entrepreneurship and the effect of immigrants on national and local entrepreneurship rates. Using GEM UK data from 2003 and 2004, Levie (2007) found that migration increases the odds of engaging in new business activity, that the independent effect of ethnicity is marginal and that being a recent ethnic minority migrant decreases the odds of new business activity, after controlling for other individual-level factors. Using data obtained from the GEM Spain 2009 survey, Hormiga and Bolívar-Cruz (2014) found that immigrants to Spain, irrespective of their origin or ethnicity, are less likely than native Spaniards to perceive business creation as a risky situation (using fear of failure as a proxy for risk perception), and that the perception of risk has a significant impact on the decision to engage in business start-up activity. Contin-Pilart and Larraza-Kintana (2015) found evidence in the GEM Spain 2006 database to support the hypothesis that because of their lower sociocultural fit (operationalised by cultural distance and time in region), immigrants are less likely to be influenced in their entrepreneurial activity by past and present entrepreneurs in the region where they live compared with the native population. Peroni et al. (2016) found in a study of GEM Luxembourg 2013 and 2014 data that first-generation immigrants, particularly those better educated, were more interested in starting a new business than non-immigrants, but found no differences in subsequent entrepreneurial phases. Širec and Tominc (2017) found that immigrant early-stage entrepreneurs tended to have higher growth aspirations than native entrepreneurs in north-west Europe, but not in south-east Europe. The decision to migrate is arguably itself entrepreneurial and therefore looking to start a new venture may not be as daunting a consideration for immigrants as for non-immigrants. Entrepreneurial success beyond entry is however driven by multiple factors which may favour or disfavour immigrant entrepreneurs in complex ways in different contexts.

## What Does GEM Tell Us About Ethnic Minority Entrepreneurship?

Data on ethnicity is not routinely collected by GEM, because this varies so much by economy. It is not really possible to compare ethnic minorities across countries on a like-for-like basis. However, some national GEM teams have collected data on ethnicity and these have revealed interesting findings. For example, in the USA, using 2002 GEM data, Koellinger and



Minniti (2006) found that black Americans tended to exhibit more optimistic perceptions of their business environment than other racial groups and were almost twice as likely as white Americans to try starting a business. Yet, they were under-represented among established entrepreneurs, possibly due to stronger barriers to entry and higher failure rates. Levie and Hart (2011) found similar results for Black Caribbean individuals in the UK. Kwong et al. (2009) also used the UK GEM database to explore differences among different ethnic groups in the level of entrepreneurial activity by women, their attitudes towards entrepreneurship and the social capital available to them when starting a business, and found that there were considerable differences between the four main ethnic groupings (white, mixed, black, and Asian). The general under-representation of ethnic minorities in entrepreneurship is seemingly not for lack of trying. More, importantly, however, different ethnic groups appear to face different barriers, and gender factors within the various ethnic groups complicates the matter further, thereby making ethnic minority entrepreneurship too multifaceted for coarse-grained, generic inferences to be drawn.

## Conclusion

One theme running through the sections of this chapter is that distinct differences are seen in the relative rates of entrepreneurial activity among minorities of different types across stages of economic development. A second theme is that, despite these clear patterns by stage of economic development, there are also large differences in minority (and mainstream) entrepreneurial activity between economies at the same level of economic development. Therefore, a difference in prevalence of entrepreneurship between one type of minority and the mainstream in one economy could be reversed in another economy. A third theme is that high intention rates among some minorities (e.g. the unemployed in less developed economies and certain ethnic minorities in some countries) are not matched by high rates of entrepreneurial action. Something is preventing these individuals from achieving their intentions. A fourth theme is that higher rates of entrepreneurial activity among a minority group is not necessarily a positive signal. It may demonstrate a response to adverse economic circumstances or job discrimination. While entrepreneurship may be an economic alternative for some minority individuals, it may not be their ideal choice, but a necessary one.

These themes of wide differences in the rates of minority entrepreneurship and of broad but inconsistent patterns across countries and stages of

development, highlights that entrepreneurial activity is determined by many contextual as well as individual factors. The theme of necessity entrepreneurship underscores that entrepreneurship among minorities may in practice be more a result of, rather than a solution to, a lack of basic economic alternatives (such as social security), while the theme of unfulfilled intentions points to discrimination during and after start-up. On the positive side, it does appear that entrepreneurship may be a stepping-stone to more regular employment or better business opportunities for individuals at risk of discrimination, such as immigrants. The information that GEM provides on minority entrepreneurship also gives hints regarding how entrepreneurship rates may change in the future. For example, across the European Union, the median age of the population is likely to shift from 42.4 years in 2015 to 46.6 years in 2080, suggesting that entrepreneurship rates in this region of the world might decline (Eurostat 2017). Cross-border migration has increased substantially in recent decades, with one United Nations estimate putting the increase from 173 million in 2000 to 258 million in 2017. Climate change is likely to significantly increase migration in the future (IPCC 2019). Understanding immigrant entrepreneurship may become vital for stabilising society as populations shift in geographic space over the coming decades.

There is much more to be learned from the GEM database. By combining annual datasets, scholars can create samples that are large enough to put a spotlight on subsamples and begin to understand multilevel effects. An example might be the combination of the finding of de la Cruz Sánchez-Escobedo et al. (2014) of gender differences in drivers of entrepreneurial intentions and the finding of Schmutzler et al. (2019) of cultural influences on drivers of entrepreneurial intentions, where gender was marginally significant as a control variable. Analysis of separate samples for males and females might reveal different cultural influences on drivers of entrepreneurial intention at different stages of development. It may also be that comparing younger versus older entrepreneurs masks important interactions between age, gender and preferred mode of entrepreneurship (for example, solo self-employment versus organisation creation). Finally, in 2019, major changes to the main Adult Population Survey were made, based on the latest research on entrepreneurial mindset, motivation, mode of governance and impact. These may well reveal further discoveries about the nature of minority entrepreneurship, particularly as scholars combine individual and contextual effects.

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# Social Networks and “Missing Entrepreneurs”

Teresa V. Menzies

## Introduction

Increasingly, social networks have become a major area of interest, importance and research within the entrepreneurship domain. For example, social network theory, based on the competitive advantage perspective, illustrates how networks can provide advantage (and disadvantage), particularly for “disadvantaged entrepreneurs” (Burt 2019). Granovetter (1985) and Aldrich and Zimmer (1986) viewed entrepreneurship as being embedded in networks of continuing social relations and are often credited as being the instigators of the social embeddedness perspective. Social capital is “broadly perceived as an asset that exists in social relations and networks” (McKeever et al. 2014, p. 455). De Carolis et al. (2009) identified two measures of social capital, which were social networks and relational capital (the type of personal relationship derived via network usage), while from a policy perspective, Fayolle et al. (2016) stressed the importance of providing formal networks for entrepreneurs.

The OECD 2017 Report on Missing Entrepreneurs highlights the increased potential for self-employment and/or entrepreneurial success via the utilisation of social networks, but the report lacks specificity regarding

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how to leverage the advantages and minimise the disadvantages of social networks. It is the ambition of this chapter to provide insight into this particular phenomenon, utilising recent surveys and qualitative empirical studies. The aim is to provide new knowledge regarding the unique social network usage and problems experienced by those within the various “missing entrepreneur” groups. Potentially this will spur research effort to advance ways to overcome social network disadvantage in the establishment and growth of an entrepreneurial venture or self-employment endeavour by people from minority or disadvantaged communities.

## Missing Entrepreneurs and Social Networks

The term “missing entrepreneurs” can be applied to “groups that are under-represented and disadvantaged in the labour market” (OECD 2017, p. 3), specifically, women, youth, seniors, immigrants, ethnic minorities, the disabled and unemployed.<sup>1</sup> There is also literature on missing entrepreneurs relating to additional disadvantaged communities such as NEETs (Not in Education, Employment or Training), ex-offender communities (Galloway and Cooney 2012), indigenous entrepreneurs (e.g. Aborigine, Maori) (Wood et al. 2012), and Roma (Foley and Cooney 2017). An important obstacle for members of these groups is ‘Cultural *habitus*’ which according to Light and Dana (2013) acts as a powerful regulator.

If a group’s cultural capital does not support and endorse the selection of entrepreneurship as a vocation, then the group’s strong social capital will not encourage entrepreneurship of group members. (Light and Dana 2013, p. 616)

Barriers, for example, of gender, caste, language, accent, background and age, can create disadvantages in terms of limiting the potential for social capital and social network advantages.

If resource-poor, nascent entrepreneurs cannot access resource-rich social networks, they probably cannot overcome their initial disadvantages. (Light and Dana 2013, p. 611)

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<sup>1</sup>Multidimensionality: See Liu et al. (2019b) “Individuals are inherently multidimensional, characterized by their bundles of simultaneously existing attributes and social relations” (p. 197). So although a “group” is discussed individually, there is also potential for a cumulative disadvantage perspective (e.g. female, immigrant, ex-offender, etc.).

The focus of this chapter will thus be on social networks, given their importance and potential. According to Jack (2010), in her review of approaches to studying networks:

the network of an individual is ... a series of sets of relationships. It exists as potential, all inter-connected but also inter-dependent. Moreover, a network includes both latent and active relationships that the individual maintains, consciously and unconsciously, in some fashion, and enacts to reflect his/her needs. (Jack 2010, p. 130)

A key component of social networks is often family-based networks, but some people within the missing entrepreneurs groups do not or cannot utilise family networks (e.g. some ex-offenders) (Brown and Ross 2010).<sup>2</sup> Family ties can be, for some, a strong component of an aspiring entrepreneur’s social network, providing direct resources and also sharing network ties. Arregle et al. (2015) distinguish three types of social networks as “business advice, emotional support and business resources” (p. 313) and find varying levels of family involvement in each. However, the advantage/disadvantage dichotomy of social networks is also very much apparent in relation to family-related social networks (e.g. Azmat and Fujimoto 2016). How can social networks be created, developed, utilised, enhanced and manipulated in a way that decreases the disadvantage inherently associated with being part of one or more of the missing entrepreneur groups? This is an important topic with financial, social and political implications at the individual, family, community and societal levels. As well as driving economic growth, entrepreneurship is increasingly viewed as emancipatory (Al-Dajani et al. 2015), thus advancing our knowledge of social networks holds potential in both areas.

## Methodology

This study utilises the Web of Science database, with a search of the Social Science published academic papers for the years 2014–2019, using the Boolean format for social network(s), entrepreneurship or self-employed and the following description of groups: women/female, immigrant, migrant, refugee, senior, youth, disabilities, unemployed, returning citizen/ex-offender. The results comprise a representative group of the papers published on

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<sup>2</sup>As explained later in the chapter, families can cut-off ex-offenders and conversely, contact may be avoided for safety reasons (perhaps abuse from a former spouse/partner).



the topic. However, it is acknowledged that for a comprehensive review of academic papers, several databases, as well as a request to scholars in the discipline to assist with the search, would produce additional papers.

A total of 326 studies, across all groups, was identified in the 2019 Web of Science search. Each Abstract identified in the search was reviewed to determine if the focus of the research was on social networks, at the individual level (*vs* the firm), and that the topic was not a tangential focus. For example, many studies found in the search, reported on social capital in general, with only an occasional comment on social networks. In addition, only empirical studies, qualitative and quantitative, are included in the review. All studies included are from academic (reviewed) journals. The 48 relevant and robust studies, either quantitative or qualitative, are summarised in Table 1. The number of studies, by group in descending order, are as follows: migrant (18), women/female (15), immigrant (12), youth (excluding students) (2), and returning citizen/ex-offender (1). For the remaining missing entrepreneur groups, no papers were identified.<sup>3</sup> To maximise information on recent research findings, the extensive research on each group, included in both conceptual and review papers, has not been included in this chapter.

## Women and Social Networks

In five out of 15 of the studies that inquired into women and social networks, there was a comparison between men and women, of which three used survey methodology and two utilised interviews (see Table 1). Of the 10 studies that researched only women, six used interviews and four used surveys. The number of participants varied widely, as did the country, and almost all continents were represented. The focus of the research, in all instances, included social networks, but was not always the main research question. For example, research questions included: determinants of the gender gap, ownership structure, effects of gender hierarchy, how do female networks reinforce and challenge gender structures, why form a female-only network, gender differences in network formation, the impact of gender on entrepreneurship network and so forth. The conceptual focus included social networks, but also, for example, social capital, racialised women, team entrepreneurship, entrepreneurs' satisfaction, commitment, venture performance, intersectionality, enablers, constraints, information communication technology (ICT) use and the resource-based view. The findings across studies which compared

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<sup>3</sup>There may be additional studies, however, they were not found using the methodology employed for this study or have been published since the cut-off date of June 2019.

**Table 1** Social network “missing entrepreneur” selected empirical papers 2014–2019

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
<i>Gender/Women</i>					
40 European countries, vary by politics and institutions	Determinants of entrepreneurship gender gap	Broad-based including social networks, family and spouse social capital	Comprehensive European labour and (EV5) values surveys, 1981–2008	Social networks strongest correlate re women selecting entrepreneurship. Especially personal networks from parental and partner’s entrepreneurial activity, not professional associations	Cuberes et al. (2019)
USA, Nascent entrepreneurs	Nascent business ownership structure by gender?	Gender, female, family, team entrepreneurship	Panel Study Entrepreneurial Dynamics II (PSED II). About 1200 nascent identified	Lacking social capital constrains female nascent entrepreneurs. When females establish an entrepreneurial team, they utilise family ties rather than professional ones vs males	Lim and Suh (2019)
Developing world, 15 countries, Female entrepreneurs	Effect of gender hierarchy, networks on female entr. legitimacy and experiences	Networks, private and business sphere, gender hierarchy, job satisfaction, job commitment	Global Entrepreneurship Monitor (GEM), surveys 5997 respondents	Difference female entr. network private and business. Gender hierarchy reduces legitimacy of female entrepreneurs, steepness, constrains legitimacy in private sphere more than in business sphere	Liu et al. (2019c)
Sweden rural communities, Female entrepreneurs	How does female entrepreneurship network reinforce and challenge gender structures?	Embeddedness, ethnographic study, women’s entrepreneurship	Interviews and observations, 30 participants.	Embeddedness interplays with social processes, furthers gender equality. Female entr. network: making entr. process, building relationships, engaging in change process, reinforce and challenge gender structures	Roos (2019)
Portugal, network of women wine producers	Purpose of women wine producers forming a women’s network	Women entrepreneurs, Networks, Networking	In-depth semi-structured interviews with seven wine producers and network manager	Unique network communicated with a single voice. Promoted networking, internationalisation, creativity and innovation	Santos et al. (2019)

(continued)

Table 1 (continued)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Tunisia, Female entr. in training program	Access to key social networks and traditionalism	Social capital, religiosity, entr. performance	Survey, 84 women, non-entr., some planning and some entrepreneurs	Personal network important for business. Social capital ( <i>wasta</i> ) from husband. Religiosity not linked to entr. success. Nepotism and <i>wasta</i> linked to entr. success	Baranik et al. (2018)
US N.W. Mid-West, Incubators and accelerators	Use of intermediary network/mentor organizations by women tech entr.	Exclusion, gender inequality, social networks	Interviews, 21 observation, 21 participants, 14 women	Women experience inequalities in social capital and networking in tech incubators and accelerators. Replication of gender inequality. Need-inclusive climate	Ozkazanc-Pan and Muntean (2018)
Uganda, urban and rural entrepreneurs	Gender differences in formation of networks for women entr.	Gender differences, social networks	Interviews, 294 urban entrepreneurs, 314 rural	Males less likely to receive financing. Males in network more likely provide finance to female entr. Gender homophily negatively affects access to resources. Family key re venturing, downside financial reciprocity	Solano and Rooks (2018)
Egypt, Women entrepreneurs	Women's business performance determinants -political upheaval (2011-12)	RBV and institutional views embedded in gender-awareness	Self-administered survey, 117 responses from women who majorly owned and established business	Social capital, social networks, family social capital, gender-related personal problems, all unrelated to firm performance. Evidence of new boundary conditions in hostile environments	Welsh et al. (2018)
China, Yemen, Iran, Saudi Arabia, Qatar and UAE Entr	Impact of gender and culture on entrepreneurship	Networks	Global Entr. Monitor (GEM) Surveys of from 6 countries	Female entrepreneurs networking more in private sphere than male entrepreneurs and have less tendency to network in public sphere than male entrepreneurs	Bertelsen et al. (2017)
UK, Women digital Internet entrepreneurs	How gender, race and class influence entrepreneurial experiences	Intersectionality, social factors, enablers, constraint tech. skills, challenges	26 in-depth interviews	Digital entr. is not a "great leveller" as social inequalities evident and replicate the offline social hierarchies. Unlikely the disadvantaged will find any advantage in digital entr	Dy et al. (2017)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Pakistan, Women entr. Middle and lower-class	Do social restrictions, family networks, facilitate or hinder women entrepreneurs	Social capital, networks, context, resource acquisition	Semi-structured interviews and observations, 21 women	Social and cultural norms restrict others' willingness to encourage women to engage in entr. Close family interfere with women's resource acquisition	Lindvert et al. (2017)
India, Women entrepreneurs	Entrepreneurial opportunity and effects of strategic networks	Social network theory, discovery, creation, strategic networks	Panel Study of Entr. Dynamics (PSED II), survey	Entr. in discovery contexts homogeneity in networks, similar backgrounds. Entr. in creation contexts have heterogeneity in networks, diverse backgrounds	Upson et al. (2017)
India Women, rural	Initiation and success of women's entr. ventures	Social networks, information and communication tech. (ICT) use	seven-year study, field study, 20 rural villages	Interplay social networks and ICT use Family, community ties positive, men in power negative, relate to ICT use, entr. activity and profit	Venkatesh et al. (2017)
Canada, ON. Women entr. Afro-Caribbean descent	Structural, disciplinary, hegemonic and interpersonal view, negotiate market constraints?	Racialized women, entrepreneurship, intersectoral/interlocking analysis Process focus	53 interviews, short questionnaire re demographic and business information. Almost 50% in 30s and highly educated	Processes of gendering, classing and racialization of wages influences participation in self-employment. Bureaucratic hierarchies, e.g. funding and mentorship, are racially gendered and exclude racialized women	Knight (2016)
<i>IMMIGRANT</i> Australia, Sydney and Canberra, Chinese immigrant businesses	A how-to of: Shift from low return start-up business to competitive business model, targeting mainstream clientele	Ethnic entrepreneurship, Breakout strategy, Value-add business processes	Semi-structured in-depth interviews of 55 business owners	Breakout strategy includes innovation, marketing, networking and personnel strategies. Resource type importance varies by stage of transition to new business model. Accumulating financial capital and capacity to learn and benefit from experience of social networks fundamental enabler for break-out	Wang and Warn (2019)

(continued)

Table 1 (continued)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Spain, Italy immigrants, Moroccan, Senegalese, Gambians, Sri Lankan	Structural assimilation and transnationalism, embeddedness in social networks	Personal ego, social network, acculturation, transnationalism, connectivity	2 survey datasets, personal networks and individual attributes Spain 139, Italy 102 respondents, inc. 45 alters	Personal network important re-assimilation. Patterns of structural cohesion re personal contacts from different nationalities, countries. Personal networks: association structural assimilation, embeddedness, transnationalism, cultural and economic assimilation	Vacca et al. (2018)
Australia Indian immigrant entrepreneurs	Propensity for entrepreneurship, intergenerational mobility	Push and pull entrepreneurship, human capital, social networks	20 case studies from 152 per year 2000 and post-2000 arrivals Included surveys, observations and experiments	Third generation had higher human capital and entrepreneurial intentions at an earlier age than the first and second generation pulled into business—did not use social network of family or friends. Third generation used social networks more than first and second gen	Chavan and Taksa (2017)
Finnmark, rural Norway Russian immigrant entr. Women	Networking practices, spatial and ethnic embeddedness. Family, male partners support for entr.	Social, economic, culture contexts Network relationships	Semi-structured in-depth interviews with nine women started their own businesses (self-employed)	Family especially male spouse key in start-up Women, via husbands and their family, have access to resources in host context, i.e. advisors, network of resources. Address immigrant disadvantage via affective ties	Munkejord (2017)
Immigrant entrepreneurs in Sweden	Does family living in close proximity influence remaining in entrepreneurship?	Family/Relational/Social embeddedness	Survey 2001–07, 1825 formerly unemployed immigrant entrepreneurs	Family living in close proximity increases immigrant entrepreneurs' likelihood of remaining in entrepreneurship	Bird and Wennberg (2016)
Germany Immigrants from Central and E. Europe vs. others	Determinants of self-employment propensity	Immigrant self-employment, entrepreneurship, determinants, economic integration	German Socio-Economic Panel SOEP Telephone survey. 484 respondents	Country of birth, gender, level of education and cultural factors influence self-employment re Polish and Romanian immigrants in Germany. Social capital shown to be of less importance for self-employment than propensity	Szarucki et al. (2016)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Canada, Toronto, Chinese Immigrant Entrepreneur	Gender re networks, Internet use, transnational entr., business success	Gender, social networks, internet, immigrant entrepreneurship	Random sample survey from businesses 308 face-to-face questionnaires with 53% response rate	Gaps in network composition by gender and kin. Men and women turn to men for resources. Women less successful converting network resources into advantages. Women participate less than men in voluntary organisations	Chen et al. (2015)
Singapore Chinese new immigrant entrepreneurs	Dual embeddedness. Integration and transnationalism re business ownership	Transnationalism, integration, dual embeddedness	Face-to-face interviews, 25 entrepreneurs and observation of participants	Transnationalism and integration mutually reinforcing. Access markets and networks from China. Reputation from networks in China strengthens networks in Singapore	Ren and Liu (2015)
Italy Immigrant entr. Information, communication Technology industry	Transnational ties, migrant firm performance: entr. attitude, institutional, socio-economic characteristics	Transnational entrepreneurship; ethnic business ties; firm performance ICT industry	Telephone survey, 485 entrepreneurs	Negligible direct impact of ties on firm sales, but confirm role of home-country characteristics on ties-performance relationship. Key is socio-economic characteristics and entrepreneurial attitude related to home-country	Brzozowski et al. (2014)
Italy, Prato Chinese immigrants working in fashion industry	Causes of immigrants' exceptional development and evolution for future of Prato	Immigrant entrepreneurship, Transnational business networks, Industrial districts	In-depth interviews with immigrants, exploring journals about immigrants' entrepreneurial activities	Migrants foster economic and social relations with relatives and co-ethnic immigrants in host country, but they also maintain regular relations with relatives and friends who have emigrated elsewhere or remained in-place, which increase potential for new business	Ottati (2014)

(continued)

Table 1 (continued)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Australia Italian immigrant entrepreneurs	How entrepreneurs identify foreign market opportunities?	Social ties, kinship ties, ethnic ties	21 in-depth, semi-structured interview, three groups: case study firms, Australian-Italian Ind. Experts, Australian-Italian Government Reps	Immigrant entrepreneurs prefer trusting social and country of origin (COO) regional-based ethnic ties to identify foreign market opportunities. Kinship ties are not preferred source of info, as to not "mix family and business"	Smans et al. (2014)
Germany Frankfurt micro-entrepreneurs of Italian origin	How immigrant entrepreneurship emerges and develops	Immigrant entrepreneurs, embeddedness, social capital, transnationalism	Semi-structured interviews with 23 pizzeria and 21 ice cream parlour owners, 10 key informant interviews union officials, scholars	Pizzeria: part of small networks, do business in predominantly local markets and are mainly shaped by mimetic isomorphism. Ice cream owners highly articulated networks, show specific aspects of economic transnationalism	Storti (2014)
<i>MIGRANT, DISPLACED, REGUGEE</i>					
Jordan Displaced Palestinian women, self-employed	Intermediaries role in emancipation prospects of poor female micro-entrepreneurs	Embeddedness, emancipatory, defiance, resistance	Eight-year longitudinal, In-depth interviews (Arabic), 43 women, 129 interviews	Critical role of "secret" production network. Conflicting roles as patron-donors and client-contractors. Local rules constrain women, re-shared production or establishing client-based relations with agencies	Al-Dajani et al. (2019)
Pakistan Displaced entr. war/conflict situations	Resources displaced entr. use. Bricolage role in development of entr. ventures	Entrepreneurship, network, bricolage; War, conflict; displaced	Semi-structured multiple interviews with 6 entrepreneurs	Bricolage assists with starting business. Utilise clandestine networks for acquisition of resources, competencies and knowledge, was established prior to displacement. Crucial for linking supply chain and sourcing customers	Kwong et al. (2019)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
China rural migrants	Human, social capital, community trust on entr. entry	Entrepreneurship, Firm performance	China Labour-force Dynamics Survey (CLDS). 2012:16,253, 2014: 23,594	Migrants more likely to engage in entr. vs. urban and rural non-migrants. Broader social network, a high personal drive facilitates business start-up. Community trust key	Liu et al. (2019a)
London Migrant Vietnamese business owners	Mixed embeddedness approach to businesses with a transnational mode of operation	Mixed embeddedness. Forms of capital, Opportunity structure, transnational	In-depth interviews with 286 owner-managers	Ethnic networks enable transnational entr. to navigate unfamiliar institutional contexts and expand production, moving family resources to favourable locations. Complex web of business networks extends beyond traditional links with homeland to multiple countries	Bagwell (2018)
Slovenia and Sweden rural migrants	Structural and individual peculiarities of lifestyle migrants	Embeddedness Lifestyle migrants New immigration destinations	19 biographical in-depth interviews	Migrants' backgrounds and aspirations influence how and why they make use of institutional assistance and support. Deploy multiple local and broad social networks for business purposes	Eimermann and Kordel (2018)
Scotland Glasgow Polish new migrant entr.	Breakout strategies and barriers to new markets and networks	Ethnic market, breakout strategies, diversification process	Observations, field notes, 2009/10 semi-structured interviews, 20 sole traders/owners	Limited access to support, finance, wider social and business networks. Use social networks, internet social media to exchange info. post ads, organise events. Use supply chain linkages in UK and Poland	Lassalle and Scott (2018)
Spain Migrant Workers	Propensity to be self-employed among foreign-born workers	Immigration Self-employment Networks Entrepreneurship	Spanish Labour Force Survey (LFS) 1999–2009, 130 nationalities included in survey	1st transition: ethnic network, education, years resident re self-employment vs employment; 2nd transition: own-account worker vs entr., no impact re networks. Networks relevant re self-employment but not entr. decision. Better network among close proximity co-nationals higher self-employment, likely network affects the self-employment decision	Martin-Montaner et al. (2018)

(continued)



Table 1 (continued)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
United States, Spain and Chile Peruvian entrepreneurs	Peruvian migrants use of ethnic networks for entrepreneurship	Entrepreneurship, social networks, social capital	Formal/informal interviews with 100+ migrants, both sexes, different economic classes, also case studies	Successful entr. depends on personal skills and previous professional experiences (human capital) and social networks. Entr. Network with co-ethnic migrants to broaden clientele but can hamper business competitiveness. Use network closure to limit dependence	Paerregaard (2018)
Caribbean Diasporic and domestic entrepreneurs	Embeddedness in home and host society, networks spanning both societies. Innovation, exporting, growth advantages?	Diaspora, embeddedness, transnational, social networks	Global Entrepreneurship Monitor (GEM) surveys, 21,539 adult Caribbeans and 2203 Diasporans	Diasporans become entrepreneurs more by pull and less by necessity push. Network more than domestic entrepreneurs in the transnational and operations sphere. Networks benefit outcomes, innovation, exporting and growth expectations, in contrast to negative effects from networking in private sphere	Schött (2018)
Germany Self-employed migrants from the former Soviet Union	Type of social capital used in, e.g. geographic and business networks re transnational entrepreneurship	Transnational entrepreneurship, social capital, network analysis	Interviews, 62 first-generation self-employed migrants	Intensive transnational entr. activities use larger pre-existing networks from homeland, strong and weak ties, gradually extended. Informal weak ties used for sporadic transnational activities, Transnational activities (not homeland) used for formal network	Sommer and Gamber (2018)
Netherlands Dutch and Wenzhou-Dutch entrepreneurs	Extent migrants embed themselves and businesses in local context and how ethnic roots impact entr.	Phenomenography; embeddedness; ethnic minority entrepreneurs	Interviews 10 Wenzhou-Dutch 10 Dutch	Co-ethnic ties benefit, not disadvantage, e.g. strongly impact perception of entr., enactment behaviours, embeddedness in local area, collaborative entr.—“Wenzhouese entrepreneurial organization form” Mixed Embeddedness evident	Szkudlarek and Wu (2018)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Lebanon Displaced Syrians	How social capital influences success and survival of refugee-entr. start-ups	Refugee entrepreneurship; social capital theory; start-up characteristics	Single case study	Distinct network structure. Co-ethnic network, host-nation network, equally important extends network to business associates at peak times, so flexibility. Small, familiar network, built strong ties. Social capital, via structural dimension of network ties; influences performance of the start-up. Nature of ties keep evolving as business grows	Bizri (2017)
China Within China migrants	Factors that foster entrepreneurship of within China migrants e.g. re-human, financial, social capital	Returned migrants, rural, urban, social networks, human, financial capital	Questionnaire interviews, three samples, 8000 rural households, 5000 urban households and 5000 rural-urban migrant households	Migrants leaving hometown provinces lose rooted social networks but gain more human capital, new social networks and sources of financial capital, enable entry to entr. In return, especially in the East, greater human and social capital led to more starting businesses	Yu et al. (2017)
Australia Melbourne Indian women entrepreneurs	Complexities of entrepreneurship experience, family embeddedness	Embeddedness ethnic migrant women entrepreneurs	Semi-structured interviews, 15 women	Indian culture, family dynamics enabler and/or obstacle for women's entr dreams. Female = negative influence on family embeddedness as entrepreneurs. Lacking social network also inhibitor	Azmat and Fujimoto (2016)
China Six cities Entrepreneurs— International returnee ventures (IRV)	International networking capabilities re international business and performance	Networking capability, international knowledge, financial performance	Questionnaire to 836 returnee entrepreneurs re ventures	International networking capability has positive influence on international business knowledge, positively related to innovation performance, but has negative impact on financial performance	Bai et al. (2016)

(continued)

Table 1 (continued)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
Japan Migrants from Malma, Nepal mostly to work in restaurants	How and why many Nepalis migrated to Japan? Kinds of social networks and other transnational ties.	Migration, social networks, social capital, transnational ties, entrepreneurship	Interviews, observation, video and field journal, 125 participants	Social capital, bonding family ties, neighbours, friends, bridging ties with Indian restaurant owners and Japanese businessmen for employment opportunities and aspiring to entrepreneurship. Complex balance between solidarity, exploitation, trust and conflict within Malma migration networks	Kharel (2016)
Danish islands Rural entrepreneurs	How spatial context influences entrepreneurial opportunity	Embeddedness; rural entr. Space, place; opportunity creation; networks	Case studies, 7	Strong pattern of entrepreneurs leveraging their placial embeddedness and non-local strategic networks to create opportunities. Non-local networks leveraged were built after entrepreneurs had moved to new rural island settings	Korsgaard et al. (2015)
India Alumni, top Indian University Indian Institute of Technology (IIT)	What affects migrants' participation in entr. activities when moving back to home country. Social influences.	Social influence, networks, overseas alumni, peer networks	Web-based survey, in 2006, 3127 responses.	Social amplification effect through networks suggests informal networks, e.g. those connecting alumni and ethnic professionals, important channels to induce return migration and entrepreneurship for highly skilled migrants	Qin and Estrin (2015)
<b>RETURNING CITIZEN/EX-OFFENDER</b>					
USA Mississippi Maximum-security prison pre-release inmates	Evaluation of the Ice House Entr. 12-week programme	Entrepreneurial education as an alternative when released from prison, growth mindset, re-entry	29 males, 6–20 months pre-release. Shown how to network with entr. develop a Mentoring Board of Advisors from their home community	Most of those attending the Ice House programme wrote they struggled with the possibility of creating a community of support is unlikely to be allowed into entrepreneur networks	Keena and Simmons (2014)

Country and group	Research question	Conceptual focus	Data and method	Findings	Author(s) (year)
<b>YOUTH</b> Ghana Accra Mobile telephony business	Lived experiences of young entrepreneurs working in rapidly changing, technologically driven sector	Life transition markers	Interviews 2010–2013, 15 young people, life trajectory interviews over three years. eight already operating a business, seven in training re repairs 25 biographical interviews of young mobile business owners	Social network.; e.g. stress of relative moving abroad, finding a sponsor, meeting old and new friends, and contacting a “connection man/woman”. Social networks usually a repository of resources for young people, but not so (e.g. friend sold him a stolen phone). Social networks: get support and give support, e.g. part of transitioning to being viewed adult in Ghanaian context	Afutu-Kotey et al. (2017)
Bangladesh Dhaka city, street children	Do social networks help street children find and manage informal jobs	Social networks	Interviews at three sites. 75 street children aged 10–17	Network ties important for information, assistance for accessing informal jobs. (Can be assumed a form of self-employment)	Reza (2017)

Note Entr. = entrepreneur(s)

men and women included the following: social networks (especially parent or husband/partner personal network) was the strongest correlate for women selecting entrepreneurship. The studies suggested that females lacked social capital and networks, and used family ties more than men. In technology incubators, gender inequality and a lack of inclusivity for females was prevalent. In a study in Uganda, men were less likely to receive funding and males in a network more often financed females than males. Gender homophily was negatively related to accessing resources. Families were a frequent source of resources, but the downside was that the payback (reciprocity) happened in various forms.

In studies that looked at women only, most of which were business owners (entrepreneurs), the findings included that gender hierarchy reduced the legitimacy of female entrepreneurs and that women tended to team with family members rather than non-relatives. Embeddedness in context, plus social networking, furthers gender equality. A network of women entrepreneurs, speaking with one voice, was found to further networking, internationalisation and innovation. Nepotism was linked to success and a social network was critical, especially via one's husband. Digital entrepreneurs found that social inequalities persist, plus social and cultural norms restrict encouraging females to become entrepreneurs. Females in early stages of entrepreneurship use homogeneity in networks, but as they advance heterogeneity occurs through a more diverse network. Family and community networks were positive, however, including men in power, led to negative effects. Gendering, racialisation and bureaucratic hierarchies exclude women from self-employment. Regardless of the country of the study, there are common social network themes that attest to the disadvantage of women regarding their self-employment and entrepreneurial efforts and success.

The conclusion that women, in general, are disadvantaged in comparison to men, in terms of venture-related social networks, is a common finding across current research. Studies attest to male advantage and female disadvantage in the existence, extent and usage of social networks. The cited causes of disadvantage are often gender hierarchy, interwoven with social and cultural norms. Future research might focus on the way women pursuing entrepreneurship can be *advantaged* via social networks. For example, building on research to date future studies might explore the critical role for women of family social networks. Additionally, formal networks, discussed later, especially those created to focus on advancing female entrepreneurship, might be an important driver of equalising the usefulness of social networks.

## Immigrants and Social Networks

Twelve of the review studies concerned immigrants and social networks (Table 1). The methodology of the studies comprised six interviews, one a case study and five used surveys. The number of participants varied widely. Studies were conducted in Australia, Canada, Germany, Italy, Norway, Sweden, Spain and Singapore. The research questions included how to increase productivity and target non-co-ethnic clients, structural assimilation and transnationalism, embeddedness in social networks, networking practices, determinants of self-employment, gender and networks, dual embeddedness, transnational ties, identification of foreign markets, and how immigrant entrepreneurship emerges and develops. The conceptual focus of the studies included social networks, social ties, network relationships, family/relational/social embeddedness, transnational business networks, kinship, ethnic ties, ethnic entrepreneurship, transnationalism, push and pull entrepreneurship, and human capital.

Findings in relation to social networks across the immigrant group of studies found that for start-ups, a male spouse was critical, as was family social capital and networks. Accumulating financial capital and the capacity to learn and benefit from the experience of social networks was a fundamental enabler for breakout activity (non-ethnic client strategy). Personal networks were critical for structural assimilation, embeddedness, transnationalism, cultural and economic assimilation. Social networks were utilised more by third-generation immigrants. Network disadvantage was addressed by affective ties. Female immigrants were less successful converting network resources into an advantage. Integration into social networks within one’s host country and the transnationalism of dual embeddedness was highly advantageous for business. Their social network reputation within their former country also greatly assisted an immigrant’s network development in their new country. Social networks comprised relatives and friends in an immigrant’s homeland, in their new country of residence and in other countries where people in their networks had settled. Trust was strongest within social networks from their country of origin and within new region ethnic-based ties. Interestingly, kinship ties were less trusted. Also, social networks were found to differ by industry segment; for example, pizza restaurant owners valued local mimetic isomorphism, while ice cream store owners used social network transnationalism.

As indicated in the OECD 2019 Report on Missing Entrepreneurs, despite being a member of a disadvantaged group, there can also be advantages in terms of social capital. For example, knowledge and experience of different

cultures and business practices, speaking multiple languages, maximising dual embeddedness, are likely components for developing a strong social network. This was found to be the case across the immigrant group of studies reviewed. Additionally, family members' social networks were mainly viewed as critical components for establishing and growing a business. Subsequent research might explore the positive and negative implications of utilising family social networks, particularly in relation to timing, and the issues around the trust aspects of the relationship. Additionally, the inability to maximise the advantage of social networks, is also a topic that deserves more research attention, due to the potential knowledge this might produce for all disadvantaged groups. A promising next stage for social network studies in general, would be to explore social networks by industry and avoid generalisations across industries.

## **Migrant, Displaced, Refugee and Social Networks**

There are 18 studies within the migrant, displaced and refugee group, and this represents the largest number of studies by group (Table 1). The methodology of the studies comprised 11 using interviews, two used a case study and five used surveys. The number of participants in the studies varied widely. The countries in which the studies were conducted included Australia, the Caribbean, Chile, China, Danish islands, England, Germany, India, Lebanon, Japan, Jordan, Netherlands, Pakistan, Scotland, Slovenia, Spain, Sweden and the USA. The research questions included the role of intermediaries in entrepreneurship, use of bricolage, human and social capital and community trust, business modes of operation, migrant lifestyle, breakout strategies and social networks, propensity for self-employment, ethnic networks, transnationalism and type of networks, dual transnational embeddedness and family embeddedness. The conceptual focus of the studies included social networks, networking capability, social capital theory, transnational ties, opportunity creation, migration, entrepreneurship, migrant women, embeddedness, human and financial capital, ethnic minorities, phenomenography, network analysis, self-employment, breakout strategies, lifestyle migrants, new migration destinations, firm performance, emancipation, defiance and resistance.

The findings across the studies included the critical role of "secret production" networks. Sometimes these included networks set-up prior to displacement, whereby entrepreneurs would set-up clandestine networks which were

critical for their supply chain and customers. Findings also revealed the conflicting roles of being patron-donors and client-contractors. Local rules constrained women versus men. Also, ethnic networks were essential for overcoming unfamiliar institutional contexts. A complex web of business networks was found to extend beyond traditional links with their homeland to multiple countries. The backgrounds and aspirations of the migrants were found to influence how and why they use local institutional networks. They use multiple local and transnational social networks for business purposes. In the decision to become self-employed, the ethnic network is vital, but not so important when more established and advancing to hiring others. Network closure is utilised to limit competition and dependence from co-ethnic migrants. Strong and weak ties were utilised for local and transnational social networks. Mixed embeddedness (Jones et al. 2014) is common, with the co-ethnic network and host-nation network equally important. Depending on the family culture, family-derived social networks were an enabler or an obstacle to female entrepreneurship. International networking capability was found to have a positive influence on business-related innovation, but a negative effect on financial performance. There was found to be a complex balance between solidarity, exploitation, trust and conflict in the social network of migrants.

Intriguingly, research studies for this group, allude to what one might call social networks based on self-interested realism. There appears to be a decisive, realistic perspective in the use of social networks, which include strong and weak, local and transnational ties, with mixed embeddedness. With the endgame of entrepreneurial success kept clearly in sight, there seems to be a timescale or time sequence, in relation to social network development and use. This leads to potentially important research questions to increase our knowledge of not just the “*who*” but also the “*when*” of social network composition and usage. Migrants, displaced people and refugees are currently, and will no doubt continue to be, increasingly prevalent groups, given the tumultuous times in which governments now preside and the associated economic, political, social and climatic challenges. Research into the time sequence in use of business-related local and transnational social networks is timely and highly warranted.

## **Returning Citizen/Ex-offender and Social Networks**

There is a significant lack of recent studies on social networks and returning citizens/ex-offenders. However, the recent literature provides some insight



in addition to the study identified in Table 1. Ex-offenders face formidable barriers re-integrating into society. Anazodo et al. (2019) found that formerly incarcerated individuals have a “unique awareness of the social stigmatization associated with their criminal record and incarceration history” (p. 564). These authors classified the various coping strategies they encountered as follows: “conditional disclosure, deflection, identity substitution, defying expectations, withdrawal and avoidance strategies” (p. 564). It is critical to consider this issue within the context of social networks and trust-based relationships since a major challenge on leaving prison is finding ways to rebuild family and social networks. To address this, Baskaran (2019) advocated for the creation of locally based “Economic Justice Incubators (EJI)” supplying social services, but also support networks to suit the needs of returning citizens, especially those returning citizens who want to start their own business. An EJI provides, for example, business start-up assistance, finance, customer referrals and legal advice.

Patzelt et al. (2014) researched a 20-week entrepreneurship training programme in a German prison, developing 12 case studies of male participants. Surprisingly, however, there is no mention that the topic of social capital or networks was part of the curriculum, which centred on mindset and opportunity recognition. Meanwhile, in a US maximum-security prison, Keena and Simmons (2015) studied an ice house entrepreneurship 12-week programme. The 7th life lesson that inmates learned was how to become part of a network of entrepreneurs and develop their own MBA (Mentoring Board of Advisors) from their community. Recognising that “old habits die hard”, most inmates wrote that they struggled with the possibility of creating a community of support with entrepreneurs who had made good choices and probably would not want to share their networks with ex-offenders, who had made poor choices. Ex-offenders, when viewed through the perspective of intersectionality (Liu et al. 2019b) comprise many different groups. Griffith et al. (2019) found that some groups of ex-offenders are additionally disadvantaged; for example, those of African-American descent have particular difficulties with regard to obtaining employment when they return to their community. Meanwhile, Brown and Ross (2010) discussed the distinctly gendered nature of women’s post-prison experiences. For women, their former social network is frequently perceived as a danger to them re-offending. Alternatively, they might have been cut-off from family and friends due to drug use and incarceration. Despite the considerable gap in the social network literature regarding returning citizens/ex-offenders, researching this group provides unique opportunities. For example, some returning citizens/ex-offenders might need to sever some, most or all existing

members of their social network, and then develop additional or completely new social network ties. This provides a potential “greenfield study” along with an opportunity to employ a social network theory methodology.

## Youth and Social Networks

Only two studies were found directly related to youth, social networks and self-employment or entrepreneurship. In Ghana, social networks were perceived by the interviewees as having advantages, but also disadvantages. In the study from Bangladesh, networks are essential for informal jobs. This is an area that, although difficult to research given the age of many of the potential participants, it has considerable potential for social networks, perhaps formal networks, to have a big impact on enhancing entrepreneurial opportunities for youth.

## Formal Networks

Fayolle et al. (2016) suggested that creating formal networks for entrepreneurs might be a worthwhile initiative as a policy intervention tool. Roos (2019) advocated that a “process of embeddedness in context” (p. 279) can address the gender entrepreneurship challenge. Her ethnographic, rural study is of a Swedish government initiative to nurture start-up and growth of female-led businesses in a rural area, particularly the establishment and funding of women entrepreneurship networks. The programme reinforces gender norms, but also provides an opportunity to challenge the status quo via “embedding the network in their local context” (p. 288). Further support for the initiation of formal female networks is provided by Santos et al.’s (2019) study of female Portuguese wine producers. They found that formal networks were advantageous for:

sharing of knowledge and experiences and the level of internationalization and networking ... the strategy of co-competition – being both competitors and partners – fosters unity among network members. (p. 315)

For regions struggling with unemployment and lack of economic growth, it seems a worthwhile endeavour, of relatively low cost, with the potential to reverse a highly prevalent area of disadvantage among large sections of the community. However, Leitch et al. (2016) found that “the benefits of formal network membership are indirect and longer term” (p. 180) with varying

expectations by gender. However, it might be a first step in reversing the extreme disadvantage experienced by many aspiring entrepreneurs in these missing entrepreneur groups.

## Conclusion

This study analysed quantitative and qualitative research studies from 2014 to 2019 regarding social networks and five of the missing entrepreneur groups. In terms of interest, it appears that the study of social networks for migrants, women and immigrants are very popular areas of research. Researchers have largely respected the advice of scholars in this area to conduct more qualitative studies to reveal the richness of the topic and capture the social embeddedness perspective (Jack and Anderson 2002). Geographically, few areas of the world have been omitted by researchers. The research questions have been varied and aimed at capturing the various nuances of social networks in relation to self-employment and entrepreneurship. These studies provide clues regarding where future studies might be situated in terms of theoretical foundation, conceptual focus and geographical area of interest. Findings also point to family social networks as having positive and also negative aspects (Anderson et al. 2005).

In terms of advancing existing knowledge of network theory in relation to missing entrepreneur groups, the literature is still at the early stages of building knowledge. According to Burt (2019):

current entrepreneurship research remains distant from network theory ... because network structure is so rarely observed as networks are currently measured (respondent summary opinion about their network is a poor indicator of structure). (Burt 2019, p. 21)

Network theory can provide valuable insights about social networks for entrepreneurs. For example, Burt advanced several hypotheses regarding the type of networks that are a disadvantage or an advantage at different stages in the entrepreneur's journey, as well as, for example, the role of network brokers. Burt also cited the:

documented positive effect of launching within a supportive closed network, [so] imagine the negative effect of launching within a denigrating closed network – as often happens to women recommended to stay in their place, or people in general with the wrong social origins. A denigrating closed network

can crush a venture before it begins, or drag it down during its vulnerable infancy. (Burt 2019, p. 44)

A major conclusion from this review is that more research on social networks is needed and greater use of social network theory should be employed. In the short term, formal networks utilising the current network theory principles (as proposed for example by Burt 2019) might enhance the chances for the disadvantaged. However, formal networks are a long-term financial commitment and take time to effect. Based on a review of recent literature, there is no quick-fix to maximising the advantages and minimising the disadvantages of social networks for those within the various missing entrepreneur groups.

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# Opportunity Structures from an Intersectional Perspective

Sibel Ozasir Kacar, Karen Verduijn, and Caroline Essers

## Introduction

Much of the work in the entrepreneurship field has focused on either the nature of the entrepreneur by adopting person-centric perspectives (Baron 2008), or the characteristics and existence of entrepreneurial opportunities (Eckhardt and Shane 2003). Opportunity structures, which can be likened to Johns' (2006) understanding of the external environment as situational opportunities and constraints, are mostly considered as given, and their influences are underestimated (Ahl 2006, p. 605). It is important to understand opportunity structures in a specific context since, in the absence of opportunity structures, the venture and its future are seen to depend mainly on the entrepreneur (Ahl 2006). Entrepreneurs are held responsible for overcoming the constraining impacts of opportunity structures by enhancing their entrepreneurial and language skillsets, self-funding or

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obtaining managerial experience (OECD 2014). Entrepreneurship literature rarely discusses whether opportunity structures are available, or easily accessible, which results in certain groups of people, especially those with minority attributes (such as gender, youth, seniority, ethnic minority, unemployment or disability) being put into disadvantageous positions or even excluded. Government support and institutional incentives are not questioned with respect to a minority perspective or, in some cases, with regard to sectoral, regional or class differences. For instance, an age limit for a credit guarantee fund or a requirement of having an occupational diploma, certificate or experience for a government fund might exclude seniors above that age limit, homemakers, young people or ethnic migrants without the necessary qualifications from using these funds.

The major theoretical perspectives on opportunity structures consider them as objective, predominantly material rules and resources, which are the same for everyone (Archer 1995, 2000; Mole and Mole 2010). Critically, these theoretical perspectives overlook the intersections with social diversity categories such as gender, ethnicity and class (Jones et al. 2014; Carter et al. 2015; Ram et al. 2017) because they tend to make international comparisons across countries (Tseng 2004). This study questions this major assumption and studies opportunity structures in interaction with these social diversity categories (Rath 2001; Ram and Jones 2008; Jones et al. 2014) to understand when, how, why and by whom entrepreneurship is being done. Altogether, the answers to these questions provide the means for forming an understanding of entrepreneurship, which considers contextual dynamics (Steyaert and Katz 2004; Welter 2011) as well as the entrepreneurship potential of that region or country. Questioning opportunity structures with respect to social diversity categories could be reflected, for instance, on studies regarding ethnic enclaves, transnational entrepreneurship, sectoral clustering or minority entrepreneurship.

This chapter evaluates opportunity structures from an intersectional approach (Crenshaw 1989). It provides theoretical insights by shifting the emphasis from the agency to the structure, especially in women and migrant entrepreneurship studies. Instead of analysing whether and how (migrant) women use their agency, this study focuses on the opportunity structures that lead (migrant) women to act in a particular manner. This research increases scholarly and policy awareness regarding the impact of opportunity structures on the existence and characteristics of 'doing entrepreneurship', as well as the importance of an intersectional analysis of opportunity structures. The aim is to provide a better understanding of the ways opportunity structures operate by studying how representatives of financial organisations, local

government entrepreneurship support organisations, (ethnic) business associations, lobbying agencies, tax and trade offices, women platforms, migration institutes, entrepreneurship federations and the media make sense of opportunity structures with respect to social diversity categories such as gender and ethnicity. While the chapter focuses on opportunity structures relevant for (migrant) women entrepreneurs, the insights are also relevant for ‘other’ minority entrepreneurs such as seniors, youth or people with disabilities.

Intersectionality theory has proven to be a fruitful approach, particularly within women’s studies (Walby et al. 2012). Utilising intersectionality theory (Crenshaw 1989) better reveals the enabling and constraining impacts of opportunity structures on minority entrepreneurs in general and migrant and women entrepreneurs in particular. Opportunity structures are highly gendered and ethnocentric (Ahl 2006; Ghorashi 2010). Specifically, political decisions influence and are influenced by social and cultural interpretations of gender, ethnicity and class (Acar and Altunok 2013; Verduijn and Essers 2013), and class positions are (re)produced by opportunity structures. The intersectional perspective reveals unequal practices, but also enriches the understanding of demarcation and discrimination between and within social groups or sexes. Conducting an intersectional analysis of opportunity structures in relation to gender, ethnicity and class, challenges distinctions and dominance, and forces an explanation that goes beyond alternative interpretations of depoliticised cultural differences. This chapter first reviews the relevant literature on opportunity structures in the fields of migrant and women entrepreneurship, and then provides background information regarding the policy and social environment in two countries (Turkey and the Netherlands). The methodology section then explains the empirical data collection and analysis methods. Next, the discussion of opportunity structures interacting with gender, ethnicity and class in both countries is elaborated further. Finally, this chapter concludes by detailing the problematic parts of the prevailing understanding of opportunity structures and reflecting on some policy recommendations, as well as directions for future research.

## **Opportunity Structures in the Field of Migrant and Women Entrepreneurship**

Mainstream entrepreneurship literature generally takes opportunity structures for granted and researchers underrate their influences on the entrepreneurship potential of minority entrepreneurs, particularly migrant women

entrepreneurs (Welter 2011, p. 174). However, some studies consider opportunity structures from an interactionist or an embeddedness approach (Aldrich and Waldinger 1990; Kloosterman et al. 1999; Kloosterman and Rath 2001, 2003; Kloosterman 2010). This section outlines how opportunity structures are theorised in the literature on migrant and women entrepreneurship. In the migrant entrepreneurship field, researchers tend to focus on migrants' business entry decisions and opportunity structures are seen as one of the factors affecting their entrepreneurship decisions. Aldrich and Waldinger (1990) were the first to use the term 'opportunity structure' in this field. They presented a general framework based on opportunity structures, group characteristics and emergent strategies to understand various approaches explaining migrant entrepreneurship (Aldrich and Waldinger 1990, p. 112). They stated that migrant entrepreneurship cannot be explained merely by the ethnocultural characteristics of the owners (Rusinovic 2006) and they emphasised opportunity structures (Aldrich and Waldinger 1990). With an interactionist approach, opportunity structures are conceptualised as the demand side and group characteristics as the supply side, interacting together to give rise to migrant entrepreneurship. Opportunity structures are seen as market conditions (ethnic consumer products and non-ethnic/open markets) and ease of access to ownership (business vacancies, competition for vacancies and government policies) (Kloosterman and Rath 2001).

Borrowing the concept of embeddedness from Granovetter (1985), further studies evaluate opportunity structures with an eye to how migrant entrepreneurs are embedded within their social networks and the social environment of their country of settlement. The embeddedness perspective on opportunity structures dominates the migrant entrepreneurship literature. Referring to the research initiated by Esping-Andersen (1999) on the effects of labour market's institutional framework, the politico-institutional aspect is included in the model, which is then formulated as the mixed embeddedness approach by Kloosterman et al. (1999). The mixed embeddedness approach defines opportunity structures as different sets of openings into markets characterised by human capital (accessibility) and growth potential (Kloosterman 2010). According to the mixed embeddedness approach, migrant entrepreneurs are not only embedded in social networks/environments, but also the socio-economic and politico-institutional environment of the receiving country (Kloosterman et al. 1999). In this approach, government regulations are thoroughly analysed (Tseng 2004), whereas in the interactionist approach, this receives limited attention. This may be because the interactionist theory was developed in the USA and UK, which both have deregulated economies that remove or reduce certain government regulations,

especially to improve business relations and increase competition. The mixed embeddedness approach was developed by scholars situated in European countries such as the Netherlands with stronger state regulations on businesses (Tseng 2004). The mixed embeddedness approach provides insights into how institutional frameworks impact opportunity structures (Kloosterman 2010). The approach also looks at the economic activities of migrant entrepreneurs that influence the urban economic structure, for instance, through informal economies (Kloosterman et al. 1999). The mixed embeddedness approach acknowledges changes in opportunity structures through urban economic activities and institutional drivers; however, there is little room for entrepreneurs to challenge and change opportunity structures themselves (Tseng 2004). First, for the mixed embeddedness approach, the analysis is mostly done at the meso (network) and macro (institutional) levels, leaving the micro (entrepreneur)-level understudied (Apitzsch 2003, p. 168). Second, for this approach, only entrepreneurs engaging in innovative behaviour can change opportunity structures (Kloosterman and Rath 2001, p. 192).

In addition to individuals' limited influence on opportunity structures, the mixed embeddedness approach also limits the scope of opportunity structures. It considers opportunity structures as 'the demand side' and group characteristics as 'the supply side' of migrant entrepreneurship and puts more effort into the analysis of the demand side while regarding the supply side as less significant (Tseng 2004, p. 525). Group characteristics such as class and ethnic resources are not discussed in-depth and their impacts on opportunity structures are disregarded (Tseng 2004). Gender has also received very little attention in the mixed embeddedness approach (Ram and Jones 2008; Jones et al. 2014; Carter et al. 2015; Ram et al. 2017). This stems from the shift of emphasis from internal processes (cultural approach, ethnic networks, social capital, class and ethnic resources) to the external (political, institutional and economic) environment (Tseng 2004).

Significantly, the main theories of opportunity structures (the interactionist and the mixed embeddedness theories) underemphasise the interaction of opportunity structures with the social diversity categories of gender, ethnicity and class (Tseng 2004; Jones et al. 2014; Carter et al. 2015). In the literature, there are only a handful of studies discussing opportunity structures combined with the intersectionality approach (Humbert and Essers 2012; Valdez 2016; Villares-Varela et al. 2017; Ozasir-Kacar and Essers 2019). Most studies on opportunity structures tend to neglect gender and ethnicity because of the comparatively smaller number of migrant women enterprises in urban societies (Lewis 2006) or argue that having an ethnicity perspective

in studying opportunity structures would not suffice to account for differences between countries (Kloosterman and Rath 2003). Furthermore, only a small number of researchers consider class paradigms in migrant studies. This is because of the “close relations of minority researchers with policymakers, which creates a political climate where ethno-cultural processes are overstated, while political and economic processes are underplayed” (Rath 2001, p. 153).

In the women entrepreneurship literature, studies either ignore opportunity structures and push the individual drawbacks of women entrepreneurs into the discussion for areas of development (Ahl 2006) or fail to reflect on ethnic- and class-based complexities intersectionally (Ozasir-Kacar and Essers 2019; Villares-Varela and Essers 2019). This creates a clear need for an analysis of the structural environment in relation to the social diversity categories.

Intersectionality is extensively used for analysing subjects’ experiences of identity and oppression (Nash 2008) by underlying the multidimensionality of these experiences (Crenshaw 1989). The intersectional approach helps to understand how to conceptualise and theorise the relationship between different social groups and the intersections of multiple inequalities (Walby et al. 2012). In the entrepreneurship field in conversation with the Giddens’ theory of structuration (1984), it is acknowledged that structural forces often reproduce a given social group’s intersectional positioning (Romero and Valdez 2016, p. 1554). For instance, in the context of weak community and negative societal reception, including racism and discrimination, African-American entrepreneurs in the USA faced structural problems, which reduced their socio-economic and entrepreneurial progress (Silverman 2000). On the other hand, favourable government policies that included loans and subsidies and a geographically concentrated ethnic economy helped Cuban refugee entrepreneurs to participate in society and achieve business success (Waldinger et al. 2006). In the structural context, individuals are positioned differently within hierarchically organised social groups, which intersect with diversity categories such as ethnicity, disability, age, gender, sexual orientation and religion. Groups at the intersection of two or more of these diversity categories are left out of focus in both academic literature and government policies (Walby et al. 2012). From this perspective, an intersectional approach recognises that opportunity structures are related to multiple dimensions and modalities of social relations and subject formations (McCall 2008) and therefore can produce multiple inequalities.



## Contextualising Opportunity Structures in the Netherlands and Turkey

This section briefly contextualises opportunity structures in the Netherlands and Turkey, plus it details why these country contexts yield valuable insights to increase the understanding of opportunity structures in relation to a specific group of people—Turkish (migrant) women entrepreneurs. This study classifies opportunity structures into the following three types:

- Social opportunity structures: social, cultural (ethnic), and religious norms, practices and resources governing gender, family and business relations, and social discourse on (migrant) women;
- Political opportunity structures: policies and political discourses on Turkish (migrant) women and (migrant) women entrepreneurship;
- Institutional opportunity structures: rules and regulations on women's business development and (ethnic) business relations.

In the remainder of this section, these opportunity structures are discussed within the contexts of the Netherlands and Turkey.

The Netherlands is one of the main countries hosting Turkish migrants in Europe. The Turkish community is the biggest migrant community in the Netherlands with more than 400,000 residents. After introducing several models of migrant inclusion (Vasta 2007), Dutch policy has moved away from state protection to an ideology of self-sufficiency and responsibility (Blok Report Netherlands 2004). Each individual undergoes the process of their upward mobility without receiving any political and institutional positive discrimination attributed to their ethnicity, class or gender. The state protection is regarded as: first, making people feel offended because being protected might mean being weak; and second, leading people to stay as passive welfare state clients because they lose their motivation to work (Koopmans 2006). However, this implies that each person must face opportunity structures and find ways to exploit them on their own. With this policy change, diversity quotas were removed and state funds for the development and networking of ethnic migrants were cut (Blok Report Netherlands 2004). Consequently, each person must take responsibility and action against the constraints and discriminatory opportunity structures, especially in the labour market (Guiraudon et al. 2005; ECRI Report 2013; Verduijn and Essers 2013). Turkish (Muslim) women, in particular, became (and still are) political and social targets (Verduijn and Essers 2013) regarding the discussions on multiculturalism (Ghorashi 2003) and they are victimised to

prove that they have to be integrated or even assimilated into Dutch society (Ghorashi 2010). They are considered key to cultural change within the family. Therefore, integration and emancipation programmes are designed to make these women learn the language, adapt to Dutch customs, study Dutch history, participate in employment and embrace Dutch identity (Ghorashi 2010).

Policy attempts have been made in previous integration systems to eliminate prejudices and discrimination against ethnic migrants through anti-discrimination and equal employment opportunity laws (Entzinger 2003; Blok Report Netherlands 2004). Second- and third-generation Turkish migrant women generally attain a better status in society with a better command of Dutch language, education and labour market positions than first-generation migrant women (Rusinovic 2006). However, both political and societal discourses in the Netherlands in the last two decades reflect a neoconservative ideology with more restrictive policies (fines imposed on migrants who fail to integrate after five years) and provocative language against migrant people both in politics and popular media (Vasta 2007). Migrant women also face patriarchal norms and practices, especially within their ethnic community. Concerning the traditional gender roles, women entrepreneurs must take care of their kids and the household, while also running their businesses. The social control mechanism that enforces the traditional gender roles weighs more heavily on women than men according to the patriarchal social and cultural norms and practices within the Turkish migrant community (Essers and Benschop 2007).

The same neoconservative ideology takes place in Turkey in the policies, decisions, discourses, laws and norms regarding women and family relations, which consequently impact how gender is articulated and practiced (Acar and Altunok 2013). Especially during the second term in office of the Justice and Development Party (2007–2012), patriarchal and moral notions and values became apparent in the regulations of social and cultural domains and even political and international relations (Öniş 2012; Acar and Altunok 2013). The secular part of Turkish society is discomfited by the Turkish government's conservative Islamist social ideologies because they believe that the Turkish government controls the visibility of women in public with the traditional form of femininity and associated gender roles and that it jeopardises gender equality (Özkazanc-Pan 2015). For most of its female followers, the ruling political party aims to stand for a collective religious identity that is represented by the personal freedom of wearing religious clothing, which was previously marginalised in the public sphere (Göl 2009). On the contrary,

the post-Kemalist secular political discourse on gender focuses on masculine connotations of power, freedom and work, but still charges women with taking care of the kids and the household (Bilgin 2004). Turkish women, in short, face a complex political environment. It comprises of a blend of secular and Islamist gendered social ideologies that are proposed within the public sphere, plus patriarchal social and cultural norms and practices in the private sphere, together with a history of secular modernity (Göl 2009).

Concerning sustaining gender equality (or gender justice as Islamists frame it), both secular and Islamic discourses will only maintain or even strengthen patriarchal arrangements, unless they acknowledge these patriarchal norms and practices as opportunity structures perpetuating gender inequality or injustice (Özkazanc-Pan 2015). In practice, Turkish women find ways to tackle these patriarchal norms and values to sustain their democratic rights and pursue individual development (Kandiyoti 2005). Entrepreneurship is promoted for women empowerment by increasing women's employment and participation in society (Calas et al. 2009). However, it is debatable whether entrepreneurship can change constraining opportunity structures (Al-Dajani and Marlow 2013). For instance, through gendered institutional opportunity structures that have a male-breadwinner model (Pfau-Effinger 2004) and a newly reformed pension system (Elveren 2013), the entrepreneurship supports institutions that have been fostered by the liberal economic development policies of the Turkish government will only reinforce existing patriarchal attitudes towards women (Arat 2010). Guided by neoliberal economic tenets, entrepreneurship is also promoted in the Netherlands "*as having emancipatory and elevating powers for Turkish migrant women*" (Verduijn and Essers 2013, p. 613). Entrepreneurship is presented as a tool for upward social mobility for Turkish migrant women and hence for obtaining equality and inclusion (Rath and Kloosterman 2000); however, studies highlight that it might not be able to achieve this all the time (Verduijn and Essers 2013). The promotion of entrepreneurial activities for Turkish women in both countries is a laudable objective, but whether entrepreneurship becomes a bureaucratic apparatus for supporting and promoting gender and/or migrant equality and inclusion is debatable.

## Methodology

This study explores opportunity structures and how they intersect with gender, ethnicity and class in the Netherlands and Turkey. This was done by conducting semi-structured interviews with representatives of a wide range

of organisations to assess various opportunity structures. It has already been established that opportunity structures are socially constructed and subject to change over time. However, opportunity structures can be assessed through organisations for two reasons. First, opportunity structures are constructed by the tenacious collective actions of a group of people, where these shared decisions turn into rules, laws, regulations, customs, traditions or norms (Hooghe 2005). Second, it takes a substantial amount of time for opportunity structures to change (Archer 1995). Thus, organisations, which are surrounded by collective decisions, practices, ideas, norms, rules and regulations, can be used to assess opportunity structures at a point in time through interviews with their representatives.

The empirical data for this study were collected in Turkey and the Netherlands. Both countries offer dynamic and intermingled social milieus, share a complex social and political environment regarding (migrant) women and thus provide a useful context to study opportunity structures as they intersect with gender, ethnicity and class. This study focuses on opportunity structures for Turkish (migrant) women entrepreneurs because “*Turkish women are usually and typically marginalised within the dominant entrepreneurship discourse*” (Verduijn and Essers 2013, p. 613). The organisations interviewed for this study were tax and trade offices, (ethnic) business associations, banks, women platforms, local government agencies, entrepreneurship support institutions, a migration institute, and radio and TV programmers (see Table 1). This study used purposive heterogeneous sampling (Patton 2002). First, two Turkish women entrepreneurs from both countries were asked to produce a list of organisations relevant to their initiatives. An extensive Internet search was then performed and a list of 40 possible organisations was created, then each of these was approached for an interview. Ten organisations from Turkey and 11 from the Netherlands accepted the invitation. The first author of this chapter prepared a set of 20 questions to guide the interview (Johnstone 2007). In general, the representatives of the organisations tended to explain their personal experiences instead of their organisation’s practices, processes and regulations. However, the set of questions helped the interviewer to ensure that the interview stayed on topic. The interviews were held at the main buildings of the organisations and lasted between 30 and 150 min. Except for four of the interviews, they were all digitally recorded and transcribed. The exceptions were due to the restrictions on recorded speech that are placed on state officers in Turkey. The interviewer took detailed notes for these interviews.

**Table 1** Interviewees included in this study

Name <sup>a</sup>	Sex (M/F)	Institution	Ethnic origin/Country
Kagan	M	Dutch Bank	Turkish—NL
Feride	F	Chamber of Commerce	Turkish—NL
Selin	F	House of Entrepreneurs	Turkish—NL
Sukru	M	Turkish Business Association	Turkish—NL
Saadet	F	Women Platform	Turkish—NL
Abdullah	M	Migration Institute	Turkish—NL
Elsa	F	Tax Office	Dutch—NL
Emily	F	Business Federation of SME's	Dutch—NL
Tuba	F	Office of Commerce	Turkish—NL
Emile	M	Lobbying Agency	Dutch—NL
Justin	M	Radio Station	Dutch—NL
Martin	M	Turkish Bank	Turkish—TR
Derya	F	Chamber of Commerce	Turkish—TR
Emel	F	Entrepreneur Support Unit	Turkish—TR
Ipek	F	Business Federation	Turkish—TR
Duygu	F	Women Entrepreneurs' Association	Turkish—TR
Selim	M	Tax Office	Turkish—TR
Zehra	F	Women Status Office	Turkish—TR
Belgin	F	Association of Young Entrepreneurs	Turkish—TR
Kemal	M	Entrepreneur Education Centre	Turkish—TR
Ahmet	M	Entrepreneurship TV Program	Turkish—TR

<sup>a</sup>Names are pseudonym, created by the first author

The analysis of the interviews was conducted in three steps. Initially, the first author read all the interview transcripts and, through deductive coding (Fereday and Muir-Cochrane 2006), noted the parts of the texts where interviewees talked about the three categories of opportunity structures—social, political and institutional. These three categories of opportunity structures were the overarching themes in this study. The paragraphs of the whole interview transcripts were grouped into these three categories of opportunity structures (Corley and Gioia 2004). This step comprised the content analysis, where the emphasis was more on what was said, rather than how it was said (Neuendorf 2016). In the second step, these paragraphs were re-read and critically analysed to explore how the opportunity structures intersect with gender, ethnicity and class. By adopting a discursive approach

(Phillips and Hardy 2002), this step also analysed how the representatives of the organisations explained their organisational operations, practices, norms and regulations, and whether there were exclusionary perceptions or positive discrimination in practising these opportunity structures concerning Turkish women entrepreneurs. For the third step, the authors utilised axial coding (Strauss and Corbin 1990) to conduct a comparative analysis and noted the similarities and differences in how each opportunity structure intersected with gender, ethnicity and class in Turkey and the Netherlands. Additionally, through a reflexive approach (Essers 2009), the dynamic relationship between the interviewer and the interviewee was explored and noted (Alvesson and Sköldbberg 2000). The fact that the interviewer was a veiled Turkish female professional that migrated to the Netherlands as an expatriate and the interviewees were a mixture of professional Turkish women, Turkish men, Turkish migrant women, Turkish migrant men, Dutch women and Dutch men (see Table 1) helped in performing a reflexive analysis by considering their relationships with the interviewer concerning gender, ethnicity and class (both separately and intersectionally). The interviewees either sympathised with the interviewer, wanted to receive her help for their projects and used her as an audience in their ethnicity related concerns, or they confronted her with defensive arguments and an unfriendly interview atmosphere and tried to avoid her by deflecting her questions, giving short answers and interrupting the interview with personal or work-related issues. The interviewer's veil might have made the reactions more ascendant and prominent because of the societal and political discourses on the headscarf in both countries. However, the interviewer's university affiliation might have provided credibility to the interviewer and directed the interview more professionally.

## Opportunity Structures with an Intersectional Lens

This section presents the social, political and institutional opportunity structures and discusses how each opportunity structure intersects with gender, ethnicity and class.

### 1. *Social opportunity structure*

In the Netherlands, the representatives of the organisations with a Turkish background, who are familiar with the norms and practices of the Turkish community, emphasised the cultural distance between the Turkish and Dutch

cultures, plus most Dutch peoples' lack of appreciation for cultural diversity. These interviewees considered both cultures influential, as Turkish migrants, especially second- and third-generation migrants, are exposed to both local and ethnic community cultures (Essers and Benschop 2007). They specified that Turkish migrants are part of a hybrid culture, which resembles neither Turkish culture in Turkey nor the Dutch culture in the Netherlands, but instead combines practices from both cultures. Consequently, Turkish migrants are considered as *gurbetci* (emigrant in a negative connotation) in Turkey and as *allochtone* (immigrant as a foreigner or non-native) in the Netherlands. Furthermore, the interviewees also specified how the ethnic community culture in the Netherlands is more conservative than the Turkish culture in Turkey. This is because Turkish migrants perceive that there are substantial cultural and religious differences between their culture and the Dutch culture. Therefore, they live in a narrower social circle and stick to their values, enforcing them on their kids to preserve them from outside values and lifestyles that they deem inappropriate. This social and cultural control mechanism affects Turkish migrant women more than men due to the traditional gender roles and patriarchy. Regarding the influences of the traditional gender roles and patriarchy on Turkish migrant women entrepreneurs, the representatives of the Chamber of Commerce, a women's platform and an ethnic business association criticised Turkish women for working both inside and outside the home. Specifically, they criticised them for not letting their husbands take responsibility for the home and the kids, which consequently leads to strengthened traditional gender roles and patriarchal practices. The representatives of these organisations perceive Turkish migrant women entrepreneurs as consciously or unconsciously accepting the patriarchal norms and practices imposed by their culture. However, new generations of Turkish migrant women entrepreneurs face fewer social and cultural controls because Turkish migrant culture tends to change and it evolves more to the Dutch culture. This is illustrated by the following statement by the representative of the Chamber of Commerce:

This comes from our culture, but here it is much [more] conservative [than Turkey]. If a woman accepts to work inside and outside, this starts from her then. Our women do not want to challenge this; they just accept and take all the responsibility. But we all have kids to take care of, and cleaning, cooking, etc. These take a lot of time and energy like a full-time job. These should be taken care of by both parents, or a woman entrepreneur should be able to go on a business trip without any discussion with her husband. But we live in another era now. Third-generation migrants are not 100% Dutch, but maybe 80%. They are educated by the Dutch system. They do not have such concerns. Social control mechanisms do not apply for them.

On the other hand, the representatives of organisations with a Dutch background, such as the head of the Dutch SME Association and the entrepreneurship radio programmer, perceived Dutch culture as comparatively superior and demanded that migrants adapt (Arends-Tóth and Van de Vijver 2003). This is similar to the ideas of Stolcke (1995), with cultural fundamentalism depending on the notion of a homogeneous, static, coherent and rooted culture. The representatives of the women's platform and the ethnic business association summarised the situation for Turkish migrant women as that they are asked by their community to maintain their ethnic culture especially in the private domain, plus they are also obliged to adapt to the mainstream culture in the public domain to survive socially and financially. Thus, Turkish migrant women face tensions from the demands placed on them by their ethnic Turkish community and the requirements from Dutch society due to the perceived religious and cultural differences between the two cultures.

The representative of the Chamber of Commerce also perceived being raised in two cultures as problematic, particularly in social life in the Netherlands where contradictions appear and people are restricted (Arends-Tóth and Van de Vijver 2003). The representative also noted the discriminatory practices in Dutch society:

They [Dutch authorities] do not want to provide opportunities for the foreigner. The foreigners, who achieved a certain position, left their cultures behind, even forgot their language. A Turkish woman who gets married to a Dutchman is accepted much more easily.

The representatives interviewed for this study also considered social class as a very influential factor such that higher social status outpaces the impact of ethnicity on the inclusion of migrants. For them, when a Turkish migrant woman entrepreneur has a higher economic and social status, her ethnicity is not considered negatively; rather, her entrepreneurial connection with Turkey through her ethnic ties is perceived positively. In contrast, lower-class Turkish women are viewed as more likely to be excluded and to experience heavier cultural contradictions.

In Turkey, the major discussion point about social opportunity structures regarding women entrepreneurs is the traditional gender roles and patriarchy. The interviewees pointed at a change in perception regarding women's employment, especially in big cities, because of urban life and mentality (Koray et al. 1999). However, the interviewees also explained the prevailing traditional gender roles (Karatas-Ozkan et al. 2010), difficulties in achieving a work–life balance (Ufuk and Özgen 2001) and the lack of institutional



support for childcare and elderly care (Yazici 2008) as the main difficulties that women entrepreneurs face in Turkey. The representatives proclaimed that women “can” work outside of home and that they still work at home. The fact that women work at home displays prevalent traditional gender roles and the expression of whether women “can” work attests to the existence of patriarchy (Kabeer 2005), albeit latently. The representative of a business federation stated:

Everyone has one job; women entrepreneurs have three. They have to run their businesses, take care of the kids and their husband. The last one is the toughest!

As per the quote above, women entrepreneurs become inured and simply play within the limits of patriarchal practices. Patriarchal practices are very much embedded in traditional gender roles. In the case of Turkey, the husband rather than any other male figure is considered the person to enforce patriarchy on women (Bruni et al. 2004):

The biggest obstacle for a woman entrepreneur is her husband. Men see it as their right to hinder a woman’s freedom when the woman needs to attend trade fairs, has business trips, or dinners with other men. That’s why a lot of women entrepreneurs are getting divorced lately. Maybe these divorces become exemplars that women try to speak up and take action.

Additionally, according to the representatives, the social image of Turkish women entrepreneurs also changes with the influence of social class. Women entrepreneurs with higher education and economic standards face less influence regarding patriarchy and they take shared parenting responsibilities or have nannies and maids for looking after the kids and the household chores.

## *2. Political opportunity structure*

In the Netherlands, except for the representative of the lobbying agency, the interviewees belonging to the Dutch majority were hesitant to talk about politics. The Dutch lobbying agent and the interviewees with a Turkish background expressed how their organisations perceive the political environment relating to Turkish (migrant) women entrepreneurs. According to them, the political focus in the Netherlands is on gender equality (Mills et al. 2008). Regarding the various ethnicities and religions, they perceive that there is a less tolerant political approach (Siebers 2010), plus discrimination in the labour market and education (Schriemer 2004; Koopmans 2006), especially towards Muslim Turks and Moroccans (Essers and Benschop 2007). They

evaluated that politicians use the cultural distance between two cultures as a tool in political discussions about the social and economic integration of migrants and in policy building and implementation (Montreuil and Bourhis 2001). They referred to a shift in the politics from multiculturalism towards integration and assimilation (Prins and Slijper 2002; Vasta 2007) through revoking migrant quotas and cutting government funds for the institutions that organise activities and conduct research about migrants. The representative of the lobbying agency stressed the ideology of forming a “typical” citizen in the whole country and expressed this as:

In Holland, there is also an implicit kind of assimilation. That is the idea. They do not say it out loud in this way, but everybody should become a ‘typical’ middle-class citizen.

The representative of the Migration Institute also summarised the political discourse on Turkish migrant women as exclusionary with the diverse categories of religion, ethnicity and gender in the Netherlands:

Here in politics and society, they [Turkish migrant women] are seen as Muslim first, then Turkish, and then women, and they have to get through all of these.

In most of the interviews in Turkey, it was stated that women entrepreneurs are seen as mothers, sisters and daughters. The replacement of the Ministry of Women and Family with the Ministry of Family and Social Policies illustrates this ideology on a political level by equating women to the family (Özkazanc-Pan 2015). The representatives highlighted that there is a political focus in Turkey on increasing women’s employment, which is rather low among OECD countries (KSGM 2014). As a tool for increasing women’s employment and economic development, women entrepreneurship is politically promoted. The representatives of the organisations responded favourably to the political impetus towards women entrepreneurship without questioning the emancipatory outcomes as women entrepreneurship sustains traditional gender roles by providing flexible working hours to enable women to continue to have the responsibility of conducting household chores and looking after the children with the possibility of earning (some) money (Toksöz 2011). Apart from this, the interviewees refused to talk about politics and political disputes in and around Turkey. The respondents’ hesitation in bringing politics into the discussions indicates that these topics are highly sensitive among Turkish people. This supports Keyman’s (2014) observation concerning Turkish society as highly politicised and polarised along religious, secular and ethnic lines.

Mostly the representatives in both countries were not comfortable discussing politics and political opportunity structures with a veiled Turkish interviewer, and they were reluctant to express their perceptions. Additionally, they did not want to involve their organisations in politics and they did not comment on the political influence on migrant women entrepreneurship in general and on the operations of their organisations in particular. However, they all agreed on the fact that Turkish women entrepreneurs must and do follow politics and political incidents closely to foresee policy changes in the industries in which they operate.

### 3. *Institutional opportunity structure*

In the Netherlands and Turkey, local and national governments strengthen existing entrepreneurs and stimulate new initiatives (Verduijn and Essers 2013). They support entrepreneurs (both financially and non-financially) through programmes such as training sessions, seminars, workshops, panels, debates, conferences, expert meetings, network events, mentoring, coaching, contests, campaigns, awards, fairs and business trips. In the Netherlands, public institutions mostly provide non-financial support programmes. There are very few financial support instruments for entrepreneurs, such as the income tax exemption legislation for entrepreneurs earning less than €6000 in a year. Almost all the non-financial support programmes in Netherlands, even the ones provided by ethnic business associations, are held in Dutch and charge an attendance fee. The representatives of tax and trade offices emphasised that comparatively smaller numbers of Turkish migrant women entrepreneurs attend their events, which is largely because Dutch is the official language of their programmes. The Amsterdam office of the Chamber of Commerce also noted that the focus of the Dutch government had been mostly on the sectors with better growth potential:

Here we have chosen some of the sectors that the Dutch are successful at, such as fashion and design. These have priority on our agenda because we can benefit from these sectors more.

Additionally, in Netherlands, local municipalities support entrepreneurs through institutions called the House of Entrepreneurs (*Ondernemershuis*) in different cities. These institutions provide office space, networks and consulting on issues such as administration, tax and personnel. The representative of this institution expressed their tasks as:

We provide information, seminars and workshops to our taxpayers. They can find all the information online as well, but our clients are mostly Turks and Moroccans. They are not comfortable with the Dutch language or computers, or the Internet. Young, educated people find their own way. Here [in the Netherlands] there is, as we call 'drempelvrees' [threshold fear], they [migrants, such as Turks or Moroccans] are afraid to go to a Dutch institution. We don't have that. They come and ask their questions.

The representative of House of Entrepreneurs interviewed for this study described their clients as all the taxpayers of that municipality. However, in practice, entrepreneurs with financial and human capital do not need the services provided by the House of Entrepreneurs. Instead, entrepreneurs with low income, language competency, education and access to finance benefit from this institution, and thus this institution depends very much on migrant entrepreneurs, who are seen as "in need of help". Similarly, the ethnic business associations also provide a closed network for Turkish migrant women entrepreneurs. While the Turkish business association and the ethnic women's platform interviewed for this study positioned their organisations in connection with Dutch public institutions and political authorities, their member entrepreneurs are mostly of Turkish origin and they predominantly network with Turkish organisations. Therefore, the networking choices of both these ethnic business associations and the Chamber of Commerce reinforce an "us versus them" dichotomy and the "Otherization" process between locals and migrants (Essers and Benschop 2007).

In addition to language barriers and closed-off networking possibilities, the perception of the head of the Dutch SME Association regarding Turkish women entrepreneurs reflects another opportunity structure that influences ethnic business relations and business development. The following quote from the head of this association illustrates this:

I think it is good that someone is not from here [the Netherlands], but she should give the image that she is also modern, etc. They [migrant people] sometimes complain, but what you experience is not the fact that you are Turkish, but your personality does not fit into the corporation or business. (...) The extra admirations [of gender, ethnicity] are not extras anymore, but inadequacy for the people who came here 20 years ago and are still not that successful. Ask yourself if it is good that we have an award for the best women entrepreneur, best non-Dutch entrepreneur, or even best non-Dutch women entrepreneur. No, it shouldn't be like this.

Underscoring the discriminatory approach towards Turkish migrant women, the head of this association has a culturalist and ethnocentric perception that migrants in general (and Turkish migrants in particular) are not modern and do not fit into the business environment in the Netherlands. This is highlighted by the belief that they need to show that they are modern and capable of doing the work for which they have applied (Ghorashi 2003).

In Turkey, entrepreneurs are mostly supported financially through local government and private organisations such as banks and private universities. The programmes, in general, do not require an attendance fee, which stimulates participation among small business owners with low income. The most popular government institution that supports entrepreneurs is the Head of Support and Development of SMEs (KOSGEB). KOSGEB delivers grants of 30,000–100,000 Turkish liras (equivalent to approximately €4500–15,000—as of January 2020) without any interest or payback requirements for the entrepreneurs who start their companies after attending an entrepreneurship training programme that is free of charge (KOSGEB 2016). Entrepreneurs also receive subsidies for trade fairs or new machinery investments. Women entrepreneurs receive grants 10 per cent higher than the amount that male entrepreneurs receive. In Turkey's less developed regions, entrepreneurs receive grants that are 10 per cent higher than the amount received by entrepreneurs in a developed region, and, in these instances, women still receive the 10 per cent extra grant. Additionally, certain programmes are implicitly directed to women entrepreneurs. For instance, one of the government banks offers first step credit guarantee funding for entrepreneurs who cannot provide any collateral. This credit guarantee funding is not exclusively for women entrepreneurs, but it is implicitly directed to them because historically women do not inherit as many lands or real estate properties as men. Similarly, micro credits offered by the Turkey Grameen Microfinance Programme to entrepreneurial teams of three or more people for their business ideas are not provided only for women, but the programme coordinators only refer to women:

These are for the women who do not participate in society at all and need to take care of their kids financially. These are at a really micro level, like around a thousand or two thousand Turkish liras [equivalent to roughly €150 to €300], but the idea is basically to make a difference in these women's living standards and social lives.

Even on the programme's website, the images of lower-class women are portrayed when the details of the programme are stated.

The Turkish government has an income tax exemption for entrepreneurs which applies to certain goods produced at home such as embroidery, needlework, bead processing, artificial flowers, wicker baskets, Turkish ravioli and noodles. The exemption aims to help small firm owners financially; however, the main producers of these tax-free products are women. While aiming to help these entrepreneurs, the legislation unintentionally limits them. The women do not want to lose this benefit and so they work from home and stay small. This situation may sustain traditional gender roles and the patriarchy by leading the women to take care of the kids and the household, while earning some money (Toksöz 2011). Additionally, in Turkey, women's business associations and women-only sub-branches of these associations are widespread. For instance, in all major cities, the offices of the Chambers of Commerce have women entrepreneurship committees composed of women entrepreneurs who answer to the management board. Based on the interviews with one of the offices of these committees, the biggest women's entrepreneurship association (KAGIDER) and a women's sub-branch of a business federation promote women entrepreneurship and offer a female approach to social and political issues. However, they provide a closed and, to some extent, protected environment for women, which can be considered as sustaining patriarchy in the institutional domain (Sultana 2012). A representative of the organisation stated:

When a woman entrepreneur wants to attend a conference or a business trip, her husband does not want her to go there alone, so women organisations arrange such events and help to solve the problem.

The organisation accepted that the patriarchal approach towards women reproduces gendered inequalities (Kandiyoti 2005) through their practices, as well as strengthening the traditional division of sexes in the public sphere. Patriarchal practices do not end, instead they proceed into the institutional domain.

## Discussion

This chapter has studied opportunity structures in two particular national contexts (Turkey and the Netherlands) and shown the varying and layered configurations of opportunity structures for Turkish women entrepreneurs. The three categories of opportunity structures detailed in this chapter (social, political and institutional) together reveal the entrepreneurship potential and structural environment of each location relating to Turkish women

entrepreneurs. The structural environment in Turkey regarding Turkish women entrepreneurs is highly supportive and dynamic with prompt policies; however, the environment is also gendered with patriarchal norms and practices both in the private and public spheres. However, in the Netherlands, the structural environment is less supported with policies and regulations and more culturalist and ethno-centred.

This chapter has questioned the major assumption that opportunity structures are, as objective and predominantly material rules and resources, the same for everyone (Archer 1995; Mole and Mole 2010; Kloosterman 2010). The study has shown that opportunity structures in a specific national context are not the same and are not being applied in the same way for every entrepreneur operating in that context. Rather, opportunity structures are (initially) designed for certain groups of entrepreneurs. For instance, particular government bodies provide financial support specifically for women entrepreneurs or provide comparatively more support to women entrepreneurs than male entrepreneurs, as in Turkey. In other instances, opportunity structures are only utilised by migrant entrepreneurs, as in the case of the local government organisation, the House of Entrepreneurs, in the Netherlands.

This study also highlights how opportunity structures are not stable, because they are not only material, but also discursive (McCammon 2013). These discursive opportunity structures are enacted when intersecting with social diversity categories, which changes the opportunity structures for the entrepreneurs identified with these social diversity categories. Thus, this study shows that opportunity structures are rather “in the making”; this means that they are emergent structural properties, although they are historically formed by the contributions of previous agents and hard to change materially and discursively (Archer 1995; Mole and Mole 2010). Through the interviews with the representatives of 21 Turkish and Dutch organisations, this study asserts that opportunity structures are not staying out there as separate entities influencing actors (Giddens 1984; Sarason et al. 2006). The representatives of the organisations make sense of these opportunity structures. These representatives intervene in the execution and communication of various opportunity structures and thus alter the interplay between entrepreneurs and opportunity structures (Ozasir-Kacar and Essers 2019). For instance, depending on the perceptions in relation to the social discourse on migrant women, the representative of the Dutch SME Association has a discriminatory understanding and a requirement that migrant women should confirm that they are modern.

Social diversity categories shape this process. Although material rules and resources do not exclude any specific groups of entrepreneurs, opportunity structures may become restricted for these groups as a result of the sense-making of the representatives of the organisations. Hence, this study recommends that opportunity structures should be considered in a more holistic way considering the various opportunity structures simultaneously in a specific region for every section of society. It is especially important that this is done for entrepreneurs with minority attributes such as regarding their gender, ethnicity, low social status, youth, disability or seniority. This chapter has focused on the layered and varying configurations of opportunity structures for women and migrant entrepreneurs; however, this chapter's insights can be extended to other (minority) groups of entrepreneurs. As opportunity structures are not stable, prone to change, and being enacted in specific contexts, it is important to consider how they are configured and for which specific groups, as has become clear in this current study.

## Conclusion

Opportunity structures are constructed historically through the cultural dynamics, ethnic milieu, economic development and governing structure of a country or a region, and they are reshaped over time in connection with various other opportunity structures. Government regulations cannot be considered without considering socio-cultural norms, and social and political discourses cannot be understood without considering the regulatory environment. Several opportunity structures interact with each other and form a structural environment for the entrepreneurs in a specific location. As these opportunity structures are not free from contextual influences of that specific location, they are not exogenous factors influencing the entrepreneurs in that location. Opportunity structures do intersect with various social diversity categories and differ with respect to them resulting in a divergent structural environment. Most of the time, this variation leads to the hindrance of entrepreneurship enacted by minority entrepreneurs, where the constraints need to be resolved or overcome by the entrepreneurs themselves.

The structural environment in a specific context might represent a uniform structure from the outside as a liberal economy, easy-to-do business regulatory system, or multicultural labour force, but it might reveal constraining opportunity structures when evaluated intersectionally with social diversity categories. The policymakers, public officials, entrepreneurial organisations need to consider these diversity categories both at the initial stage and during



periodic evaluations to see whether or not the structural environment generates inequality and discrimination. Regardless of promoting entrepreneurship for economic benefits or social purposes, for an inclusive entrepreneurial environment, opportunity structures should be evaluated with an intersectional perspective. Not only material resources but also discursive approaches and practices should be considered with this respect. Even being aware of the influence of opportunity structures intersecting with social diversity categories can lead to specific measures to be taken, and policies to be abandoned or changed. This requires a nuanced approach to opportunity structure configurations, not only for women migrant entrepreneurs but for minority entrepreneurship at large.

Minority entrepreneurs such as youth, people with disabilities, ethnic migrants, women, seniors or the poor will face varying opportunity structures. A nuanced, layered analysis of opportunity structures can reveal the multiple configurations and make them prone to intervention for a more inclusive entrepreneurial environment. Minority entrepreneurs could then, for instance, be targeted with specific measures, vis-à-vis specific opportunity structures to increase economic growth, decrease poverty and unemployment, and ensure social integration and emancipation through entrepreneurship. Alternatively, where an opportunity structure might restrict these minority entrepreneurs, despite the initial purpose of that programme, facility or regulation, such restrictions can be noticed and altered by government officials, policymakers or representatives of entrepreneurial support organisations. Future studies might extend to include various diversity categories and contexts to reflect on different configurations of opportunity structures for a more inclusive social and entrepreneurial environment.

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# Beyond “Getting Asked to Dance”: Inclusive Entrepreneurial Ecosystems

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## Introduction

Can a community have a truly healthy, growing entrepreneurial ecosystem unless all segments of the community have access to the tools and resources to develop as entrepreneurs. The Kauffman Foundation uses the mantra of ‘zero barriers’, that is, if some groups have barriers to entrepreneurship then it holds back the entire ecosystem. Thus, ecosystem building needs to actively focus on inclusion. This chapter provides an overview of the key aspects of how to develop entrepreneurial ecosystems inclusively. Further, it discusses how a focus on true inclusion is a ‘rising tide strategy’ that lifts all entrepreneurial boats in the community. The chapter offers actionable policy recommendations for communities.

Back in the 1980s, Massachusetts (USA) handed over the keys to running the economy to some brilliant tech executives. The result was the ‘Massachusetts Miracle’ where a booming tech economy soared to prominence... then toppled, in large part because the rest of the economy failed to follow suit. One could argue that Japan’s rise in the 1970s and early 1980s came on the back of a similar strategy that overwhelmingly focused on backing the most successful firms in the most successful industries. That

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too fell back to earth soon enough. Economic history is rife with examples where a narrow focus, even when carefully strategised, had only a temporary impact. So how might populations that are under-represented in start-ups be best supported in terms of entrepreneurial activity?

It is not surprising then that ‘rising tide’ strategies for economic and community development usually work best. In Europe, the eponymous Smart Specialisation programme works well where an area of strong local expertise is accompanied by strong connectivity across the local economy. Similarly, in the USA, it can be seen that asset-based community development (ABCD) which builds on a community’s strengths typically outperforms the usual needs-based development, but only if it also emphasises connectivity and breadth (Kretzmann and McKnight 1996). Nonetheless, the need for genuinely ‘rising tide’ development strategies is even more important as it relates to sub-populations. For example, for many policymakers the critical issue is how to spawn and nurture high-growth firms and the ecosystem model offers some new insights. Indeed, the OECD commissioned a seminal workshop<sup>1</sup> that brought together a diverse set of experts on what was then (and perhaps still remains) a nascent topic of inquiry on entrepreneurial ecosystems (Mason and Brown 2014).

Academic research lags practitioner work in entrepreneurial ecosystems, but organisations such as the Ewing Marion Kauffman Foundation (2017, 2019) are finding that lowering barriers to under-represented populations tends to lift all boats. Despite academic research being quite limited with respect to under-represented populations in entrepreneurial ecosystems, there has been some excellent work regarding those under-represented populations and entrepreneurship (e.g. Bates et al. 2018; Cooney 2008; Edelman et al. 2010). Part of why academic research on ecosystems has lagged is because it is as messy as the subject matter itself. To that end, the Kauffman Foundation recently embarked on a major overarching strategy called ‘Zero Barriers’ whose ultimate goal is to identify, then minimise or eliminate, dysfunctional barriers to entrepreneurial activity. A very useful place to start is with the barriers facing significantly under-represented groups. Is that population under-represented (or over-represented) because of a structural barrier, real or perceived? If so, what can be done to minimise or eliminate the barrier?

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<sup>1</sup><https://www.oecd.org/cfe/leed/entrepreneurialecosystemsandgrowth-orientedentrepreneurshipworkshop-netherlands.htm>.

## Precipitating Factors

Shapero (1975) was one of the first researchers to explore what conditions impede or facilitate entrepreneurial action. His model of the entrepreneurial event is still applicable today, but before digging too deeply, one particular facet of the model is especially valuable here to understanding how barriers fit into ecosystems. Shapero proposed a process model where individuals may perceive prospective action as an opportunity, but whether they act upon the opportunity was a function of other phenomena (Shapero and Sokol 1982). He had noted that behaviour is typically triggered by what he called a 'precipitating factor'<sup>2</sup> whose perceived presence or absence represents a barrier. He conceived this precipitating factor as something that interrupted the inertia or momentum of human behaviour and permits re-equilibration of the system. The precipitating factor could be either positive or negative, that is one might spur action by adding a facilitator or by removing a hindrance. Indeed, the barrier can potentially be the absence of a facilitator or the presence of a hurdle. A person might normally think of barriers as the latter, but it can be a very fine line and one with profound implications for achieving zero barriers. If the underlying issue is getting a venture financed, is it the absence of capital access or the presence of actual barriers? How a person can make attributions of causality is surprisingly critical. Whether the attribution is negative or positive can matter considerably. In this case, consider that an entrepreneur might say: 'there is a shortage of equity capital' (pessimistic); or he/she might say: 'I need to learn how to raise capital' (optimistic). Effective mentoring programs are thus central to lower barriers to the under-represented.<sup>3</sup> To zero out barriers, it is important to understand how entrepreneurs make sense of their situation. Moreover, barriers can be very real, but one can also perceive non-existent barriers as impenetrable or turn what appears to be a tangible barrier into an opportunity. Research into high-growth immigrant entrepreneurs found none were able to raise external equity, yet all grew rapidly (Kumar and Krueger 2012). They were 'forced' into bootstrapping to phenomenal success (just like the vast majority of *Inc.*500 growth firms).

*Advice to communities:* One important key to growing a healthy entrepreneurial ecosystem will be to show prospective entrepreneurs that some important barriers (real or perceived) are less daunting than they think or

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<sup>2</sup>Such a slight nudge would cause a supersaturated solution to precipitate into a solid or how a speck of dust might precipitate moist air into rain (or why it is called 'precipitation').

<sup>3</sup>e.g., see [www.venturecapital.org](http://www.venturecapital.org) & [WomenGetFunded.com](http://WomenGetFunded.com). Also, funders like Portfolia (<https://www.portfolia.co/>) & Next Wave Impact (<https://nextwaveimpact.com/>).

*even illusory. Put another way, healthy entrepreneurial ecosystems and growing healthy entrepreneurial activity require managing not just tangible barriers, but also intangible barriers.*

Shapero's model is largely homomorphic to the dominant model of human behavioural intentions, the well-known Theory of Planned Behaviour (Ajzen 1991). Despite differences (such as Shapero including action-focused variables), both models share one important reality, a prospective course of action is most likely actionable if a person perceives it as desirable and if that person also perceives it as feasible.

Cognitively, one's evoked set of opportunities are those actions that are perceived as feasible and desirable. Of course these perceptions need not be accurate! Whether something is desirable is hostage to one's experiences, social and family norms, and even familiarity. In many communities, what is known about the realities of the start-up life derive from popular writing, television shows, etc., not from actual personal or vicarious exposure. It is thus important to help those who have not had that experience to get that tacit knowledge. If a person never sees a successful entrepreneur who looks like oneself, that can readily dampen one's judgement of whether a venture is desirable or feasible (and probably skew it as well). Similarly, if a person does not see an ecosystem builder who looks like oneself that will also likely slow one's progress as well. The entrepreneurial potential of an ecosystem is a function of its potential entrepreneurs (both quality and quantity). This is not just related to how many in a community perceive entrepreneurial activity as both desirable and feasible, but also the different types of entrepreneurial activity in which they can engage (Krueger and Brazeal 1994; Krueger 2020). Experienced ecosystem builders like the USA-based SourceLink find that infrastructure matters, both tangible and intangible (Meyers and Hodel 2017).

*Advice for Communities: Develop effectively both human capital and social capital.*

## Cognitive and Social Infrastructure

While communities can usually identify tangible barriers (e.g. that minorities receive a disproportionately smaller share of resources), it is vital to also monitor the intangibles (Krueger 2000). How many people see entrepreneurial activity as desirable? As feasible? What kinds of activity do

they perceive as credible or as not credible? The social and cultural dimensions and actions (and beliefs) of the community are critical influencers of entrepreneurial potential. One early approach was to advise communities to track the various facets of the social infrastructure. Flora and Flora (1993) argued that communities which were highly supportive of entrepreneurial activity share certain specific social and cultural norms and processes (i.e. the entrepreneurial community should mirror the broader community). Consider this as a format to convert social capital into organisational forms that facilitate collective action. They categorise Entrepreneurial Social Infrastructure into three dimensions: Symbolic Diversity (seek heterogeneity, processes nor personalities, permeable boundaries); Resource Mobilization (equitable distribution, willing to cooperate); and Quality of Networks (both vertical and horizontal, depth of entrepreneurial bench). They have successfully used these rubrics to assess ecosystem health, although this predates the rise of ecosystem (Flora et al. 1997).

As the work of the Flora and Flora suggests, a healthy ecosystem facilitates the co-evolution of entrepreneurial human capital and entrepreneurial social capital (Björklund and Krueger 2016). In turn, that facilitates regional competitiveness (Audretsch and Peña-Legazkue 2012). The Global Entrepreneurship Monitor data suggests quite strongly that predicting entrepreneurial activity is a function of entrepreneurial human capital and social capital, one is not enough as you need both (Reynolds 2011). Both human capital and social capital can differ quantitatively and qualitatively—where is the community building entrepreneurial capital (and what kinds) and where is it not building entrepreneurial capital (Audretsch et al. 2019)? In what sectors of the economy and in what segments of the population is this activity happening? If regional competitiveness depends on having and growing entrepreneurial capital, is that not a clear incentive to include as much of the community and the local economy as possible?

## Ecosystems 101

To grossly oversimplify, one can look at local economies as driven by institutions and other power players that create and manage conditions that may or may not enable different kinds of entrepreneurial activity. This is the traditional view that continues to dominate economic development thinking and practice. Alternatively, one can view local economies as a complex network of networks where interconnections are in constant flux (Brett 2019). The much vaunted 'Industry 4.0' paradigm (e.g. Rüßmann et al.

2015) embraces powerful tools such as Open Innovation and co-optition, assuming firms interact in complex, dynamic networks rather than in stable, often hierarchical relationships. If broad industry sectors have embraced ecosystems and the tools needed to succeed in this messy new world, why has economic policy not adopted ecosystems more broadly, especially for economic development policy?

In the traditional model of economic development, a community can promote economic activity by: (a) attracting new businesses to move in; (b) working to keep businesses from leaving and/or providing them resources so they do not fail; and (c) by helping existing businesses to expand. Some communities have added (d) business incubation, but it is still disappointingly infrequent (Note: most communities publicly support entrepreneurship, but invest little in the process). In this typical model, communities expend the most resources on business attraction, less on retention and even less on expansion. However, communities get the biggest return on investment on spending for business expansion and the least for attraction, the exact opposite of funding priorities. One might well wonder why this massive disconnect exists even in areas with poor infrastructure or smaller populations who have little hope of attracting a large employer (localities who will also not take advantage of the under-resourced community). Part of the reason is because this is all they know; part of it is because this is all they know how to do. Some of their thinking is tradition and part of it is the training of civic officials who honestly believe (despite the massive contrary evidence) that focusing on business attraction is the only real strategy, plus it is all they know how to do. Even today in many Western economies, training on how to grow businesses cannot be found in formal training in economic development.

***Advice for communities:** Find ways to educate and train civic officials regarding how to grow businesses, through both entrepreneurship and business expansion.*

From this advice comes a related research question: Can this be measured and what is the impact? Consider these numbers; in one USA western state they found that over an entire business expansion regime (2000–2008) that gross job creation was 58 per cent from new businesses, 40 per cent from existing firms growing and only 2 per cent from business attraction.<sup>4</sup> To be fair, communities lose jobs when businesses close and when they shrink (or move out). In this same state then, the net job creation was 90 per cent from

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<sup>4</sup>NETS database (but confirmed by other data sets).

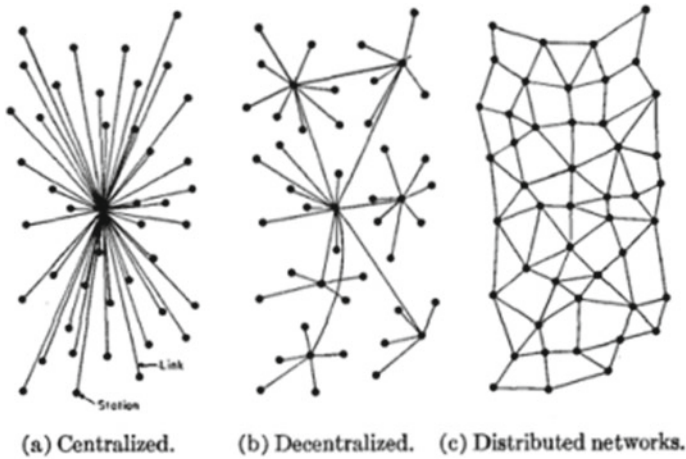
expanding businesses (less shrinking) and 10 per cent from start-ups (less deaths). National data for the USA was equally clear: even using definitions most-friendly to business attraction, 87 per cent of gross new jobs in the USA are home-grown (Mazerov and Leachman 2016). Getting that data is so important; publicising it even more so.

***Advice for communities:** Find ways to gather reasonable, actionable data for your community.*

As will be discussed later, knowledge is power and strong metrics do matter. From this advice comes a related research question: What metrics do civic officials use currently? This dynamic is compounded by the dominant academic models that either follow this pattern or, perhaps worse, emphasise institution-dominated, top-down models such as the infamous triple helix (Brännback et al. 2008). The triple helix in its basic form proposed that innovation and entrepreneurship only required the presence of three enabling institutions (government, industry and academia). Entrepreneurs will only emerge because of the enabling conditions established by the institutions. Put more bluntly, this model asserts it is possible to have innovation without innovators, entrepreneurship without entrepreneurs. An absurd conclusion? Not to institutions and local elites. What does the research actually say? Institutions do matter, but only insofar as they support bottom-up, entrepreneur-driven activity (Urbano and Alvarez 2014; Aparicio et al. 2016). Fortunately, this picture is evolving in useful directions and is particularly useful for communities in earlier stages of development.

## **Fourth-Wave of Economic Development: The Rise of Ecosystems**

Some researchers have described the rise of ecosystem thinking as the ‘fourth wave’ of economic development (e.g. Gines 2019) where the bottom-up, entrepreneur-led, networks-focused model is added to the mix. As the ecosystem model tends to be highly disruptive, even threatening, this will be a slow transition. No amount of shiny statistics will change those who are committed to the old paradigms. Ecosystem builders need to change the dominant narrative (e.g. with a panoply of success stories). What better success story than one that shows how someone outside the mainstream succeeds through entrepreneurial activity?



**Fig. 1** The 3 types of networks

Consider Fig. 1.<sup>5</sup> It is extraordinarily rare for an economy to be organised in a centralised network which often risks undue market power if successful (e.g. Amazon). It is also rare to see an economy organised as a decentralised network, but that is how many perceive their local economies and try to manage them correspondingly. However, most healthy local economies operate as if they were distributed networks. To make matters even more complicated, most communities (and most organisations) are a mix of hierarchies/silos and networks that connect across and between the hierarchies (Stephenson 2009). Envision how different the roles are for a successful connector. For centralised networks, the connecting is the purview of that central hub about which all things revolve. For the decentralised network, each hub could have its own connectors, but for distributed networks a very different type of connector is needed. A distributed network requires connectors who can guide entrepreneurs through a maze of stakeholders and of resources, connectors who are professional and proactive, what Sweeney (1987) called ‘*liaison-animateurs*’.<sup>6</sup> All this led to new narratives and questions, such as ‘is a local economy like an orderly farm to be tended or a chaotic yet productive rainforest’ (Hwang 2020)?

Feldman and Zoller (2012) explored what happens to the social networks in an entrepreneurial community. Introducing the right kind of connector (a genuine *liaison-animateur*) quickly shows that the new connector is

<sup>5</sup>Note that most local economies are actually a network of networks where connections are highly dynamic.

<sup>6</sup>As the name suggests, they are both bridgers and energizers.

connecting, but that the rest of the social network also increases its connectivity. Similar work by Motoyama (e.g. Motoyama and Knowlton 2017) also shows how networks evolve. However, there are two ‘flavours’ of connector—most true *liaison-animateurs* are unselfish (often to a fault), but there are also connectors who expect a *quid pro quo* (usually they wish to be seen as highly connected and appreciated for that). In social network theory terms, they seek to be ‘structural holes’, the only connector between entrepreneurs and a critical resource. Or in Stephenson’s (2009) more felicitous terms, there are connectors and gatekeepers (to valued resources). The quantity and quality of mentoring and coaching also matters in such circumstances.

***Advice to communities:** Find ways to identify the great connectors, especially the unselfish ones? Are these connectors receiving training? Visibly encouraged? Likewise, can great mentors be identified and trained. Moreover, are mentors and connectors who represent under-represented populations be trained as peer-to-peer mentoring is critical for minority entrepreneurship?*

From this advice comes some related research questions. Can gatekeepers be identified? Gatekeepers appear to believe in top-down, institutions-led efforts and believe that the local economy is best envisioned as a centralised network. Can this understanding of gatekeepers be demonstrated empirically? Finally, is it possible to rigorously assess the impact of improving connectors and mentors?

## What Is the Evidence? The Boulder Thesis

The co-architect of the tech ecosystem of Boulder, Colorado (USA) was serial entrepreneur-turned-venture capitalist Brad Feld. For a population of approximately 100,000, Boulder had an entrepreneurial economy that more resembled a city ten times its size. Feld (2013) set out to examine what Boulder and other successful start-up communities had in common. Strikingly, four of Boulder’s key attributes were shared by almost all successful start-up communities. The most important attribute was that entrepreneurial activity and policy initiatives were bottom-up (not top-down) and led by entrepreneurs (not by powerful institutions). Every city and state believe they are highly responsive to entrepreneurs, but entrepreneurs rarely agree.

***Advice for communities:** For minority entrepreneurs or any under-represented populations, it is essential that not only is their voice be heard*



*clearly, but they need to have influence over policy decisions and public initiatives.*

From this advice comes a related research question: How can we measure the bottom-up approach to the local economy? It is quite hard to assess whether institutions are driving efforts or are listening to entrepreneurs and supporting them: An easy question to ask but definitely a challenge to assess accurately. Startup Genome is one of several practitioner groups trying to measure this activity (Gauthier et al. 2018), but are under-represented populations part of a community's assessment?

The second key commonality is that successful ecosystems are inclusive of all entrepreneurs and their key stakeholders. Feld calls it inclusive of the 'whole stack', as it is inclusive of as many stakeholders as possible, especially entrepreneurs who are not part of the usual focus on high-tech, high-growth potential ventures. As under-represented groups are usually over-represented in lower-tech businesses, the importance of this is critical. As previously mentioned, a cautionary tale is the so-called 'Massachusetts Miracle' in the early 1980s. At the risk of oversimplifying the situation, the stumbling tech economy of the state was rescued by the state authorities essentially turning over economic development efforts to some leading tech executives. Their strategies were excellent and the tech economy rebounded. However, the rest of the economy did not rebound and eventually this weakness brought down the tech companies also (Corman et al. 1996).

***Advice for communities:*** *Do not focus just on tech or a specific sector. If a sector is very successful, do try to build on that strength.*

As asset-based community development (ABCD) suggests, one can get greater Return on Investment (ROI) from enhancing strengths that remediating weaknesses, but do not forget the 'whole stack'. For under-represented populations who might be more concentrated in retail and service businesses, one will need to ensure that they benefit from support mechanisms. From this advice comes a related research question: How can one measure whether economic policies are 'rising tide' strategies that are inclusive? In particular, are under-represented populations also under-benefiting?

Another commonality found by Feld (2013) was that successful entrepreneurial ecosystems have visible rallying points, things that the whole community celebrates (for Boulder it was the great venture accelerator Techstars). The final commonality was that these communities recognised that any entrepreneurship strategy had to be long-term. If it took Silicon Valley 30 or

40 years to emerge, other local communities cannot expect overnight success. Since then, the ‘Boulder thesis’ or the ‘Feld model’ has been widely adopted globally, at least in words. In recent years, as the Ewing Marion Kauffman Foundation (world’s largest funder of entrepreneurship programming) has evolved to focus heavily on developing entrepreneurial ecosystems, Feld’s first two commonalities are front and centre of their work.

## Ecosystems Need Builders (and Operators)

Attention has increasingly turned towards the ‘how’ and the ‘who’ of growing healthy entrepreneurial ecosystems. An increasing focus has grown on the processes that appear to be at the heart of ecosystem building and the people behind those processes. Thought leaders within such organisations as the Ewing Marion Kauffman Foundation argue that there exists a need for the emergence of a new role in economic development, that of the ‘ecosystem builder’. If this is indeed a genuine phenomenon, then the ecosystem builder<sup>7</sup> becomes absolutely critical. Are they *liaison-animateurs*? Yes, but what else?

The most recent major Kauffman initiative (which started in earnest in 2017) is dubbed ‘ESHIP’. ESHIP has brought together hundreds of the USA’s (and quite a few non-USA) ecosystem builders in a broad, rich movement to identify mechanisms and tools that will enable and empower ecosystem builders. Perhaps the most prominent output so far is the development of their seven overarching Big Goals (think the UN’s Sustainable Development Goals); its Goal One is Diversity & Inclusion and as befitting the Kauffman Foundation’s own ambition for working towards zero barriers, inclusion issues also pervade the other six Goals.<sup>8</sup> According to the Kauffmann Foundation, ESHIP Goal 1 is ‘Inclusive Field: Ensure ecosystem builders with diverse perspectives lead our field’. It is argued that those building the ecosystem need to be more heterogeneous to ensure broader participation in entrepreneurial activity. Why does this matter? Entrepreneurial activity takes many forms and is seen through many lenses. For those populations that are under-represented, having role models as entrepreneurs is deeply important, but to generate those role models entails ecosystem builders who understand these different perspectives—whether

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<sup>7</sup>We would be remiss to ignore that many ecosystem “builders” are better described as ecosystem “operators”—they do more to support and improve existing efforts. I am grateful to Valto Loikannen, Adam Rentschler, Alistair Brett, Anika Horn, Beth Zimmer, Mark Lawrence, and others for this most important insight.

<sup>8</sup><https://www.kauffman.org/entrepreneurial-ecosystem-building-playbook-draft-3/eship-goals>.

urban or rural, high-tech or low-tech, female or male, majority or minority, etc.

***Advice to communities:** Do your ecosystem champions reflect all the voices? Are you listening? And hearing what they actually say?*

Is a local economy like a diversified investment portfolio? Many policy initiatives certainly act as though firms and industries are connected in reasonably predictable fashion. If any of the foregoing is true (and evidence strongly suggests all are valid), then managing its health suddenly becomes much more of a supervenient process. You have to build policy bottom-up, listening carefully to what the entrepreneurs, both current and potential, are saying.

In every model seeking a greater understanding of healthy entrepreneurial ecosystems, there has been one significant recurring theme. It is difficult to conceive of a truly healthy ecosystem that only engages one sector of the economy and, more importantly, only one segment of the population. Many of the under-represented groups are highly visible and yet it remains difficult to engage them as productively as should be happening. What then about the less visible, even invisible minorities like veterans, people with disabilities (e.g. neurodiverse) and seniorpreneurs (Galloway and Cooney 2012)? While smaller in numbers, in the USA these groups often exhibit above-average success rates, suggesting that they have much to offer the entire ecosystem. Consider growth entrepreneurship. Minority populations are usually much less likely to perceive opportunity to scale their ventures. Even strong role models need not socialise with those populations to see venture growth as an opportunity. That certainly helps communities, but requires ecosystem builders who are personally credible as well (Gines 2019).

## Measurement Issues

One final aspect of entrepreneurial ecosystems is metrics. What are the ‘right’ Key Performance Indicators (KPIs) for ecosystems? While there will always be understandably idiosyncratic metrics for each ecosystem, there are likely metrics that will serve most communities to help grow their ecosystems, especially those that are persuasive to critical stakeholders. In traditional economic development, jobs and tax revenue are the usual suspects. However, such measures tend to be backward looking. While it is useful to get feedback on the impact of a community’s efforts, they can also be misleading. Perhaps more important, placing emphasis on lagging indicators is usually

a missed opportunity for communities to use process/throughput indicators (e.g. Krueger 2012) and, even more valuable, leading indicators with predictive validity. That is, beyond ‘have we arrived?’ an early warning system is needed that asks: ‘are we on the right track?’ In turn, this argues strongly for developing models that reflect important processes and how they evolve, a rather difficult task within complex and dynamic adaptive systems like a local economy (Brett 2019). To develop a model for a local community is therefore highly challenging. However, there are some nascent efforts that are beginning to bear significant fruit that centre on the maturity level of ecosystems and appear to do a credible job of rating ecosystems, using data analysis that captures and embraces the dynamics. The most notable of these analytics is Startup Genome (e.g. Gauthier et al. 2018) which focuses on communities.<sup>9</sup>

There has long been a cottage industry of ‘places rated’ and ‘top ten’ lists that purport to rank communities and these rankings and ratings are painfully hostage to which criteria are selected. Motoyama and Konczal (2013) cleverly showed how one can game these rankings. Moreover, a single metric can mislead terribly. For example, the Kauffman Index of Entrepreneurial Activity (Mobelix and Russell-Fritch 2017) showed USA cities like Las Vegas and Boise as stellar producers of start-ups, yet near the bottom on growth firms and tech firms. To the point of this chapter, many cities show stark differences across different parts of their community, whether geographic or demographic. But how healthy is an ecosystem that only supports some neighbourhoods, some industries, some populations?

***Advice to communities:** While it is easy and glib to note that ‘you get what you measure’, there is another equally potent maxim of ‘knowledge is power’.*

As just noted, communities are prone to choose metrics that are at best convenient and, at worst, painfully self-serving. Are stakeholders measuring all of the populations in their communities? Having fine-grained statistics has its risks, but aggregated statistics can be painfully misleading. For example, in the USA, if one looked at entrepreneurial activity in the last recession, some groups did better than others. There was little difference evident among Hispanics, but when one looked deeper, Latinas did remarkably well. Understanding how different groups, neighbourhoods and industries are faring is essential to developing strong entrepreneurial ecosystems.

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<sup>9</sup>A model of ecosystem maturity that was developed independently in Brazil offer support for the Genome approach (Cukier et al. 2015). Also, the Global Entrepreneurship Monitor has been collecting entrepreneur-related data for more than two decades at the national level (GEM 2018).

For ecosystem builders, finding the right metrics that are genuinely useful for communities is a good vehicle for building credibility in their community. They can also ensure that one does not select metrics where one can expect good scores, but also metrics that tell where a local community is lagging (e.g. what is happening with currently or historically under-represented populations?). There is some good data freely available in North America and via OECD,<sup>10</sup> such as [www.youreconomy.org](http://www.youreconomy.org) and affordable expertise such as [www.economicmodeling.com](http://www.economicmodeling.com). Nevertheless, it is the responsibility of local communities to identify the right questions to ask before one can answer them. Therefore, it is critical to create a dashboard that the local community itself helps to build. From this advice comes some related research questions: Do the metrics used by a community provide any predictive insight regarding how ecosystems evolve? Do the communities test their metrics for predictive validity (for any kind of validity)? Can it be demonstrated empirically that it matters for a community to be good at metrics?

## Conclusion

Despite the painfully slow rate of progress of work to ensure that every facet of the community has access to entrepreneurial activity, several important implications for communities to pursue can be seen. Each of the implications also represents a very low-hanging fruit for researchers to pursue.

- **What Does All This Mean for Communities?** If a community wants a truly inclusive local economy, then everyone needs to be included, and as many leaders where possible. And for entrepreneurs and small businesses, listen to them (not those who claim to speak for them) and hear what they are saying. Then take action; easy to say, hard to do.
- **Educate the civic officials and media.**<sup>11</sup> Help them to understand that ecosystems approaches require very different perspectives. Help them to understand that ecosystems are complex adaptive systems (Brett 2019; Smyre and Richardson 2016; Hwang 2020) that resemble rainforests far more than farms. Teach them to think about the intangible infrastructure—the cognitive and social infrastructures—not just tangible issues. Ensure that everyone is in the conversation, not just the ‘usual suspects’. Reward civic officials, both leaders and staff, for getting this and acting

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<sup>10</sup>e.g., [www.betterentrepreneurship.eu](http://www.betterentrepreneurship.eu) and International Compendium of Entrepreneurship Policies ([https://bit.ly/OECD\\_IntComp](https://bit.ly/OECD_IntComp)).

<sup>11</sup>The media is critical as it is vital for the public to understand as well.

in these new directions. In many communities, economic development practitioners are only rewarded for business attraction, no matter how suboptimal that might be. That rarely enhances diversity, let alone inclusion.

- **Support your grass roots, entrepreneur-led entities.** In too many communities, the established 'players' recognise that entrepreneurship is important, but feel entitled to lead efforts **and** get paid. How many entrepreneur/small business/tech events are led by under-represented groups? This will likely entail diverting resources from existing power players with the corresponding political risks, hence the need to educate leaders and media. What if the general public started to understand that entrepreneurs are the drivers of their local economy and that anyone can be an entrepreneur? What if they realised the power of listening to them? They do in Boulder, Rotterdam, Gothenburg, Tel Aviv and more. So could any community.
- **Grow entrepreneurial human capital and entrepreneurial social capital.** A community's entrepreneurial potential is a function of the quantity and quality of potential entrepreneurs. What if all of the citizens had access to learning entrepreneurial skills? Access to learning experiences that nurtured an entrepreneurial/innovator mindset? What if a community had broad, rich connectivity where even a novice entrepreneur can access the right resources in timely, cost-effective fashion? Studies have shown that far too many training programmes are disappointing, with many falling painfully short of best practice. It is better to believe and assert the quality of a programme than to shift towards best practices. As a community, leaders can show leadership by demanding the best quality possible, even if that means shifting resources away from established players. Or as Jim Collins famously said, 'Get the right people on the bus. Get the wrong people off'.

None of these actions are easy, but even a gallant effort in these directions will build an entrepreneurial ecosystem that is more dynamic, deeply connected and welcoming to all potential and existing entrepreneurs.

Resources are plentiful, but often in locations that people may not be aware exists. Expertise at ecosystem building and other bottom-up approaches is available, but those experts are not typically found in the 'usual suspects' of economic development and community development. In fact, those who usually claim to be the voice of entrepreneurs and small business may embrace the term ecosystem, but not grasp its implications (and may even have a vested interest in the established models). In the USA, the ESHIP network is

readily findable (e.g. via social media<sup>12</sup>). People should take full advantage of policy initiatives already developed. The ‘America’s New Business Plan’ (Kauffman 2019) is based on sound theory and strong empirical evidence, and offers dozens of policy actions at national, state and local level. Despite the name, these prescriptions are applicable in most settings. Beyond the ‘Start Us Up Now’ effort, the ‘Right to Start’ initiative should be equally helpful.<sup>13</sup> For many communities, the relevance of ecosystem building to the UN’s SDGs is a persuasive tool (ICSB 2020, pp. 55–59). But, most of all, start with that very first prescription: listen to the entrepreneurs and innovators, the starters and small businesses; hear what they are saying. Get them involved in the community’s initiatives. Let them lead. A common prescription suggests that: Diversity is inviting people to the dance; Inclusion is asking them to dance. Indeed, true inclusion is inviting them to help pick out the music. And why not have them put on the dance? **Shall we dance?**

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<sup>12</sup>Author is happy to help and refer you to appropriate experts (norris.krueger@gmail.com; social media) such as [www.ecosystembuilderhub.com](http://www.ecosystembuilderhub.com).

<sup>13</sup>[www.StartUsUpNow.org](http://www.StartUsUpNow.org) and [www.RightToStart.org](http://www.RightToStart.org) respectively.

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# **Examining Entrepreneurial Behaviour Amongst Different Minority Communities**



# Do Women Engage Differently in Entrepreneurship?

Candida G. Brush and Patricia G. Greene

## Introduction

The use of the category of ‘minority’ entrepreneurs is entrenched in research, practice and policy, and it is apparent in issues such as differential access to capital and contracts, the perception of training needs and likelihood to enter into entrepreneurial activities (Gherardi 2011). A minority entrepreneurship policy point of view is generally guided by a legislative definition of minority, usually defined by a governmental unit’s determination of protected categories of people, and often applied in arenas such as procurement and assistance (Ram and Smallbone 2001). In research, it is most often used to categorise and gain knowledge about a subset of the population (i.e. those not in the majority group). This body of research is loosely organised to include groups defined by race, ethnicity, sex, gender, religion, nationality, immigrant status, motherhood and every potential intersection of the aforementioned groups (Puryear et al. 2008). However, inclusion varies as women are sometimes legally considered as minority entrepreneurs, and sometimes not.

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Going beyond the definitional differences in ‘minority’ groupings as noted above, the question is asked: ‘Do women engage differently in entrepreneurship?’ The chapter begins by questioning assumptions about homogeneity within the group and the practice of grouping all women together, which presumes a shared set of behaviours. This approach largely masks differences from the intersections of other minority groups, including (but not limited to) race and ethnicity. The reliance on narratives to describe women as a minority group is then considered (particularly within entrepreneurial processes) and the chapter concludes with implications for practice, education and training, policy and research. Context is important and within this chapter it is considered by the numerical inclusion of women into the category of minority entrepreneur using US data as the representation.

## Assumptions of Homogeneity

In 2015, there were just over 30 million small businesses in the USA, of which 80 per cent (24.3 million) were non-employers, leaving 5.9 million with paid employees. Notably, only 19,464 businesses in the USA were considered large (i.e. having more than 500 employees). How many businesses do women own? Currently in the USA, women are majority owners of 36 per cent of classifiable businesses and equal owners of an additional nine per cent, meaning women are equal or majority owners of 45 per cent of US classifiable companies.<sup>1</sup> Strictly speaking, 45 per cent meets the definition of minority (‘a relatively small group of people, especially one commonly discriminated against in a community, society or nation differing from others in race, religion, language, or political persuasion’<sup>2</sup>). However, it increasingly seems that in the business ownership case, the term ‘minority’ is more process and outcome-based than a numerical representation of ownership, hence the additional term ‘under-represented’ found in many assistance programmes.

Women business owners are also an increasingly complex subject when considering the term ‘women’. Historically, the topic is approached from a gender binary framework, using ‘sex’ to represent biological differences and gender to capture sociocultural differences (e.g. Unger 1979; West and Zimmerman 1987; Muehlenhard and Peterson 2011). As more precise recognition emerges from studies of identity and self-labelling of a more broadly

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<sup>1</sup>SBO, ‘Women’s Business Ownership: Data from the 2012 Survey of Business Owners,’ 2017. [www.sba.gov/sites/default/files/advocacy/Womens-Business-Ownership-in-the-US.pdf](http://www.sba.gov/sites/default/files/advocacy/Womens-Business-Ownership-in-the-US.pdf).

<sup>2</sup>Lexico. US Dictionary. <https://www.lexico.com/en/definition/minority>. Accessed May 11, 2020.

arrayed delineation of sex/gender, the question becomes even more important as to what matters: What drives differential entrepreneurial behaviours and are those drivers more internal or contextually based? While this question is largely beyond the scope of this chapter, this point is noted to acknowledge the high degree of generalisation underlying much of entrepreneurship research.

Another set of complicating factors are intersections of sex/gender with race and/or ethnicity, and/ or any other of the categories mentioned above. When these intersections are combined with geographical location, this creates more complexity due to different political, social and economic systems, and the cultures found within and across each of these. For the past 20 years, the Global Entrepreneurship Monitor (GEM) reports have measured start-up behaviours of individuals in random household surveys, highlighting differential rates of entrepreneurship participation around the world (Kelley et al. 2017; Elam et al. 2019). The latest report shows nearly 231 million women in 59 economies are starting and running businesses worldwide, but over the past decade only two countries consistently show higher start-up rates for women than men, Ecuador and Vietnam. Seven countries have equal start-up rates between women and men: Angola, Indonesia, Kazakhstan, Madagascar, Panama, Qatar and Thailand. There are also five countries where women start at less than half the rate of men: Egypt, Greece, Slovenia, Sweden and Turkey. The impact levels of economic development are clear in that the higher level of innovation of a country, the lower women rate their capabilities to start a business. Indeed, innovation economies have the lowest start-up rates for women and reflect the biggest start-up gaps between women and men, especially in Western Europe (Elam et al. 2019). Further, there are differences in motivations, as more women start businesses out of necessity, to support their families, than to pursue an opportunity motivation. But, the measure is binary, suggesting this tells only part of the story. And finally, this global data tells us that more women start businesses alone rather than with teams (Kelley et al. 2017; Elam et al. 2019), which likely has consequences for the subsequent growth of the business.

Everything that one might think they know about entrepreneurship is likely to be based upon some model that is many generations old, with their understanding initially developed through the practices and studies of exclusively male business owners and their enterprises (Bird and Brush 2002). In examining scholarly research in entrepreneurship, women slowly entered the discourse, first as variables and then as the protagonists of dedicated studies (Greene et al. 2003; de Bruin et al. 2006). Recently, research has

focused more broadly on gender and women's entrepreneurship, with attention centred on a stronger theoretical understanding of not just differences between men and women, but on feminist approaches (Ahl and Marlow 2017). Nevertheless, even today only 10 per cent of studies in the field of entrepreneurship are focused on women entrepreneurs and/or their businesses (Jennings and Brush 2013). As such, there remains a significant gap in understanding about women's entrepreneurship and gender. This in part reflects an assumption of homogeneity in the entrepreneurial process (de Bruin et al. 2006).

The driving motivation for an increased number of studies examining differences between men and women entrepreneurs, and among groups of women entrepreneurs is twofold. First, there is a need to better understand and learn from women business owners, particularly regarding their identity development and entrepreneurial behaviours, and how they can contribute to entrepreneurship generally. Second, there is a need to coalesce the body of knowledge on women and men entrepreneurs in order to better develop, improve and advance models that make sense for the diversity of people looking to become entrepreneurial (Jennings and Brush 2013; Brush et al. 2020). In other words, one will know more about entrepreneurship generally if one considers all populations and what they can learn from each other. The next sections present a general framework for the entrepreneurial process through a discussion of current narratives or myths, then it articulates the realities as these relate to women entrepreneurs generally, and men and women entrepreneurs. The chapter concludes with suggestions for practice, training and education, policy and research.

## Narratives and the Entrepreneurial Process

The entrepreneurial process is generally agreed to include three basic constructs that result in business creation: the entrepreneur/team, opportunity and resources (Timmons and Spinelli 2009). Generally, 'entrepreneurs identify or create the opportunity, acquire the resources and provide the leadership to create a venture that creates something of economic and social value'.<sup>3</sup> To this end, the entrepreneur and team search for, identify or create an opportunity that is linked to their goals, capabilities, aspirations and commitment. They provide the leadership in assessing the opportunity, then acquiring the resources (social, financial, human, physical, organisational,

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<sup>3</sup>Babson College definition of entrepreneurship.

technological) to launch a venture (Brush et al. 2004). Once the venture is launched, entrepreneurs implement a business model and seek to achieve some type of success or growth. The conditions for success depend on the entrepreneurs' goals, the industry sector and competitiveness, and the local environment (Brush et al. 2004). However, there are 'narratives' about what should be done to attain success in the process.

Narratives are used in organisations in the form of novels, short stories, songs, poems and films as ways to study management and organisation. The simple definition of narrative is the 'analysis of stories that people tell' (Gartner 2007, 613). There are empirical links between scholarship and narrative, as well as how theories and methods might be applied to the entrepreneurial phenomenon. However, narratives also provide a sense of how things should be done or are currently done. In other words, a story or narrative can construct a reality. On one hand narratives are reality. On the other hand, they are subjective constructions that may or may not be true. For instance, there is a persistent narrative that the steps to being entrepreneurial are the same for everyone. Further, recent popular books about lean start-ups presuppose that all entrepreneurs have the same resources, abilities and access to implement the steps noted (Reiss 2011). The reality is that an entrepreneur's ability to execute on these practices is contingent to some degree on access to networks and markets, as well as capabilities and skills. Following these prescriptions may not be possible for a low income, African-American woman entrepreneur from a rural area. This persistent and untrue narrative that the process is the same for all entrepreneurs becomes the foundation for umbrella policies applying equally to men and women, when in fact there are significant differences. It also contributes to stereotypes and gender biases, reinforces social dominance and the power structure regarding the allocation of resources and holds women back as to what is possible for them (Pratto et al. 2006).

Another persistent narrative relates to women's access to financing. Successful women entrepreneurs are now more frequently gracing the covers of magazines and receiving online headlines, leading to the perception that they are doing very well in business ownership. In the USA, there are about 12.4 million women-owned firms, but nearly 70 per cent of companies led by women report a lack of access to financial capital, especially growth capital (Coleman and Robb 2012, 2016). On the debt side, there are fewer disparities in women's access to capital when a researcher controls for sector, age of business and stage of business development (Coleman and Robb 2016). However, on the equity side, even though the narrative is that women and men do equally well in raising growth capital, it is not as simple as this



may seem. For instance, in crowdfunding, women do very well. Several studies examining crowdfunding campaigns find that women are nearly two times as likely to meet their funding campaign targets (Vismara et al. 2016; Greenberg and Mollick 2017; Johnson et al. 2018). However, the average investment is about \$10,000 USD per campaign and fewer than ten per cent of entrepreneurs raise more than this amount. In the angel investment arena, which is also for companies that are growth-oriented, approximately 17–27 per cent of women CEOs receive angel funding, with an average investment of about \$350,000 (Manolova et al. 2014). But when it comes to venture capital, where billions of dollars are invested each year, research in the USA shows that of the more than 7000 companies funded by venture capital each year, only three per cent have a woman CEO, and these numbers have not changed in 20 years (Brush et al. 2018). While it is comparatively rare for any company to receive venture capital, in fact less than .0001 percent of all US companies receive venture capital.<sup>4</sup> The average investment in these companies per round exceeds \$12 million. Venture-capital funded companies often create significant wealth for the founders and the investors, of which 85 per cent of all founding teams and 92 per cent of investors are male (Brush et al. 2018). This narrative that women entrepreneurs are equally able to attain financing actually raises a different set of challenges because under this narrative, when women do not receive growth capital, the reason presented is that the women are less qualified, they need to change, or some combination of the two explanations. Instead, a careful look at the homophily and male dominance in the industry might be a better way to approach this issue, where systemic change may be needed (Brush et al. 2018; Brush 2019).

Possibly the most referenced narrative about entrepreneurship is the assumption that most entrepreneurial ventures are destined, or at least targeted, towards launching high-growth technology businesses, funded by venture capital and headed for a high-value liquidation event to recoup equity investments. These entrepreneurs are presented as almost entirely white, young and male. This stereotype leads to a definition of entrepreneurship that fits a very narrow band of businesses in the world. Even in a town such as Austin (Texas, USA), renowned for technology start-ups, technology companies (as defined through their NAICS codes) represent only nine per cent of Austin establishments (Civic Analytics 2015). While these businesses are an important part of the economy and innovation systems, they are

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<sup>4</sup>In 2019, 2300 US companies received more than \$34 billion in funding. If there are more than 30 million businesses in the US, this amounts to less than .0001% of all businesses. <https://nvca.org/research/> Every year there are nearly 2 million businesses created in the US and 600–800 receive venture capital. [https://en.wikipedia.org/wiki/Venture\\_capital](https://en.wikipedia.org/wiki/Venture_capital).

the minority. Given that most entrepreneurial education programmes, and indeed, entrepreneurial ecosystems, are targeted to this group, it places asset accumulation in the hands of a small, powerful, homogeneous group. A related narrative is about women's leadership. Women's leadership is often stereotypically described in the management literature as being 'softer' and more collaborative, but when it comes to entrepreneurial leadership, the definition is already a challenge. Public policy requires that to be a 'women-owned' business, women must own 51 per cent or more of the company. Other more expansive definitions have begun to come into play (partially to be able to account for more growth-oriented and often venture-funded or seeking venture-capital firms), including woman-owned, woman-founded, woman-led and woman-managed (Aidis and Schillo 2017).

While these numerically based definitions may identify which women are in a position of leadership, it still leaves questions about leadership behaviours including: 'What is the difference between "leadership"-' and 'entrepreneurial leadership'? A general dictionary definition of leadership will run something like:

leadership is the art of motivating a group of people to act towards achieving a common goal. (Ward 2019)

Within the body of entrepreneurship literature, definitions for entrepreneurial leadership include:

the dynamic process of presenting vision, making commitment among followers and risk acceptance when facing opportunities that cause efficient use of available resources, along with discovering and utilising new resources with respect to leadership vision. (Hejazi, Malei, and Naeiji 2012; in Henry, Foss, Fayolle, Walker, & Duffy 2015, p. 582); and influencing and directing the performance of group members toward achieving those organizational goals that relate to recognizing and exploiting contingencies. (Renko, Tarabishy, Carsrud, & Brannback, 2015; in Henry, Foss, Fayolle, Walker, & Duffy 2015, p. 582)

Each of these definitions builds on the key leadership factors of followers/following while specifically adding in the entrepreneurial components of opportunities/contingencies and risk. These differences suggest the need to consider both definitional aspects, that of general leadership (as differentiated from management), plus skills related to the entrepreneurial recognising and 'exploiting' of opportunities. The definitions of both leader and entrepreneur are gendered (Harrison et al. 2015), both following the

pathway of the ‘heroic male’, a narrative that causes stereotypes and gender blindness (Lewis 2015). Given that the image of a successful entrepreneur is masculine, the resultant qualities attached to entrepreneurship are risk-taking, achievement-orientation, independent, decisive, etc. (Bird and Brush 2002; Balachandra et al. 2019). More specifically, entrepreneurial leadership tends to omit the ‘feminine’ in language, whereas the language is about exploiting, winning and competing rather than solving a problem, win-wins and collaboration (Bem 1974).

Finally, another narrative is concerned with business models. There is a recent popularisation of the business model (e.g. Osterwalder et al. 2010; Zott et al. 2011). The narrative suggests that if entrepreneurs follow the prescribed steps to size the target market, confirm that their product/service solves a problem, create a value proposition, test channel strategy and other steps, their businesses will succeed. It is a given that businesses need to have a robust business model because they need to be able to deliver a product/service that customers value and do so economically. Yet, the emphasis in most business model descriptions is an objective summary of the elements that matter (e.g., economic value, governance, profit, value stream, logistics, structure, etc.) (Zott et al. 2011). However, received literature just occasionally refers to ‘how’ these business models are operationalised, and elements such as the culture of the organisation (how to intentionally create a culture that supports the business model) and a positive employee environment are notably absent (Greene and Brush 2018).

In another example, one of the authors of this chapter participated in a programme to assess a group of businesses for the CNBC Disruption Panel, where 50 businesses were evaluated based on the extent to which they were ‘disrupting’ industries with new business models, new ideas and new distribution channels. Of the 50 businesses, approximately 37 were transaction-based businesses that used artificial intelligence to better target customers so that mega-retailers could encourage customers to buy more, or could do a better job of creating efficiencies in large companies. This meant that the problems being solved were efficiency-based rather than substantive (such as water pollution, health or medical). When one thinks about business models, where are the businesses that are doing something to solve world problems like those meeting the needs of the United Nations Sustainable Development Goals?<sup>5</sup> A few important examples of women-founded businesses include Rothy’s shoes, which has repurposed more than 32 million water bottles into stylish shoes and Taylor Custom who designs jewellery out of lab grown diamonds.<sup>6</sup> In

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<sup>5</sup><https://sustainabledevelopment.un.org/?menu=1300>.

<sup>6</sup><https://www.taylorcustomrings.com/>; <https://rothys.com/womens>.

other words, most business models are somewhat dated, plus they are slow to recognise women's participation, culture, environmental changes and family and work–life integration. In sum, the narratives presented are reflected in all parts of the entrepreneurial process. The next section provides a general framework for entrepreneurship and suggests a way forward with implications for practice, education and training, policy and research.

## Framework

One of the challenges in identifying and understanding differences between women and men entrepreneurs and their respective businesses (and the relevance of those differences), is the limited number of framework discussions to link the varied approaches. A basic approach is through the process model proposed in earlier Diana Project research (Brush et al. 2020). The original model was developed to organise thinking about the hurdles women entrepreneurs face in growing their businesses, recognising that all entrepreneurs must face similar hurdles; however, the hurdles can be at different heights for different groups of people (Brush et al. 2004). The model illustrated the relationships between the individual entrepreneur (along with their goals, capabilities, aspirations and commitments), the venture concept (including a consideration of the potential of the business), the resources needed (specifically categorised as financial, social, organisational and technological), all set in a sectoral context and leading towards growth. Differences were then posited for varying strategic choices (Brush et al. 2004). This model was subsequently elaborated by Hechavarria et al. (2019) to reflect conditions driving high growth for women entrepreneurs.

The model in this chapter draws from both of these models and make three adaptations. First, consistent with Hechavarria et al. (2019), the importance of considering the founding team is recognised, as opposed to just the entrepreneur as individual. The stereotypes driving much of the existing entrepreneurship narrative is that ventures started by teams tend to be more financially successful and that women are less likely to start their ventures as a team. While women are less likely to start as a team, recent research findings raise questions about who makes more money—ventures started by an individual or a team (Greenberg and Mollick 2018). Second, the concept of opportunity is refined by recognising that the opportunity may be identified or created. Importantly, many entrepreneurs create opportunities where they did not exist prior (Alvarez and Barney 2007). When it comes to evaluation of opportunities, it is important to consider how one identifies an opportunity

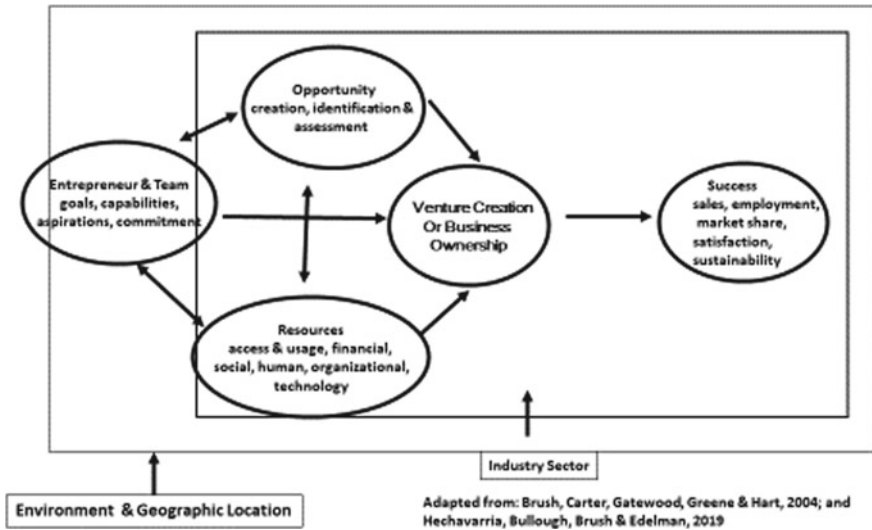


Fig. 1 Entrepreneurial process: Women's engagement in entrepreneurship

and how one assesses such, in other words deciding whether what might be done is just an idea or an actual viable business opportunity. And third, the outcome from that of 'growth' to 'success' is expanded, recognising potential differences between women and men in what is considered to be the desired end result. As such, specific variables of sales, employment, market share, satisfaction and sustainability are included. Differences in practices, those based on stereotypes and those on reality, are found in every aspect of the process model as shown in Fig. 1.

## Implications for Practice

There is no single profile for women entrepreneurs—the intersectionality of race, gender and a number of other demographic attributes means that their capabilities, education, motivations, commitment and other human capital factors vary widely. Further, their motivations may not be the same as those for men, as women are more often being motivated by necessity rather than opportunity (Elam et al. 2019). But, even necessity may be considered in different ways. Most often as discussed in theory, necessity is considered as an economic imperative. However, women business owners often talk about the need for more flexibility in their lives, usually to accommodate family and household care. Entrepreneurship is seen as a potential pathway to meet that

need. And the team may also be considered from different perspectives—the ownership, possibly founding team, and the team (employees) that are the human capital of the company. In addition, it is often that the team is comprised of a family who provides the social support, and other resources to launch and grow the business (Elam et al. 2019). Each of these things can be inputs and outputs for the strategic decisions guiding the venture, starting from the basic opportunity.

Opportunity creation, identification and assessment are increasingly taught in entrepreneurship practitioner training programmes, with an emphasis on developing opportunity-related skills that are used constantly in the venture: opportunity work being an ongoing business need rather than a once and done entry point for the venture. Activities such as hackathons and other brainstorming events are common to help people share ideas around new possibilities. This type of practice enhances the likelihood of business sustainability in a range of contexts, from long-term market changes to unexpected sudden and devastating market chaos from the Covid-19 pandemic. Practice-related differences between women and men have largely been identified as stemming from differences in women's social networks and differences in their prior work lives (Sullivan and Meek 2012). Each provides different frames of reference with the potential for impacting where and how opportunities are recognised. Some differences in recognition may also be related to the opportunity. For instance, if the opportunity is in a sex-segregated industry (one in which participants are more likely to be men or one in which they are more likely to be women), there may be differences. Finally, there are cultural and contextual differences where women's roles may be more focused on home care and family, possibly narrowing the scope of areas where women may pursue or investigate opportunities (Brush et al. 2014). Hence, one cannot assume that opportunity access is equal for all women and men. If the opportunity is in an industry dominated by men, the industry norms may be more related to male role expectations in terms of behaviours (e.g. transactional approaches, long work hours, etc.) and the same is true for an industry dominated by women.

Reflecting on the narratives and realities noted above and connecting these to the entrepreneurial process, one key resource needed to pursue an opportunity is procuring the necessary capital through the most relevant funding model. Instead of trying to exactly fit into the existing equity funding industry and networks, it is time to consider new approaches that disrupt the funding environment, making equity growth capital available to qualified

women entrepreneurs. One such example is Portfolia,<sup>7</sup> which creates investment funds to support diverse entrepreneurial companies by inviting 249 investors to commit a minimum of \$10,000 each. The funds are targeted to industries and markets that are women and family-focused, including femtech and active ageing, while also targeting the inclusion of a diverse set of women entrepreneurs. Investments are managed by investment professionals, while new investors have access to webinars and other training materials and programmes to learn about the investing process, including due diligence, term sheets, etc. Portfolia's mission is to increase the number of women investing in other women's businesses, while also expanding the range of types of technologies and businesses that receive funding. Portfolia is one example, but there are also a number of women-focused angel groups such as Golden Seeds,<sup>8</sup> which is one of the most active early stage angel groups in the USA, with more than 275 members who have invested more than \$100 million in 150 companies. Further, there are efforts to train more women investors. For example, Pipeline Angels<sup>9</sup> trains women philanthropists to become angel investors through a training programme, mentoring and practice, while 37 Angels<sup>10</sup> offers a four-month bootcamp that teaches women the art of angel investing through workshops and case studies.

Stereotypes abound not only in the financing ecosystem, but throughout the venture and growth process. Differences between women and men in their strategic choices impact differences in outcomes in start-up (venture creation) and business performance. Women tend to borrow less, and their businesses tend to be more capital efficient than those owned by men (Brush and Greene 2020). Yet, the stereotype is that women do not ask for enough money. Measures of success tend to focus on growth, jobs created and money earned. These performance measures are all rooted in economics, which is consistent with the prototype of the successful (male) entrepreneur, returning to the stereotype that a successful venture is a high tech and venture-capital funded. Reality shows that these are a minority of businesses. Reality also shows that there are differences in how groups of people may define business success, whether it be in revenue targets, jobs created or a social value created in the world. It is time to recognise that a focus on financial performance metrics is not appropriate for all populations of entrepreneurs, some of whom have motivations beyond money, or for all types of businesses, especially those in the future which will solve societal, environmental and health challenges.

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<sup>7</sup><https://www.portfolia.co/>.

<sup>8</sup><https://goldenseeds.com/>.

<sup>9</sup><http://pipelineangels.com/>.

<sup>10</sup><http://www.37angels.com/>.

## Implications for Education and Training

As noted earlier, women are equal or majority owners of 45 per cent of US companies, but women students, especially younger women students, often feel like the world of business or entrepreneurship is not for them. And if they do, the next question is whether separate programmes for women and men are advisable or preferred. Early research suggested that some women entrepreneurs prefer separate programmes, at least for particular topics (Godwyn et al. 2005). Other research continues the discussion of gender-based programme design without reaching a definite conclusion (Ely et al. 2011). These questions may be considered from both a more general approach (differential confidence levels regarding entrepreneurial tasks and skills) or more specific concerns such as real or perceived differences in financial literacy. For either, the question of how entrepreneurial education is approached is critical. From a college or university perspective, programmes exist such as the Women Innovating Now (WIN) Lab created by Babson College's Center for Women's Entrepreneurial Leadership. This five-month programme is in its seventh year and focuses on helping women entrepreneurs develop opportunity resources, including learning how to build a network in the local ecosystem, develop confidence through mastery experiences and gain advice from successful women entrepreneurs. Overall, they have the opportunity to work on both strategy and tactics for the growth of their businesses through a rigid milestone planning process.<sup>11</sup> Participants have raised millions of dollars and their businesses are disrupting sectors, plus solving social and economic problems.

Outside the formal education system, the last decade has seen a growth of private programmes as well as public–private partnerships. The Goldman Sachs 10,000 Women programme was launched to accelerate the growth of women-owned businesses around the world, readily surpassing their initial goal of 10,000 participants.<sup>12</sup> The final programme curriculum included an emphasis on opportunity identification and tools for the development of strategic goals that linked personal and business goals, as well as skill development for not only growing their own businesses, but investing in the businesses of other women. The programme also emphasised the development of social resources, resulting in a multiplier effect in that each participant mentored an average of eight other women along their own growth pathway. Each of the curricula for these programmes, along with

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<sup>11</sup><https://www.babson.edu/academics/centers-and-institutes/center-for-womens-entrepreneurial-leadership/programs-and-events/win-lab/>.

<sup>12</sup><https://www.goldmansachs.com/citizenship/10000women/>.



many others, was designed and developed to help women discover their own sense of business success and then make the subsequent venture decisions to achieve the particular goal they hold at that point in time. In addition, a high percentage of businesses in these programmes have raised significant funds (either equity funding or bank loans), expanded markets and hired new employees.

## Implications for Policy

Policy works best when there is a clear understanding of the challenges, particularly when set in the context of the impacted populations. Accurate definitions and data help to provide that understanding. This may be seen in the USA in two different ways, one which has worked well and one which needs continued attention. First, over the past few years, the US Small Business Administration (SBA) has adjusted the ways in which it talks about ‘failure rates’ of small businesses, recognising that they have no data on ‘failure rates’, only continued/discontinued statuses. SBA documents and tools no longer reference ‘failure’, instead relying on the more accurate terminology that matches their data. Second, various groups are exploring the definition of majority-owned. For the required certification of minority ownership status, as required for participation in most minority business programmes, a woman or women must own 51 per cent of the company. For high-growth equity funded businesses, such ownership often becomes unfeasible as capital is raised, meaning that the larger companies are not counted in the women’s ownership categories and these companies may be differentially impacted for inclusion in government procurement policies.

While definitions may begin to prescribe boundaries, other types of policies can also increase participation by women in larger growth strategies for entrepreneurial ecosystems. For instance, in 2018 the US government changed a law which opened doors for more women to become equity investors. The original Investment Company Act of 1940 (amended in 1999) limited the number of investors in a venture-capital fund to 99 investors. The 2018 change increased that number to 249. This change is particularly useful for the new model of women’s angel funds that are working to increase participation through education and mitigated risk. Many opportunities remain for policy to advance entrepreneurial growth, with some particularly unique to women and their families. The provision of family leave is a prime example of a significant challenge waiting to be solved. Most developed countries have a national paid leave programme—for employees. For the USA, this offering

is more like a patchwork quilt, with paid leave offered in some states, some cities, some businesses and more recently, for federal employees. The particulars vary greatly and, in most places, it remains a challenge for small business owners to offer on their own. It is also much more difficult to figure out how to provide paid leave for the small business owner herself. While a woman may be able to receive funds (although not under every system), it is far more difficult to figure out a policy approach for the provision of time.

## Implications for Research

When it comes to improving practice, policy and education and training, having good data is essential in order for these to be effective. In other words, to initiate any change in women's entrepreneurship, there is a need to better understand similarities and differences between women and men, among groups of women, and variations in gender and entrepreneurship generally. As noted earlier, less than ten per cent of all academic research includes or focuses on gender and women's entrepreneurship. Not only does this contribute to the assumptions of homogeneity in entrepreneurship that all entrepreneurs are the same (therefore all prescriptions for practice, policy and education apply equally to all populations), but also what is known is based almost exclusively upon one population—that of men and the masculine approach (de Bruin et al. 2007; Jennings and Brush 2013). There is a need to determine first IF there are differences among groups, then IF these matter. Further, instead of looking at gender and women's entrepreneurship through the deficit lens, there is a need to focus on what can be learned about entrepreneurship generally by studying these populations.

To date, one significant effort is the Diana International Research Conference that was launched in 2003 for the purpose of providing a platform from which to develop, conduct and share a global research agenda, and to create an international community of scholars dedicated to answering questions about women entrepreneurs and growth-oriented businesses. Since its inception, there have been 13 conferences, each with a different theme, which were hosted in 8 different countries.<sup>13</sup> The first gathering in 2003 brought together 20 scholars from 13 countries.<sup>14</sup> Nearly every person participating

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<sup>13</sup>The 14th annual conference was held at Babson College, Wellesley, Mass. in June 2019.

<sup>14</sup>Attendees at the 2003 Diana International initial conferences included Claire Leitch, Eva Pinter, Isabel Welpé, Cristina Diaz Garcia, Friederike Welter, John Watson, Kate Johnston, Anne de Bruin, Pia Arenius, Mary Barrett, Elisabet Ljunggren, Myra Hart, Candida Brush, Bang Jee Chun, Eleanor Shaw, Colette Henry, Helle Neergaard, Patricia Greene, Magnus Aronsson and Elizabeth Gatewood.

in that first event has been active in Diana International Conferences since then. As of 2018, more than 600 scholars from 47 countries have attended and presented scholarly work at Diana International Conferences. Collectively more than 11 books were published with chapters written by 160 unique authors from 28 countries and 18 editors (Brush et al. 2019). Ten special issues of academic journals have been published, producing nearly 10,000 citations as of December 2018. There is no question that this research has impacted gender and women's entrepreneurship, and entrepreneurship generally.

## Conclusion

The approach to this chapter was to explore differences between women and men entrepreneurs, both those evident in stereotypes and those that represent reality. An expanded version of a process model was used to organise the discussion, with the primary concepts relating to the entrepreneur and team, opportunities, resources, venture creation/business ownership and success. An extensive discussion of implications was organised into four categories: practice, education and training, policy and research, but the ambition is to spur more connection between each of these. One pathway might flow as research which guides education and especially training, impacts practice, and informs policymaking. Any of the other connections would work as well. Enacted policy might include data collection, supporting research, guiding practice and ending up in the classroom. The essential need is for those working in these arenas to accept the obligation to be informed and to act on that information as a virtuous knowledge system. The topic of women entrepreneurs and their businesses is multi-faceted with ongoing opportunities and challenges embedded in research, practice, education and policy. Emphatically, all of these areas going forward need to take careful consideration of two criteria: 'women' does not describe a homogenous group and 'gender' does not mean women. The need is to both recognise differences, and then understand what and how those differences may contribute to a better entrepreneurial model—for all.

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# Stimulating Youth Entrepreneurship

Francis J. Greene

## Introduction

This chapter examines why there is a need to support youth entrepreneurship, what support is on offer, and whether attempts to stimulate youth entrepreneurship actually make any difference to the entrepreneurial aspirations and activities of young people. It shows that the main policy impetus for youth entrepreneurship support is due to the barriers young people face in finding decent work. Young people are more likely to be unemployed, under-employed and work in the informal economy. One way of integrating young people into the labour market is to support their entrepreneurial aspirations. A variety of entrepreneurship programmes and policy supports exist. Some support aims to positively foster an enterprise culture that raises awareness of the desirability and feasibility of entrepreneurship. Many entrepreneurship education programmes in schools, colleges and universities also aim to give young people entrepreneurial skills for setting-up and running a business. Furthermore, there is also a myriad of direct support. This might be 'soft' support such as information and signposting services, business training and advice, coaching, counselling and mentoring. Other support focuses on 'hard' financial support such as cheap loans, grants or vouchers. However, many

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programmes offer a mix of both ‘soft’ and ‘hard’ support. In reviewing this support, this chapter identifies mixed evidence for individual programmes stimulating youth entrepreneurship. Some studies find positive benefits, but others point to negative or insignificant impacts. Cumulatively, despite sustained interest in youth entrepreneurship policy over many years, there is little evidence that the actual rates of entrepreneurship amongst young people have increased markedly.

## Why Support Youth Entrepreneurship?

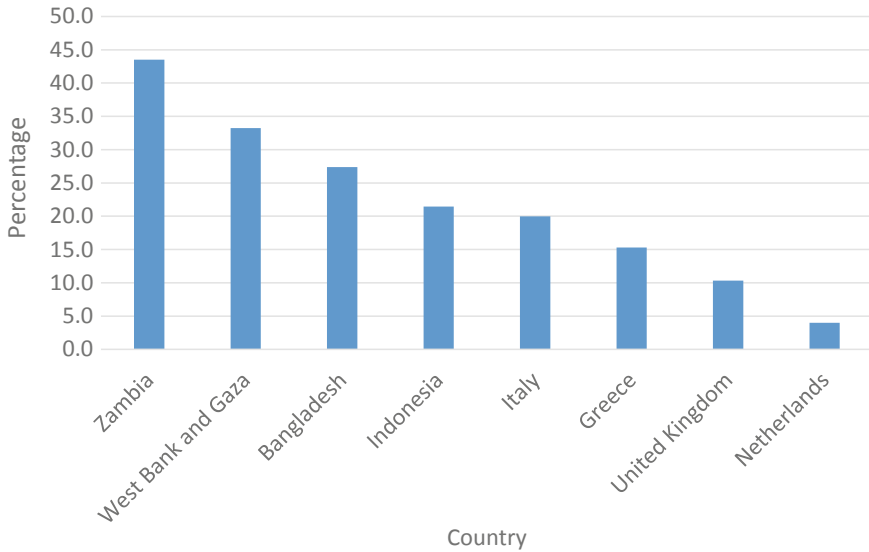
This section identifies that the two main impulses behind supporting youth entrepreneurship are:

1. To aid young people in their attempts to integrate themselves into the labour market;
2. To provide them with opportunities to realise their entrepreneurial ambitions.

### *1. Helping young people integrate into the labour market*

One of the sad facts facing young people is how difficult it is for them to get decent work. An indication of these troubles is the high rate of youth unemployment. The International Labour Organization (ILO) estimates that 15–24 year olds are twice as likely to be unemployed as older working-age people. This is around 60 million young people across the world (ILO 2019). It gets worse. Being unemployed often presumes a society has a welfare system that acts as a safety net preventing people from falling into poverty. However, many countries lack such a system. An alternative measure of the struggles young people face is whether they are ‘NEETs’—those Not in Education, Employment or Training. World Bank data (see Fig. 1) shows that for 2017, NEET rates vary from about one in twenty young people in the Netherlands to around two out of five young people in Zambia.

Long spells of labour market inactivity have scarring effects on the life chances of young people. They cannot acquire or maintain skills needed to participate fully in the labour market. Being unemployed or a NEET is an indicator of lower income levels later on in life and is associated with a range of negative outcomes such as poor mental health (Mascherini et al. 2017). Society also suffers. If young people feel socially excluded, they may be more prone to criminal behaviour, suffer more from expensive long-term health issues and be more likely to mistrust civic institutions (Eurofound 2012).



**Fig. 1** NEET percentage rates in selected countries, 2017 (Source Data compiled from World Bank data [<https://data.worldbank.org/indicator/SL.UEM.NEET.ZS?end=2018&start=1999>])

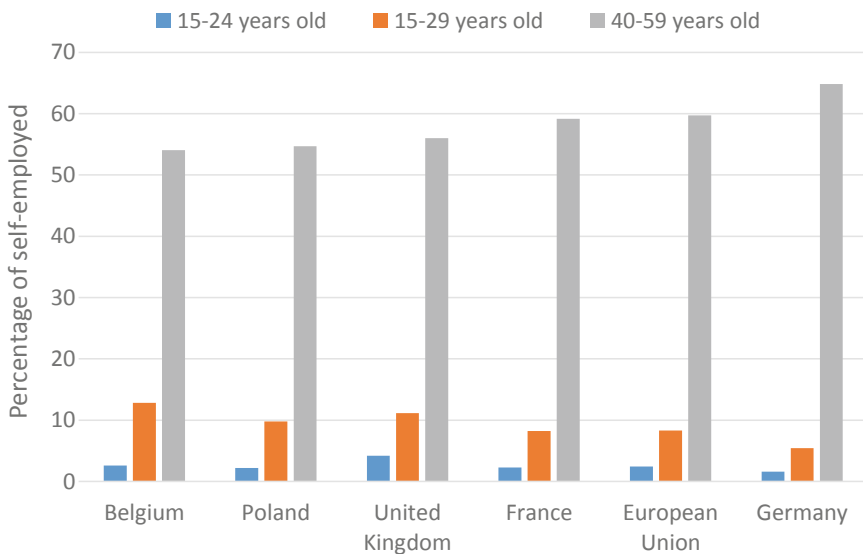
This costs. Back in 2012, NEETs cost European taxpayers €150 billion. And, although it is hard to calculate how much NEETs cost over their lifetime, UK estimates suggest that every NEET costs the taxpayer £185,000 in direct and indirect costs (DCMS 2016). Even when young people do find work, three-quarters work informally. This is often poorly paid. Globally, around 230 million young people only earn about \$3 dollars a day (ILO 2017). Informal work is associated with having limited social and employment rights. Fewer rights increase the chances of unemployment, provide little in terms of social security protection and increase the chances of being on a part-time or zero-hours contract.

Because young people find it difficult to get and stay in decent work, one policy impetus is to help young people to create their own business. The hope is that entrepreneurship gives young people valuable work-based skills, knowledge and abilities. Their business may grow, allowing them to employ others. Even if does not develop, it might equip them with skills that they can use later in paid employment (Meager et al. 2003). Another hope is that youth entrepreneurship will foster social inclusion. If a young person can build a sustainable and successful business, they represent a positive role model for other young people. Welcome though these benefits are, in many low-income economies, self-employment is itself associated with informal work and lower incomes (Nagler and Naudé 2014; ILO 2017, 2019). In

higher income economies, young entrepreneurs survive in business for shorter periods and relative to older individuals, they are less likely to grow their business (OECD 2014). Self-employment may also be in name only. Often a key measure for being self-employed is the ability to work for more than one client. However, if a young person works for just one company, this may be classed as ‘bogus’ or ‘false’ self-employment. This might be beneficial for the young ‘entrepreneur’ because, in general, the self-employed pay less tax than employees do. It may also work for an employer if they pay less tax and can save on employment costs such as holiday pay, unsocial work allowances or paid time off for ill-health (Eurofound 2009; OECD/EC 2017).

## 2. *An avenue for opportunity*

Ask young people and about 45 per cent of them say that they would like to be an entrepreneur (EU Commission 2012; Schøtt et al. 2015). However, Fig. 2 shows that only 2.5 per cent of Europeans aged 15–24 year olds are self-employed. This rises with age. If ‘youth’ extends to being 29 years old, the rate of European self-employment goes up to over 8 per cent. However, most of the self-employed are aged between 40–59 years old. This gulf between entrepreneurial intentions and uptake indicates that the



**Fig. 2** Self-employment rates in the European Union, by selected ages, in 2019 (Source Data compiled from Eurostat data [<http://appsso.eurostat.ec.europa.eu/nui/show.do>])

entrepreneurial ambitions of young people are potentially blocked, making it harder for them to realise entrepreneurial opportunities.

Policymakers worry about these barriers because they want to prepare young people for twenty-first century occupations. Last century, young people had some prospect of working for just one organisation for the whole of their career. However, a worker can expect to have between fifteen to twenty jobs on average over their careers (European Political Strategy Centre 2016). One of these activities may be running their own business. Indeed, by the time they are aged 40, Fig. 2 shows that about one in eight workers will be self-employed. The way people are working is also changing. Newer forms of work such as employee sharing (employers share workers), job sharing (workers sharing an employer) and portfolio working (self-employed workers working for multiple clients) now require an increased emphasis on entrepreneurship virtues such as flexibility, creativity and innovation (Eurofound 2015). Digital platform-based business models such as Uber, Amazon and Airbnb and technological developments such as artificial intelligence, blockchain and machine learning are all ways for young people to make a major entrepreneurial contribution (Eurofound 2015; World Economic Forum 2018). However, young people face a number of hurdles in realising their entrepreneurial potential. Some of these are prevailing negative cultural attitudes towards entrepreneurship. In lower income economies, there are also high administrative costs such as the number of start-up procedures necessary, the time they take and their cost (OECD/European Commission 2014; World Bank 2019). Information imperfections can equally prevent young people from realising that entrepreneurship can be both desirable and feasible. They may not be aware of entrepreneurship, fail to form positive attitudes towards start-up and fail to realise that it is a practical alternative to becoming an employee.

Another barrier on the road to entrepreneurship is that young people have limited capital. Young people often have limited personal savings and have difficulties in accessing external finance because they have a poor or limited credit history. Financial constraints create problems since under-capitalised start-ups are more likely to close (Greene 2020). Young people also can lack human capital such as skills, experience and knowledge to successfully start and grow a business (Greene 2005, 2009; Halabisky et al. 2012). A further problem is a lack of social capital. Again relative to older people, young would-be entrepreneurs might lack mentors and role models who can help them successfully find customers, suppliers and financiers. And, as with other forms of capital, this deficit can retard start-up and growth. Market failures

such as information imperfections or a lack of capital often form the rationale for policy interventions to support young entrepreneurs. Implicitly, the presumption is that if information was better, and human, social and financial capital constraints were lower, young people would increasingly turn to entrepreneurship. The alternative argument is that young people *do* make informed entrepreneurial choices. Many may recognise that entrepreneurship is often associated with ‘fiddly’ precarious self-employment work in the ‘gig’ or informal economy (MacDonald 1994; Ravenelle 2017). Equally, they may temper their entrepreneurial ambitions until they are older because they realise that they have to accumulate human, social and financial capital to make their start-up work.

## What Is on Offer to Aid Youth Entrepreneurship?

Over the last forty years, a range of policy actors such as governments, educators, charities and NGOs have all developed ways to stimulate youth entrepreneurship. These activities include:

- Enabling the development of an enterprise culture;
- Providing entrepreneurship education;
- Making available soft and hard assistance.

These are discussed in detail within this section.

### 1. *Developing an enterprise culture*

Facilitating an enterprise culture involves making macro or society-wide decisions about how to develop, co-ordinate and coherently integrate policies to support productive entrepreneurship (Baumol 1990). Productive entrepreneurship initiatives are legal activities that provide both individual and social benefits. Facebook made Mark Zuckerberg a billionaire and created jobs and wealth for others in society. In contrast, if a business exists in the informal economy, both entrepreneurs and society may struggle to capture any benefits from entrepreneurship. De Soto (1989) described how many Peruvian entrepreneurs exist in the ‘extra-legal’ (informal) economy where they struggle to gain ownership rights over their own business. Consequently, without legal title, they find it difficult to get finance, insurance or justice. Society also suffers. If an entrepreneur cannot borrow money from a bank because they do not have legal title over the building or land they ‘own’,

this limits their chances of successfully growing their business. Similarly, if entrepreneurs have few rights, any worker they employ is also likely to have limited access to employment and social rights.

Shifting people from the informal to the formal economy and strengthening productive entrepreneurship involves developing supportive institutions and policies. These include making it cheaper and easier to start-up and grow a business, cutting down on corruption, a focus on sound fiscal policies, a robust defence of the rule of law, funding science and technology, and providing modern infrastructure such as good roads and a stable supply of power (Klapper et al. 2007; Sobel 2008; Chowdhury et al. 2019). An appropriate framing of the ‘rules of the game’ for entrepreneurs works. Sanandaji and Leeson (2013) highlighted that if a society wants to give individuals the chance to become self-made billionaires, it needs strong property rights and ‘market enhancing’ incentives such as a robust competition policy. Policy attempts to foster a more entrepreneurial culture can be achieved through promotional campaigns that might involve business plan competitions, entrepreneurship ‘weeks’, TV reality shows, awards and business fairs. For example, Barsoum et al. (2016) examined the impact of an Egyptian reality TV show *El Mashroua* (‘the project’) on entrepreneurial attitudes. Using a random control trial, they discovered that this entrepreneurial ‘edutainment’ had little positive impact on entrepreneurial perceptions or aspirations, but it did increase the entrepreneurial knowledge base of less well-educated viewers and challenged negative attitudes about women being successful entrepreneurs.

Another avenue is to promote young entrepreneurs or ‘entrepreneurial ambassadors’ as role models. One type of role model is an entrepreneur such as Nick D’Aloisio who whilst still at school set-up and ran a business that was sold for millions of dollars to Yahoo. Another stereotypical role model is someone who ‘drops out’ of university to pursue their entrepreneurial dream. For example, the brothers, Patrick and John Collison, grew up in rural Ireland, went to university in the USA and subsequently dropped out to found the online payment business Stripe, which made them billionaires. Such role models support entrepreneurial aspirations and learning (Bosma et al. 2012; Morgenroth et al. 2015; Eesley and Wang 2017; Zozimo et al. 2017; Bechthold and Huber 2018). A random controlled trial in Chile showed that if entrepreneurs connected with role models, this improved their motivation levels and increased their chances of better business performance (Lafortune et al. 2018). However, role model effects do not tend to work through knowledge and exposure to famous entrepreneurs (Bosma et al. 2012). Instead, parents, peers and local entrepreneurs have a greater impact.

One simple indicator is that individuals are about two times more likely to become an entrepreneur if their parent was self-employed when they were growing-up (Hoffmann et al. 2015; Greene 2020).

## 2. *Entrepreneurship education*

Many schools and most universities now offer some form of entrepreneurship education. The general aims of these programmes are to:

- Make young people aware of desirability and feasibility of entrepreneurship;
- Develop entrepreneurial skills and competencies;
- Increase the chances of young people setting-up a feasible business.

How well this education prepares individuals for entrepreneurship is difficult to establish. There exists a wide variety of providers such as schools, colleges, universities and voluntary organisations. Furthermore, programme objectives vary markedly: some programmes aim to promote entrepreneurial awareness and intentions, whilst others give practical ‘hands on’ teaching of start-up fundamentals like market analysis and financial planning. This makes it difficult to compare courses and programmes (Nabi et al. 2017). There is also a lack of a clear definition of what is meant by ‘entrepreneurship education’—enterprise, entrepreneurship and employability are often used as synonyms when, in fact, they can mean quite different things (Pittaway and Cope 2007; QAA 2018).

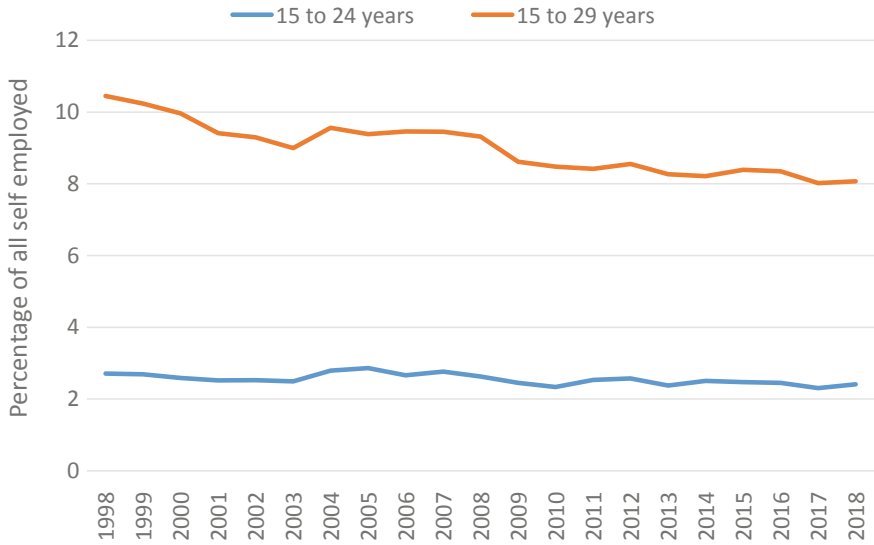
Entrepreneurship education varies from country to country. In Nordic countries, the formal education system provides entrepreneurship education from primary through to tertiary education. In other countries, this ‘ABC to PhD’ approach is largely missing, has gaps or is delivered through the voluntary sector or by Non-Governmental Organisations (NGOs) (Lucas de Rezende and Christensen 2009). It also varies over time. Except for a few long-term providers such as Junior Achievement, many initiatives remain small-scale and temporary. At the individual programme level, results are mixed. Some find positive effects (Peterman and Kennedy 2003; Souitaris et al. 2007; Athayde 2009; Rauch and Hulsink 2015), whilst others find mixed (Huber et al. 2014) or negative outcomes (Meager et al. 2003; Oosterbeek et al. 2010). Meta-analyses of these studies give some qualified support for the efficacy of entrepreneurship education. Bae et al. (2014) found a small positive effect of entrepreneurial education on entrepreneurial intentions, but once pre-course entrepreneurial intentions were controlled

for, these effects disappeared. Similarly, Martin et al. (2013) found that entrepreneurship education and training did have a positive impact on entrepreneurial outcomes. However, they shared with Rideout and Gray (2013) a concern that many entrepreneurship education studies lack rigour. An exception is Premand et al.'s (2012) random controlled trial on the effect of entrepreneurship training amongst Tunisian university students. They found that the training had a small but positive impact on graduate self-employment. Overall, the impact of entrepreneurship education is likely to remain ambiguous. One reason for this is the 'sorting' problem. A programme might be a success if a student actually sets up a business. Yet, if the same student decided that entrepreneurship was not for them, the programme could still be a success if it helped them with this decision (von Graevenitz et al. 2010).

Another source of ambiguity is assessing the temporal impacts of entrepreneurship education. Slavtchev et al. (2012) found that entrepreneurship education depressed entrepreneurial intentions in the short-term, but boosted them over the longer term. Greene and Saradikis (2008) found that entrepreneurship education had a positive impact on graduate self-employment, but this dissipated in the four years following graduation. Elert et al. (2015) found more encouraging evidence in a long-term study of the impact of the Junior Achievement programme on the adult entrepreneurial outcomes of Swedish secondary level students. Students on the programme were more likely to start-up and have better income levels. However, they did not have better survival outcomes once they were in business. Nonetheless, the actual numbers of young people that go into entrepreneurship (self-employment) have changed little over time. Greene (2002) showed that although the UK became a more entrepreneurship friendly country, there was no discernible impact on youth self-employment rates. Similarly, despite the wholesale increase in entrepreneurship education over the last forty years and the development of long-running strategies to support youth transitions into entrepreneurship (European Commission 2019), Fig. 3 shows that over the period 1998–2018, self-employment amongst young people aged 15–24 flat-lined, whilst it fell over time for people aged 15–29.

In general, entrepreneurship education can seed entrepreneurial intentions that are an important precursor to entrepreneurial actions (Schlaegel and Koenig 2014; Kautonen et al. 2015). There is also some evidence that it can stimulate youth entrepreneurial activity. However, results are often mixed. For example, Huber et al. (2014) showed that entrepreneurship education improves non-cognitive skills such as self-efficacy and persistence amongst primary level students. Yet they also showed that increased entrepreneurial





**Fig. 3** Youth self-employment in the EU 15 countries, 1998–2018 (Source Data compiled from Eurostat data, data are for 2nd quarters of individual years, author's own elaboration [<http://appsso.eurostat.ec.europa.eu/nui/show.do>])

knowledge did not have a positive impact and, if anything, it dissuaded primary level students from viewing entrepreneurship positively.

### 3. Providing direct support

Entrepreneurship support providers offer a range of soft and hard support to overcome information imperfections and any human, financial and social capital deficits that face young entrepreneurs. So, for example, they may offer a programme that focuses on providing training, mentoring or counselling to improve entrepreneurial self-efficacy and skills. Alternatively, they may focus on providing financial assistance in the form of cheap loans or grants in the hope that this will ease potential undercapitalisation issues. A common approach, though, is a hybrid mix of soft and hard support. For example, one of the longest running youth entrepreneurship programmes in the UK is the Prince's Trust. This offers training, mentoring and financial assistance. Support providers also recognise that young people are not just disadvantaged by their age. Some young people face multiple sources of disadvantage: they may be unemployed, have a particular gender, sexual orientation or ethnicity, live in poorer neighbourhoods, and have failed to achieve much in formal education. Because young people have heterogeneous backgrounds,

policymakers and programme designers have developed, designed and implemented tailored bespoke programmes to address the multiple disadvantages of young people. For example, the French programme, CréaJeunes, offers long-term training, individual coaching and help with gaining financial support to unemployed young people (aged 18–32) in the poorer parts of France to start-up their own business.

Although directly focusing on youth entrepreneurship needs is laudable, one of the unfortunate consequences is that it can magnify the information imperfections facing young people. Greene (2009) estimated that there were 75 major programmes in the European Union. This underestimates the sheer quantity of youth entrepreneurship support since it misses out regional and local initiatives. Therefore, a young person may struggle to navigate successfully a range of support that can appear confused, cluttered and dysfunctional. At the policy level, some governments try to address these issues by having a national strategy and action plan (European Parliament 2015). For example, the Welsh Assembly (like governments in Scandinavia) introduced a youth entrepreneurship strategy for supporting young people from five to twenty-five (Welsh Assembly 2010). Other governments have an integrated targeted approach to supporting youth entrepreneurship as part of their Active Labour Market Programmes (ALMPs). However, not all governments have a strategy or an action plan and may instead have ALMPs pitched at all adults, with no particular focus on young people.

The empirical evidence on the efficacy of direct support to young entrepreneurs is patchy. Much of what constitutes evidence is inputs into a particular programme such as how many young people attend a particular course, received a cash hand-out, or had training and counselling. Many measures of the efficacy of the programme are also weak. What often constitutes success is a case study of how a particular business on the programme went on to become successful. Another typical measure of success is how satisfied participants were with the programme. However, it is unlikely that many young people will complain about getting subsidised or free money from a programme. For example, an evaluation of the UK's Prince's Trust programme (Williams et al. 2012) found that participants valued and were satisfied with the programme. However, Greene (2009) showed that the effects of the Prince's Trust programme were sensitive to the evaluation methodologies used in different studies; the more robust a study was, the lower the likelihood that it would find a positive programme impact. Thankfully, evaluations that measure both the outputs and outcomes of participants on a programme against those who were not on the programme (the 'counterfactual') are increasingly emerging. Some of these are random controlled trials

(RCTs). The advantage of RCTs is that they randomly assign people into two groups: a group that gets the programme (the ‘treatment’) and another group (the ‘control’) that gets no support. Random allocation means that individuals are more likely to be representative of the wider population and thereby reduce biases. Because RCTs are expensive and difficult to do, researchers sometimes use sophisticated econometric techniques such as difference-in-difference and propensity score matching to separate out the treated from the control group.

#### *4. The impacts of direct support*

Table 1 shows fourteen evaluations of youth entrepreneurship outcomes. These are for both low and high-income countries. The three evaluations for Africa show that hybrid support (soft and hard support) for young people have positive impacts. In Central and Latin America and in Europe, the evidence is more mixed. For example, a French social enterprise programme found that soft support such as training has positive impacts (Åstebro and Hoos 2016). In contrast, Crépon et al. (2014) identified that the CréaJeunes had few positive impacts and even was associated with lower participant incomes.

In-depth analyses of evaluations suggest that one reason for these contradictory findings is that most studies only focus on short-term programme impacts (McKenzie and Woodruff 2014). Nonetheless, the general evidence on business training for starting-up suggests that this type of soft support has, at best, a modest impact on entrepreneurial outcomes (McKenzie and Woodruff 2014; Blattman and Ralston 2015; Fairlie et al. 2015; Riso 2016). However, Cho and Honorati (2013) suggested that a mix of soft and hard support is likely to be more efficacious in supporting entrepreneurship, at least in poorer countries.

**Table 1** Evaluations of business development support targeted at youth entrepreneurs

Study	Country	Programme	Type of assistance		Outcomes
			Soft	Hard	
Blattman et al. (2013)	Uganda	Women's Income Generating Support (WINGS)		Hybrid Training, mentoring, grant	Income (+)
Blattman and Dercon (2018)	Ethiopia	Entrepreneurship assistance		5 days of training, cash grant	Income (+); steadier hours worked (+)
Brudevold-Newman et al (2017)	Kenya	Microfranchising		Training, subsidy, business support	Income (+)
Almeida and Galasso (2010).	Argentina	Jefes		Grants and technical assistance	Income (+)
Klinger and Schünderlin (2011)	Central America	Technoserve	Business plan competition		Young people starting up (-) (relative to older people)
Bruhn and Zia (2011)	Bosnia-Herzegovina	Partner Microcredit Foundation	Training		Business survival (n.s.) business practices (+) investments (+), loan terms (+)

(continued)

Table 1 (continued)

Study	Country	Programme	Type of assistance	Outcomes
Rodriguez-Planas (2008)	Romania	Small Business Assistance		Business Counselling, Training, Loan Employment (n.s.); earnings (n.s.)
Meager et al (2003)	UK	Prince's Trust		Mentoring support, grants Subsequent employment (n.s.); earnings (-)
Crépon et al. (2014)	France	Créaleunes	Training, support for gaining finance	Start-up (n.s.); income (-)
Cueto and Mato (2006)	Spain	<i>Consejería de Trabajo y Promoción de Empleo</i>	Subsidy	Young people's business survival (-) (relative to older people)
Calliendo and Künn (2011)	Germany	Bridging Allowance; Start-up Subsidy	Payments	Bridging allowance; Income (+); Start up subsidy: Income (-)
Ástebro and Hoos (2016)	France	Social Entrepreneurship Training Program	Training and coaching	Start-up activity (+)

Notes + equates to a positive impact;—to a negative impact; n.s. to a non-significant impact

## Conclusions

Globally, it is difficult for young people to make a successful transition into decent work. They face challenges in getting work and even when they do, this work is often in the informal economy where they are likely to be under-employed and have few rights. One response to these challenges is to stimulate youth entrepreneurship through promoting an entrepreneurial culture, providing entrepreneurial education and offering direct entrepreneurship support. Some resulting programmes aim to remove the information imperfections that make it difficult for young people to identify if entrepreneurship is desirable and feasible. Meanwhile, others recognise that a lack of money, contacts and skills stymies youth start-ups. The cumulative impact of these activities is difficult to gauge due to differences in the design, delivery and evaluation of individual programmes. Some evidence shows that education and support has a negligible or a negative influence on youth entrepreneurship. Nonetheless, there are some grounds for optimism about the utility of stimulating youth entrepreneurship. For example, entrepreneurship education can have a positive impact. Similarly, African evaluations point to the positive short-term impacts of youth interventions.

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# Senior Entrepreneurs as Untapped Potential

Alex Maritz, Bronwyn Eager, and Saskia de Klerk

## Introduction

Popular representations of archetypal entrepreneurs espouse the normative cultural view of entrepreneurs as men (Brush et al. 2018), aged in their twenties and launching businesses from their university dorm rooms (Wassel 2010; Minolta et al. 2016). While there is agreement in the entrepreneurship literature that no ‘typical’ entrepreneur exists (Clark and Harrison 2019), such popular stereotypes persist—despite being in marked contrast to one of the fast-growing segments of individuals starting new ventures, individuals aged over 55 (Maritz et al. 2015; Figueiredo and Paiva 2018; Hazelton et al. 2019). Senior-aged engagement in entrepreneurial activity is in fact greater than that of younger generations (Maritz 2015), a third more than the rate of engagement found for younger entrepreneurs (Wassel 2010). According

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to key findings from the Global Entrepreneurship Monitor (Steffens and Omarova 2019), 9.3 per cent of 55–64-year-olds in Australia are engaged in early-stage entrepreneurial activity. In Europe, 21.1 per cent of 55–64-year-olds are reported to have started a business, compared to 4.1 per cent of 15–24-year-olds (Matos et al. 2018). In a study conducted among 1000 of the fastest growth new ventures in the USA, Azoulay et al. (2020) found that the median age of the most successful entrepreneurs was mature-aged.

Referred to as ‘senior’, ‘third-age’, ‘older’, ‘young-old’, ‘encore’, ‘silver’, mature-aged and ‘late-career’ entrepreneurs, in the last decade, scholarly interest has snowballed in this burgeoning segment of individuals aged 50 or above who are engaging in entrepreneurial activity. The rising attention given to the senior entrepreneurship phenomena is somewhat predicated on the imperative need to address the challenges of ageing populations and an emphasis on active ageing (Hazelton et al. 2019; Maalaoui 2019). In high-income countries, demands are increasingly being placed on the economy for certain products and services associated with the needs of an aging population. Yet, the economy may also benefit from shifting demographics as the ‘silver economy’ potentially plays a valuable role in contributing to society on social, economic, cultural and spiritual levels (Kurek and Rachwał 2011). With an expectation of 20 or more years of active ageing post retirement (World Health Organization 2012), late-career entrepreneurship represents an opportunity for older generations, both financially and through self-realisation. Senior entrepreneurship is also positively associated with increased quality of life (Kautonen et al. 2017; Matos et al. 2018).

Late-career entrepreneurship can be used as a transitional work strategy. Starting a business in later life represents an alternative to retirement, which may be an attractive option for those who do not want to fully withdraw from the workforce, who hope to stay active and who have a desire to share their knowledge, networks and experience (Baù et al. 2017; Perenyi et al. 2018). Other scholars have explored research themes such as self-determination (Kautonen et al. 2017), previous experience on entrepreneurial intentions, regional aspects of inclusive entrepreneurship, perceptions and motivations, opportunity and necessity (Moulton and Scott 2016), transitions from unemployment to self-employment (Kenny and Rositer 2018), human and social capital and social inclusion. However, the challenges of understanding senior entrepreneurship via the scholarly corpus relates to concerns such as the fluidity of boundary conditions, definitions and sample characteristics, measurement of success, self-identification issues as entrepreneurs and competing theoretical models. Senior entrepreneurs are not a homogenous group that can be investigated with a one-size-fits-all approach (Matos

et al. 2018). There are, however, some issues which are unique to senior entrepreneurs. In this chapter, the major trends in senior entrepreneurship research are highlighted and attention is drawn to the untapped potential of senior entrepreneurs as drivers of social and economic advancement. Practical, theoretical and policy recommendations are proposed for the support and flourishing of senior entrepreneurs and several suggestions are made for reframing popular understanding of archetypal entrepreneurs to encourage older citizens to embrace entrepreneurial activity in lieu of retirement. The appraisal commences with a global overview of senior entrepreneurship.

## Global Snapshot of Senior Entrepreneurship

Entrepreneurial activity in the older demographic directly affect over 1.2 billion people, with approximately 16 per cent of the world's population aged 55 years or older, hence the notion that older entrepreneurs are often referred to as an untapped force for economic stability (Schott et al. 2017). The data presented by global scholars demonstrates that prosperity has no age limits, with older entrepreneurs providing significant economic and social benefits to society (Maritz and Eager 2017; Kautonen et al. 2017; Kenny and Rossiter 2018). To get a better understanding of the situation, various data and findings from the Global Entrepreneurship Monitor (GEM) are extrapolated. In particular, inferences from the GEM Report 2017/8, 2018/9, country reports 2017/8 and special topic reports 2017/8 are considered. GEM refers to the total entrepreneurial activity (TEA) of a country as the primary barometer of the level of entrepreneurial activity and in 2018 it was estimated that 12.5 per cent of the adult population, averaged across the 54 participating countries, were early-stage entrepreneurs actively engaged in starting and running new businesses (Steffens and Omarova 2019). Within the 55-plus age group, this represents 7.3 per cent of older entrepreneurs actively engaged in starting and running a new business, with an estimation that 42 per cent of older entrepreneurs are female.

A special GEM report on senior entrepreneurship (Schott et al. 2017) identified a few interesting and distinguishing characteristics affiliated with older age entrepreneurship. They identified a strong and strategic difference between entrepreneurship at young ages and at older ages: as people age, their tolerance for risk decreases. When looking at individuals' potential for entrepreneurial activity, factors such as employment/occupation, financial resources, perceptions and ability, recognition of start-up opportunities and risk-adversity play an important role. For example, in older age

entrepreneurs, it was seen that unemployed or part-time seniors have a greater incentive to engage in entrepreneurial activity than full-time employed individuals; similarly, seniors with higher financial resources are more inclined to entrepreneurial activities than counterparts with lower levels of financial resources. GEM research found that older individuals have the lowest confidence in their own ability to start a business, with younger entrepreneurs twice as likely to have personal contact with a start-up entrepreneur. However, risk willingness is highest among older people. Seniors and older individuals show significantly lower levels of entrepreneurial intentions than their younger counterparts, with a sharp decline in entrepreneurial intention from age 50, with seniors half as likely to express entrepreneurial intentions compared to mid-aged individuals. Individuals who express entrepreneurial intentions do not necessarily participate in starting a business, with older-aged cohorts often citing factors such as retirement, poor health, cultural expectations and social norms as barriers to entrepreneurial activity. On the other hand, entrepreneurship as a late-career option may be attractive due to a need for income, as well as enterprising seniors with experience, resources and networks that enable them to participate in entrepreneurial initiatives. Age has a strong influence on whether an individual will start an entrepreneurial venture, with a strong decline in entrepreneurial activity at age 50. Seven per cent of seniors are considered early-stage entrepreneurs, corresponding to 13 per cent in younger entrepreneurs. Interesting though, is that the opportunity-necessity ratio is lower in seniors, possibly a result of mature-aged people being retrenched and being forced into entrepreneurship by necessity to supplement their incomes.

The older demographic represents a slightly higher prevalence of social entrepreneurship, suggesting that people may retire from employment or self-employment to participate in achieving a particularly social, environmental or community objective. Seniors are less likely to discontinue their businesses due to financial constraints when compared to younger cohorts, usually linked to the fact that older adults report the highest household incomes and are likely to be well-positioned to finance their entrepreneurial initiatives. In line with overall male dominance of entrepreneurial activity, women to men ratio for seniors is 0.67 according to early-stage entrepreneurial activity in the GEM data. A distinguishing factor, however, is that senior women show the highest relative prevalence of necessity motivation (43 per cent) in contrast to men (38 per cent). This gender influence on senior entrepreneurship results in women being only 1.1 times more likely to be motivated by opportunity than necessity, whereas men are 1.5 times more likely to be motivated by opportunity.

Entrepreneurial finance refers primarily to sources of financing for entrepreneurial ventures, with seniors exhibiting the highest propensity to using their own finance to fund their businesses. There is no significant difference to other sources of financing, such as family, financial institutions, venture capital and crowdfunding between the different age groups. Senior entrepreneurs have an economic impact on job creation similar to their younger counterparts, but they represent a slightly larger proportion of self-employment with no employees than their younger counterparts. From a wellbeing perspective, the social benefits of entrepreneurship as a late-career option, often referred to as 'active ageing', have been well-documented and supported (Maritz and Eager 2017; Kautonen et al. 2017). Fear of failure is less in the senior age group compared to their younger counterparts, with senior people who act as informal investors tending to invest considerably more money compared to younger adults. Almost two-thirds (63 per cent) of older business angels invest more than the median of all investments.

Schott et al. (2017) identified various senior entrepreneurship benefits to society, including: contribution to the economy through taxes; enhanced happiness and health (so less of a demand on social services); and creation of jobs for the senior-aged business owner and others. Additionally, senior entrepreneurs tend to invest more than their younger counterparts and offer a wealth of work and life experience. Specialised support for older entrepreneurs is also suggested by the special report, inclusive of: time to stop thinking of this demographic as a liability; recognising them as an asset; and working across sectors to break down barriers to unleash their potential. Governments should create innovative inter-ageing frameworks to marshal resources, catalyse strategic thinking, prioritise new policy and create additional research to advance the senior entrepreneurship movement. Policymakers need to build awareness of entrepreneurship as a career alternative for older people, provide technical entrepreneurial skills and embrace family and societal norms to enhance senior entrepreneurship.

Over 50s are a somewhat unique segment of entrepreneurship by nature of their life stage: their orientation towards entrepreneurial activity co-exists alongside retirement decisions. d'Andria and Gabarret (2017) described senior entrepreneurs as people of retirement age that pursue entrepreneurial ventures for financial or emotional gain. Pathways to senior entrepreneurship can generally be categorised as 'career entrepreneurship' and 'later-life entrepreneurship'. With regard to career entrepreneurship, younger entrepreneurs, through the natural progression of time, will acquire the label 'senior entrepreneur' given continued engagement in entrepreneurship past



their 50th birthday. For those who start their first venture in later life, individuals may enter entrepreneurship post-50 via opportunity or necessity-driven paths (e.g. necessity-driven escape from unemployment, lifestyle reasons). Kerr (2017) found markedly different characteristics between these two groups: career entrepreneurs characterised as ‘workaholics’ driven by a desire for independence, while later-life entrepreneurs are more likely to be female, unmarried, sole-founders with no employees and engaging in entrepreneurial activity on a part-time basis.

After developing a successful career, some people find it hard to slow down and want to keep active and challenge themselves. These individuals may leverage their embedded career capital and use their time to seek opportunities that their experience and access to networks affords to pursue venture-related ideas (Kautonen et al. 2011). Hanif et al. (2018) found that individuals with formal qualifications (e.g. a Bachelor’s degree) were more likely to re-enter paid employment following job-displacement compared to those who lacked formal qualifications. Active aging and late career transitions motivations potentially have the economic benefit of remaining economically independent, and the social benefit of enhancing their engagement and maintaining their psychological wellbeing (Maritz et al. 2015; Kautonen et al. 2017).

## Dimensions of Senior Entrepreneurship

It is not uncommon for senior entrepreneurs to launch ventures that fulfil a social good (i.e. senior entrepreneurs as social actors) (e.g. Meliou et al. 2018; Ratten 2018). Resilience and actively contributing to the economy and social development of regions and local communities increase the capacity of regions and lead to long-term benefits for the community (Isele and Rogoff 2014). Previous studies have highlighted the potential of senior entrepreneurs to service health-related industries (e.g. Martin and Welsch 2018), as well as knowledge-based sectors including management, business and engineering (Wassel 2010). The value of tapping into the experience of a 55-year-plus individual and the environment that supports active ageing is largely under investigated. The social benefits of senior entrepreneurship are thought to include the achievement of a more integrated society, as well as realising untapped resources. Inclusivity and social cohesion are further benefits of prolonged economic involvement and activity (Pilková and Reháč 2017). Active ageing initiatives are expected to provide happier and healthier individuals and society in the long-term (Camarinha-Matos and Afsarmanesh

2010; Harper 2014), which has the potential to lower demand on age-related services. Active aging also promotes intergenerational knowledge sharing and development (Hantman and Gimmon 2014), notwithstanding the accumulation of social skills with age (Azoulay et al. 2020).

Scholars point to over-50s leveraging their social capital to provide mentoring and support to younger entrepreneurs (e.g. Martin and Welsch 2018). Indeed, senior entrepreneurship-focused incubators could offer a platform for the engagement of senior entrepreneurs to build social cohesion and offer opportunity for intergenerational/mixed-age teams to learn from each other and get a more holistic perspective. For example, senior entrepreneurs with a lifetime of work experience and established networks can contribute to younger participants' efforts that may be more in tune with technological advancements. Overall, this could enhance venture outcomes through an intergenerational competitive advantage. Increased pressure on social security, pension funds, health care and aged care facilities can be managed with late career entrepreneurship. Non-urban development can be facilitated with research showing a higher propensity of seniors to start businesses, more so in regional and rural areas (Ting 2008), with senior entrepreneurs opting to start a business in their local and social area (Bönte et al. 2009). This can contribute positively in creating job opportunities and stimulate further economic development in areas where the younger generations tend to move to the cities (Wassel 2010). Some ventures start from volunteering experience (Ainsworth 2015) through social involvement before realising the potential of some ideas and identifying feasible opportunities in this process.

Within senior entrepreneurship literature, considerable attention has been given to discrimination and self-identity as inhibiting factors of later-life entry into entrepreneurship (e.g. Kibler et al. 2015). The prevailing narrative which equates entrepreneurship with youth and suggests that entrepreneurial intention declines with age is open for debate (Kautonen et al. 2014). For example, in their study of online media texts and reader comments, Whiting and Pritchard (2018) drew attention to the role of enabling and disabling narratives. As such, senior entrepreneurs could be viewed as a minoritised populace, rather than as a minority per se. While age-related discrimination is well-documented, its extension to entrepreneurship is far from established. Interestingly, a study of senior entrepreneurs in Australia (Maritz and Eager 2017) found that employment-related discrimination did not carry over into their senior entrepreneurship activity, which may suggest a freedom to flourish in entrepreneurship that is bounded in employment contexts. Senior entrepreneurs engage in a variety of ventures, characterised by human capital,

social capital and financial capital, all of which accumulate with age (Azoulay et al. 2020).

Scholarly enquiry has largely neglected the unique challenges faced by female senior entrepreneurs. However, gender plays a substantial role such that women face greater barriers to re-employment in organisational settings and may therefore gravitate towards self-employment through economic necessity. Indeed, Hanif et al. (2018) found men to be 4.42 times more likely to achieve gainful employment in organisations compared to women. A narrative analysis of female senior entrepreneurs' experience illuminated the double-barrelled challenge of growing an entrepreneurial venture when faced with ageism and gender inequality. This is particularly pertinent when female senior entrepreneurs operate ventures in industries that may be viewed as male domains (e.g. technology). Furthermore, given that fundraising activities (e.g. bank finance, venture capital) are harder to realise for women compared to men (Malmström et al. 2017; Kanze et al. 2018), there are likely greater hurdles for female senior entrepreneurs to overcome compared to a male senior entrepreneur in order to launch new ventures. It is also fathomable that, on the whole, female senior entrepreneurs' social capital is lesser than male senior entrepreneurs due to the ascension of men up the corporate ladder (Noback et al. 2016; Powell 2018) and the professional networks that accompany such progression (Greguletz et al. 2018). Single older women are further found to be one of the most financially disadvantaged segments of the population (Howell et al. 2019; Stone 2018)—with the greatest risk of homelessness—suggesting that, on average, the resource base from which female senior entrepreneurs can draw upon to launch an entrepreneurial venture may be lacking compared to that of male senior entrepreneurs.

Transitioning entrepreneurial intentions into senior entrepreneurship actions is facilitated by practical support such as training and mentorship (Maritz et al. 2015; Gimmon et al. 2018). Given the abovementioned unique push and pull factors associated with senior entrepreneurs, it is important to consider the unique training needs of older-aged entrepreneurship students. Formally credentialed entrepreneurship education programmes (e.g. university degrees) are largely youth-oriented; university education tends to be aimed at teen/twenty undergraduate entrants or mid-career employees seeking postgraduate qualifications. Current programmes often require full-time (or significant) commitments delivered synchronously (i.e. face-to-face at a set time and place) which may not be attractive for senior-aged aspiring students. Highlighting this, an investigation of female senior entrepreneurship experience by Meliou et al. (2018) showed the need for flexible delivery formats for such programmes (e.g. one night a week) which allow senior

entrepreneurs to develop their business while also attending to caring needs (aging parents) or other household responsibilities.

Local policies can support age-specific programmes to enhance networking and entrepreneurial activity as well as to develop the local ecosystem. This can in turn stimulate economic productivity, make the labour force stronger, as well as ease the burden on social security, aged and health care systems (Wassel 2010). Failure to capitalise upon the skills of older generations represents a '*waste of talent*' (Martin and Welsch 2018, p. 1). The contribution of these entrepreneurs to society (e.g. as mentors, adding valuable perspectives, providing access to networks) is underestimated and undervalued. Europe, with an ageing population, is actively developing policies that support senior entrepreneur development (Stypinska 2018), which is seen as important to ensure active ageing (Kurek and Rachwał 2011), quality of life for seniors and economic independence (Păunescu and Blid 2017).

## Where Do Opportunities Exist?

Understanding the intrinsic motivations of senior entrepreneurs (i.e. why they might pursue late-career entrepreneurship in lieu of withdrawing from the workforce) requires greater investigation, especially in the context of aging populations and associated economic outputs and inputs. Research is required to understand the push and pull factors for senior entrepreneurs and needs to be carried out with more diverse samples (than has occurred to date). The following case provides an overview of a real-life example of how a senior-aged entrepreneur began and evolved their venture over time (Lucas' Papaw Remedies 2019; Prain 2015).

Lucas' Papaw Ointment, founded in Brisbane (Australia), has been in operation for more than 105 years. Started by Dr Thomas Lucas in 1911 at the age of 68 years, this business is family owned and still focused on the healthy benefits of using this ointment on chaffed and scarred skin and lips. This product has evolved to become somewhat iconic and is used by celebrities. It is particularly loved by Australian women. At retirement age (after working as a medical doctor), Dr Lucas developed this ointment to share the healing qualities of the papaw plant which has natural antiseptic qualities and he presented it as a compact and easy-to-use product that a person could carry in their handbag. His ability to tap into multiple resources, such as his medical background and experience, his network, and his keen interest in botany and alternative healthy remedies, supported his success initially. Additionally, having a supportive family was important and they now keep this legacy alive through

his direct descendants who are still operating this venture. This is testimony to the importance of family support and having a healthy ecosystem around an entrepreneur to achieve these levels of success.

This case emphasises the value of capitalising and acknowledging the value of senior entrepreneurs' experience and knowledge to assist in developing ideas, but also the skills of generations to come. Having the freedom and resources to create a product with value increased Dr. Lucas's quality of life, levels of self-actualisation and his entire family is now reaping the rewards for his perseverance. To enable further successes like Dr. Lucas to happen, research should be conducted into diverse settings to better understand the nuanced nature of developed and developing settings for senior entrepreneurship activity, so as to understand the contextual influences more clearly. Also, the approaches towards entrepreneurial activity of senior-aged men versus women, and people living in urban versus regional areas, would offer interesting information that could be used by policymakers and service providers.

Policymakers can, through a better understanding of the motivations of these entrepreneurs, offer more suitable and directed support for venture establishment and growth. Having the knowledge of where senior entrepreneurs reside and how they conduct their business could also enable them to offer greater support through local development initiatives. Better understanding of senior entrepreneurship could offer governments greater insight into alternatives for coping with the continued stress associated with the health and retirement sectors, as well as ways to encourage members of the community to extend the duration of their economic contribution. Creating awareness of successful senior-aged entrepreneurs may act to create positive role models for this demographic, since knowledge of success stories may inspire others towards entrepreneurial activity in later life and counteract misconceptions of seniors capable only of hobbyist activities or as unwilling retirees. Increased quality of life with the satisfaction of realising a dream, hitting targets and working on something that they feel passionate about could also lead to increased health and mental wellbeing.

## Conclusion

Although a nascent scholarly corpus, investigation of senior entrepreneurship is rapidly evolving. Global research has provided evidence that high-growth entrepreneurship is aligned to mature-aged entrepreneurs; with the mean of 45 year-olds further corresponding to human capital, social capital and

financial capital accumulating with age. Furthermore, as the fastest growth sector of entrepreneurship, senior entrepreneurship is responsible for over 30 per cent of all ventures and proportionate growth in serial entrepreneurship. Research at the intersection of interdisciplinary fields of gerontology and entrepreneurship represents an opportunity to address the issue of ageing populations and to enhance older-generation wellbeing. There is a need for further consideration of the interrelations between senior entrepreneurs' motivations and barriers, career capital, micro and macro support structures (e.g. social networks and policy innovation), and how training offerings can best be tailored to the needs of older learners. Furthermore, value is expected from considering how culturally espoused narratives around age and entrepreneurship influence post-employment pathways and senior entrepreneurship success. Regardless of the ongoing evolution of senior entrepreneurship research and directions of future research in this rapidly changing landscape, older entrepreneurs are undoubtedly an untapped force for economic and social stability.

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# Immigrant Entrepreneurship in World-Historical Perspective: A Transitional Phenomenon?

Trevor Jones and Monder Ram

## Introduction

From the early 1970s onwards, there has been a growing scholarly awareness of an upsurge throughout the advanced capitalist realm of entrepreneurship among immigrant-origin communities. Academic curiosity could hardly fail to be piqued by the ostensible contradiction between disadvantage and success: on the one hand the well-known weaknesses associated with migrancy and ethnic minority status, on the other hand substantial overrepresentation among the business-owning class, a much prized high-status occupation at the leading edge of the capitalist economy. For Light (2004), self-employment of this kind enables:

immigrants and ethnic minorities to reduce disadvantage and exclusion, negotiating the terms of their participation in the general labour market from a position of greater strength. (Light 2004, p. 3)

This in itself is a significant re-writing of the historical script.

Despite this refreshing counter-intuition, this chapter questions the notion that entrepreneurial self-employment is necessarily a beneficial or even a

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permanent occupational specialisation for minority communities. At the very outset, any assumption that the typical immigrant-owned enterprise resembles the streamlined intellect-powered outfits of Silicon Valley as portrayed by Saxenian (2006) needs to be quashed. In reality, a great number of ethnic minority ventures in North America and Europe consist of a self-employed individual assisted informally by a few family members and, even if one's extend their view to the vast majority, one can see little more than micro-businesses whose precarious existence is guaranteed only by extreme labour intensiveness (Ram and Jones 2008). It is for this reason that this chapter will argue that self-employment is often a key occupational strategy for immigrant communities experiencing resistance to their incorporation into their host economy. Indeed, this view is further supported by converse evidence and in the case of the USA, it is no coincidence that the immigrant groups who have most successfully inserted themselves into the American labour market (e.g. Scandinavians, Germans), have little or no reputation for entrepreneurship. For them, self-employment never seems to have been a requirement for economic survival.

Historically, long-running and internationally widespread throughout most of the advanced capitalist realm, the enormous reach of self-employed business ownership in immigrant-origin communities has given rise to a virtual academic sub-discipline in its own right (Dana 2007; Kloosterman and Rath 2003; Hafeez et al. 2007). In their conclusion to a hefty 49-chapter volume (Dana 2007) covering firms owned by a range of ethnic entrepreneurs from Turks in Finland to Indian women in New Zealand, Dana and Morris (2007) attempted to pin down the common explanatory themes, grappling with the somewhat paradoxical question of why ostensibly disadvantaged social groups should survive and thrive on the very sharpest edge of modern capitalism. Like many before them, they spotlight such factors as: (1) the wealth of ethnic community resources, networks and social capital (Flap et al. 2000; Light 1972); (2) the opportunity structure of the receiving society (Waldinger et al. 1990); and (3) changes in the global economy favouring small firm renaissance (Collins et al. 1995).

In this chapter, it shall be argued that for all the welcome insights of these approaches, they have become to a considerable degree eclipsed by more recent models, such as *mixed embeddedness* (Kloosterman et al. 1999; Kloosterman 2010) and the notion of *entrepreneurial transition* (Jones et al. 2012b). The first of these highlights that, as well as their intimate embeddedness in the advantageous resources of family and co-ethnics, entrepreneurs are also inescapably grounded in the external business environment shaped by the market and the state. Deservedly hailed though they may be as

a source of ethnic minority empowerment, ethnic community resources cannot grant complete insulation against the chilly winds of the external business sphere. By definition unresponsive to the pull of ethnic personal ties, this sphere is also often directly hostile to under-resourced and racialised newcomers, whose quest for market space tends to be blocked by all manner of negative barriers. Going a little beyond this, the *transition* approach argues that heavy dependence on self-employment should actually be regarded as a transitional anomaly in a modern economy, a temporary measure by which a newly arrived population attempts to insert itself into the receiving society's labour market. It is also one which gradually loses its relevance as the group's members acquire the human capital to compete more effectively for desirable employment in the mainstream labour market. As will be seen later, the progress of theoretical change in this field falls well short of a complete paradigm shift, but significant headway is now being made by new challenges to the former hegemony.

## Historical and Geographical Scope of Immigrant Enterprise

Without a hint of exaggeration, Kloosterman and Rath (2003) can confidently announce that 'Entrepreneurs from less developed countries have set up shop all over the Western world'. But immigrant/migrant entrepreneurship is far from a contemporary phenomenon. The contributors to McCabe et al.'s (2005) volume demonstrated that diasporic trading networks have been a pervasive feature of the global economy for over four centuries, and encompass a range of communities, including the Jewish, Arab, Chinese, Japanese, Indian, Maltese, Greek and Armenian diasporas. Global networks of diaspora trading groups were vital to international trade well before the twentieth century, yet were often neglected because they were not part of established institutions.

Data from the USA in the 1880s shows that, on a pro rata basis, immigrant self-employment had already exceeded that of the native-born population (Light 1984). Over the following century, immigrant-origin entrepreneurship became steadily more prominent in the USA, with Jewish, Chinese and Japanese communities in the vanguard (Light 1972). Since the 1970s, these entrepreneurial communities have been joined by various newcomer groups (Min and Bozorgmehr 2003), notably Latinos (Portes and Bach 1985), Iranians (Mobasher 2007) and Koreans (Light and Bonacich 1988). Elsewhere in the industrialised world, there was considerable migration of South

Asians within the British Empire in the nineteenth century, many of whom set-up small shops and other enterprises to serve the diaspora (Oonk 2013). The momentum accelerated following the post-World War Two economic boom in Western Europe, when labour shortages helped to trigger substantial international labour migration from less developed regions in the Mediterranean periphery and British Commonwealth (Castles and Kosack 1973; Miles 1982). Following the loss of employment through deindustrialisation and public service cuts in the UK in the 1980s, many members of the now-settled ethnic communities turned to self-employment, with British South Asian business ownership mushrooming to levels far above those of the native-born population (Campbell and Daly 1992). Lagging slightly in the wake of the UK, many of the leading industrial nations of mainland Europe witnessed a measurable expansion in immigrant entrepreneurship, rising to significant levels by the turn of the century (Kloosterman and Rath 2003). As well as the numerous contributions in the edited collections of Rath (2000) and Kloosterman and Rath (2003), there has been extensive coverage of immigrant business throughout the economically advanced realm of Europe, with particularly prominent coverage of France (Morokvasic 1987; Ma Mung 2005), Netherlands (Kloosterman 2003) and Germany (Kontos 2007; Leung 2007). In the latter case, many authors have placed significant emphasis on the entrepreneurial obstacles imposed by the state regulatory environment (Wilpert 2003). It is evident from these accounts that in modern industrial economies, immigrant entrepreneurship has taken a particular form linked to both the structure of the economy and the nature of public policy. Since World War II, immigrant enterprise has also become part of the growing multi-culturalism of nations such as Australia (Collins et al. 1995), Canada (Hiebert 2003) and New Zealand (Yunxia 2007). In the case of these former British dominions, it could be argued that this late flowering stems from the 1960s reversal of a longstanding policy of suppression of non-white immigration, with a penetrating analysis of Australia's racist immigration history being provided by Miles (1989, pp. 90–97).

## Explanatory Theories

This section outlines the leading attempts over the past four decades to theorise the genesis and development of immigrant and ethnic minority entrepreneurship in its various guises throughout the advanced world. It should be noted that in the later discussions of mixed embeddedness and the entrepreneurial transition, the emphasis swings very much towards European

authors, an unavoidable reflection of the comparative lack of activity in these fields by researchers in North America. Any attempts to test these theories in the North American origin of ethnic business studies would be greeted with much enthusiasm.

### 1. *Social Capital*

In his initial attempt to resolve the ostensible contradiction in the USA between ethnic minority disadvantage on the one hand and entrepreneurial prowess on the other, Light (1972) spotlighted the decisive role of family and ethnic community networks in the informal supply of cheap and flexible business resources (labour, funding, information) to Chinese and Japanese entrepreneurs in the USA. Somewhat paradoxically, it seems that social forms conventionally regarded as 'traditionalist' must be regarded as the driving forces of enterprise within the most modern economies (Ram and Jones 2008). With its eureka-style insightfulness, this ethnic resources perspective gave guidance to a host of subsequent studies both in the USA itself (largely summarised by Light 2004) and in the UK for South Asians (Metcalf et al. 1996; Janjuha-Jivraj 2003). More recently, the ethnic resource base as entrepreneurial empowerment has come to be labelled 'social capital' in line with Bourdieu's (1986) classification of forms of capital and Granovetter's (1985) recognition of entrepreneurial activity as embedded in trust-based social networks. For all its virtues, this approach has been criticised both inside and beyond the USA from critics anxious about: (1) the limited capabilities of informal group resources and their inability to support development beyond very low-level firms (Bates 1994; Nee and Sanders 2001); (2) the attribution of certain universal entrepreneurial traits to specific groups, thereby promoting illusory and divisive distinctions between highly entrepreneurial communities like Asians and alleged laggards like African-Americans (Shane 2008) and African-Caribbeans in the UK (Mulholland 1997; Ram et al. 2000; Jones and Ram 2007b); (3) the conflation of quantity and quality, with sheer numbers of firms hailed as evidence of business success regardless of their over-concentration in low-level marginal market sectors (Jones et al. 2000; Ram and Jones 2008); and (4) the underplaying of the external structural environment of market forces and state regulation (Rath 2000; Kloosterman 2010), including discriminatory practices in key areas like bank credit (Barrett 1999; Ram et al. 2003) and customer behaviour (Ishaq and Hussain 2007).

Despite the enormous weight of evidence against ethnic exceptionalism, the associated notion that entrepreneurial qualities are somehow inherent

in certain ethnic cultures dies hard. The findings of several writers can be highlighted who have suggested that many practices (such as a preference for face-to-face informality) are assumed to derive from ethnic culture, when they are actually common to entrepreneurs irrespective of their ethnic origins (Mulholland 1997; Ram et al. 2000). Nevertheless, it seems to be almost casually accepted as a common fact of life that some ethnic cultures are somehow hard-wired into a particular occupation, as exemplified by the Silicon Valley Asian engineer quoted in Legrain (2009) who said that ‘Indians and Chinese are entrepreneurial by nature’. Essentially this kind of claim goes beyond the logic of social capital to attribute personal qualities to individuals by virtue of their membership of a specific ethno-cultural collectivity, an alleged causal link which can only be regarded as far-fetched in the absence of hard evidence. When attempts are made to present such business-like mindsets as deferred gratification or industriousness as products of Islam or Sikhism (Werbner 1980), one’s imagination is painfully stretched by this miraculous transposition of Weber’s classic *protestant* ethic to a varied range of ancient Asian faiths. Inevitably, people begin to wonder if there exists any religion or culture anywhere in the world which does NOT impart entrepreneurial predispositions to its adherents.

Aside from any consideration of possible causal mechanisms, there continues to be a rather over-heated celebratory atmosphere surrounding ethnic minority business, often emanating from an expatriate community’s own business lobby. A graphic instance of this is the magazine *Eastern Eye*, whose ‘Asian Rich List’ of 2012 was topped by a colossal steel corporation with a £13.5 billion turnover, whose cutting edge contribution is hailed as supplying the materials for the London Olympic site’s most iconic construction. In the same issue, no less than the Mayor of London is quoted as extolling the “incredible contribution” of Asian businesses to the UK. While not factually erroneous, these findings and assertions are devoid of context. Irrespective of ethnic origin, capitalist enterprise is an acutely skewed endeavour (Shane 2008), in which for every high-flyer there are a host of low-flyers and, it should not be overlooked, fallers from the sky. Equally disturbingly, the quest for easily comprehensible and exciting explanations clashes with a sober and often complex reality. Certainly the vision of heroic entrepreneurs rising above all challenges is contrary to a mass of research showing that entrepreneurial decisions are often anything but clear-cut resolute interventions sweeping aside obstacles. This is especially true of the business entry decision, which research shows is a complex multi-causal process, often long drawn-out and prey to the interplay of contradictory cross-cutting forces.



At the most elementary level, attempts to separate the positive attractions pulling an individual into self-employment from the negative push factor of an unsatisfactory labour market position are usually doomed to failure. With ethnic entrepreneurship, the two supposedly opposite poles of pull and push are in effect dialectically linked, with the attractive strength of self-employment correlating negatively with the repulsive strength of alternative livelihoods. Whatever the precise causation, it is safe to say that a propensity for self-employment cannot be directly read from an entrepreneur's ethnicity. Very much to the contrary, it seems that irrespective of their religious or geographical origins, independent business owners share something of a common culture forged by the exigencies of the business world itself (Ram et al. 2000). Whereas the theme of community network as business support mechanism is logically sound and backed by much evidence in its favour, the essentialist notion of ethno-cultural values as a motive force is much more problematic. In the conclusion to this chapter, it will be argued that ethnic social capital theory can continue to make an insightful contribution, but only if it is located within a properly nuanced context unaffected by journalistic values of 'what makes a good story'. As in so many spheres of life, the entrepreneurial world is best visualised in shades of grey, however much one might long for technicolour.

## 2. *Opportunity Structure*

Responding to the neglect of the business environment beyond the social network, Waldinger et al. (1990) promoted an *inter-actionist* approach, in which entrepreneurial strategy and social capital are seen as shaped by *opportunity structure*. Here the market environment of the receiving society is promoted as one of the key determinants of whether and how immigrant enterprise will evolve. Significantly, this analytical shift came at a time when a new consensus was emerging that the opportunity structure of advanced capitalism was swinging decisively in favour of small firms. Following the influential work by Piore and Sabel (1984), it became increasingly plausible that the expansion of tertiary activities, of industrial out-sourcing and other profound transformations in global capitalism, had seeded a major small firm renaissance. In breaking with many decades of industrial concentration and growing scale, this could be seen as a profoundly transformative shift; in the words of Collins et al. (1995, p. 15) 'a centuries-old trend has been reversed'. In this phrase, these authors highlighted the way that industrialisation and its bias towards the giant corporation was being superseded by

post-industrialisation and its preference for small scale firms run by independent entrepreneurs. Given that 'small scale' is a precise description of most immigrant firms, they could now be portrayed as a salient feature of a 'small-is-beautiful' business revival, thriving on the back of a newly favourable opportunity structure (Boissevain 1984; Ward 1986).

With hindsight, one can now appreciate that the 1980s on-rush of enthusiasm for small firms may not have been purely evidence-based. It is probably only a coincidence in the chronological sense that entrepreneurial evangelism emerged in step with the rise in academic and policymaking circles of neo-liberal doctrines extolling the virtues of free market enterprise at the expense of state regulation and the public sector (Harvey 2005). Little challenged at the outset, the new conventional wisdom created a sense of small firms, ethnic minority firms in particular, as part of a virtually unstoppable advance, a version of what Croy (2013, p. 36) called 'historical inevitability ... necessary unalterable circumstances akin to facts of nature'. At the time, it was occasionally difficult to escape the impression of some kind of 'party line' about the heroic entrepreneur (Shane 2008; Kloosterman 2010), deviation from which was in bad taste and possibly even harmful to academic career prospects.

Despite this armour-plated certainty, dominant notions of small enterprise as embodying a newly unleashed competitive dynamism linked to innovative creativity were progressively faced with a growing weight of counter-evidence in the late twentieth century (Halliday 1995; Robson 1997). More recently the culminating evidence as to the falsity of utopian assumptions was presented by Shane (2008), whose summaries of American and international data highlighted that the typical entrepreneur 'makes less money than he would have made had he worked for others' (ibid p96). Together with a host of supporting data on such inherent problems as under-capitalisation, a convincing case for regarding small entrepreneurship as actually structurally disadvantaged was offered (Southern 2011). Perhaps the weightiest challenge to the basic entrepreneurial rationale could be found in Rainnie's (1989) argument that, in a world of increasing corporate scale and power, small firms continued to exist largely on the terms of giant corporations, either welcomed as a low cost (and eminently exploitable) part of its supply chain or permitted to operate in markets dismissed by the corporation as too low yielding. Even it is arguable that innovatory sectors like IT can provide high returns for the highly qualified small owner, a long-term tendency for such ventures to be taken over by their giant rivals can be discerned. In effect the small firm acts as a risk-bearing buffer during the vulnerable infant stages. For the historically aware researcher, this is a fascinating echo of classical authors like C.

Wright Mills (1957), whose warnings of the toils of the beleaguered small business owner date from over half a century ago. To capture the true venerability of this theme, one might need to invoke Marx and Engels's *Communist Manifesto*, which highlighted the crushing subordination of small by large enterprise as long ago as 1848.

### 3. *Mixed Embeddedness*

Both of the above approaches can be seen to be in need of critical re-examination. Responding to several of the more serious criticisms, Kloosterman et al. (1999) argued that, as well as their grounding in social capital, immigrant firms are also inescapably embedded in the impersonal external business environment of their adopted country. Previously these firms had been portrayed as virtually immune to the outside world, but Kloosterman and his colleagues were arguing for the spotlight to shift to the relationship with the outside world of markets and politico-legal institutions. This was shown to consist of: (1) an opportunity structure, inimical rather than favourable to small firms, especially so to under-resourced and racialised outsiders who tend to be restricted to undesirable sectors of the market (Kloosterman 2010; see also Ram and Jones 2008); and (2) a state regulatory regime, which in many mainland European countries was a serious impediment to immigrant firms (Kloosterman and Rath 2003). These writers identified a critical international contrast between the favourable environment for immigrant firms offered by the relatively deregulated Anglo-American markets and the comparatively retarded development of such entrepreneurship in highly regulated states such as Germany, Austria and Sweden. However, even this apparently straightforward contrast tends to ignore quality and quantity and it is easy to overlook the way deregulated regimes actively encourage promiscuous business entry by the under-capitalised and under-qualified (Barrett et al. 2003).

In his most recent update of mixed embeddedness theory, Kloosterman (2010) emphasised that the structural environment of an immigrant small business is no simple monolith and needs to be disaggregated into its component elements in order to be properly understood. To consider this, he represented the entrepreneur as surrounded by a series of concentric zones of influence: (1) an inner micro zone comprising of the co-ethnic network of family and friends who supply various business resources on informal uncosted terms. However, outside this magic circle, cosseted protection ceases to apply; (2) in the external market, competition operates on purely formal rules unaffected by ties of blood and emotion; and (3) the outermost zone is the

ultimate containing framework of the state's laws and regulations. Perhaps the most useful of the many insights from this paper is its focus on the way that structural forces tend to drive immigrant and other ethnic minority firms to the very bottom of the value-added chain (Light and Bonacich 1988; Jones et al. 2000; Ram and Jones 2008). Although the external market is designated 'opportunity structure' by Waldinger et al. (1990), the implication of an open field of entrepreneurial choice is rejected by Kloosterman (2010), who instead presented it as more closely resembling an obstacle-strewn battlefield, many parts of which are barricaded against the entry of immigrant entrepreneurs. In reality, an ethnic entrepreneur must compete for market space both against the entrenched position of incumbent entrepreneurs and the scale advantages of giant corporations. Usually under-resourced and often socially stigmatised, the weakness of the immigrant entrepreneur's competitive position can hardly be overstated.

In consequence of this stringent rationing of opportunities, the emergence of immigrant firms takes place as a painful process of insertion into whatever crevices of market space are available after a host of structural obstacles have been side-stepped. According to Kloosterman (2010), such firms are mainly confined to one or other of the following opportunities: (1) *vacancy chain* openings, markets with low entry thresholds (modest needs for capital and expertise) abandoned by their former incumbents because of their meagre returns; and (2) *post-industrial services*, activities proliferating since the 1980s to cater for the needs of a burgeoning social layer of money-rich time-poor urban professionals. Conspicuous representatives of the vacancy chain category are the small retailers—South Asians in Britain (Aldrich et al. 1981; Jones et al. 2000), North Africans in France (Ma Mung and Lacroix 2003), Koreans in the USA (Min 1990)—who have rapidly replaced native-born shopkeepers over the past few decades. Perhaps an even more vivid example of the immigrant entrepreneurial takeover of long established but declining activities is the clothing industry (Rath 2002). Until the 1980s, clothing manufacturing in many advanced economies seemed on the brink of extinction only to be rescued by immigrant entrepreneurs like Koreans in the USA (Light and Bonacich 1988), South Asians in the UK (Mitter 1985) and Turks in the Netherlands (Rath 2002). It did not escape Mitter's (1985) notice that the competitive survival of these firms derived from their ability to reproduce some of the sweated labour intensiveness of their developing world rivals. Shifting to the post-industrial category, prominent sectors here are catering and personal services, where migrant businesses have been able to respond to a truly vigorous upsurge in demand for eating out, for takeaway food and for hair and beauty services. At the same time, these activities offer a truly

graphic demonstration of the in-built contradiction of low entry thresholds. While ease of entry grants a temporary advantage to pioneer entrants to these sectors, it also guarantees a flood of subsequent entrants and demand in the low-tech post-industrial sectors has been flooded by a bloated glut of new suppliers (Ram et al. 2003). Studies of Asians in the UK curry restaurant trade show that any textbook tendency towards demand-supply equilibrium is exploded by an excess of supplier firms forcing prices well below the level of economic returns. This forces many entrepreneurs into arduous labour-intensive long hours working and cost-cutting of such stringency as to require the flouting of any legal regulations seen as costly (Jones and Ram 2007a).

For Kloosterman (2010), who acknowledged the operation (however constrained) of agential will, this entrapment at the bottom of the economy is by no means immutable. On the contrary, many immigrant entrepreneurs attempt to navigate into higher yielding sectors of the economy by acquiring the superior qualifications and expertise (human capital) necessary to negotiate higher entry thresholds. Various researchers in the field have expounded on the benefits to ethnic minority entrepreneurs of 'working smart' as opposed to 'working long' (Jones et al. 2000; Ram and Jones 2008). Even so, the struggle against blocked mobility can be painfully hard (Virdee 2006), with gains apt to be won at unacceptably high cost. As in the case of UK pharmaceutical retailing, Asian gains from entry into a new and initially fruitful market have been compromised by the subsequent entry of large scale competitors (Barrett et al. 2003). Equally frustrating is the experience of high-level ethnic minority firms in corporate supply chains, where enhanced earnings and prestige may entail an inordinate loss of independence (Ram et al. 2011). Perhaps most disappointing of all possibilities is the *transnational* route, where some writers have canvassed the potential for immigrant entrepreneurs to tap profitably into the enlarged sphere of investment, markets and other social capital contained in their home countries and diasporas (McEwan et al. 2005). Unhappily, careful examination of concrete examples suggests that such activity generally benefits only those highly exceptional entrepreneurs who are already relatively well resourced (Jones et al. 2010).

Adding further to the sense of structural entrapment are the rapidly growing findings of publications on so-called 'new migrants' to Britain, a significant number of whom have adopted self-employment as a livelihood (Sepulveda et al. 2011; Edwards et al. 2016; Jones et al. 2014). The term 'new migrants' has been adopted to capture the decisive post-industrial shift from the mid-1990s onwards in the provenance of migration flows into the UK. Whereas the first wave of post-war migration was largely a matter of

low skill male labour migrants from a small handful of former colonies in the Indian sub-continent, the Caribbean and Hong Kong, new migration is much more feminised, more highly qualified and, most conspicuously, from a strikingly wide range of Asian, African and European origins. Characterised as super-diversity by Vertovec (2007), this unprecedented multiculturalism stems largely from three sources: (1) an influx of economic migrants from 8 post-Soviet European countries acceding to the EU in 2004 (A8 Migrants); (2) a rise in asylum-seekers fleeing from persecution in war-torn zones of Africa and Asia; and (3) an increase in the volume of overseas students attracted to UK universities and other tertiary education providers. In the A8 category, the largest single nationality is Polish, while among asylum-seekers and refugees the predominant countries of origin are Somalia, Afghanistan, Iraq and the Democratic Republic of Congo. For a long time, these were barely noted by researchers, but new migrants are now seen as making a significant entrepreneurial contribution. Among the few research exercises in this area, the salient (and arguably disappointing) finding is that the new wave appears to be substantially repeating the drawbacks of its predecessors (Jones et al. 2012a; Jones et al. 2014; Edwards et al. 2016). Whether operating in Greater London or in the English Midlands, new migrant entrepreneurs are clustering with unerring accuracy in precisely the same sectoral slots identified by Kloosterman (2010). Despite comparative advantages over 'old migrants' with regard to human capital and the ability to tap into global diasporic networks via new communications technology, their market position shows absolutely no improvement over that of their forerunners. So close is the correspondence that one could almost be tempted to think in terms of some kind of historical determinism, of pre-ordained roles for immigrant enterprise in advanced capitalism. Once more, the avoidance of such extremism is strongly urged, but equally immigrant businesses do display certain trans-historical qualities. In this particular case, unprecedented novelty in origins fails to produce any notable change in outcomes.

#### 4. *Entrepreneurial Transition*

In the light of copious international data showing the precarious marginality of small firms in general (Shane 2008; Southern 2011), it can sometimes be difficult to understand why entrepreneurship has been so insistently promoted as an ethnic minority panacea. In the USA and UK, this promotion has gone beyond the merely rhetorical to take the form of official state-sponsored business support. Heightening the feeling that self-employment is a rather dubious means of social mobility and economic

salvation is recent evidence that many UK South Asian firms can only survive by desperate, even illegal, cost-cutting measures (Jones et al. 1994, 2004, 2006). Indeed, it is hardly far-fetched to suggest that affordable dining out and many other taken-for-granted components of the contemporary urban experience depend for their existence on an overworked underpaid army of ethnic minority firms clinging on precariously at the very margins of legality. In a similar vein, taxi driving has been noted as a further key element in the night-time economy that is also a major immigrant entrepreneurial niche and is also fraught with risks and dangers (Kalra 2000). Indeed, when one additionally considers the exposure to racist abuse and violence in shops (Ishaq and Hussain 2007) and takeaway food bars (Parker 1994), whatever degree of personal independence is conferred by self-employment may entail bitter costs for racialised minority proprietors. Not merely dysfunctional from an earnings perspective, but self-employment might even be seen as life-threatening. A person could hardly be accused of over-reaction by drawing attention to the underlying racism which deems it proper to unload society's essential but undesirable, dangerous and under-compensated work on to the shoulders of its most disadvantaged sections. This would seem accurately to reflect Harvey's (2011, p. 1) fears about a 'collective lack of concern for and prejudice against those first in the firing line'.

Ultimately, the considerations above feed into debates about the social and economic contribution made by immigrants and ethnic minorities to their adopted country. Given the poisonous clouds of racism swirling around current European and American discourse on immigration, there can only be the warmest welcome for researchers like Legrain (2009) whose evidence handsomely validates his argument that advanced economies benefit positively from net immigration. As well as gaining from the essential tasks performed by low skill migrants, the receiving economy is also technologically enriched by the skills of the increasingly numerous highly educated migrants. Other UK studies have highlighted the regenerative effect of ethnic minority business on local economies (Jones et al. 2019), that ethnic enterprises act as a bridge into transnational activity (McEwan et al. 2005) and they are a supplier of basic needs to deprived urban areas. Yet, though it is vital to counter ill-informed anti-immigrant prejudice, it is arguable that one cannot avoid the feeling that certain double standards are in operation. While it can certainly be agreed that a country like the UK reaps copious material rewards from its multi-cultural diversity, this reasoning seems to ignore the needs of immigrants and ethnic minorities themselves. Should researchers not be asking what precisely do they gain? Or should researchers passively accede to the kind of one-way bargain, implicit in a discourse which constantly

questions whether and how immigrants are justifying their presence without raising an eyebrow about mainstream society dumping its dirty work upon them? This is precisely the reason for the use above of the term 'underlying racism', essentially an unintentional (even well meaning) categorisation of a group of people as fit only to perform second-class unwanted tasks, for which they are to be heartily congratulated, though not of course commensurately rewarded in material terms.

Recognising that much literature in the field exaggerates the benefits of enterprise for immigrant communities, while failing to acknowledge even its most egregious drawbacks, there is clearly a need for a new perspective. Drawing on the former experiences of such groups as Chinese and Japanese in the USA (Bonacich and Modell 1980), a recent proposal is that heavy reliance on self-employment by a newly arrived community should properly be regarded as a temporary abnormality, an enforced response to the group's exclusion from many of the labour market avenues open to the incumbent population (Jones et al. 2012b). Essentially it should be seen as the first stage in the group's accommodation strategy (Nee and Sanders 2001) en route to their eventual diffusion throughout the labour market (Ram and Jones 2006; Jones et al. 2012b). In addition to well-established American sources like Bonacich and Modell (1980), the evidence base for this theory has been strengthened by recent scrutiny of labour market data in the UK. Here interest has been piqued by an unheralded turnaround in the self-employment trend of groups like Indians and Chinese, communities where a substantial rise in the British-born element has been accompanied by palpable shifts in economic orientation (Jones et al. 2012b). To seasoned observers of the British ethnic minority business scene, a recorded *decline* in self-employment (Jones and Ram 2003) gives rise to genuine shock, especially considering the truly towering heights scaled by these entrepreneurial communities in the 1980s (Campbell and Daly 1992), plus the sense of inexorable destiny promoted by the many cheerleaders for Asian entrepreneurialism (Werbner 1980; Metcalf et al. 1996). Nevertheless, defiance of historical destiny or not, official statistics confirm that since the 1980s 'rates of self-employment have fallen for Indians and the Chinese' (Clark and Drinkwater 2007, p. 106). Tellingly, these authors go on to attribute the retreat from self-employment to increased opportunities in paid employment available, a reminder that irrespective of ethnic origin there is a *negative* correlation between educational attainment and self-employment. In effect, this is an echo of Nee and Sanders's (2001) observation that the acquisition of higher level qualifications by immigrant groups propels them into professional employment rather than business ownership. While these



two observations certainly establish a common trans-Atlantic tendency, the likelihood is for a ubiquitous pattern throughout advanced economies.

The evidence would suggest that an improvement in an ethnic group's credentialised personal resources increases its economic leverage and widens its choice of careers. In the case of UK Indians, a decline in self-employment has occurred as an immigrant generation whose educational qualifications were largely unrecognised (Virdee 2006) has gradually come to be replaced by British-born generations with locally acquired educational attainment that is superior to that of the native white population (Jones et al. 2012b). According to these authors, this has promoted the kind of rise in Indian professional and white-collar employment predicted by Nee and Sanders (2001). However, this is not the death knell for entrepreneurship, since a further beneficial effect of improved career choice has been a marked rise in the *quality* of business demonstrated by the ability of young highly educated Indians to abandon the low-level entrepreneurial ghetto of their parents and grandparents for new start-ups in high-level human capital-rich sectors (Jones et al. 2012b). The voluntary business entry by those with a range of career choices, as opposed to self-employment as compelled survival, is almost guaranteed to raise the quality of enterprise through its positive effect on motivation and attitude.

Consistent with the ever nuanced and often contradictory nature of this field, there are grounds for arguing that an ethnic community becomes less entrepreneurial as its opportunities widen and also that its entrepreneurs become less ethnically conscious as they become more mainstream. The historical experiences of German immigrant entrepreneurs in the USA seem to be consistent with such a trend. This aligns with a growing movement among ethnic relations scholars to question the rather lazy tendency to *essentialise* ethnicity, to accept it on its own terms as an innate and immutable human quality. Instead, according to such critics as Gunaratnam (2003), it should be viewed along with such properties as age, generation and gender as part of the multiple human identity which, after a moment's reflection, any person would recognise in themselves. Beyond this, there is a case for incorporating factors such as occupation and professional mind-set into this identity; on this point, research into business support networks has discovered that many owners resent being described as Asian or African or by any other ethnic prefix, expressing a preference for being described simply as 'entrepreneurs' and to be included in research networks based on sector, growth orientation or some other common business interest (Ram et al. 2006). This point will be discussed again in the final section on enterprise support.

Much as this rationale cries out for further development, although for the present it does not affect the thrust of the argument that a richly resourced ethnic minority group increases its potential to penetrate all sectors of the labour market, whether as owners or employees. In either of these roles, the community strives to escape from consignment to the limited low-level residual economic space customarily reserved for racialised outsiders (Miles 1989). Even so, it is vital to recognise with Virdee (2006) that this rise towards economic parity with the mainstream, this bid for economic 'normality' as one might term it, is not a smoothly assured process operating on its own terms. On the contrary, socio-economic advancement is bitterly resisted. In the field of enterprise itself, obstacles can be erected by bankers (Ram et al. 2003) and customers (Ishaq and Hussain 2007), while mobility in employment itself has been bedevilled by labour market discrimination from the initial post-war migration phase (Daniel 1968) onwards. As Garbaye (2003) highlighted, any subsequent improvement in the Indian employment position did not stem solely from enhanced human capital, but also required anti-racist struggle in the political arena. Extraneous factors have been at least as important as internal processes in effecting change, a point that suggests that any economic recession should be scrutinised for its impact on ethnic minority labour market trends.

Overall, the temptation to present a transition model as in any way predetermined is resisted, or any form of route map pointing to some kind of manifest destiny for immigrant-origin minorities. This feeling of conditionality is heightened by the most recent addition to the analytical mix, the 'new migrant' entrepreneurs alluded to in the previous section. As stressed, the commercial performance of these business owners shows striking similarities to that of the 'old migrants', but their personal circumstances are so dissimilar as to render problematic the assumption that their long-term historical narrative will follow closely that of Indians. However, while Eastern European migrants were initially characterised as transient—such is the volume of two-way travel between Britain and the homeland that Legrain (2009) characterises Polish economic migrants as virtual cross-border commuters— but this view is challenged by recent researchers who have argued that permanent settlement and family reunion are now becoming far more common. Perhaps the transition model is more serviceable than previously thought, although its long-term applicability is ultimately at the mercy of extraneous political factors like Brexit (Hudson 2017). Many of these considerations apply also to African and Asian 'new migrants' entering as asylum-seekers and turning to self-employment on acquiring refugee status. However, the key distinction is that, unlike the voluntary entry to the UK of the post-Soviet

economic migrants, this group's arrival took place in flight from persecution, leaving them traumatised and often penniless. In such circumstances, their achievement in setting-up any kind of business firm is close to miraculous in itself. Yet although for many their activities are marginal and fragile in the extreme, Collins et al. (2016) noted what they called the 'paradox of refugee entrepreneurship', where in many advanced countries refugees have faced down mountainous disadvantages to achieve self-employment rates far in excess of the general population. Part of the explanation is that refugee populations tend to contain high proportions of entrepreneurially experienced individuals hailing from family businesses in the homeland (Lyon et al. 2007).

While one could certainly point to the ethnic entrepreneurial transition as a strong tendency propelled to a great extent by its own logic, attention should also be drawn to its conditionality whereby alternative contingencies can produce alternative outcomes. For obvious reasons this applies to the recent and under-researched groups discussed above. Moreover, it also has resonance for longer established entrepreneurial groups and there are already signs in the UK of wide gaps opening between them. For example, Pakistanis (unlike Indians) continue to exhibit very high rates of self-employment and while Jones et al. (2012b) have wondered whether this might indicate a time-lag effect, McEvoy (2013) suggested that some significant cultural or behavioural differences may be in play. By the same token, one should ask questions about groups like African-Caribbeans in the UK whose engagement with entrepreneurial self-employment has never been more than minimal (Ram and Jones 2008).

## Policy and Ethnic Minority Enterprise

The evolution of academic debates in this field has done much to reinforce the importance of context when examining ethnic minority businesses. This has served to problematise prevailing tendencies to view entrepreneurship as an unfettered route to social mobility for ethnic minority and immigrant groups. Advances in the conceptualisation of ethnic minority entrepreneurship have recognised the diverse economic and social relationships in which firms are embedded. Yet the weakening of ethnicity as an explanatory factor implied by such an approach seems increasingly at variance with Europe-wide interest among policymakers in the role that ethnic minority entrepreneurship can play in addressing myriad societal problems, such as unemployment, social exclusion and urban regeneration. European, national and municipal

governments, business associations, as well as many third sector institutions, have alighted upon the phenomenon of ethnic minority entrepreneurship (Eurofound 2011). A study of business support for minority groups in 32 European countries (Van Niekerk et al. 2008) revealed considerable activity and wide national and local variations.

The approach in the USA to supporting minority businesses has to be seen in the context of a public policy tradition rooted in the principles of affirmative action. This contrasts sharply with the position in Europe, where legally sanctioned policies to favour a particular minority group are unlawful. From the 1960s onwards, there has been a procession of legally backed measures to boost minority enterprises, notably in the area of public procurement. Preferential policies by state and local governments to provide finance for minority firms and to open up private and public sector supply chains have been commonplace in the USA. Affirmative action programmes were seen as vehicles for remedying past and present inequities, and important contributors to income and employment opportunities in distressed urban areas (Boston 1999). However, micro-enterprise programmes (Servon 1997), financial aid (Bates 2011) and supply chain initiatives (Bates 2001) predicated on affirmative action principles have met with mixed success and do not constitute a panacea for the development of minority entrepreneurship.

The UK has been more active than many other countries in terms of encouraging ethnic entrepreneurship, with support for minority businesses effectively 'routinised' by successive government (up until the advent of the austerity-driven Coalition government in 2010) and sustained by years of central and local state funding (Keith 1995). The boosterist discourse that usually accompanies policy interest in ethnic minority enterprise is often subsumed in the commonplace rhetoric of encouraging 'enterprise for all'. Such bullish invocations, often devoid of credible evidence, were a feature of British governments of all political hues. The Labour administration of 1997–2010 was particularly active in its championing of enterprise in 'disadvantaged groups', of which ethnic minorities were clearly a significant element. However, the implicit consensus on supporting ethnic minority enterprise came to a juddering halt in 2010 with the arrival of the coalition government, which effectively dismantled publicly funded business support for small firms as part of its programme of austerity. Nonetheless, the drive to promote ethnic minority enterprise as an economic panacea continues unabated. A Europe-wide study of 28 cites (Eurofound 2011) revealed a complex patchwork of programmes, policies and initiatives to support ethnic entrepreneurship.

Closer scrutiny of this policy discourse reveals question marks over the substance and individualist focus of such programmes. In respect of substance, the Eurofound (2011, p. 32) study determined that despite the apparent profusion of initiatives, 'ethnic entrepreneurship has *not* played a major role in the overall strategy supporting the integration of immigrants' (original emphasis). There were a number of reasons for this absence from wider economic agendas. First, immigrants had yet to establish a foothold in self-employment (although this could be attributed to a lack of relevant support). Secondly, some believed that minorities did not necessarily face disadvantages that could be attributed to their ethnic background. Thirdly, social measures (e.g. language acquisition and personal security) were seen as more relevant to the needs of immigrants. Fourthly, some jurisdictions favoured 'colour blind' approaches rather than group-specific measures. Finally, the prevalence of a strict 'neo-liberal' logic militated against undue public sector involvement. It should also be noted that the existence of ethnic business-specific associations in a number of cities was also fraught with problems. They were often poorly resourced, marginalised from 'mainstream' business support systems and preoccupied with social objectives rather than economic priorities. The Eurofound (2011) study also drew attention to the 'agency-centric' nature of initiatives to support ethnic minority entrepreneurs. Most measures were designed to enhance the human capital of actual and aspiring business owners; they focused on information provision, education services, training and counselling. Few attempts were made to address the structural conditions of entrepreneurship. Assessments of business support provision for minority entrepreneurs in the UK (Ram and Jones 2008) confirmed this general picture, although there have been isolated attempts to enhance the market opportunities of such businesses by fostering relationships with large companies. However, academic evidence casts considerable doubt upon the efficacy of such initiatives. The anatomy of ethnic minority enterprise is such that the profound structural constraints that it operates under means that minority entrepreneurs are ill-equipped to occupy the role of 'racialised saviours of the inner city' (Keith 1995, p. 359). Despite the rhetoric of enterprise that often accompanies such policy discourses of regeneration and entrepreneurship, actual initiatives might fulfil certain social objectives, rather than the grand claims relating to job generation and business competitiveness. Hence, the prescription of self-employment as a means of addressing disadvantage among ethnic minority communities has to be seriously questioned. It is undoubtedly the case that entrepreneurship has constituted a very important ladder of opportunity for some ethnic minority groups. However, the driver for much of this self-employment is the intensive

utilisation (or exploitation) of group-specific social capital rather than support from public sector interventions. Furthermore, although some ethnic groups have much higher than average levels of self-employment, this should not be seen as an unqualified indicator of 'upward mobility'.

Despite these challenges, there have been a number of positive developments which Ram et al. (2012) noted in their review of business support in the UK. For example, an explicit intention to *engage* ethnic minorities, usually as part of a broader strategy to boost enterprise among under-represented groups, is still a feature of enterprise policy despite the climate of austerity. The *heterogeneity* of the ethnic minorities in business is increasingly recognised by policymakers, particularly in respect of access to finance (Fraser 2009) and business support (Deakins et al. 2003; Ram and Smallbone 2003). This has been accentuated by the phenomenon of super-diversity (Vertovec 2007), which refers to the comparatively recent arrival of a new wave of migrants that are distinguished by a range of economic, legal and social features. Interventions to support enterprise in such communities are beginning to emerge (Blackburn and Ram 2006), although there remains considerable scope for further activity (Ram and Jones 2008; Sepulveda et al. 2011). A concern to *mainstream* business support for ethnic minorities has run alongside specialist interventions for particular communities. Finally, ethnic minority businesses have been encouraged to move into high value-added markets by participating in *supplier diversity* initiatives to access contracts from large organisations in the public and private sector. Such interventions have their antecedents in the USA, where procurement practices in the public and private sector have long been seen as important mechanisms of ethnic minority business development (Boston 1999; Bates 2001).

## Conclusion

Although the transition model sharply questions some of the basic assumptions of the ethnic minority business discourse, it is not intended as a demolition of previous theories. Rather it seeks to offer a framework in which these can operate with a more balanced and nuanced sense of perspective than has often been the case hitherto. In itself the recognition of immigrant entrepreneurial self-employment as a transitional passage rather than a destination in its own right does not sound the death knell of concepts like ethnic social capital. Instead it calls attention to the true nature of social capital, its limits, its virtues and its need to be located in a proper context. As an informal resource enabling the entrepreneurial survival of a socially excluded group of racialised newcomers, its value is incalculable and does indeed deserve celebration as a means of positive community empowerment in the negative face of racist disadvantage. At the extreme, it can support self-employment for those bereft of resources (Kloosterman 2010). However, one must resist the triumphalist expectation that it has the potential to lift immigrants ‘from rags to riches’ (Werbner 1980). Unhappily, almost any attempt to move beyond its very restricted sphere of influence into well rewarded mainstream sectors is doomed, unless other more formally accredited forms of capital can be mobilised (Nee and Sanders 2001). In the light of all this, the transition model could be viewed, not as a means of superseding its predecessors, but rather as the ultimate antidote to what Gray (2013, p. 26) calls ‘the incurable human habit of mistaking fancy for reality’.

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# Entrepreneurship and Coming Out: Exploring the Experiences of Gay and Lesbian Entrepreneurs

Etain Kidney

## Introduction

Entrepreneurship has long been cited as an alternative path for minority groups, albeit more commonly discussed in relation to highly visible minorities. The gay community is no exception with entrepreneurship celebrated by authors since the 1990s when Lukenbill (1995) claimed that 10% of gay people in the USA were engaged in entrepreneurship. This higher propensity for entrepreneurship has since been dispelled, thanks primarily to Marlow et al. (2018), but the field remains primed to further explore how gay people navigate the experience of being an entrepreneur as very little is still known about this topic. The literature to date has noted that entrepreneurship is a non-traditional pathway and hence attractive to gay people who may value autonomy and independence more than their heterosexual counterparts. Some work has explored the propensity for gay people to be more creative, asking questions about the industries that gay people enter and their sensitivity to opportunities. Membership of a minority community often affords an entrepreneur access to unique networks of customers, investors and employees and although the cultural capital perspective has been widely

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applied to other minority groups, it remains relatively under-explored in relation to the gay entrepreneur. Various authors have explored the ways in which gay entrepreneurs might experience discrimination, but there are many gaps in the current understanding of what it means to be a gay entrepreneur. Furthermore, there is little comprehension regarding how being gay might influence a person's entrepreneurial experience and even whether it is appropriate to continue to view the gay entrepreneur through the lens of minority entrepreneurship. This chapter will explore the literature on what it means to be a gay entrepreneur and how coming out might influence their experience of entrepreneurship. As a gay entrepreneur can choose whether or not they wish to be identified as such, the chapter will examine the various approaches to coming out in business and how this may or may not influence one's business. The purpose of this chapter is to build a better understanding of the experiences of gay entrepreneurs when or if they choose to come out.

## Gay Entrepreneurship

Gay entrepreneurship is an under-researched area in minority entrepreneurship literature. Authors have noted that this lack of visibility is likely linked to an assumption that the experience of gay and straight entrepreneurs may not differ much (Galloway 2008; Willsdon 2005). While early commentary examined the differences between gay and straight entrepreneurs (Lukenbill 1995; Levin 1998; Varnell 2001), more recent academic work has begun to unpick what the value of a gay entrepreneurship lens may be and discussed the visibility of the gay entrepreneur in relation to their identity—coming out and what this means for the business (Schindehutte et al. 2005; Willsdon 2006; Galloway 2008; Redien-Collot 2012). The most recent work in the study of gay entrepreneurship has addressed the issue of gender and heteronormativity, addressing the male and heterosexual norm at the centre of traditional entrepreneurship discourse (Marlow et al. 2018; Rumens and Ozturk 2019). Ragins (2004) suggested that heterosexism in the workplace could push gay people towards self-employment as an alternative to a career path where one might expect to experience discrimination. Discrimination towards gay people in the workplace has been widely discussed in the literature, sometimes termed the 'lavender ceiling', as the existence of heterosexism in work may create a negative experience for gay people (Herek 1996; Croteau and Bieschke 1996; Ragins and Cornwall 2001; Sears and Mallory 2011). However, Schindehutte et al. (2005) challenged this understanding as their study explored the motivations of gay people for starting

a business, finding that push motivations were not the primary driver for this group as freedom and financial independence ranked higher on the list. In a later study, Willson (2006) set out to establish whether homosexual entrepreneurs held the same entrepreneurial traits and motivations as their heterosexual counterparts and concluded that while the catalysts of entrepreneurship were similar (e.g. unemployment), the motivations (e.g. autonomy) to be an entrepreneur can differ.

Wood et al. (2012) suggested that gay entrepreneurs were likely to have experience with discrimination and noted that there could be negative consequences if an entrepreneur were to reveal their sexuality in a professional context. Similarly, Galloway (2008) noted potential disadvantages of being an openly gay entrepreneur such as less opportunities for networking, limited access to suppliers and being subjected to homophobic discrimination and harassment. Rumens and Ozturk (2019) noted that the literature to date has shown how heteronormativity can be manifested in homophobic business stakeholders, societal prejudice towards gay people, plus discrimination from customers and clients of a business, all of which has resulted in some entrepreneurs concealing their sexual identity from customers and suppliers. Several authors have focused on the question of coming out as a gay entrepreneur, with some meaningful discussion connected to the relationship between the business and the identity of the gay entrepreneur (Levin 1998; Schindehutte et al. 2005; Redien-Collot 2012). The limited research on the subject finds that entrepreneurs express their sexual orientation as a part of their identity in varying degrees. What is clear from the literature is that coming out is not a one-time event, but rather it is a series of ongoing decisions made by an individual which may or may not be consistent. Common language used to discuss this is to 'reveal', 'conceal' or 'pass' (as heterosexual) depending on the situation or preference (Clair et al. 2005). In studies related specifically to the gay entrepreneur, Schindehutte et al. (2005) noted that there are those who 'identify' with and those who are 'independent' from their sexuality as an entrepreneur. Further work examined the political identity of gay entrepreneurs and how they reconcile, transcend or resist their gay identity (Redien-Collot 2012). So when, where and how do gay people come out in their entrepreneurial journeys? What makes a gay person hide their sexuality or link it to their business? Is being gay irrelevant to entrepreneurship? This chapter will explore these questions, examining the relevant literature to date and illustrating the issue with the experiences of real gay entrepreneurs.



## Coming Out

To display or not to display; to tell or not to tell; to let on or to not let on; to lie or not to lie; and in each case to whom, how, when and where. (Goffman 1974, p. 42)

The phrase ‘coming out’ is used to describe when a person reveals their sexual orientation to other people. Research has indicated that those who positively accept their sexual orientation tend to be psychologically healthier and less exposed to psychological stress (Meyer 2003). However, it is not always the case that a gay person will want to be identified as such. Gay people often do not express their sexual identity in their behaviours, which is discovered by most before or during early adolescence and generally precedes any sexual experience. This means that many people do not reveal their sexual orientation for several years. Some gay people find it less intimidating to ‘*go through the motions of heterosexual behaviour*’ (Rahman and Wilson 2003, p. 15) than to deal with the perceived consequences of being openly gay. There are various approaches that can be taken in viewing how, when and to whom a gay person comes out. Mohr and Fassinger (2000) developed an ‘Outness Inventory’ which was designed to assess the degree to which a lesbian, gay or bisexual person is out to the people around them (family, society and religion). Brenner et al. (2010) identified the levels of outness which are relevant to the workplace as: supervisors, subordinates, co-workers and clients. Brenner et al. discussed the complexity experienced by gay people when reflecting on the cost–benefit associated with coming out in the workplace. Levin (1998) too suggested that a gay entrepreneur will need to consider his or her outness in relation to customers, employees, suppliers, competitors and local communities, making ever wider the field of consideration for an entrepreneur when considering coming out.

‘Stigma Management’ is a term used to explain the disclosure of an invisible stigma (e.g. gay, religion, pregnancy, disease, ex-prisoner, etc.), such as identifying oneself with a ‘devalued group’ in society (Crocker et al. 1998). Social stigma management strategies are ‘passing’ in the case of a gay individual as this would be passing as straight and ‘revealing’ in the case of the gay individual coming out. Herek (1996) described three aspects of passing that an individual may encounter: fabrication, concealment and discretion. Fabrication is the creation of a false identity or false information such as pretending to have a heterosexual partner in order to avoid stigma (Woods 1994). Concealment occurs when preventative measures are taken to ensure

that sexuality is not revealed. Woods termed this strategy 'avoidance'. Discretion is simply eluding questions which could reveal stigma. Chrobot-Mason et al. (2001) noted that this included speaking in an ambiguous language and not engaging in conversations which are deemed risky. Clair et al. (2005) highlighted that people in the workplace rely on varied strategies for coming out: signalling, normalising and differentiating. Signalling is an indirect way of coming out through dropping hints without the need to be explicit. Woods (1994) stated that this strategy is used to prompt the discovery of one's sexuality by others. Normalising is the assimilation with the norm in tandem with revealing one's sexuality so as to suggest it has little bearing on how 'normal' a person exists. Differentiating is the emphasis on how stigmatised characteristics differ from the norm; this strategy is used to test the perceptions of those around the individual. Described by Taylor and Raeburn (1995) as 'deploying one's identity' this concept is similar to the 'identifiers' suggested by Schindehutte et al. (2005) and is situated in the public sphere. Passing, concealing and revealing may have both positive and negative consequences for an individual (Croteau et al. 2008; Chaudoir and Fisher 2010). Psychological strain may result from passing or concealing, and a feeling that one is not being true to oneself. Ragins et al. (2007) stated that serious negative consequences can occur as a result of passing or concealing, especially in the workplace where lower job satisfaction, less commitment to the organisation and high job turnover can result. In addition, the social benefits of sharing personal information in the workplace can be limited and may lead to isolation and a lack of opportunities for advancement (Herek 1996; Day and Schoenrade 1997). On the other hand, revealing can reduce the psychological strain associated with passing, yet can create the outcome of a stigmatised identity. Fundamentally, it can be argued that one is more open to heterosexism (Clair et al. 2005) and resulting prejudice.

The literature suggests that the expectation of heterosexism is the main reason for not identifying a business owner's sexual orientation with the business. Levin (1998) discussed both the advantages and disadvantages involved when identifying a business with its owner's sexuality. Business from within the gay community may increase as gay consumers may feel more appreciated and accepted. She suggested that the business may run the risk of enduring religious boycotts, stigma and could even suffer hate crimes in a hostile environment. It was suggested that the industry of the business be evaluated (with discretion advised in more traditional areas such as manufacturing), the length of custom and level of intimacy with customers, sophistication of the market and understanding of diversity, and physical location of the business person (proximity to potentially anti-gay establishments/institutions). Levin

also suggested that the degree to which a gay entrepreneur will come out in business will be closely linked with the particular personal situation. The context for studying the gay entrepreneur has shifted in the last 20 years. Where there was once a complete dearth of study there is now compelling discussion and opportunity for research. This minority community has experienced lessening institutionalised heterosexism in many parts of the world with the decriminalisation of homosexuality and in some countries the legalisation of gay marriage. While this context continues to change, there is still significant heterosexism and homophobia at large. Even in those countries most advanced in the protection of gay people, there are still many challenges and stigmas which might influence the decision of a gay person to come out or not as they navigate entrepreneurship. While the institutional context changes, there remains uncertainty for people of minority identity and this may cause continued flux regarding how an individual considers coming out or not.

## The Experiences of Gay Entrepreneurs

The remainder of this chapter explores the experiences of gay and lesbian entrepreneurs who participated in a study on gay entrepreneurship undertaken by the author. They have shared their views on coming out and how they interact with the world around them in business. The participants spoke about their approaches to stigma management (Clair et al. 2005) as they make decisions about to whom, how and when they come out. The existing literature provides tools through which the 'outness' of participants can be viewed. The section further uses the structure of Redien-Collot (2012) to examine the categories of 'reconcile, resist and transcend' which describe whether a person is likely to identify as a gay entrepreneur, avoid being identifiable as gay or if they feel it is irrelevant to their entrepreneurial identity. The entrepreneurs stated that within their private sphere, friends were not a concerned group in relation to coming out. Most of the entrepreneurs described how supportive their family and friends had been throughout the process of coming out for the first time. However, there were participants who had very negative responses from their family, some of whom were not aware they were gay or were estranged from their relatives as a result. Many of the entrepreneurs linked religion and homophobia, describing religious families or communities who would not accept them as gay. Others described being bullied as children for being perceived as effeminate or butch by their peers. The 'otherness' of being gay was a clear theme in discussion with the

entrepreneurs, being in the minority and not adhering to the heteronormative narrative of all those around them (Table 1).

The language used by the entrepreneurs themselves was moderately negative about coming out, although in some cases it was quite negative about other gay people and often valued the optic of the heteronormative experience over the ‘otherness’ of being viewed as a gay entrepreneur. The tension between the two states of identity in entrepreneurship was not apparent with those individuals who were completely out to all personal and professional connections in their life. The entrepreneurs spoke about coming out and what it would mean for their business. A common thread in this discussion was the default assumption that it would be damaging for others to know that the owner of a business is gay. The words ‘barrier’, ‘damaging’, ‘hassle’, ‘sensitive’ and ‘risk’ were used to describe the impact of coming out to the customers, clients and other stakeholders of a business. Taken together, this suggests that some of the entrepreneurs feared the repercussions for the business if their sexuality was publicly known. This was not always the case as the participants in this study displayed the full range of identities as laid out by Redien-Collot (2012). For the purposes of this discussion, the entrepreneurs who could be classified as reconcilers appeared to leverage being gay to their advantage as an entrepreneur, most commonly targeting other gay people for marketing purposes. The significant factor for reconcilers was that they viewed being

**Table 1** Perspectives: coming out in business

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The fact is that it is a given that you are straight. Would I be more likely to get a raise if I were gay or get an opportunity in the work place if I were gay? No.
None of this stuff is going to happen because you're gay. I mean, is anything better going to happen because you are gay? But a lot of negative things could happen. So there is an imbalance in terms of risk
I'm very open about it—you have to be sensitive to people, you don't want to ram things down people's throats. I try to get the balance right
In my experience everybody has been pretty much supportive; maybe it's because I'm not very camp and I'm not a screaming queen. That's why I wouldn't get a lot of hassle. I would say that maybe people who provoke it would get a lot more hassle
Especially being gay and going to a small village. Like I grew up there and I know what it's like and it's not easy
So I'm not going to go into a meeting and say I'm gay and I don't want people to think differently or talk differently. So I don't want to create a barrier, a potential barrier to business that might be there if I turn around and say what I did
The thing is, once you are out what are they going to do? Once you're out there is no power over you. You just get on with it. [...] I suppose the obvious challenge is to be out without damaging your business

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**Table 2** Perspectives: reconciling gay entrepreneurship

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I think being gay will help me [in entrepreneurship] in some cases
[Using the gay audience] it has been good for us... Speaking the same language and knowing the right people
I kind of want to tap into the gay market with the weddings, the ceremonies
Certainly if there was any opportunity to target the gay audience, I would
I know myself if I'm a gay customer, if you have got something good, then you are loyal to it. They don't call it the pink pound for nothing
I'm dying to get into [gay marriage] I'll be looking at that area and it will be interesting to see will I be able to put something together

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gay as an opportunity to access networks and ideas that other entrepreneurs could not (Table 2).

A trend in previous studies is that a gay-owned business is often patronised by other gay people, where the organisation provides niche products/service to the gay market and is more likely to market towards gay people (Levin 1998; Schindehutte et al. 2005; Redien-Collot 2012; Wood et al. 2012). Arguably, a gay-owned business is well positioned to target a gay audience as a gay entrepreneur will be well informed and knowledgeable about the gay community. The entrepreneurs in this study who felt there was untapped potential in the gay market were excited by the opportunity to reconcile their gay identity and spoke about the ways in which they connect with other gay people. This included a range of opportunities such as advertising in the gay press, networking to use their knowledge of the gay community and providing niche products and services. Most of the entrepreneurs in this study, whether they were reconcilers or otherwise, employed other gay people as they believed that their network in the gay community was a good source for talented employees. While many of the participants felt there were advantages to being a gay entrepreneur who had come out, there were also those who resisted the association with their sexuality and either chose to pass or conceal their sexuality. Those who 'resisted' being out had experiences with heterosexism and held the view that something negative would happen if their sexuality was linked with the business. Some feared that their business would be seen as less professional (or in some cases morally questionable) if identified with their sexuality. These entrepreneurs had experienced discrimination and homophobia in their personal lives as a result of being out, suggesting that they expected this experience to be replicated in their professional life (Table 3).

Those who 'transcend' their sexuality as an entrepreneur were less frequent in the discussion. These individuals were for the most part casual and passive in relation to their sexuality, they felt it was irrelevant to their professional life

**Table 3** Perspectives: resisting gay entrepreneurship

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Being out as an entrepreneur, it's not something I would really think I would like to, a route I would like to go down. Like, nah. I wouldn't really be into it

Looking after vulnerable children in care, there would be an assumption that there would be something sexually wrong about the company and that we wouldn't be safe to look after children

I don't intend on telling my clients in that I can't see it coming up in conversation I wouldn't go after it [being an out entrepreneur] because I don't think there is any money in it

But in a work environment people haven't got a clue that I'm gay, I come across as a very professional person

It's nobody's business but my own

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**Table 4** Perspectives: transcending gay entrepreneurship

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I'm out in both [professional and personal life], but I don't think it matters I'd rather not sort of do that—discriminate between being a gay and straight business

It's something I honestly never think about. I guess in work everybody is kind of different anyway

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and the business that they were running. However, in most of these cases the industry of the business was considered open and typically celebrated diversity. On the other hand, one of the participants had previously experienced homophobia in the workplace and for that reason felt that person's sexuality should be transcended in the workplace (Table 4).

Schindehutte et al. (2005) proposed that there was a dichotomy between those who were independent and those who identify with their sexuality. The entrepreneurs who 'transcend' would align with the independents in the 2005 study. Taken together, the discussion with the entrepreneurs suggests that to be independent of or to transcend one's sexual identity is dependent on the unique experience of the entrepreneur. It is arguable that it is more likely that an individual might transcend their sexual identity if they are more likely to 'pass' for heteronormative and not experience any negative consequences through heterosexism.

What was apparent from the experiences of these entrepreneurs was that Redien-Collot's (2012) lens was useful for understanding the identity of the gay entrepreneurs, but each category was not mutually exclusive. The participants were strategic about how they revealed, concealed or passed with their sexual identity in varied scenarios. The most rudimentary analysis of this study suggests that entrepreneurs will reveal where advantageous and pass when they predict a negative experience may ensue. This illustrates the consequences of real or perceived discrimination in the experience of participants

during the entrepreneurial process. The entrepreneurs showed that there are in fact many levels of outness for an entrepreneur who is gay. It was common that the participants would control who did and did not know that they were gay. This varied, based on the risk of a negative experience, between various stakeholders in the business including employees, local communities, clients/customers and suppliers. Stigma management was related to risk management as the individuals were constantly assessing the cost–benefit ratio associated with revealing their sexuality and the potential impact this could have on their business. Gay and lesbian people share many experiences and traits with other minority communities, they are in a sense different but the same from other minorities, such as those addressed in this book. In fact, a trope often used in the title of literature about gay people is ‘the same but different’. Often an invisible minority, this creates a tension between the projected expectation of a heteronormative or heterosexual experience on the entrepreneur, placing them in a situation where they must pass, reveal or conceal. The political viewpoints on this (as used to view the experiences of the participants) were useful, but emphasised that in fact it is in different situations rather than ideology that a gay entrepreneur must decide to resist, reconcile or transcend their sexual identity.

## Conclusions

Coming out in business is different for every gay person. The experiences explored in this chapter revealed that there are nuances within the notion of coming out and that this is not a one time or even a necessary event for the entrepreneur. The discussion with entrepreneurs revealed that discrimination is not always external and can often come from the self and even other gay people. It was further found that coming out in business can bring with it the benefits of cultural capital through engagement with the community. It was clear from this work that coming out is a decision that is made constantly throughout the entrepreneurial experience. Apart from those for whom their identity is a central part of their business, the participants in this study would make their decisions on whether or not to come out as the moment required, assessing how appropriate, safe or otherwise it was to do so.

In the landscape of minority entrepreneurship literature, gay people represent an area of modest advancement. Yet, there remain many gaps in the study of gay entrepreneurship. There are important areas for study such as intersectional perspectives or indeed in-depth study of areas other than gay male entrepreneurship. Little quantitative work exists in the field, but this

is to be expected as the area develops. However, there are extensive, rapidly growing, gay business networks which could be useful for researchers in this area. The shift in narrative from heteronormative male is an area ripe for further development. The gay entrepreneur can mean many different things and there needs to be a study of all the dimensions and intersections of queer identity to further enrich our understanding. In conclusion, this chapter joins other researchers in calling for better understanding of how heteronormativity influences the experience of gay entrepreneurs (McAdam 2013; Marlow 2014; Marlow et al. 2018; Rumens and Ozturk 2019).

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# A Disabling Welfare State? How Policy Binaries Affect Disabled Entrepreneurs

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## Introduction

This chapter explores the relationship between the UK welfare state and disabled entrepreneurs, defined as self-employed people or business owners with long-term impairments or health conditions.<sup>1</sup> The welfare state can be viewed as a form of government that provides social security or protection to vulnerable groups (Esping-Andersen 1996), or a form of social investment (Morel et al. 2011). As embodied human beings, we are all vulnerable (Fineman 2017), to a degree, and dependent on social relations and institutions. Social security plays a crucial role in the working lives of disabled people by creating more inclusive labour market policies (Etherington and Ingold 2012) and by helping to alleviate the extra costs associated with disability (Mitra et al. 2017).

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<sup>1</sup> We use the term ‘entrepreneur’ to refer to both people currently in self-employment/business ownership and those starting up.

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We examine how a welfare state affects disabled entrepreneurs within the context of the UK welfare reforms, including changes to out-of-work and disability-related benefits (Kennedy et al. 2016). There has been a growing retrenchment of the UK welfare state, particularly since 2010 with cuts in disability benefits (Cross 2013) and the increased conditionality of receiving out-of-work benefits (Heap 2015; Patrick and Fenney 2015). Yet, we know little about the effects of the welfare state, and welfare reforms, on disabled entrepreneurs' capacity to enter and remain in self-employment. The literature suggests contradictory influences. High levels of benefits can disincentivise entrepreneurial behaviour (Henrekson 2002). The 'benefits trap', or the fear of losing the security of regular benefit income in a transition from unemployment into self-employment, can discourage aspiring entrepreneurs (Kitching 2014; OECD/EU 2014). Conversely, social security can create a safety net that alleviates the risk of business failure and might therefore encourage start-up (van Hessels et al. 2007). Whether the policy mechanisms seeking to reduce such risks promote or discourage entrepreneurship is inconclusive (Robson 2007).

Our specific aim is to examine how a welfare state designed in binary terms affects disabled entrepreneurs. The chapter draws on semi-structured interview data from a larger study of UK-based disabled entrepreneurs (Kašperová 2018). We make two contributions to the literature on the relationship between welfare state and entrepreneurial behaviour, one conceptual and one empirical. Conceptually, we frame successive governments' efforts to reduce the role of the welfare state in terms of problematic binaries that shape policy choices which influence entrepreneurial motivations and behaviour. The UK policy framework assumes that working-age disabled people are *either* 'capable' of work and thus expected to become financially 'independent', *or* 'incapable' of working and 'dependent' on welfare. Those caught in between the two poles of this binary are left to choose between full-time work (capacity and independence) *or* welfare dependence with a restriction on hours worked and, in consequence, earnings. Empirically, we illustrate how the rigidity of this binary, combined with increased conditionality and cuts in financial support, are particularly problematic for aspiring entrepreneurs with fluctuating or episodic health conditions. Building on previous studies, we find that the 'benefits trap' continues to disincentivise disabled people from entering self-employment. Yet, we challenge the framing of this issue as an individual fear of losing benefit income alone. We argue that the UK welfare system, designed in binary terms, puts pressure on some disabled people to make an often-unpalatable choice between full-time work or welfare.

We begin by describing the historical policy context within which UK-based disabled people have entered self-employment. The literature on the relationship between welfare support and entrepreneurial behaviour is then reviewed and a theoretical framework developed to explain how policy binaries within the welfare system affect disabled entrepreneurs. This is followed by an outline of the research methodology, findings and conclusion.

## Disability and Self-Employment Under a Workfare Regime

Promoting self-employment as a route into paid work for disabled people has been a long-term policy objective of successive UK governments (Boylan and Burchardt 2002; Fisher and Cruse 2004; DWP 2019). Working-age disabled people are more likely than non-disabled people to become self-employed (Boylan and Burchardt 2002; Pagán 2009; Jones and Latreille 2011; Meager and Higgins 2011), partly because of the flexibility and control self-employment offers over working environment, work tasks and hours worked (Boylan and Burchardt 2002; Fisher and Cruse 2004; EMDA 2009; Meager and Higgins 2011; OECD/EU 2014).

Disability and long-term illness have historically been associated with poverty and social exclusion, largely due to considerably lower employment rates and incomes among disabled people (Bambra and Smith 2010). Successive UK governments have addressed these issues in what Bambra and Smith describe as three distinct phases—passive welfarism, active welfarism and workfare. They argue that welfare provision has transformed over the years from ‘welfare’ characterised by unconditional entitlement to support, to ‘workfare’ conditional upon fulfilling certain obligations, such as taking an active part in work experience or training programmes.

Since the late 1990s, several ‘welfare-to-work’ policy programmes (Heenan 2002; Danieli and Wheeler 2006; Heap 2015; Whitworth and Carter 2014; Patrick 2012) have been implemented in the UK to address social exclusion and to promote participation of disabled people in the labour market, while reducing welfare dependency (Hyde 2000). Out-of-work and disability-related cash benefits, such as Employment and Support Allowance (ESA)<sup>2</sup> and Personal Independence Payment (PIP),<sup>3</sup> run alongside welfare-to-work

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<sup>2</sup> Employment and Support Allowance (ESA), introduced in 2007, was intended to replace Incapacity Benefit (IB) by 2014. ESA is gradually being replaced by Universal Credit (UC), introduced in 2013.

<sup>3</sup> The Personal Independence Payment (PIP) was introduced in 2013, replacing the Disability Living Allowance (DLA).

schemes. The ‘permitted work’ rules for ESA recipients have been especially important for disabled self-employed (and employees), specifying the level of earnings and hours of work one can undertake while still claiming in-work benefit. These rules enable disabled people to try out self-employment before leaving the security of regular benefit income. Furthermore, disabled people not claiming ESA have been eligible for additional support in self-employment through the Access to Work (AtW) scheme. AtW provides financial assistance with the cost of getting to and from work, adapting premises, using assistive technologies and helping with communication support.

What started as a genuine effort to improve employment support for disabled people has faded in the aftermath of the global financial crisis with major changes in labour market policy priorities (Heap 2015). The UK coalition government (2010–2015) instigated a policy programme intended to improve the public finances following the global financial crisis (HM Government 2010a). This involved a number of reforms to out-of-work and disability-related benefits (Table 1); for example, imposing benefit cuts or increasing use of conditions attached to benefit receipt with the aim of reducing welfare dependency and encouraging more people into paid work (HM Government 2010b; DWP 2015). Some have argued that increased welfare conditionality should have been justified on the basis of providing more and better support for disabled people required to seek work, although the reality is far from it (Heap 2015).

Putting the reforms into a historical context, there has been a steady rise in welfare spending over the previous 30 years in cash and real terms (OBR 2014). The numbers claiming disability-related benefits have increased; for example, Incapacity Benefit (IB) claimants more than trebled between the late 1970s and the mid-1990s (DWP 2006). Long-term changes in welfare spending were projected to occur mainly in relation to incapacity and disability benefits (OBR 2015). Savings of around 20 per cent on Disability Living Allowance (DLA) expenditure were predicted to see some DLA recipients lose financial support, while the bar for new claimants is set higher (House of Commons Work and Pensions Committee 2012). There was a decrease in AtW real terms expenditure between 2009/10 and 2017/18 (DWP 2018) and funding for employment services is expected to reduce by 75 per cent between 2017 and 2021 (Butler 2017). Reforms were found to have had major consequences for the personal well-being and income of disabled people (EHRC 2018; Saffer et al. 2018), while they had little influence on levels of worklessness (Beatty and Fothergill 2018) and disabled peoples’ transition into paid work (Dwyer et al. 2018). Despite efforts to

Table 1 Overview of disability-related benefit reforms since 2010

Benefit reform	Objective
<p><b>Employment and Support Allowance (ESA)</b> provides financial support for ill or disabled people unable to work and personalised help to move into work for those able to. ESA is available to employed, self-employed or unemployed applicants</p>	<p>To move people into work and personalised help to move into work for those able to. ESA is available to employed, self-employed or unemployed applicants</p>
<ul style="list-style-type: none"> <li>• <b>2012: Introduction of time limit for contribution-based ESA for claimants in WRAG</b> (Work-Related Activity Group) or assessment phase</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce the cost of contributory ESA and move more people into work</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2012: Removal of the 'Youth' provisions for contribution-based ESA</b>, the special conditions that allowed some young people to qualify without paying National Insurance (NI) contributions</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce perceived unfairness of access to ESA for those not paying NI contributions</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2012: Introduction of tougher sanctions for failure to meet conditionality requirements.</b> Benefit suspension for those failing to comply with the conditions for receiving benefit (e.g. looking for work)</li> </ul>	<ul style="list-style-type: none"> <li>• To encourage claimants to engage with the work support offered by Jobcentres</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2013: Introduction of cap on total benefits.</b> Households on working-age benefits can no longer receive more in benefits than the average wage for working families</li> </ul>	<ul style="list-style-type: none"> <li>• To further incentivise take-up of paid work</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2017: Abolition of the work-related activity component for ESA WRAG claimants.</b> This aligns the ESA payment rate with Jobseeker's Allowance and applies to the equivalent element in UC</li> </ul>	<ul style="list-style-type: none"> <li>• To remove financial incentives that may discourage claimants from moving into work</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2017: Removal of the time limit for 'permitted work' that applies to ESA WRAG claimants.</b> Claimants can work for up to 16 hours a week and do permitted work for an unlimited number of weeks</li> </ul>	<ul style="list-style-type: none"> <li>• To respond to concerns that the time limit was unnecessarily restrictive</li> </ul>
<p><b>Personal Independence Payment (PIP)</b> is a financial benefit awarded to people of working-age who face the extra costs associated with ill health or disability, regardless of work status. PIP replaces Disability Living Allowance (DLA)</p>	<p>To people of working-age who face the extra costs associated with ill health or disability, regardless of work status. PIP replaces Disability Living Allowance (DLA)</p>
<ul style="list-style-type: none"> <li>• <b>2013: Introduction of PIP</b>, resulting in more stringent and frequent medical tests, and a reduction in payment categories. The benefit is based on an external assessment against a set of eligibility criteria</li> </ul>	<ul style="list-style-type: none"> <li>• To introduce a fairer assessment of need and to reduce claimant numbers</li> </ul>
<p><b>Access to Work (AtW)</b> is a flagship financial grant scheme, introduced in 1994, supporting working-age disabled people in overcoming work-related obstacles. AtW can assist with the costs of work transport, communication support, IT and assistive technologies and employment of support workers</p>	<p>Access to Work (AtW) is a flagship financial grant scheme, introduced in 1994, supporting working-age disabled people in overcoming work-related obstacles. AtW can assist with the costs of work transport, communication support, IT and assistive technologies and employment of support workers</p>

(continued)

Table 1 (continued)

Benefit reform	Objective
<ul style="list-style-type: none"> <li>• <b>2015: Introduction of cap on new AtW claimant benefits, capped at 1.5 times the national average salary (around £41,400)</b></li> </ul>	<ul style="list-style-type: none"> <li>• To limit the amount of financial support individual claimants can be awarded each year</li> </ul>
<ul style="list-style-type: none"> <li>• <b>2018: Increase in new AtW claimant benefits, set to be twice the national average salary (up to £57,200)</b></li> </ul>	<ul style="list-style-type: none"> <li>• To respond to criticisms and a legal challenge after the introduction of the cap in 2015</li> </ul>



reduce welfare spending, recent forecasts suggest a projected £13.1 billion real terms rise in spending over the period 2018–2019 to 2023–2024 (OBR 2019).

## **Welfare State and Entrepreneurial Behaviour: A Literature Review**

Scholars and policymakers have been interested in two particular areas of the welfare state—entrepreneurship relationship: (1) the role of the welfare system in shaping start-up motivations; and (2) entrepreneurship as a policy tool for reducing unemployment, poverty, social exclusion and welfare dependency.

First, different welfare state models are believed to have variable effects, both incentivising and discouraging entrepreneurial behaviour, through different types and levels of taxation, benefits (Henrekson and Roine 2008; Stenkula 2012) and support policies (OECD/EC 2014). For example, the UK welfare-to-work regime was found to discourage lone mothers from entering formal self-employment whilst positively encouraging informal work (Marlow 2006). Similarly, the childcare system in Denmark poses a barrier to start a business for women (Neergard and Thrane 2011). Disabled people, women, the long-term unemployed and other groups have been at the heart of policy efforts to develop more inclusive entrepreneurship support and to create social security systems that do not disincentivise or disadvantage self-employed people from diverse backgrounds (OECD/EC 2013, 2014, 2015).

Disabled self-employed people frequently experience difficulties in navigating the benefit system (Boylan and Burchardt 2002; Bichard and Thomas 2008; EMDA 2009) and often lack awareness of existing in-work support (Boylan and Burchardt 2002). Self-employment may be uninviting where pay is not significantly higher than social security (Doyel 2002). Many disabled people find themselves in the ‘benefits trap’—the fear of losing the security of regular benefit income by entering self-employment (Boylan and Burchardt 2002; Doyel 2002; Bichard and Thomas 2008; Kitching 2014; OECD/EU 2014). This fear is thought to be a major disincentive for disabled people considering business start-up or self-employment.

Second, encouraging and supporting entrepreneurship can be a policy tool for reducing unemployment, poverty, social exclusion and welfare dependency (ODPM 2004a, b; Blackburn and Ram 2006; HM Government 2009). Governments in developed economies have initiated policies, such

as ‘welfare bridges’ continued regular benefit income, to support the transition from unemployment into self-employment (OECD/EC 2014). Such reforms can be effective in facilitating entry into self-employment among the disadvantaged (Kontos 2003; OECD/EC 2014).

Ensuring benefits are not cut too quickly on transition from unemployment to self-employment is crucial in designing inclusive policies for disabled entrepreneurs (OECD/EU 2014). Yet, the assumption that the transition from welfare dependency into self-employment eventually comes to an end, characterised by financial independence, can be problematic for aspiring disabled entrepreneurs, not least because of local structural issues, such as high levels of unemployment and competition, constraining the individual capacity to succeed in self-employment (MacDonald 1996). Entrepreneurship does not necessarily ‘fix’ poverty and social exclusion, considering the levels of low-paid self-employment that often ensue (MacDonald 1996; Blackburn and Ram 2006; Carter 2011; Kitching 2016). Furthermore, it is assumed that once disabled people transition into self-employment, they are *continuously* capable of work. This view neglects the experiences of people with degenerative, episodic or fluctuating conditions who may find it difficult to sustain the level of work necessary to become financially independent (Vick and Lightman 2010). Disability can affect one’s ability to break away completely from welfare dependency.

A research gap exists in our understanding of the relationship between welfare state support and disabled entrepreneurs, underpinned by two problematic, interrelated assumptions, that: (a) the transition from welfare dependency into self-employment should culminate eventually; and (b) those in self-employment are *continuously* capable of work and thus long-term financially independent. Both assumptions reinforce the ‘capable–incapable’ and ‘independent–dependent’ binaries that shape how welfare systems enable or constrain disabled entrepreneurs. The retrenchment of the UK welfare state offers a germane context for exploring what happens when support is reduced or withdrawn from disabled entrepreneurs.

## **Disability Entrepreneurship and Welfare Policy Binaries: A Theoretical Framework**

Disabled entrepreneurs can be disadvantaged in starting and running a business because of the additional barriers they face, such as inaccessible transport and premises (Boylan and Burchardt 2002), and the extra costs associated with disability (Mitra et al. 2017). The welfare state can enable disabled

people to enter self-employment by providing financial and other support to help them carry out work and business tasks they might not otherwise be able to undertake. Access to these resources affects entrepreneurial motivations and the capacity to commit to business creation and management. If aspiring disabled entrepreneurs believe that welfare support is inadequate, they might choose *not* to start a business. Others, however, may enter entrepreneurship *even if* resources are perceived as inadequate. Disabled entrepreneurs are often motivated by personal concerns to balance work and well-being (Kašperová et al. 2018). Nevertheless, insufficient welfare support may affect disabled entrepreneurs' ability to enter, remain and thrive in self-employment.

Reforms initiated since 2010 have altered how the UK welfare state supports disabled self-employed people. Motivated by policy efforts to reduce welfare dependency, the reforms manifested in reduced or withdrawn financial benefits and stricter rules for accessing benefits. We theorise these reforms in terms of policy binaries that shape entrepreneurial motivation and behaviour. Working-age disabled people are typically perceived to be *either* 'capable' of work and thus expected to become financially 'independent', *or* 'incapable' of work and 'dependent' on welfare. Those caught in between the two poles of this binary are left to choose between full-time work (capacity and independence), *or* welfare dependence with a restriction on hours worked and, in consequence, earnings. This includes people on ESA placed in the 'work-related activity group' (WRAG) whose dependence on welfare is expected to reduce as their earning power increases. Although 'permitted work' rule blurs the binary by allowing disabled people to do some work while still claiming in-work benefit, restriction on the hours one can work can trap people in financial poverty.

The 'capable–incapable' binary inherent in the UK welfare system may be particularly problematic for disabled self-employed people because of the risks and uncertainty associated with both self-employment and disability. Disabled people are a heterogeneous group in terms of impairment type, onset, severity, stability, visibility and other embodied properties. Some impairments can be highly constraining while others pose little or no limitations to entrepreneurial activity (Kitching 2014). The work capability of entrepreneurs with particular impairments or health conditions can be changeable and uncertain. People perceived as 'capable' of work may find it difficult to work continuously, in the longer term, due to the episodic, degenerative or fluctuating nature of some impairments, while those treated as 'incapable' may face low expectations and inadequate support to enter and remain in self-employment. The rigidity of the binary can generate flawed assessments of work capacity, with consequences for individual access to

welfare support. The welfare system, in the words of Vick and Lightman (2010, p. 78), has been designed to position disabled people so that ‘One must be entirely well or sick, able or disabled, and employable or unemployable rather than occupying an in-between embodiment’.

Welfare dependency is a situation whereby the long-term unemployed are seen to prefer benefit income to working for a living (MacDonald 1996). The independent–dependent binary is crucial to explaining how welfare reforms have impacted on disabled self-employed people. Roulstone (2015) points out, for example, that policymakers have borrowed the term ‘independent living’ inspired by the social model of disability to frame the ‘personal independence payment’ (PIP) extra costs benefit. The language of independent living—where independence is about having the assistance needed, rather than being without assistance (Morris 2004)—was misused to ‘shrink the disability category’ (Roulstone 2015) in the process of changing from DLA to PIP so that fewer people are eligible for benefits and dependent on welfare.

Importantly, this narrowing of who counts as disabled ‘enough’ and welfare-dependent is not simply about differentiating who is incapable of undertaking work, given the number of DLA recipients who are in paid work (Roulstone 2015). The assumption that work capacity and willingness to work is, or should be, associated with financial independence from welfare disregards many self-employed on low income, disabled and non-disabled, who struggle to accomplish financial independence. It fails to acknowledge the structural conditions that constrain the individual ability to succeed financially in self-employment (MacDonald 1996), as if *all* could be winners in a competitive market economy (Sayer 2014). It also fails to recognise the diversity of entrepreneurs in terms of embodied properties, such as impairment type and severity, that shape individual motivation and capacity to start and manage a business (Kašperová and Kitching 2014).

There is a need to deconstruct and redefine the ‘capable–incapable’ and ‘independent–dependent’ binaries at the heart of the UK welfare state. Rather than assume that these binaries are opposites, which tends to simplify how a welfare system is organised in supporting working-age disabled people, one might transcend the binaries and conceptualise human capacities as shifting states of being throughout the life course. A person’s dependency on others varies during childhood, adulthood, in old age, or following the onset of ill-health. Acknowledging that as embodied human beings we are all vulnerable and dependent on social relations and institutions (Fineman 2017), including social security systems, is necessary to help create conditions that enable, rather than constrain, aspiring disabled entrepreneurs.

## Methodology

The chapter draws on qualitative data from a study of disabled entrepreneurs in the UK (Kašperová 2018). One aspect of the study was to explore respondents' experiences of business and welfare support. Semi-structured interviews were carried out with 43 entrepreneurs between 2013 and 2015, offering a snapshot of entrepreneurs' experiences of welfare reforms since 2010. Participants were asked about the challenges or barriers they faced in starting and running a business, and the role of government support in facilitating self-employment and business ownership. More than half of the sample ( $N = 22$ ) had some experience of interacting with the welfare system in the process of starting and managing a business.<sup>4</sup> This chapter uses data from 12 cases that best illustrate and develop our theoretical understanding (Table 2).

Our realist analytical framework promises a deeper causal explanation of policy interventions and programmes and their effects (Pawson et al. 2005; Greenhalgh 2014). Interventions provide resources to agents who choose to act on them, or not, and that is what makes programmes effective or ineffective (Greenhalgh 2014). Interventions incorporate a 'theory' about the mechanisms through which they generate business impacts. Realist policy analysis seeks to explain the relationship between 'the context in which the intervention is applied, the mechanisms by which it works and the outcomes which are produced' (Pawson et al. 2005, p. 21). Welfare reforms are a specific type of policy intervention (for example, changes in the types and levels of financial and other support, and conditions of eligibility). Reforms generate diverse effects for the self-employed, contingent upon their specific contexts, and their variable responses to the intervention.

## Disabling Welfare State: Findings

Our findings explicate the problematic binaries at the heart of the UK welfare state and their impact on UK-based disabled entrepreneurs. We illustrate how the 'capable–incapable' and 'independent–dependent' binaries that underpin

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<sup>4</sup> Several respondents offered support services targeting disabled business owners and were able to report their experiences as a support provider as well as a recipient.

**Table 2** Sample of respondents and their business and personal characteristics

Pseudonym	Product/service offering	Year started	Employees <sup>a</sup>	Impairment/health condition
Alan	Disability business consultancy	Pre-start-up	0	Multiple Sclerosis
Anne	Disability equalities consultancy	1999	6	Blindness
Ben	Mobility aids retail	2010	0	Friedreich's Ataxia
Connie	Website development	2014	1	Blindness
Dara	Academic research services	2012	0	Ehlers Danlos Syndrome
Leonard	Business consultancy	2013	0	Spina Bifida
Matthew	Disability risk management	2008	0	Dyslexia
Michael	Wheelchair accessories production	1998	7	Multiple Sclerosis
Peter	Manufacture of mobility aids	2007	10	Quadriplegia
Rachel	Accessibility consultancy	2010	0	Rheumatoid Arthritis
Sarah	Disability recruitment service	2011	3	Progressive neurological condition
Sophie	Dog walking	2010	0	Emetophobia

<sup>a</sup>Employees refers to persons employed in the business excluding the business owner / study respondent.

policy efforts to reduce welfare dependency are actualised through the mechanisms of increased conditionality and the narrowing of the disability category, with specific consequences for disabled people's entrepreneurial motivation and behaviour.

### 1. *The 'capable-incapable' binary and the 'grey area' in between*

The UK welfare system assumes two categories of disabled people: (1) those who are assessed as 'capable' and therefore encouraged to work; and (2) those perceived as 'incapable' and often actively encouraged to stay on benefits. The system fails many disabled people who find themselves positioned in

between the two categories; for example, those perceived as incapable who *can* and *want to* work, with the right support, or those viewed as capable whose work capacity may fluctuate. Ben might be categorised as someone who is placed in the ‘support group’ of ESA—that is, severely disabled people who are not expected to meet the conditions for benefit receipt, such as looking for a job. People placed in the support group often face low expectations from Jobcentre staff, as experienced by Ben.

At 17, I went to the Jobcentre and they said ‘Yeah, you may as well stay in the benefit chain because if you get a job, we’ll have to pay you. To get off the benefits, you need a qualification’. I was getting too much benefit money, more than a minimum wage job. So, they advised me to stay on benefits. I felt suicidal, I felt useless and I felt lonely. [Ben]

Dara, on the other hand, has a less visible and severe condition but one that affects her ability to work. Yet, previously she had been assessed and placed in the ‘work-related activity group’ of ESA and expected to look for and enter work. She describes the challenges of moving off benefits for someone whose work capacity fluctuates.

You’re either sick, *or* you’re well. Ideally, you could be not well enough to do any jobs that you’re qualified to do. But you still want to work. But you can’t. But you’re not so ill that somebody would say ‘Yes, you’re entitled to so and so.’ So, you fall into this grey area where it’s very scary. If you’ve managed to get that benefit, it’s not a great deal of money by any means, but it was all I had at that stage. So, it was very hard to come off that. It’s very hard to get it, and then once you’ve got it, you’re scared that you’re going to lose it. [Dara]

The ESA system, underpinned by the ‘capable–incapable’ binary assumes that those with severe conditions have limited capacity to do *any* work, or are too costly for the welfare system to support. Conversely, those with less severe, often invisible, conditions are believed to be well enough to work, justifying benefit conditionality or withdrawal of support.

Schemes such as Access to Work (AtW) and Personal Independence Payment (PIP, previously DLA), are crucial in enabling disabled people to enter and remain in work and self-employment. Lack of support can put entrepreneurs like Sarah and Leonard, both with severe physical impairments, at a significant disadvantage in relation to non-disabled competitors. Connie—a web developer, blind since birth—had to pay privately for support when AtW failed to provide the level of assistance that she needs.

I asked them [AtW] for 30 hours a week of support. They gave me 12. Every time I get a new contract, I have to negotiate with [AtW] and they do not want to give me the help. So, I had to go to my MP and I had to use social networking and different mechanisms to kind of force them to give me the help that I needed [sighs]. Some of the hours that my [support worker] does are not being paid by [AtW], they are paid by me. Because, like I said, I wouldn't be able to do my job without having the support. I was lucky this time to get this big contract. If I was just starting up, I wouldn't have been able to afford to employ [a support worker] for the extra hours that [AtW] wouldn't pay for. [Connie]

Connie's experience likely reflects changes to AtW with the introduction of the cap in 2015 on the amount of support one can receive each year (Table 1). The cap was believed to disproportionately affect those with high support needs (Pring 2018), particularly people with sensory impairments, and was eventually raised in 2018 following criticisms.

## 2. *The 'benefits trap' and 'making the leap' into self-employment*

The transition from unemployment into self-employment can be difficult for aspiring entrepreneurs. The 'benefits trap', or fear of losing the security of regular benefit income by entering self-employment, is a major disincentive, particularly for disabled people and those with long-term health conditions. The benefits trap is arguably a manifestation of the 'independent–dependent' binary that underpins the welfare system. Rather than indicating a preference for benefit income over paid work, choosing to remain on welfare support is often a way of avoiding the transition into 'financial independence' that could result in greater financial poverty in the long-term.

The unpredictable or severe nature of some impairments increases the uncertainty surrounding income generation associated with business creation. This can be countered, to a degree, by ensuring that the welfare system does not cut benefits too early in the transition process (OECD/EU 2014). Yet, we found that the UK welfare system creates conditions that pressure aspiring entrepreneurs to make a choice between staying on benefit income (welfare dependence), not working or working limited hours, *or* coming off benefits and moving into full-time self-employment (financial independence), *even if* it generates low income.

It was really difficult to make that leap from being on benefits to being on a full-time wage. That was the barrier I faced, just the financial side of working out what you are and aren't allowed to earn and claim. That was really difficult because unless you can go straight into a decent salary job, you essentially end



up working for free with the money that you're taking away [from work] and the benefits that you lose. I still get [DLA], but things like income support and incapacity benefit, it's only like 20 hours a week you're allowed, can earn [in order to keep these benefits]. And then any more you earn, they essentially take off your benefits. So, unless you can straight away be taking £20,000 out of the business a year, then you end up being much worse off. [Peter]

The 'permitted work' rules under ESA enable aspiring entrepreneurs like Peter to try out self-employment by working up to 16 hours a week while still claiming in-work benefit. This allows some flexibility in the relationship between welfare dependency and financial independence. However, the risk of losing financial benefits by increasing one's work hours is often perceived as too high, especially for those with fluctuating health conditions who may be able to work full-time some weeks but only part-time, or not at all, in other weeks. Both Alan and Dara have conditions with fluctuating symptoms which means that maintaining regular working hours can be problematic.

The benefit system encourages you to stay on benefits via a fear process. If I say 'Right I'm going self-employed today', I'll lose all my benefits. The only thing I have, I get [DLA] because some days I cannot get out of bed anymore. So, that is a big fear. You can go onto permitted earnings which allows a person with the disability to go and work for about a £100 a week. That's what I'm doing at the moment. But you're not allowed to work more than 16 hours a week [to keep the benefit]. You'll also keep things like..., you wouldn't have to pay council tax. Or, I lost my house, and I'm now in council housing, you still wouldn't have to pay rent. So, to say I'm going self-employed tomorrow, I would lose that. I would immediately have to find £120 a week for the rent and £25 for Council Tax. [Alan]

Loss of regular income support and associated benefits can discourage self-employment. Participant entrepreneurs in these circumstances often rely on disability benefits for income. Alan and Peter both highlight the importance of DLA as a safety net in the face of losing income support when transitioning into self-employment. Fear of losing income support was exacerbated by the introduction of a one-year time-limit on claiming ESA in 2012 (Table 1), as illustrated by Dara. The time limit, introduced to reduce the cost of contributory ESA and to incentivise more people into full-time work, was eventually removed in 2017 in response to criticisms that it was too restrictive.

Although they [the government] do have these permitted work rules where you're allowed to do a small amount of work, you can only do that for a set period of time and then you have to decide whether you're going to come off

benefits and work, or whether you're still too ill to work. So, I had to make a decision whether I could earn as much as self-employed as I was receiving on benefits which was basically about £95 a week. So, I had to really take a gamble that I could do enough to make it worthwhile. [Dara]

While Peter and Dara have moved into self-employment, despite fears for sustaining their income, Alan was still at the pre-start-up phase at the time of the interview, deliberating over whether he could afford to make that leap given the risk of losing several benefits. Our findings build on previous studies identifying the 'benefits trap' as a major disincentive to entrepreneurship for disabled people (Kitching 2014; OECD/EU 2014). Yet, one could argue that framing this issue solely in terms of individual fear of losing benefit income disregards the systemic pressures disabled people face to make a binary choice between full-time work or welfare.

While 'permitted work' rules allow some flexibility for those in the 'in-between' space, our respondents reported on the difficulties this presents when making the leap into full-time self-employment with potential to increase one's earnings. The fairness of ESA has also been questioned (Gulland 2011), given that its introduction was motivated primarily by efforts to reduce the number of successful claims and to increase the conditionality of benefit so that those who qualify are expected to move into work. Gulland notes that in the early implementation of ESA, two-thirds of applicants were found 'fit for work' and thus failed to qualify for ESA, suggesting that the work capacity assessment has been used to shrink who counts as disabled and 'incapable' of work or having limited work capacity.

### 3. *Narrowing of the disability category and reduced benefit eligibility*

One of the key mechanisms underpinning UK welfare reforms has been what Roulstone (2015) describes as 'the shrinking disability category', whereby some people are categorised as not disabled *enough* to justify support. For example, replacement of the DLA extra costs benefit with PIP was accompanied by tighter eligibility rules and the PIP assessment to determine entitlement. The assessments regime has been used to reinforce the capable–incapable, independent–dependent binaries and, in so doing, to reduce benefit eligibility. Narrowing the definition of eligible disability does not, however, reduce the support needs of those now categorised as ineligible. Because of the regime, Anne finds that some of her disabled clients now think, wrongly, that they must emphasise work incapacity to retain disability benefit.

The problem is now that people believe that they have to say that they can't work in order to get disability benefits, whereas it's not like that. [DLA disability benefit is awarded to disabled people regardless of work status] So, people have got lots of fear. [Anne]

Gulland (2017) correspondingly anticipates that the benefit regime (and its gradual replacement with Universal Credit) characterised by constant scrutiny of benefit claimants might make claimants wary of 'doing anything that could be described as work'. Both DLA and ESA claimants have been subject to reassessments, shifting the burden of proof onto them, to demonstrate that they are disabled. Those with invisible or less visible impairments have been particularly affected by this narrowing of the definition of disability. Some respondents, perceived as not disabled enough, failed to meet eligibility criteria for benefit receipt. Dara who suffers from Ehlers-Danlos Syndrome (an inherited, fluctuating condition causing fatigue and joint pain) describes the challenges of claiming DLA for someone with a condition invisible to others.

The problem I had was that I didn't qualify for [DLA] ... The DLA rules are extremely strict. They get even more strict with [changes to] the Personal Independence Payment. It's very hard if you have a fluctuating condition, because they [disability benefits] are not designed for people with that. They are designed for, if you're paralysed from the waist down. So, then you can tick the box saying 'I can't walk more than 50 yards'. But if you have a condition like mine where some of the days you look [fine], it's very difficult for other people to see what the issues are. It's an invisible condition. It makes it very hard for you to claim anything and I think that's a really common experience. [Dara]

Aspiring entrepreneurs with mental health conditions experience similar difficulties because of their less visible or invisible conditions. Sophie, who was diagnosed with Emetophobia (a condition that causes intense anxiety), experienced Jobcentre staff reluctance to classify her as sufficiently disabled to be eligible for ESA.

It was hard getting into a routine of working again [when I started the business]. I was on Jobseeker's Allowance and you've got to sign it to say you're looking for 40 hours a week. I said 'I'm not looking for 40 hours a week. I can't, I don't want that.' And they said 'Well, you're not ill enough to not work.' I said 'No, but I'm not well enough to do 40 hours a week, I just can't do that.' So, reluctantly, they agreed to ESA for a while so that helped me out. I think for the first year they [ESA] paid £40 a week because you start off with

a few customers and you've got to build it up. So, they gave the benefit to top my wages up for the first year. [Sophie]

Finally, participants reported on the cuts or withdrawal of financial support previously received through AtW, DLA and other benefits. Matthew, a disability risk management consultant and activist, notes that some disabled people have lost jobs because of cuts in support. The narrowing of the disability category and the assessments regime has led to a widespread fear among disabled people about possible future benefit loss, causing anxiety to entrepreneurs like Rachel who runs a successful accessibility consultancy.

It never used to be like that. It's happened recently, since the cuts, with [AtW], with Independent Living Fund [DLA]. I mean, I'm being reassessed this year. I might lose my car. What am I going to do then? I just don't understand this government at all. If they look at how much tax I've paid, particularly through my business, they can really justify giving me the money towards the car. They don't look at it like that at all. They just look at this kind of skewed 'We're in recession and we pay you money. Do you deserve it?' And the level of deservedness is based on how disabled you are rather than what you're contributing because of that thing that you're getting. It's a very weird system. [Rachel]

The tightening of eligibility criteria for disability-related benefits has had profound effects on participant entrepreneurs, particularly those with less visible or invisible impairments or health conditions who may not be perceived as disabled *enough* to qualify, yet still face significant disability-related barriers. This has also led to frustration among those with severe, more visible conditions, including Michael—a wheelchair user with Multiple Sclerosis—whose social care support was reduced because he failed to emphasise the severity of his disability despite high support needs.

Welfare support is crucial in creating a level-playing-field for disabled people aspiring to create and manage a business. Our findings illustrate how the problematic binaries at the heart of the UK welfare system can disincentivise or disadvantage entrepreneurial activities among disabled people. We have shown how a welfare system designed in binary terms does not work for many people who find themselves in the grey area between incapacity-dependence and capacity-independence, particularly those with fluctuating conditions. Those perceived as incapable by employment support professionals often face low expectations and are left with inadequate support. On the other hand, those viewed as capable and expected to move into work face

restrictions on work hours and earnings while still claiming benefit, or risk complete loss of benefit as their earning power increases.

## Conclusion

This chapter has examined the relationship between the welfare state and disabled entrepreneurs in the context of the UK welfare reforms since 2010. Investigating what happens when work and disability-related benefits are denied, reduced or withdrawn, has provided new insights into the effects of the welfare state on disabled entrepreneurs. Our chapter makes several conceptual and empirical contributions.

Conceptually, we framed successive governments' efforts to reduce welfare dependency in terms of problematic binaries that shape entrepreneurial motivation and behaviour. The UK welfare system categorises working-age disabled people as *either* 'capable' of undertaking work and thus expected to become financially 'independent', *or* as 'incapable' of work and therefore 'dependent' on welfare. Those caught in between the two poles of this binary are left to choose between full-time work (capacity and independence) *or* welfare dependence with a restriction on hours worked and, in consequence, earnings. The 'permitted work' rule—allowing small amounts of work while retaining benefit—leaves many in fear of losing income support. As work hours and earnings increase, claimants are expected to become financially independent, *even if* their work capability continues to be changeable and could lead to financial poverty in the longer term.

Empirically, we illustrated how this binary, combined with increased conditionality and cuts in financial support, are particularly problematic for aspiring entrepreneurs with fluctuating or episodic, often less visible yet still inhibiting, health conditions. Those assessed as capable of work and expected to move out of welfare dependency may still face significant barriers to working, while those perceived as incapable often face low expectations, inadequate in-work support or active encouragement to stay on benefits not working. There is a large 'grey' category in between that the UK welfare system fails, including people who *can* and *want to* work, given the right support, but whose work capacity may fluctuate. These people may frequently move between being able to work full-time to part-time, or not at all, requiring more flexible welfare support. The unpredictability of work capacity means that financial independence may be difficult, if not impossible, to accomplish, leaving many in part-time work and/or financial poverty while dependent on welfare.

Building on previous studies (Kitching 2014; OECD/EU 2014), we find that the ‘benefits trap’—or fear of losing income support in the transition from unemployment to self-employment—continues to disincentivise disabled people from becoming self-employed. Yet, we challenge the framing of this issue as an individual fear of losing benefit income alone. The UK welfare system, designed in binary terms, puts pressure on some disabled people to make an often-unpalatable choice between full-time work or welfare.

For those with severe, episodic or fluctuating conditions, *continuous* support may be necessary to enter and remain in self-employment. The risks associated with business creation can be a challenge for all entrepreneurs. Disabled entrepreneurs face higher levels of risk and uncertainty because of the unpredictability of both business start-up *and* the effects of disability. Continuous in-work support may be necessary for some people to meet the extra costs associated with disability, for instance, employment of support workers, and to assist in carrying out work and business-related tasks. Our findings concur with earlier studies highlighting that self-employment may be unviable for many part-time, self-employed disabled people on low income without access to adequate welfare support (Boylan and Burchardt 2002).

To correct these flaws would require a commitment from policymakers to transcend the problematic binaries within the welfare system and reframe the notion of welfare dependency to effectively support disabled people aspiring to become self-employed. We must actively integrate people with ‘vulnerable bodies’ into the workforce by promoting access, inclusion and equity (Vick and Lightman 2010). The state, as a legitimate governing entity, must be responsive to the realities of human vulnerability and social dependency (Fineman 2017). An enabling welfare state might conceive of vulnerability and social dependency as a shared human condition, rather than an individual pathology, and respond by creating conditions that support, rather than disable, a person’s capacity to realise their potential.

To conclude, we propose a number of avenues for future research. First, how do aspiring disabled entrepreneurs disclose impairment or health condition in the context of welfare system? And how do they negotiate access to support with employment professionals? Our findings illustrate that impairment or health condition visibility can influence employment support professionals’ perceptions of individual work capacity. Yet, there appears to be a dearth of understanding of disability, including the effects of visible and *less* visible impairments, among professionals. Second, future studies of the welfare state—entrepreneurship relationship could examine the potential of universal basic income (UBI)—a regular, unconditional cash payment

given to all without means-test or requirement to work—as a solution for supporting aspiring entrepreneurs who find themselves in the ‘grey area’ of changeable work capability. Although empirical evidence of UBI implications for work outcomes is limited, existing studies found no significant disincentive to work (Gentilini et al. 2020). Finally, as welfare rules change with the roll-out of Universal Credit (Gulland 2017), including removal of the permitted work rule and the limit on the number of hours one can work while still claiming benefit, future research is needed to investigate how the new regime shapes disabled people’s entrepreneurial motivation and behaviour.

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# Social Problems, Entrepreneurial Behaviour and NEETs

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## Introduction

In 2009, when the severe effects of the 2007–2010 recession began to hit the world economy, one of Spain's leading newspapers (*El Mundo*) printed an article in its Economic Section on: '*The NEET Generation, a danger to competitiveness and employment. The dark side of the Spanish entrepreneurship force lies in the 14% of the population between 16 and 24 years old that neither study nor work, a threat to the new economic model*'. The article, written by Tino Fernández who is an influential economic commentator, analysed an OECD report which provided information on the growth of the NEET population (Not in Employment, Education or Training). This label had come into existence in Europe a few years earlier to classify a group considered to be a statistical category that implied social integration problems among the young. Fernández (2009) argued that these unemployed, purposeless and poorly educated young people constituted a threat to economic growth and that

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their lack of enterprise was the real culprit of the world crisis. In 2009, when the recession began to affect the world economy, and many people pointed a finger at the banks and the capitalist system as the principal cause, the conservative press drew attention away from those some considered responsible for the crisis and put the blame on the dangerous new NEETs or 'the dark side of entrepreneurship'.

Fernández's article was not the only one that spoke out against NEETs. Over the next few years, many conservative press and television channels helped to build and disseminate this stereotype of NEETs, adding other negative moral and behavioural features to these young people's negative employment profiles. Besides being unemployable, idle and possessing poor educational qualifications, they were morally condemned for being partial to alcohol, bad mannered and prone to violence. This stereotype was soon complete. One of the Spain's most popular television channels aired a controversial reality show in 2010, called *Generación NINI*,<sup>1</sup> purposely designed to show this errant social group in a bad light. Physical violence on the set between the young participants was not infrequent and led to the show eventually being closed down. It is arguable that the repeated conflicts involving NEETs at that time came close to being regarded as a kind of 'moral panic' (Thompson 1998). They were seen as a symbol of a society in crisis, in the process of disintegration, that could only be brought back to the fold by austerity, plus the culture of effort and a spirit of entrepreneurship. It could be argued that the NEETs represented a type of scapegoat that could be blamed for all the ills that troubled the economy and in a very short time NEETs became a synonym for a social problem. A more expressive image than '*the dark side of the entrepreneurship force*' could not have been chosen to show how far NEETs were from the entrepreneurship spirit, which at that time was being successfully publicised and that promised to regenerate an economy which was in crisis.

The gulf between the NEETs and entrepreneurship is the reason why this chapter has a difficult starting point. However, the association between NEETs and entrepreneurship is becoming more frequently proposed in the social policies of international organisations such as the OECD, the EU and the World Bank, among many others. This association between NEETs and entrepreneurship has even begun to take shape in special intervention projects promoted by solidarity programmes and financed by large organisations and governments across the world. These projects aim to instil NEETs with an entrepreneurial spirit by providing finance, practical training and improving

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<sup>1</sup>In Spain and South America NEETs are known as 'NINIs'.

their entrepreneurship skills. Although little research has been carried out so far on NEET entrepreneurship, there are a large number of applied investigations and reports that deal with their generic problems and provide a significant amount of information regarding how they actually live and their need for social integration. From these investigations one can get an idea of their entrepreneurial behaviour and the obstacles they either have to overcome or perhaps regard as an incentive. This chapter will begin with an analysis of the NEET concept, how it is measured, how it arose, the heterogeneous sub-groups of which it is composed, its characteristics, its risks and other aspects of interest regarding the group's entrepreneurial behaviour. The second section will deal with the entrepreneurial behaviour of NEETs. The third section describes the role of governments and international organisations in designing social policies to deal with NEETs' entrepreneurship, while the chapter will conclude with some recommendations.

## **NEET: Statistical Category, Disadvantaged Group or Social Problem?**

The acronym NEET (Not in Employment, Education or Training) is meant to describe unemployed young people (unavailable or unemployed) who are not in an education programme. From the start it was associated with the difficult circumstances of disadvantaged groups and poorer urban neighbourhoods. The term NEET appeared in the UK around 1996 to describe problematic young people as a substitute for the derogatory 'Status 0' used in social policies at that time to describe disadvantaged youths (Simmons et al. 2014). Although it was initially associated with realities close to social exclusion, it was gradually amplified to include members of other middle-class youth affected by structural problems of labour market insertion and unemployment. The group consisted of youths both from poorer areas associated with criminal gangs and university graduates looking for a suitable job for their qualifications and the term rapidly spread to other OECD countries (the OECD has published a statistical NEET indicator series of its member states since 1997). The NEET rate is defined as the percentage of youths who are not in employment, education or training (NEET) in relation to the total number of young people in the corresponding age group, and is based on data from detailed national labour force surveys in each country. There is an abundance of statistical information available for international comparisons. ILOSTAT's Key Indicators of the Labour Market (KILM) include the NEET

rate in many different countries, while EUROSTAT gives the figures for the countries included in the EU27, plus some other European countries.

The NEET rate evolution varies widely from country to country. OECD-DATA in 2018 shows that the NEET (15–29) rate for its member states is 13.05 per cent, or around 34 million young people. This means that a considerable number of young people have gone through difficult times in the 2007–2010 recession, as in 2010 the rate reached 16 per cent of the 15–29 age group. This large number included different national situations: in the OECD countries, the lowest rate was in Iceland (6 per cent) and the highest was in South-Africa (37.7 per cent) and Turkey (26.5 per cent). Scandinavia and Central Europe were among those with the lowest rates, while the highest were found in Southern Europe, Latin America and North Africa (Bruno et al. 2016). The diversity of the different countries is repeated in the different statistical age groups in the NEET rate. The youngest 15–19 group have very different problems to those of the 25–29-year-old adults (the group with the highest rate). The former is closest to school age and usually live at home, while the latter are dealing with long-term unemployment and have (or are close to having) their own family responsibilities. Each group has diverse needs and different entrepreneurial potential and thus require different social policies.

The internal diversity of the NEET group has been the subject of many studies (Serracant 2014; Eurofound 2016; Bacher et al. 2017). Age is one of the most significant variables in this diversity. Initially attention was focused on the youngest group (15–19) and the older age groups were gradually added. The EU and Japan have since extended the definition of youth to 35 years of age and even extended their statistics to the 20–34 group, since a large percentage of the 15–19 group were involved in education (around 90 per cent) and few of them were unemployed. This does not mean this group is less important, since NEETs are formed by the cumulative handicaps encountered throughout their life course (Eurofound 2014). The Eurostat figures in 2019 for the EU28 gave NEET rates for the sub-groups as: 15–19 year-olds (5.7 per cent); 20–24 year-olds (14.4 per cent); 25–29 year-olds (16.6 per cent) and 30–34 year-olds (16.7 per cent). The last group has a growing number of ageing adults facing an uncertain future. Social policies designed to promote entrepreneurship among the young should therefore consider the diversity of a NEET's life courses. However, age is not the only diverse factor as gender, activity and educational qualifications are three other factors that define different NEET profiles (Cavalca 2016). Regarding gender, the Eurostat figures show that among 15–29 group, the rate of women in 2019 was 14.4 per cent, while the rate of men was 10.7. Although both sexes are

equally represented in the 15–19 group, at higher ages, labour inequalities and the number of women who look after their children than occupy a paid job increase the gender gap in the NEET rate. Maguire (2015) analysed the situation in the UK and concluded that, besides higher rates, women are NEETs for longer periods due to their family responsibilities and the gender barriers that hinder their return to paid work—loss of confidence, lack of infant care policies, worsening mental health and fewer opportunities in the local job market. Maguire and McKay (2016) provided details of an intervention strategy (training, social assistance, follow-up by job placement services, etc.) in which entrepreneurial advice would be an added help.

There is also diversity with regard to Activity and Employment Status. Young people may become NEETs through being unemployed or inactive (housewives, incapacity or for other reasons). An analysis of the composition of EU data on 15–29 year-olds found that 60 per cent were unemployed, while 40 per cent were classified as inactive (Eurofound 2016: 42). This information also revealed the diverse situations in different countries. For example, in Spain 70 per cent were unemployed and 30 per cent were inactive, while in Denmark the situation was the reverse with 47 per cent unemployed and 53 per cent inactive. Countries in Central European and Scandinavia had profiles with a high percentage of inactive populations, while unemployment was highest in Southern European countries. A deeper analysis of the Activity and Employment Status variable considering gender and the different age groups provides further nuances, varieties and divisions for which different social policies would be required. With regard to educational qualifications, the Eurostat figures (2019), show that the NEET rate is lowest among the most highly qualified; of the least qualified young Europeans on the ISCED scale (0–2, compulsory education or lower) 16.7 per cent are NEETs, 15 per cent of the 3–4 group (upper secondary and post-secondary non-tertiary education) are NEETs and 10 per cent of those who finish their university studies (levels 5–8) are NEETs. The rate among graduates is particularly high in Greece (28 per cent) and Italy (21 per cent). In spite of the fact that educational qualifications are protection against being unemployed, the figures in these countries clearly show a need to help NEET graduates. During the last economic crisis, there was a brain drain from almost all the countries in Southern Europe due to the lack of suitable opportunities in the domestic job market.

Arguably, one of the biggest problems NEETs face is their poor educational qualifications, which is one of the main causes of them falling into this category and a barrier that becomes ever more serious as they get the older. Dropping out of school has a significant multiplier effect on the future



vulnerability and job options of these young people. This hardcore of school dropouts also augurs ill for their children, who could well suffer the same fate (Furlong 2006; Simmons et al. 2014). As these young people grow older, their opportunities for returning to education or second-chance programmes become fewer; additionally, these programmes are underdeveloped in many countries as there are generally fewer educational opportunities available for the most vulnerable people. After the economic crisis in 2007–2010, the intervention programmes for this category tried to keep children at school as long as possible in order to slow down the dropout rate. When this had been achieved, most of the social intervention policies then focused on improving their employability and job-seeking skills by means of traditional practical courses (Hutchinson et al. 2016), since they were seen to be far removed from entrepreneurial initiatives. However, although programmes for promoting self-employment and entrepreneurship have less weight, they have increased considerably after the recent crisis, as will be seen in the subsequent sections (O'Reilly et al. 2019).

To complete this overview of NEET diversity, and thus be able to consider possible solutions to their problems to encourage them to go into entrepreneurship, some associated risk factors should also be taken into account, as described in the 2012 and 2016 Eurofound reports, in addition to those already mentioned above. Disadvantaged youths are 40 per cent more likely to become NEETs, those from immigrant families are 70 per cent more likely, those from divorced parents are 30 per cent more likely, those of unemployed parents 17 per cent more likely, while school dropouts from low-income homes are twice as likely to become NEETs. The Eurofound reports cited above offer an interesting classification of the NEET group (15–29), dividing it into seven sub-groups that can be given individual treatment (Eurofound 2016: 32):

- Re-entrants into the labour market or education: occasionally become NEETs, although there is a good possibility they will join the labour market or finish their studies. These represent 7 per cent of the total.
- Short-term unemployed NEETs: spend a short time with moderate difficulties looking for a job and represent 25 per cent of the total.
- Long-term unemployed NEETs: have a high risk of exclusion or disengagement (23 per cent).
- Unavailable due to illness or disability: they are not looking for work and are in urgent need of social support (7 per cent).

- Unavailable due to family responsibilities: caring for family members, they are mostly women with diverse possibilities of returning to the job market (20 per cent).
- Discouraged workers: unemployed who are not actively seeking work, with a high risk of disengagement (6 per cent).
- Others: young people who prefer to spend some time as a volunteer or on personal development before getting a job, with good expectations of success (12 per cent).

All the above-described variants illustrate the diversity of the NEET population and the difficulties of finding the right social and labour policies for the different types (Serracant 2014). To complicate matters further, a final difficulty can be added related to the extreme sensitivity of the NEET statistical category to national job market configurations and education systems. A specific type of national work contract or tradition regarding part-time work or the development of dual work-training systems can be the cause of much variation in the indicator and the many special cases on an international scale that are difficult to systematise.

## Some Criticisms of NEETs

The wide diversity of the NEET statistical category is not the only limitation that experts have identified. Other social criticisms have been levelled at them with the first being the effects of being labelled as a young NEET. Various authors (Furlong 2006; Simmons and Thompson 2013) considered that the stereotyped idea associated with unemployment, social deviation and even with crime came into fashion in the first decade of the twenty-first century. Thereafter, the concept came into the hands of public opinion and the social science experts, who continued to fashion and mould it. What was initially an under-defined, statistical category soon became an over-defined, socio-moral category that has since been used to discipline the wayward youths that have been accused of being responsible for the malfunctioning of society. From that time onwards, many reports, talk shows and articles have continued labelling these young people as disoriented, dependent and conflictive, directing at them a specialised line of intervention and considering them to be a 'social problem' (Cavalca 2016). They have been converted into an *objectivisable* group (as an object of study fit for specialists and not as the social group they really are), regarded merely as scientific specimens under permanent scrutiny and as a simplified stereotype of the real situation. This

negative classification fulfilled the function of a moral reprimand and either hid or lessened the basic social conflicts and inequalities that had produced NEETs and that were responsible for their origin as a social class (Simmons and Thompson 2013).

A second criticism, closely related to the first, has its roots not only in the *moralisation*, but also in the *psychologism* of NEETs (Kelly 2006; MacDonald 2011). The dominant focus among the experts contained a strong charge of the latter element and presented them as a problem due to their innate characteristics and motives, and not as a problem caused by social processes associated with the structural working of the job market. This psychological diagnosis was accepted by the media and reinforced the attitude of those people who considered them to be apathetic, unmotivated and more inclined to having a good time than to working, a diagnosis that converted social inequalities into a pathology and associated such under-class groups with 'social pathologies' (Simmons 2008: 434). The spread of this *psychologising* approach is usually accompanied by an individual interpretation of the social problems and therefore by diagnoses, criticisms and individual responses to the job problems of young NEETs. The most common and dominant approach has been to increase their individual employability in terms of both improving their technical skills and developing the attitudes, values and dispositions considered by experts as being necessary for an employment position. Profiling, counselling, individual advice and other similar treatments are thus the responses of this individualising paradigm. In the critical view of Serrano and Jepsen (2019), the worst effects of this paradigm are that it overlooks or neglects the structural problems that have an impact on NEETs, which started with an uncertain job market, unemployment and job insecurity, and continued with the loss of their social and political roles during the last thirty years (Yates and Payne 2007; Inui 2009; Russell 2016).

Proof of the present power of the above *psychologising* perspective is the spread of the term *disengagement*, which is aimed at replacing the terms *exclusion* and *educational exclusion* (Simmons et al. 2014). Very widespread in the USA, Australia and UK (Christenson et al. 2012), *disengagement* puts the accent on emotional aspects to explain the phenomenon of youngsters who drop out of school. The factors that mostly explain their negative attitudes to schooling are analysed from the perspective of human behaviour rooted in the psychological theory of individual weaknesses, while the critics of *disengagement* emphasise the educational, economic and social policies to explain inequalities and exclusion processes (Smyth et al. 2013; Kelly et al. 2018).

## NEET and Entrepreneurial Behaviour

The entrepreneurial behaviour of entrepreneurship minorities potentially contains many more factors than experienced by mainstream entrepreneurs. Cooney and Licciardi (2019) argued that to investigate whether these minorities are subject to the same determining factors or whether they have different characteristics to the majority group is clearly justified. However, the answer is not simple, because each entrepreneurship minority has its own unique factors and forms of behaviour, and is also a sub-group that has to fit into the common economic framework and entrepreneurial dynamics. This situation means attention must be paid to both the minority's singularities and the entrepreneurial fabric in which it is integrated (Valdez 2011; Wood et al. 2012; Galloway and Cooney 2012; Klingler-Vidra 2018; Cooney and Licciardi 2019). In addition, the various factors that influence the analysis of entrepreneurial behaviour have multiplied ever since research on the subject began (Kantis et al. 2014; McAdam and Cunningham 2019). In this research, the psychological/economic/social factors, the micro/meso/macro aspects, the formal/informal influential factors and many other possible classifications provide an extensive list of the variables that can help or hinder entrepreneurship, and there is still debate about the influence of each factor on business behaviour. It should also be remembered that starting a business is now regarded as a process with different stages (Grilo and Thurik 2008) in which the different factors can have different influences at different times, stages that particularly affect young people who are going through an uncertain period in their lives and are prone to doubt.

These multiple heterogeneous factors involved in determining the entrepreneurial behaviour of the general population are multiplied when added to the highly heterogeneous internal variety of the NEET group. There is very little academic literature available on this group relating to its entrepreneurial behaviour. Although many publications have analysed other NEET aspects associated with their social and work problems, few studies have been undertaken regarding their tendencies to creating a business. However, over the past ten years, some studies have begun to emerge regarding the development of various entrepreneurship projects for NEETs,<sup>2</sup> which try to characterise this group in order to obtain information to improve the applied results of the projects. The reports, recommendations or best practice guidelines that they contain are compiled by teams of experts

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<sup>2</sup>In the next section we will focus on the description of these programmes and projects financed by the EU and OECD, among others. In this section we will review some of the results as regards their entrepreneurial behaviour and the key factors involved when NEETs set up a business.

in social sciences, and even though they still have not been published in academic journals, they are the most important source of specific information that enables advances to be made in the research regarding NEETs as an entrepreneurship minority. Among the limitations of this literature, especially those referring to intervention projects, is the concern that the selection of the participants may not be sufficiently rigorous, which complicates the evaluation of the results. However, this type of applied research still offers valuable information on the specific difficulties of the different NEET sub-groups which will be addressed below.

If one considers the personal NEET factors that hinder their attitude to business and to setting-up business initiatives, it is important to first highlight their low levels of information, skills and entrepreneurial competences (Downs et al. 2019). Although there are deficiencies in many of their competencies (from the most basic to the most specific), some authors consider that this is especially true for the transversal competencies, such as the capacity for communication, creating networks, setting targets and making decisions (Young Enterprise Program 2018). The competencies linked to specific business information (such as financial literacy and an entrepreneurial spirit) are not common attributes among NEETs. In many cases their educational careers are short and have had little contact with entrepreneurship education, and this unfamiliarity with learning and training programmes means they find it difficult to imagine themselves within a training process. In many of the recent projects aimed at fomenting entrepreneurial activity among NEETs, the first priority has been to develop new teaching methods far removed from traditional formal approaches (European Commission 2017; Robertson 2018). Other types of personal factors are age-related psychological difficulties such as: a poor sense of responsibility, lack of concentration and resilience, poor self-esteem and self-confidence, lack of experience. Collectively, these undoubtedly influence their motivation and ability to generate the necessary ideas to consider starting a business. Some authors have highlighted the importance of self-efficacy and self-esteem as a means of increasing NEETs' confidence and helping them to decide to undergo training and be more enterprising (Denny et al. 2010). In this study, based on the analysis of the changes of attitude in a group of NEETs after a period of business training, the young people mostly considered the main barrier to setting-up a business to be their low standards in subjects like Maths and English, psychological problems and a lack of faith in their business skills. Training helped them to improve their beliefs and emotions regarding business, but it was not enough to convince them to follow an entrepreneurial pathway. Although the business world had become closer to them cognitively

and emotionally, actually creating a business was still considered to be far away and could be postponed to a future date.

Of the socio-economic obstacles that NEETs face, the most important include the lack of financial resources, difficulty gaining access to information, lack of opportunities for training, a lack of role models to imitate and a lack of social networks (Young Enterprise Program 2018). All of these difficulties evidently are more acute in those closest to social exclusion, from run-down urban habitats or from poor families. The effects of social class in these cases are difficult to overcome, and besides the poor chances of receiving financial support from the family, there is also a lack of social and symbolic capital (Bourdieu 1987). Different authors have emphasised that one of the key factors for young people creating a business or becoming self-employed is to have a parent who has already gone along this entrepreneurial pathway (Blanchflower and Oswald 2009).

Against all of these disadvantages, specific publications give a series of recommendations to help NEETs to go into entrepreneurship. The intervention projects aimed to help them are basically designed to get over the previously mentioned difficulties. Importance is particularly given to the 'proximity approach', which utilises local actors and spaces close to young people (youth and social centres) to impart entrepreneurial initiatives (Goldring 2015) in the form of information and orientation sessions given by local actors, and have been found to be very helpful (Virani et al. 2018). This involves close cooperation between those involved (youth associations and NGOs, social services, employment agencies, business companies, etc.), all of whom are familiar with the reality of these young people. In fact, many of these agencies/actors participate in multiple directives and programmes to promote entrepreneurial activities organised by large-scale national and international organisations (Green 2013). Such projects are very keen to promote entrepreneurship training by means of new teaching and learning methods as alternatives to traditional methods (Robertson 2018). Non-formal education, peer learning, role-playing activities and social gamification can help to promote entrepreneurial activities among NEETs (Open The Doors 2017). Besides teaching business skills, non-formal learning can teach important processes (such as motivation to learn), since teaching is provided through a variety of speeds, places and trainers (Smith and Air 2012; Council of Europe 2016). The difficulty of access to entrepreneurship training for NEETs (which is now given in many primary and secondary schools) can be overcome by these informal methods and by utilising counselling, mentoring and social tutoring. This personalised support could also be a good way of teaching the transversal entrepreneurial skills considered to be

essential for this group of disadvantaged youths (responsibility and commitment; resilience; planning, communication and creativity) (Young Enterprise Program 2018). Apart from business creation, entrepreneurial skills are being increasingly expressed as attitudes to life in the form of community initiatives or social enterprises through which young people can gain the necessary experience to be able to undertake entrepreneurial initiatives. McCallum et al. (2018) recently presented the European Entrepreneurship Competence Framework (EntreComp) as a typical example of this type of training organisation. In this context being an entrepreneur does not consist of starting a business, but developing the capacity to behave in an entrepreneurial fashion.

Due to the difficulties NEETs face in undertaking entrepreneurial initiatives, many of the intervention projects aimed to help them include intermediate steps designed, not to create businesses, but to foment the entrepreneurial spirit and apply it to their daily lives. For example, the Dutch project Kamers MetKansen (Goldring 2015) used a method known as the *personal action plan* in which the young people (under the guide of a coach) set a series of goals, planned strategies to achieve them, carried them out and evaluated the results. The idea is similar to the business action plan and is designed to help them control their emotions and improve their employability and social integration. Along the same lines and within the framework of a strong expansion of the entrepreneurial spirit, the social organisations are becoming vectors for diffusing entrepreneurial ideas among NEETs. Another Dutch initiative, the Studio Moio Project (Goldring 2015) described itself as a social educational innovation laboratory that aimed to improve the working and social skills of NEETs. The specialists involved in this project encouraged young people to produce creative ideas by turning them into community 'problem solvers' and then helping them to put their ideas into practice and attract financial investors. This work-style suggests the logic of business incubators, which has been successfully used in start-ups and social programmes. The director of Moio described the young participants as a mixture of:

Entrepreneur with a sense of business, Artist with a creative mind and Alchemist with a taste for making something out of nothing. (Goldring 2015: 60)

An initiative called the NEETs in Entrepreneurship project was funded by Iceland, Liechtenstein and Norway through the EEA and a Norwegian Grants Fund for Youth Employment. This was run in a similar fashion to the Dutch projects and almost 400 NEETs were advised and trained in entrepreneurial skills. The project's *Neethubs* aimed to have helped at least

10 per cent of the participants to set up their own businesses by the end of the initiative in 2021.

The series of OECD reports entitled *The Missing Entrepreneurs* and *Minorities in Entrepreneurship* that have been published in different countries since 2013 offer interesting information on the entrepreneurial determinants and best practices relating to NEETs. Although *Missing Entrepreneurs* does not specifically deal with NEETs, different chapters have given special attention to young people in general (OECD/European Union 2012) and stated that NEETs share many of the barriers suffered by young entrepreneurs (social attitudes against entrepreneurship, lack of skills, inadequate entrepreneurship education, lack of work experience, undercapitalisation, lack of networks and market barriers) (ibid.). These reports have also found that entrepreneurial activity rates (TEA) are lower for NEETs (ibid.). The data provided by the *Global Entrepreneurship Monitor* (GEM) each year gives an overall view of entrepreneurial activity among the young and the principal determinants for setting-up a business. As the GEM data are difficult to apply generally because of the very different youth tendencies in different areas, the individual national analyses are more reliable to get a more accurate picture. Although the GEM data does not provide specific information on NEETs, it does permit some appropriate considerations on the required determinants and attitudes. Specialists in youth entrepreneurship who have analysed the GEM data (Schøtt et al. 2015) consider that young people represent a fundamental asset for business on a worldwide scale. The improved access to entrepreneurial training and education opens up positive expectations due to the relationship between training and successfully running a business. In spite of this advantage in training and a positive attitude to entrepreneurship (especially among those in their twenties or thirties), there is also less confidence in their business expectations, especially in the youngest, which is reflected in their entrepreneurial activity. GEM's international data has also revealed a worrying aspect of young entrepreneurial activity with 73 per cent of the companies belonging to those between 18 and 34 years old not having any employees (Schøtt et al. 2015). This means that there is a high proportion of self-employment, which is a warning signal regarding their lack of success in creating employment and indicates the need to investigate the living and working conditions of this substantial number of freelance workers, who suggest high rates of necessity-motivated entrepreneurship (Gutiérrez and Rodríguez 2016; Álvarez-Sousa 2019). Eurofound (2015) has highlighted that the EU countries with the highest NEET rates (Italy, Greece, Rumania and Spain) also have high rates of



self-employed workers, which was accentuated during the 2007–2010 recession, when unemployment grew and becoming self-employed was seen as a solution due to the lack of job opportunities (Fairlie 2013). This ‘refugee’ effect (Thurik et al. 2008) adopted by the unemployed was accompanied by personal and business problems for entrepreneurs motivated by necessity, who set up low-technology, non-innovative businesses with little capital, little prospect of creating jobs or growth, little entrepreneurial vocation, high aversion to risks and low tolerance of failure, since they were often established with personal savings or unemployment allowances and thus with the sensation that they must not fail (van der Zwan et al. 2016; O’Higgins 2017; Álvarez-Sousa 2019). In the personal context, the problems consist of low earnings, labour uncertainty and lower satisfaction (Fairlie 2005; Block and Koellinger 2009). This *desperate entrepreneur* identity could well spread among NEETs due to their urgent need, plus it could entail the risk of adding ‘no opportunities’ and ‘no skills’ to the NEET label (Mühlböck et al. 2018). Some authors have questioned the idea of unthinkingly implanting the entrepreneurial spirit among socially disadvantaged groups (Fairlie 2005; Shane 2009; Sutter et al. 2019) as potentially leading to greater long-term problems for them.

Another research theme relating to disadvantaged urban youth’s entrepreneurial activity focuses on local business initiatives and has had interesting results in some of the worst-hit areas. Such initiatives take advantage of local opportunities and demands. Smith and Air (2012) found that despite the disadvantages accumulated by the urban youth underclass stereotype, with a different entrepreneurial approach, locally or socially rooted initiatives and programmes can be designed to gradually imbue entrepreneurial roles into young people to help them to enter business. These professional careers would not be similar to those of the normal entrepreneurial archetype, but would be comparable to entrepreneurial models with an alternative narrative, created by the young entrepreneurs themselves in collaboration with instructors familiar with local conditions. Smith and Air’s conclusions are highly critical of the entrepreneurship studies published in the last thirty years that glorify the figure of an entrepreneur far removed from the realities of marginal zones or from groups such as NEETs. The aim of turning these young people into entrepreneurs by radical strategies without a knowledge of the territory and the local problems, with programmes that do not take them into account and based on the successful entrepreneur and enterprise (which do not have a good image in these contexts since they are seen to be responsible for the destruction of jobs) is destined to fail (White 2017). In their search for the ‘underclass entrepreneur’, Smith and Air recalled the tradition of studies

similar to that by MacDonald and Coffield (1991) who analysed the early results of enterprises created by disadvantaged young people in their home districts and who faced a series of significant difficulties (lack of finance, low demand, saturated markets, badly situated premises, long working hours and uncertainty of outcome). Despite these conditions, the young people studied showed considerable entrepreneurial qualities such as having to fight against situations of economic scarcity, seeking help from relations and friends, carefully administering their time and getting used to surviving in a difficult economic climate. Although this modest achievement profile does not coincide with the range of aptitudes of the ideal entrepreneur (talent, creativity, passion and love of risk), it can be seen that these features allowed the young people to keep their risky businesses alive with survival rates similar to those of mainstream entrepreneurs.

The wide variety of determinants that have been examined include: deficient entrepreneurial role models, lack of entrepreneurship experience in the family, lack of entrepreneurship training programmes and entrepreneurial skills, poor access to finance, discrimination for being young, poor capitalisation and lack of experience in access to clients and providers, the association between youth, inexperience and poor responsibility, bureaucratic obstacles to setting-up a business and difficulty getting access to information, all of which contribute to the restrictions young people (especially NEETs) find when acceding to the entrepreneurial world (Green 2013). This summary shows the need for a complex package of intervention tools from the appropriate organisations which will be examined in the next section.

## Entrepreneurial Activation

Since the late 1990s, 'active' employment policies have become the general model for interpreting the social action of the institutions and social actors in this field. These policies are characterised by a demand for greater involvement of young people regarding employment (that is to say, they are asked to assume more responsibility about their own job careers), this happens within the framework of 'activating' measures initiated by governments and international organisations to foment changed attitudes in the unemployed (Bonvin 2008; Lodemel and Moreira 2014). Within these activating programmes, the figure of the entrepreneur has expanded enormously in the years after the 2007–2010 recession. Initially confined to the economic and enterprise ambits, the concept of the entrepreneurial spirit has been embraced by the field of labour and social policies and an entrepreneur has become

a normalised figure worthy of being imitated. In business circles and international organisations, the messages to young people contain a set of positive images of the entrepreneurial mentality (talent, creativity, innovation, etc.) that emphasise the importance of human capital. In this logic of human capital, every individual is the owner and is responsible for his/her capital, which one must look after and adapt to the needs of the competitive market. This approach contains the idea that everybody is capable of becoming an entrepreneur, so that human capital has become a type of training space for constructing juvenile subjectivities based on the idea of being a business person of his/her own. In recent years this has been the pillar of most strategies for entrepreneurial activation (Santos and Muñoz 2017).

The EU and the OECD have welcomed these influences with numerous pro-business programmes in the context of the 2007 crisis, not that they had ignored this policy beforehand, but now it has been given special significance. For example, in the EU the fundamental document of this strategy is the 'Entrepreneurship 2020 Action Plan: Reigniting the Entrepreneurial Spirit in Europe' (European Commission 2012), which outlined the main ideas for fomenting entrepreneurship. The document begins with the argument that entrepreneurship is the best way to get out of the crisis and even suggests that the weakness of the entrepreneurial spirit was responsible for it. It supports business education programmes, creating an atmosphere favourable to entrepreneurs, funding, taxes, new technologies, help with bureaucratic processes and also programmes to extend the entrepreneurial spirit to disadvantaged groups, the so-called inclusive entrepreneurship.

If one looks at entrepreneurial activation within these groups, and especially in NEETs, Kelly (2006) suggested that the *youth at risk* category is being used as a worryingly negative image to show the virtues of the entrepreneurs of themselves by entrepreneurial thinking. This process, which has arisen in recent years, involves different actors (public administrations and business associations) who are able to collaborate in constructing a new entrepreneurial subjectivity in which responsible individuals are encouraged to lead their lives as if they were a business or a project in process. This norm is regarded as the model to follow for the actions of those responsible for social interventions and the large programmes for fomenting entrepreneurship (Gerrard 2017).

## European Union, OECD and Other International Programmes for NEETs

In harmony with all this encouragement to take up entrepreneurial activation, the EU has recently adopted the twin concept of NEET entrepreneurship through the Youth Employment Initiative (YEI) and in 2013 established the Youth Guarantee initiative, a measure with considerable funds at its disposal and designed to relieve the juvenile unemployment caused by the recession of 2007–2010. This programme, primarily targeted at NEETs, not only aimed to support entrepreneurship, but also to improve the situation of these young people, either by finding them gainful employment, training or staying in business companies, among other measures. However, the basic YEI document (European Commission 2016) highlighted that 53 per cent of the Member States had already implemented start-up support for young entrepreneurs in projects financed by the YEI, showing the wide expansion of the NEET-entrepreneurship idea that has been the model of many projects. The profile of these initiatives can be found in databases<sup>3</sup> with information on the projects designed to encourage the entrepreneurial spirit among NEETs. In general, they were managed by consortia in which a number of countries and different actors participated, including universities, public administrations, business associations, chambers of commerce, etc. The projects marked out the intervention objectives, which ranged from simple training in basic skills in order to awaken their entrepreneurial spirit, to the most ambitious which aimed to set up specific business projects to give permanent jobs to the NEET participants. The most ambitious of these projects got the young people into funding and support programmes for start-ups and self-employment, and some of them were very similar to the business incubators often found in the world of start-ups. For example, the ‘Be the Change’ project, with teams from six European countries, was based on an intergenerational learning system in which entrepreneurs over 50 years of age used their experience to teach entrepreneurial skills to young NEETs by informal teaching methods (Be the Change 2017). Along similar lines, four EU countries with high percentages of youth unemployment participated in ‘Creative Business: A New Start for NEETs’ to inculcate 120 of them with the entrepreneurial spirit through a specially devised advisory tool based

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<sup>3</sup>To deepen the variety of European projects carried out with the NEET collective, we recommend the database of European Commission-Employment, Social Affairs and Inclusion. This database contains EU policy documents and reports relating to European Union employment, social affairs and inclusion policies. It is possible to find descriptions of EU-funded projects (<https://ec.europa.eu/social/main.jsp?catId=1307&langId=en>).

on competencies, training and developing business ideas (Creative Business 2017).

Apart from training and competencies, other YEI measures were aimed at funding NEETs to help them set up micro-businesses. For example, the Italian employment service (ANPAL) created a fund to finance these initiatives in 2016. The *SELFIEmployment (Fondo Rotativo Nazionale)* awarded micro-credits to young unemployed people through a selection process and business plan follow-up scheme. Up to 2018, 4200 Italian NEETs had obtained micro-credits through this programme in order to start a business (European Commission 2018). Although the Youth Guarantee projects have been in existence for only a short time and a detailed examination of the results will be required, some good practice protocols and recommendations have already been created. The European Commission (2018) has published the following recommendations relating to programmes for NEETs: combine training-based support measures with funding, evaluate business plans, offer counselling and mentorship and provide follow-up support for young entrepreneurs during the first years of entrepreneurship. The YEI ends in 2020, but the interest it has created in inculcating the entrepreneurial spirit augurs well for the renewal of this type of measure and a connection to other EU funds, such as the European Social Fund. Some Member States have incorporated the EU recommended entrepreneurial directives into their national legislations and it is hoped that over time this will happen in all Member States. The last edition of the *Missing Entrepreneurs* report (OECD/European Union 2019) includes updated data on the trends in self-employment activities by women, youth, seniors, the unemployed and immigrants. Finally, the World Bank Group promotes entrepreneurship among young Latin American NEETs. In their report on this organisation, de Hoyos et al. (2016) described the profiles of these young people, who are often familiar with situations of poverty and exclusion and even serious problems of delinquency and drug-dealing, and how this organisation attempts to improve their situation by offering solutions to the lack of formal jobs in the South American labour markets.

## Conclusion

The present situation of NEETS relative to entrepreneurial spirit and starting a business could well be described as a complex reality. As argued in the first section, the term NEET is an unsatisfactory construct. Almost all authors cited in this work have highlighted the term's limitations in one way or

another. Statistically it includes various population strata with very different problems and experiences, and so is difficult to treat them as a homogeneous group. It is also a socially unpopular stereotype that sometimes generates a negative vision of disadvantaged youth and has been used by experts, journalists or politicians to present a reality to suit their own interests. The term has also often been used as a euphemism to avoid an argument on youth in precarious situations and the present generational inequalities, and thus divert these political questions to the technical field of specialists. Businesswise, the term is in another category to those of conventional types of business organisation and does not correspond to typical business behaviour, but rather one that accumulates apparently insuperable determinants for creating a business company and in the end defies being studied in the entrepreneurial field due to its extreme heterogeneity. Its members range from young university graduates who cannot find job opportunities to school dropouts living in tower blocks on the outskirts of cities. The best lesson one can learn from research on NEETs and the enterprising spirit is that a person must take into account this internal heterogeneity when proposing solutions aimed at encouraging NEETs to go into business.

To counteract their many difficulties and their entrepreneurial behaviour deficiencies, a new field of intervention is being opened up based on extensive projects financed by international organisations. These projects have an applied dimension and are directed by specialised teams from NGOs, universities and business companies with the aim of helping NEETs to set up successful businesses. Some of the most interesting of these projects are based on the idea that to be successful, it may be necessary to extend the frontiers of entrepreneurship beyond merely creating businesses. If NEETs lack the resources to start a business, then other opportunities can be found by achieving intermediate objectives that do not necessarily end in an actual enterprise, but in a gradual approach to this goal by learning competencies, taking initiative, plus becoming involved in local activities with which they can feel identified and whose needs they are familiar. In recent comments on entrepreneurship initiatives and entrepreneurial behaviour, O’Gorman (2019) proposed some interesting ideas that could be applied to NEET entrepreneurs. He suggested giving special attention to future research on certain aspects of business behaviour that are not usually taken into account in the conventional literature, but could have a positive influence on entrepreneurship. O’Gorman mentioned three interesting aspects for consideration: (1) Context—if this is considered to influence the entrepreneurship process, it may be vital to exploit the situational factors in order to boost entrepreneurial behaviour. Therefore, the micro factors and the local context

may be decisive in developing NEETs' entrepreneurial behaviour. A project anchored in the local context could reinforce an initially weak entrepreneurial initiative. (2) Temporal Perspective—this aspect could be considered not as a given situation, but as a transitory, dynamic, evolving condition inscribed in the entrepreneur's life course. This observation is highly applicable to NEETs, since they are usually reluctant to become entrepreneurs, but an entrepreneurial initiative could perhaps be gradually developed on a micro level. Being able to imagine themselves as entrepreneurs may be a gradual process inscribed in the NEET life course. (3) Variety of Routes into Entrepreneurship—attention needs to be given to the diversity of business enterprises and avenues into starting a business. This means that a NEET initiative may not necessarily involve a start-up, but may be related to self-employment, being part of a cooperative, working in a team within a local association or taking over a franchise. The 'natural' entrepreneur, who combines strong motivation with a promising and viable business initiative, may not be the only model NEETs can follow to make their own business initiatives a reality.

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# 'Gizza a Job, I Can Do That': What the Literature Tells Us About How the Inability to Secure Employment Can Lead to Ex-Offenders Starting a Business

Robert Smith

## Introduction

Cooney (2014) stressed that despite a substantial body of research undertaken in recent years giving prominence to the additional and distinctive challenges faced by the disadvantaged communities (e.g. female entrepreneurs, ethnic entrepreneurs' and other minority entrepreneurs), ex-offenders have received relatively little attention and so remain underexplored within entrepreneurship literature. Such 'silent' minorities exist in communities which are composed of relatively large numbers in terms of population figures, but require tailored support to overcome distinctive economic, social and personal obstacles. This is particularly true of ex-offenders from such minorities. Given the difficulties encountered in attempting to secure employment through traditional channels, becoming an entrepreneur and launching one's own small business may be an ex-offender's only viable career option because they do not require permission to work (Wilson et al. 2000). Indeed, entrepreneurship and small business management training delivered within prisons can provide offenders with a set of core business success skills that will help them to develop a strong business plan, help to increase employment and reduce recidivism (Levenburg and Powers 2009). For ex-offenders,

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the inability to secure employment is one of the major driving forces towards starting their own business (Cooney 2012, 2014).

Historically, unemployment and the inability to secure a meaningful job is a major factor which blights the lives of many disadvantaged people and communities, but in particular ethnic minorities, the working class, and underclasses with limited social capital to trade upon. Unemployment remains a serious problem even in contemporary society. Indeed, many 'job seekers' are either over qualified or under qualified and job shortages can lead to frustration and often a pathway into crime.<sup>1</sup> Ex-offenders face many problems and barriers to securing regular employment, making criminal career pathways for many the only viable option. Indeed, Zakaria et al. (2018) identified two main barriers to recidivism related to supply and demand. The supply side refers to the characteristics, attitudes, skills and experience of the ex-offenders. The demand side concerns employers' attitudes and the economic climate, as well as government policy in supporting the employment of ex-offenders. Other complex and interlinked challenges and barriers facing ex-offenders are housing, homelessness, and alcohol and drug dependency issues (Roman and Travis 2004; Weiman 2007). Many employers persistently refuse to hire ex-offenders, preferring instead employees with no criminal record (Holzer et al. 2002). Furthermore, the majority of job application forms include questions on this topic and employers and their HR departments routinely conduct background checks on prospects to screen out potentially problematic employees. The impact of failing to secure regular employment is a major factor in increased recidivism rates in ex-offenders and can have a detrimental effect on an offender's family and even their wider communities (Holzer et al. 2002). Gill (1997) argued that ex-offenders seeking work can count on very little help from the criminal justice system and that employers and ex-offenders are ignorant about the risks and opportunities. Gill opined that obtaining work for ex-offenders may depend as much on eradicating ignorance among employers as it does on focusing help on ex-offenders.

Collectively these issues can lead to higher rates of recidivism. Cooney (2012) argued that globally prison systems are facing significant challenges from overcrowding and a 'revolving door' routine and that reducing recidivism would help alleviate these problems and assist in breaking the cycle of career criminality. Cooney stressed that recidivism is fuelled by a lack of

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<sup>1</sup>The first part of the title is based upon the culturally iconic words of British actor Bernard Hill who played the part of unemployed, fictitious yet iconic 'Yosser Hughes' in the 1982 TV series—'*Boys from the Black Stuff*' written by Alan Bleasdale. The series followed the fortunes of unemployed Liverpoolian tarmac layers. Yosser catch phrase '*Gizza a job, I can do that*' became a nationally recognised meme.

employment opportunities for people who have spent time in prison. Cooney highlighted the dearth of entrepreneurship research on ex-prisoners designed to help them via a 'Start Your Own Business' programme delivered inside a prison. Such programmes offer the most realistic opportunity for reducing recidivism. Nevertheless, there are significant obstacles, as well as opportunities, which ex-offenders face when seeking to transition towards becoming a small business owner (Jansyn 1969). Moreover, Vogel (2015) argued that the role of entrepreneurship in society and the economy has drastically changed over the last half century and that it is no longer the case that established companies are the sole drivers of innovation, job creation, economic and societal prosperity. The jobless have a role to play in entrepreneurial reinvigoration.

The literature suggests that there is an established link between entrepreneurial and criminal propensity and in particular between acquisitive crime, drug-dealing and organised crime (Fairlie 2002; Gottschalk 2008). Thus, it could be argued that ex-offenders are potentially greater risk-takers than the general population (as are entrepreneurs) and because of the difficulty in finding employment, many ex-offenders are pushed into starting their own businesses (Reiple and Harper 1993). Ex-offenders and other vulnerable groups such as those Not in Employment Education or Training [NEETS] (Smith and Air 2012) are classified as 'Minority Entrepreneurs' (according to the OECD Reports [2013, 2014, 2015, 2017, 2019] on 'Missing Entrepreneurs'). The OECD identified key challenges including: low self-confidence; poor entrepreneurial skillsets; reliance on self-funding; and lack of managerial experience. In addition, they face disadvantage, discrimination, intolerance, social marginalisation and stigma from mainstream society. All of these are exacerbated by a criminal record and prison sentence.

A criminal record, and particularly conviction and imprisonment, can effectively stunt or even cause the termination of an individual's career path. Therefore, an awareness of the power of entrepreneurship and its possibilities can begin to form an attitudinal foundation from which to rebuild a future. Entrepreneurship education is a particularly valuable activity for prisoners because self-employment as an occupational career path can help overcome the well-documented potential for employers' discriminatory attitudes towards ex-prisoners. Such education inspires and develops an entrepreneurial mindset. Although the number of prisoners continues to rise globally, nevertheless, educational efforts to help them return to society as productive members have yielded mixed results (Patzelt et al. 2013), albeit entrepreneurship offers a diversification pathway out of crime (Smith 2009).

Minority communities face additional and distinctive challenges in both seeking employment and starting up a business. They are also statistically more likely to have a criminal record and have served a jail sentence. Both of these factors stigmatise them in the 'eyes' of society and make securing any type of employment problematic. This makes entrepreneurship an ideal employment pathway and accordingly in prisons globally (but particularly in the USA and UK), thus there is an increasing interest in seeking to teach offenders entrepreneurial skills. This is reflected in an expanding academic literature on the topic.

## An Overview of the Literature

The literature which has coalesced into 'Prison Entrepreneurship' has a long multidisciplinary history. Indeed, knowledge of it comes from a variety of sources including journal articles, book chapters and theses which span the disciplines of entrepreneurship, entrepreneurial learning, social entrepreneurship, criminology, prison studies, practice-based reports and even Probation studies (Reiple and Harper 1993; Johnson 2007). In the Probation Service, there is an increasing awareness that employment does help reduce recidivism for Federal Offenders (Johnson 2007). Indeed, Prison Entrepreneurship is a necessity-based type of entrepreneurship (Downing 2012) and as such is driven by hard push factors as opposed to ideological pull factors. Some of the early examples of the power of entrepreneurship to transform lives come from social entrepreneurship and the writings of American scholars such as Boschee (1995) who provided evidence of how social enterprises such as the Delancey Street Foundation helped reintegrate ex-offenders into society. Indeed, Lahr (2018) talked about piercing the cycle of recidivism via engagement in social entrepreneurship. Mann and Fiedler (2017) argued that social entrepreneurs identify and solve complex social problems, acting as societal change agents by looking for new approaches and advancing sustainable solutions that create social value. They identified that the USA has the highest incarceration rates in the world for women whose re-entry issues differ from those of men. They report on a social enterprise model/programme created to prepare female inmates with entrepreneurial training. This helps the women to attain the necessary life-skills to successfully re-enter and perpetuate a cycle of prosperity in their communities. The study of Patzelt et al. (2013) into a European prison entrepreneurship educational programme found that rather than being an *outcome* of an entrepreneurship education programme, recognising a potential opportunity was a critical *input* to successful completion.



Recognising potential opportunities are important vehicles for transforming prisoners' attitudes towards entrepreneurship and imprisonment (Patzelt et al. 2013). They found that:

...without a "personal agency mind-set - namely, the set of assumptions, belief systems and self-regulation capabilities through which individuals intentionally exercise influence (i.e. act) as opposed to residing as a discrete entity (i.e. acted upon) - prisoners were unable to make sense of the past or orient themselves toward the future, both of which are necessary to identify and develop opportunities and ultimately to persist with an entrepreneurship educational program.

A tangential aspect of the literature is that of Criminal Entrepreneurship (Gottschalk 2008; Smith 2009, 2013; Smith and McElwee 2014). Within this diverse literature there are identifiable schools of thought deriving from US and UK-based literatures. This is important because they both have different enterprise eco-systems and criminal justice systems, and laws and must be treated differently. The literature and practice of Prison Entrepreneurship evolved from the early literature on social entrepreneurship and attempts to get ex-offenders into employment. The remainder of this review focuses on the US and UK-based literatures, as well as generic religious, faith-based and redemptive literatures in both contexts. Finally, other diverse literatures such as Prison Privatisation, the Crime-Dyslexia-Entrepreneurship' Pathway, the Education Pathway and the Prison Narrative literature will be discussed. These literatures all feed into the Prison Entrepreneurship (PE) literature.

## US-Based Literature

In the penal system in the USA, there are an estimated 70 million or more Americans that have some form of criminal record. American federal and state prisons release more than 600,000 such offenders each year. Those with a criminal record find successful re-entry difficult because a record serves as a barrier to public benefits and bars convicts from certain professions (Powell 2017). For Powell, this makes correctional education programmes (designed to help offenders whilst in prison to overcome these barriers) of vital importance. Powell argues that entrepreneurial education programmes are becoming more popular, due to the positive recidivism and post-release employment results they engender.

Prior to the 1990s the direction of the Federal Bureau of Prisons was directed towards Prison Labour Programs (Washburn 1987). The type of

work available to prisoners was limited to sowing mail bags which is a stereotypical (but true) indication of the meaningless nature of such exploitative work activities. The ontological development of the body of knowledge that is PE and the notion of an ex-offender as a business person (Jansyn 1969) and prisoners as entrepreneurs (Goodman 1982) moved from the conceptual and descriptive in the early 1990s to the practical and theoretical in the present day (Sonfield et al. 2001) very much due to the influence of American literature and practice. The literature on PE is in some respects driven by practice such as the Prison Entrepreneurship Program [PEP] (Prison Entrepreneurship Program 2007). This literature was pioneered by scholars such as (Sonfield 1992; Sonfield and Barbato 1994; Sonfield et al. 2001; Sonfield 2008) and Lindahl (2007), plus by newspaper articles on such initiatives (see Butterfield 2004). In 1992, Sonfield proposed that small business and entrepreneurial training programmes for 'soon-to-be-released' inmates and recently released ex-offenders might increase their opportunities for self-employment and their rate of recidivism (Sonfield 1992). This led to the development of so-called 're-entry programs' in the American prison system. Such programmes entailed the provision of instruction, workshops and mentoring to prepare inmates for both employment and self-employment (Sonfield 1992). The reasons behind such initiatives resulted from rising prison populations and high rates of recidivism which were particularly high in disadvantaged ethnic and minority groups. A primary cause of high rates of recidivism is the difficulty former inmates have in obtaining employment (Sonfield 1992) and because without employment, ex-offenders were three-to-five times more likely to commit a crime than are those who gained employment after leaving prison (Jackson 1990, cited in Sonfield 1992). Sonfield (1992) stressed that many programmes specifically targeted women rather than men, even though men constitute about 93% of all prison inmates. Table 1 offers examples of the type of programmes provided to furnish an insight into their scope and nature.

Race is a feature of the US prison system and approximately 41% of the prison population is black and half of all black men that have less than a college education is likely to serve prison time (Pettit and Western 2004). African-American male ex-offenders struggle with a lack of assistance during their transition from incarceration and encounter many barriers when released back into the community and often reoffend within one year (Burt 2018). Burt argues that re-entry programmes enhanced participants' well-being, improved their communication skills and increased their resourcefulness, thereby promoting better re-entry outcomes and safer communities. The aim of such programmes includes the stimulation of life transformation

**Table 1** Examples of US PE schemes

Scheme	Narrative description
The Five O'Clock Club	Founded 1978 to provide skills training for employment and self-employment for incarcerated women at a New York City women's correctional facility
Trickle Up	Founded 1979 to provide conditional seed capital and business training for underserved people, including poor and formerly incarcerated people in New York City
Women Entrepreneurs of Baltimore	Founded 1989 to provide business training programmes and a loan fund for low-income and underserved women in Baltimore, MD
New Vision, New Ventures	Founded 1999 to provide micro-entrepreneurial training for economically and socially disadvantaged women in Richmond, VA, many currently in correctional institutions
Men's Employment and Business Ownership Program	Founded 2004 to provide entrepreneurship training for low-income African-American fathers in Chicago, IL, 60% having felony records
Prison Entrepreneurship Program	Founded 2004 to provide business plan and work readiness programmes for incarcerated men in Texas
Rising Tide Capital	Founded 2004. Basic business planning and management training for low-income individuals, primarily women, minorities and formerly incarcerated persons in Jersey City, NJ
Self-Education and Economic Development programme at Clinton NY Correctional Facility	Founded 2005 to provide start-up and general business skill classes for incarcerated men
Central Ohio Regional Ex-Offender and Family Re-entry Program	Founded 2006 to provide micro-enterprise classes for females transitioning from Ohio correctional facilities

(continued)

**Table 1** (continued)

Scheme	Narrative description
Coffee Creek Prison Project	Founded 2006 to provide business planning and related training for women inmates in Portland, Oregon
The Oklahoma City, Training and Supporting Ex-Offenders as Entrepreneurs programme	The program is housed within the education department of the correctional facility in which it operates. Staff of the program were able to facilitate its initiation by marketing their services to correctional administrators as another 'tool for the toolkit' within existing education programmes, and not another entirely new programme
Kansas City Connections to Success, a faith-based re-entry programme	The programme is housed within a municipal jail and provides re-entry services for individuals both within county, state and federal correctional systems and during their transition into the community

Source Adapted from the works of Sonfield (e.g. 1992) and Lindahl (2007)

and the instillation of entrepreneurial passion via education and mentoring. An increasing number of federal and state laws either bar or restrict people with criminal records from holding particular occupations in fields such as finance, insurance, healthcare, childcare, transportation and aviation (Lindahl 2007). Prisoners are often trained in prison employment programmes in industry skills, using machines and technology which are now obsolete, therefore making new approaches necessary.

In the USA, the provision of support for ex-offenders is more formalised than in the UK. For example, many states have their own Prison Entrepreneurship Programs [PEPs], such as the Texas State Entrepreneurship Program (see Sauer 2009; Johnson et al. 2013 for a more in-depth account). There are also formal Federal mechanisms such as the Prisoner Re-entry Institute. Engaging in the PEP develops entrepreneurial skills and creativity which helps incarcerated individuals achieve the ultimate goal of increasing their employability or assisting them in nurturing start-up enterprises (Goodstein 2019). According to Johnson et al. (2013), components of a PEP might include:

- In-prison business plan competition—teaching inmates how to write plans.
- Work readiness programme—providing inmates with work skills.

- Executive mentoring programme—whereby volunteer executives mentor inmates in their choice of business venture.
- Entrepreneurship school [eschool]—where students are taught the practicalities of starting a business in preparation for re-entry.
- Access to financing (PEP Opportunity Fund).

The PEP has been described as a new crime reduction model which facilitates an opportunity for transformation in relation to: (1) character formation; (2) learning a new 'values' base; (3) family reintegration; and (4) concentrating on minimising costs whilst maximising impact. Since its inception in 2004 by Catherine Rhor, PEP has worked with over 1000 inmates, of which 840 have been successfully released into the community on good standing (Rhor 2007). Around 240 inmates have started their own businesses (Johnson et al. 2013) and the initiative and its success stories have been well publicised (Winig 2012; Mangan 2013; see De Jong et al. 2012 for a comprehensive review).

According to Lindahl (2007) individuals re-entering society face myriad challenges, including securing viable employment to match their unique set of experiences, needs and resources. Lindahl called for a collaborative approach to address the challenges facing people re-entering society by developing a spectrum of approaches and solutions. Lindahl collected information, case studies and stories contained with the aim of inspiring professionals across entrepreneurship, workforce development and criminal justice fields to recognise and embrace entrepreneurship and self-employment as appropriate and valuable reintegration tools. Returning inmates are a potentially useful societal resource for community and economic development. Lindahl argued that entrepreneurship represents a path to financial stability and more engaged citizenship, plus defined entrepreneurship as the process of starting a business venture with the aim of becoming self-sufficient and advocated adopting a micro-enterprise development approach. Lindahl profiled a typical micro-enterprise development programme which included the following key elements:

- Training and technical assistance: Including teaching business skills to entrepreneurs with little formal training, limited time to engage in learning and various levels of education. Typical topics include business plan development, integrating technology, bookkeeping, business management and marketing. Training is facilitated via lectures, one-on-one counselling, peer networking and mentoring programmes.

- Credit and credit access: Most programmes either offer credit directly from an in-house loan fund, typically lending from \$100 to \$35,000 or else partnering with community organisations or institutions to provide access.
- Economic literacy and asset development: Programmes stress the importance of establishing checking and savings accounts, a credit rating and learning about credit rehabilitation. Also, training is provided relating to tax laws, regulatory issues, sound accounting principles and insurance.
- Follow-up services: Services are provided to clients after completing the core training or taking a loan. These help fledgling entrepreneurs successfully negotiate the challenges they face in marketing, increasing sales, quality control, legal issues and business expansion.

What is important about this approach is that it is based upon micro-enterprise development programmes delivered to all under-privileged communities, not just prisoners and ex-offenders.

Garnett (2006) reported on the development of a creative entrepreneurship programme (T.R.U.T.H) for youth, aged 14–24, residents of Camden, one of New Jersey's disinvested neighbourhoods. The programme was designed to cure recidivism amongst youth as part of a three-pronged approach: (1) training and motivation; (2) entrepreneurial opportunity and incentive; and (3) career job placement. The youth went through training on the Genesis Youth Employment Training and Entrepreneurship programme and the ED-Tech Program to gain entrepreneurial skills, business skills and technical knowledge (Garnett 2006). The project helped participants in the implementation of new entrepreneurial ventures, joint ventures, sole proprietorships, marketing, advertisement, sales, operations, strategy and financing via the Camden County Cleaning Service, a for-profit C corporation. The participants worked with community businesses to engage them in all aspects of developing the business—from creating a business plan, incorporation, marketing, purchasing, packaging and distribution. They were taught the basic principles of income generation and the importance of reinvesting monies back into the business and community for sustainability.

Kenna and Simmons (2015) conducted an evaluation of the impact of the Ice House Entrepreneurship Program on the learning experience of participating pre-release inmates at a Mississippi maximum-security prison and their perception of the transfer of skills learned during the programme into securing employment upon re-entry. The programme was a 12-week one facilitated by volunteer university professors to inmates in a pre-release unit of a maximum-security prison. The findings revealed the emergence of eight life-lessons as a promising approach to prison programming for pre-release

inmates. There are three stages of preparation for a mindset change (rethink, reform and re-enter approaches) which help break the traditional cycle of release, reoffend and return.

Unfortunately, there is also a darker side to such enterprise-based programmes in prisons. Indeed, Butcher and LaLonde (2006) emphasised that institutionalisation and engagement with Social Welfare Programs can result in ex-offenders becoming subject to welfare dependency. They found that incarcerated women are amongst the most economically disadvantaged populations in the USA and are often driven towards such dependency. Fairlie (2005) used microdata from the 1979 National Longitudinal Survey of Youth to study self-employment and entrepreneurship amongst young adults, including the relationship between criminal activities and self-employment and job-satisfaction amongst the self-employed, and found that although such programmes have positive aspects, there are negative ones too. This creates a vicious self-confirming cycle which perpetuates crime and incarceration. There is therefore a pressing need to design appropriate gender-based programmes to overcome this disadvantage. This is worthy of further research because the positives outweigh the negatives and the disadvantages of such programmes. Another criticism of programmes is that it is counter-productive to teach criminals entrepreneurship. Prison entrepreneurship in the USA follows a very formalised, prescriptive and practical model in which basic enterprise and business skills are taught to inmates to prepare them for either employment or starting their own business, combined with start-up grants. The academic literature was initially descriptive and case based in nature (concentrating on statistics), but it is growing in numbers of studies although lacking in theorisation and theory building.

## The UK Literature

Statistics from the UK Prison Reform Trust indicate that 26% of the prison population or 22,683 prisoners, are from a minority ethnic group. The cost of this BAME over-representation is estimated at £234 million per year. The statistics indicate that there was a clear and direct association between ethnic groups and the odds of receiving a custodial sentence. Thus, black people are 53%, Asian 55% and other ethnic groups 81% more likely to be sent to prison for an indictable offence (Prison Trust Website). In the UK, the academic literature on PE has evolved somewhat differently due to the different criminal justice systems. Indeed, a very different model has evolved. Rieple (1998) studied the potential which ex-offenders have for entrepreneurial activity and formulated policy implications for the training

of prisoners and ex-offenders in small business skills. Reiple surveyed small business training and support within prisons and the probation services and conducted a survey of prisoners and probationers to establish their potential for entrepreneurial activity, experience of working in their own businesses and intentions of doing so in the future. She utilised a psychometric test which assessed individuals across five well-established entrepreneurial traits; she also authored case studies of three ex-prisoners intending to start up their own businesses on release. Building on this, Reiple and Harper (1993) examined the potential of ex-offenders running a small business and the provision of small business training in prisons and probation services, arguing that such training in running a small business or self-employment improved their chances of success. In the UK criminal justice system, there is no direct equivalent of the PEP and as a result help and support for ex-offenders has developed on a more ad hoc basis. There is a greater emphasis on helping young ex-offenders through schemes such as The Prince's Trust and a reliance on social enterprise models delivered by NGOs and charities such as APEX (see Greene 2005). Moreover, Smith and Allan (2011) reported on the innovative work of APEX towards encouraging enterprising behaviour in young ex-offenders by using positive role modelling (many of whom were entrepreneurs) to effect change in ex-offenders by encouraging more positive career pathways.

In the UK ethnicity also plays a significant part in the criminal justice system with a greater number of BAME youth becoming criminalised and imprisoned. Pilgrim and Smith (2000) sought to address some of the ethnic considerations, regarding ex-offender's rehabilitation, which are present in social policy. They elaborated on media attention to deviant behaviour amongst ethnic minorities and how crime by black offenders was over-reported compared with levels of similar committed by white offenders. They also highlighted that numbers of Asian offenders were lower than blacks or whites, but was still over-reported. Pilgrim and Smith commended the Apex Community Entrepreneurs Scheme (ACES) project that aims to help ex-offenders to continue their lives as law-abiding members of society by assisting them to find employment. It is therefore apparent that numerous amendments are required to be made to such schemes to assist the rehabilitation of BAME ex-offenders into the mainstream. This links into the early intervention and gang violence and mentoring schemes proliferating in many UK cities to divert at risk youth out of crime and towards employment.

There have been a number of UK government initiatives attempting to address the issue of entrepreneurship for ex-offenders. For example,



in 2005, the UK's National Offender Management Service, in conjunction with the Department of Trade and Industry, issued an advice booklet entitled 'Unlocking Potential: Working for Yourself'. It aimed to inspire prisoners to consider self-employment upon release. The document sought to inspire action by featuring the profiles of, and interviews with, 15 formerly incarcerated entrepreneurs who started a diverse array of businesses throughout the UK, as well as providing the contact information of public and private bodies supporting entrepreneurship and re-entry. Since then, a network of government agencies and community organisations have worked together to promote self-employment as a re-entry strategy through a multi-pronged initiative. There are several components of this initiative including programmes and publications developed:

- Promoted business start-ups in disadvantaged areas and supported existing businesses there to provide better services and become more profitable.
- Set-up pilot projects.
- Established the 'Business in Prison' scheme which assisted incarcerated individuals with reintegration into the labour market and focused on self-employment post-release.
- Initiated an 'In Credit' initiative as a network for women released from prison who demonstrated an interest in starting a business.
- Launched the 'Women into Work' programme which tackled discrimination and inequality experienced by disadvantaged women. A component of the project was the 'Creative Business Pilot', a course which provided a basis for incarcerated women to initiate self-employment upon release, particularly in the creative industries.
- Publication of a report 'Reducing Re-offending: The Enterprise Option', which provided an overview of the relationship between people in the criminal justice system and self-employment, the entrepreneurial aptitude of people with criminal records, existing enterprise support for currently and formerly incarcerated individuals and recommendations for moving forward.
- Publication of a report 'Unlocking Potential' consisting of two booklets. The first detailed various approaches to encouraging currently and formerly incarcerated individuals to explore their potential for self-employment. The second profiled formerly incarcerated business owners.

To embed the initiative, in 2004, multiple government agencies issued a Joint Ministerial Statement announcing the investment of £1.8 million over two

years to support pilot projects. In 2006, further support was made available through the Phoenix Development Fund which was funnelled through the Regional Development Agencies to entrench the Fund's function within local government structures and embedding the knowledge and best practices accumulated through pilot projects in the mainstream provision of business support. The initiative provided a template for encouraging prisoners into self-employment as a positive and practical way of re-entering the labour market (Lindahl 2007). The Fund supported 95 projects between 2001 and 2006, focusing on BAME offenders and refugees (Ramsden 2008). Ramsden (2008) argued that specific or targeted approaches to outreach can succeed in engaging communities who have not previously used business supports available through mainstream agencies. Ramsden highlighted the role of innovation in the success of initiatives targeted at disadvantaged or minority communities in relation to techniques for outreach and engagement, and methods of supporting clients through finance, training and coaching approaches. Ramsden suggested that the programme was less successful in transferring its results to the mainstream agencies because: of the lack of an effective mainstreaming strategy; the target-driven approaches of the larger agencies; ongoing restructuring in agencies; and the break-up of the Government's Small Business Service when its functions were transferred to regional development agencies. The age of austerity post-2008 also had an effect on the financing of such projects.

However, the main lesson learned is that specialist approaches are required to promote enterprise strategies, but they are best implemented by a 'braided' approach linking specialist support to mainstream agencies through referrals, funding and results. There is also a gender element to this in that Rouse and Kitching (2006) argued that working-class participants (particularly women from disadvantaged communities) engaged in a youth enterprise start-up programme in the UK face a discriminatory barrier because of childcare responsibilities. Family-owned firms are an ideal venue for ex-offender re-entry because family firms are run by entrepreneurs who have the power and autonomy to make decisions on hiring ex-offenders (Williams and Ferguson 2011). Indeed, ex-offenders are a potentially valuable resource to family businesses. In addition, many family-owned firms are operated by those of strong religious faith. Despite this, there is considerable resistance by firms to hire ex-offenders because of their stereotypic views regarding ex-offenders (Williams and Ferguson 2011). Williams and Ferguson advised that such firms should look for signals that might highlight the potential that an ex-offender offers as an employee (e.g. their church involvement, their probation requirements, their location and any job training). In the UK prison entrepreneurship

as a practice developed differently and more on an ad hoc basis through working with individual prisoners and small groups. A more formalised approach is developing involving government agencies, but it lags behind the USA. Again, the academic literature has been descriptive and case based, reporting on prison-based initiatives. Attempts have been made to formalise this through the National Offender Management and Phoenix Trust schemes and by setting up supportive mechanisms and processes.

## **The Influence of Literature on Religion, Faith and Redemption**

An important segment of the literature on PE in both the US and UK contexts relates to the sub-literature on the influence of religion, faith-based programmes and redemption on recidivism rates (e.g. Johnson 2014). In the UK this is not such a strong theme in the literature, albeit Bolton and Thompson (2000) narrated the inspirational redemption story of a self-confessed dyslexic thief George Reynolds who like many before him entered into a life of crime in his teenage years. Reynolds did badly at school and become a career criminal. One day when serving a prison sentence, he was berated by a Priest for wasting his obvious organisational talents in crime. On leaving prison Reynolds turned his back on crime and established a business empire. Unleashing a latent entrepreneurial flair, he began with an ice cream van before he became a wealthy tycoon and chairman of a football club. There are other high-profile examples of prolific criminals turned entrepreneurs such as those of Bob Turney (2002) and Mark Johnson (2007), both of whom have authored frank autobiographies and actively work with other ex-offenders to turn their lives around. Both Turney and Johnson described themselves as dyslexic, alcoholic, ex-prisoners and they support the reformed criminal and redemption narrative of how entrepreneurship turned their lives around.

Conversely, Maruna et al. (2006), Hallett and Johnson (2014), Robinson-Edwards and Kewley (2018), Leary (2018) and Atkins et al. (2019) all argued that the growing prominence of faith-based programmes in US correction facilities had a historical context in relation to penal regime change during periods of economic crisis. They acknowledged the emergence of a new American penitentiary movement whose central tenets are faith-based programmes. They emphasised that such programmes have salience for both conservatives and liberals, plus they are popular because they are generally paid for by church congregations and volunteers which saves taxpayers money whilst demonstrating a commitment to having programming in

prisons. Indeed, faith-based programmes involve community building and social capital which it is argued ultimately lowers rates of recidivism (Hallett and Johnson 2014). Much of the current research pertaining to faith-based interventions is limited and the experiences of those who volunteer within prisons in a faith-based capacity is often overlooked (Robinson-Edwards and Kewley 2018). Robinson-Edwards and Kewley (2018) narrated a story of the impact of faith-based interventions through the lens of their respondent, a self-identified practising Christian (Joanna) who for a decade visited several prisons in the UK in a faith-based capacity supporting prisoners, families and prison chaplaincies. Joanna's message to the imprisoned was a positive one, based upon the role of faith and religiosity as influential components in their lives. Faith-based intervention and religiosity within a criminal justice context provide several benefits which impact upon those in prison, their families and people working within a prison environment (Robinson-Edwards and Kewley 2018). Thus ministers, priests, prison visitors, committed Christians and those of other religious persuasions play an important part in lowering recidivism, instilling a sense of purpose channelled into Higher Education and entrepreneurial propensity.

Similarly, Leary (2018) narrated the story of ex-offender's transitioning into, through and out of higher education within the context of the Colson Scholarship program at Wheaton College, Illinois (USA) through support from faith-based mentors. Leary argued that faith-based mentors played an important role in the outcomes of, specifically, faith-worldview development and emotional development. She highlighted a lack of supportive mentors for ex-offender populations in the community, particularly post-release. Such mentors are usually found in faith-based organisations, institutions and houses of worship. Atkins et al. (2019) detailed what religious frameworks and institutions have to contribute to college-in-prison in the context of higher education programmes in American prisons. Religion plays a significant role in motivating prisoners and other people to commit themselves to educating incarcerated people. They stressed that it is a thorny problem and that religious languages (of any persuasion) can be an asset in navigating the practical and pedagogical challenges faced by faith-based mentors. There is an evident religious and faith-based element to PE which have a tone of redemption underpinning them. Although these examples span both the USA and UK, they are more prominent in the USA. These approaches are helpful for those with a strong faith, but may not resonate with a more secular society. The theme of religiosity and faith link strongly with and feed into the prison education and prison narrative literatures discussed below.

## Other Diverse Literatures

There are other elements of the literature which impinge upon Prison Entrepreneurship, namely the emerging literature on: the Crime–Dyslexia–Entrepreneurship' Pathway (Kirk and Reid 2001; Logan 2009; Smith 2008); the Education Pathway (see Finch 2000; Rogensues 2006; Leary 2018); the Prison Narrative Literature (Evans and Wallace 2007); and on Prison Privatisation (Morris 2007). Each of these are inextricably linked to the entrepreneurship paradigm.

- The Crime–Dyslexia–Entrepreneurship' Pathway: This is another area of linkage whereby entrepreneurs and criminals (and particularly prisoners) are 4 times more likely to be dyslexic or have other learning difficulties than the average population (Kirk and Reid 2001; Logan 2009; Smith 2008). In their study, Kirk and Reid found that between 25 and 50% of the population of inmates at a Youth Offender Institute in Scotland exhibited signs of dyslexia or other learning difficulties. Although Kirk and Reid did not name these specifically, they included Autism, Asperger's Syndrome, Attention Deficit Disorder [ADD] or Attention Deficit Hyperactivity Disorder [ADHD] (Smith 2008). Both Logan (2009) and Smith (2008) highlighted the entrepreneurship and dyslexia nexus which predisposes dyslexics towards an entrepreneurial career pathway. This also links into the Education Pathway.
- The Education Pathway: Education programmes produce a more positive impact on recidivism than work programs. This pathway is inextricably linked to the entrepreneurship pathway because gaining an education is central to entrepreneurial success and developing social capital. Indeed, whether it is self-education or formal education, the twin notions of the self-made-person and the self-educated-person are part of entrepreneurial folklore. Without a grounding in education, it is difficult to progress towards an entrepreneurial pathway and indeed the lack of a formal education combined with learning difficulties can lead to many disadvantaged persons being forced into a life of crime to survive. Education, and more importantly improving it, are embedded into the philosophy of the prison system and many inmates take advantage of opportunities to study, upskill and improve their education (Finch 2000). Some even progress towards degree level. Continuing education is also a relevant pathway. Indeed, Lisante and Navon (2000) reported on a progressive school at the Correctional Education Foundation, located on Riker's Island, New York City's corrections complex. This alternative school issues the most

General Educational Development diplomas, with the highest passing rate, of any prison programme. Succeeding on the outside requires preparation, including how to adopt entry-level jobs as 'stepping-stones', as well as preparing to meet or avoid old friends, and identifying positive and negative behaviours. These are taught at release preparation and re-entry classes (Finch 2000).

- Prison Narrative Literature: Of interest here is concept of the construction of offending 'narratives', 'desistence narratives' and 'redemption scripts' because the adoption of desistence narratives and redemption scripts enable an ex-offender to move on with their transformation towards a better life (Maruna 2001; Mdakane 2016). Mdakane (himself an ex-offender) argued that many ex-offenders once released from prison demonstrate positive signs of disengagement from crime and desist from crime which result from engagement in such desistence narratives. The literature on prison narrative and in particular on gender and masculinities (Evans and Wallace 2007) fits into the emerging literature. This topic is of importance because it feeds into critical issues such as self-identity and in particular how this links into accepting and internalising one's position as a prisoner. For male prisoners, it also relates to the phenomenon of hegemonic masculinity and feelings of self-worth. Female prisoners narrate their prison stories differently and concentrate on relationships, not status. However, their stories are complicated by the oppressive patriarchal structures under which most jails operate. This leads to self-destructive behaviours and an internalised pathologising self-discourse that influences their sense of self-worth and thus re-entry into society (Mahoney and Daniel 2006). If one buys into the twin notions of criminality and prison culture, then one is more likely to perpetuate criminal philosophies and behaviours, and less likely to consider notions of betterment and transformation. In prison many offenders experience key life turning points (Evans and Wallace 2007). Adherence to criminal and prison cultures dictates that offenders define themselves through hegemonic masculinity and its associated values, including anti-authoritarianism, the rejection of societal norms, hyper-masculinity and the use extreme violence. If one rejects criminal and prison culture, then one can begin to define themselves outside hegemonic norms and begin the transformation processes of self-education and upskilling, and the development of entrepreneurial propensity. It is of relevance that criminal culture eulogises entrepreneurial propensity and entrepreneurial identity as a form of hegemonic masculinity.

- The Prison Privatisation Pathway: Morris (2007) reported on the trend towards and recent growth of privately operated and privately owned prisons in the USA. This is an example of private enterprise and entrepreneurship in action. Such privatisation of correctional facilities results from a combination of government failures, market failures and political incentives, as well as financial gain to investors. Privatisation can result in changes to established correctional processes and practices. Morris concluded that prison privatisation not only fails to correct certain government or market failures, but also actually creates additional (hybrid) pathologies that combine elements of both government and market failures. The privatisation pathway is also relevant in a UK context with private prisons and prisoner escort services becoming more prevalent in recent years.

In addition, there are studies of Prison Entrepreneurship from other national contexts, including Bolivia and South Africa. Downing (2012) examined prison entrepreneurship and the use of small business enterprises in Bolivia as a rehabilitation strategy. She detailed the mechanisms and structures of the programme which has led to Bolivia having low recidivism rates. Downing argued that the necessity for small enterprise activity in Bolivian prisons had an unintended consequence of providing a successful prisoner rehabilitation mechanism. Vandala (2018) examined the transformative effect of education programmes as perceived by ex-offenders within the South African Department of Correctional Services who utilised the theoretical framework of the Good Lives Model (GLM) of offender rehabilitation. Vandala found that education programmes promote offender transformation, reduce rates of recidivism, improve quality of life, improve literacy levels and that a criminal record is a barrier to ex-offenders' employment in communities. There are a variety of cognate literatures which feed into the overall PE literature and add a deeper level of sociological understanding to the topic which adds considerable value to it and helps one conceptualise and visualise the phenomenon more holistically. The diverse literatures require a deeper level of synthesis to help in higher level theorising and model development.

## **Conceptualising and Visualising the Phenomenon**

The main literature base of PE is grounded upon academic studies of practice in the field and thus upon reports and initiatives, as opposed to being driven purely by theory or ideology. The two main schools of thought profiled are

necessary because of the differing penal systems in the USA and the UK-based schools. Much of the literature is positioned in the academic fields of Criminology and Penal Studies and is published in journals associated with those fields. The works of scholars within the fields of entrepreneurship and business centre around their interest in the phenomenon as a particular application or setting of ‘entrepreneurship in disadvantaged communities’. The Prison Narrative Literature, Redemption Literature and the Probation Studies feed into the criminological underpinning, whilst the Generic Entrepreneurship, Social Entrepreneurship and Faith-Based Entrepreneurship literatures add to the Entrepreneurial underpinning. For criminology scholars, entrepreneurship is the vehicle of change or end point, whilst for entrepreneurship scholars, entrepreneurship is the main topic of scholarship. Criminologists do not require to delve too deeply into entrepreneurship theory, whilst entrepreneurs feel compelled to arrive at a clearer theoretical understanding of how and why entrepreneurship works differently in this particular setting of disadvantage. From a perusal of the synthesised literature, it is possible to develop a protean conceptual map of the emerging phenomenon as detailed in Fig. 1.

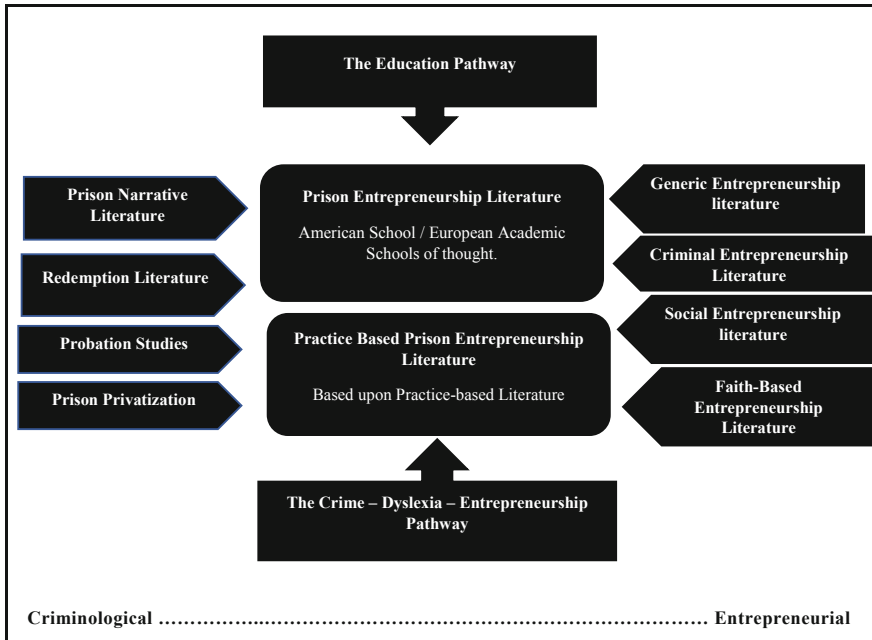


Fig. 1 The diverse components of the prison entrepreneurship literature



There are of course emerging and evolving innovative solutions. For example, Baskaran (2019) argued that the re-entry process for ex-offenders is too locally focused, thanks to a complex web of collateral consequences for themselves and for their often economically distressed communities. For Baskaran, successful re-entry initiatives require strong community and local government investment, dedicated to supporting returning citizens post-release. At present there is a lack of targeted, short-term policy solutions and this causes individuals to become trapped within cycles of poverty and criminalisation in disadvantaged geographic spaces. Economic insecurity is a major obstacle that repeatedly impedes successful re-entry by disenfranchising ex-offenders from viable employment opportunities. Baskaran argued that whilst the existing non-profit model is useful, it is intrinsically flawed as a means of economic enfranchisement because of the failure to adapt to the lack of available jobs within disadvantaged geographic spaces and the larger transition to a knowledge-based economy. Baskaran proposed a novel solution, namely the creation of Economic Justice Incubators (EJIs) via a new municipally led social enterprise strategy to support returning citizen entrepreneurs. This requires municipalities to expand on their current municipal business incubator model, democratising access to these government-sponsored business services and opening local investment possibilities in private enterprise. Another example relates to the study of Zamosteanu and Muranyi (2015) who reported on a Romanian training programme for inmates and staff at a Young Offenders institute to train offenders in employability issues, particularly anger management in the workplace. Day (2015) conducted a study of inmates in an American Penitentiary in Colorado (USA) to gain a greater understanding of the motives, knowledge and skill acquisition of criminal entrepreneurs whilst incarcerated and on release. The offenders in the study sample had been engaged in 'destructive entrepreneurship' (Baumol 1990), but Day argued that many of the offenders' actions outside of prison were highly entrepreneurial, with the creation of ventures that included production, inventory, sales, employees, managers, distribution, security, etc. When incarcerated with 'fellow entrepreneurs', the inmates passed on tricks-of-the-trade, thereby producing even smarter destructive entrepreneurship upon release. Day reported on social implications of this behaviour which provide insights into how society can be better prepared for and redirect such destructive entrepreneurial behaviour and knowledge upon their release by redirecting them towards legitimate entrepreneurial ventures and other positive outcomes and initiating a better reward structure.

## Conclusions

It is important to stress that although this chapter has dealt specifically with the topic of PE, plus Ex-Offenders and Entrepreneurship, much of what has been discussed is also germane and relatable to other categories of 'Minority Entrepreneurship' irrespective of issues of gender, ethnicity, religion, sectarianism and sexuality. This is important because men and women engage with entrepreneurship differently and ethnicity and culture play a significant part in this process too. This entails the adoption of a holistic approach to the phenomenon. Prison is also a particular geography of place, albeit the profile and behaviours of ex-offenders will differ from that of other Minority Entrepreneurship communities in terms of their social capital, networks, opportunity structures and eco-systems. The prison communities of the USA and UK differ considerably, but include both male and female prisons where the sexes are exclusively segregated. It would be wrong to treat PE as a distinct literature because the societal problems which lead to crime are present in all the literatures of Minority Entrepreneurship. Although the prison initiatives discussed in this chapter are important in their own right, the causal issues begin well before the minority person becomes a prisoner.

A prison sentence should not be the triggering point for societal engagement in stimulating entrepreneurial potential. This societal engagement must begin at school via the process of Early Intervention (Smith and Frondigoun 2011) and continue after release from prison. Much work has to be done to reduce the level of youth regarded as fitting the NEET category. Developing a standardised 'curriculum' for such engagement would be immensely beneficial so that any stimulation and engagement training delivered to youths and minority students is compatible with each other and builds upon lessons learned. Consideration of an integrated curriculum necessitates consideration of appropriate pedagogical strategies. Indeed, there are many problems and dilemmas in working with and teaching offenders as appreciated by Rogensues who tutors female offenders in an American correctional facility, and these include their limited educational background and having to teach what interests the female inmates (Rogensues 2006). Rogensues argued that from a pedagogical perspective these can limit curriculum development.

Policies to encourage entry by ex-offenders into self-employment are linked to measures to combat high unemployment and social inclusion. This is true in the UK where a plethora of initiatives are embedded to promote enterprise in deprived communities and under-represented groups, including enterprise support for ex-offenders provided by the Small Business Service (Fletcher 2005). Fletcher argued that entrepreneurship is not a panacea and that there

was a danger of perpetuating the myth that ex-offenders are natural risk-takers, whilst overlooking the fact that despite a few high-profile successes that many of the ex-offenders supported were consigned to insecure, low-paid forms of employment (Fletcher et al. 2001; Fletcher 2004). Ultimately, there is a pressing need for the development of a new model of Minority Entrepreneurship spanning the legal, criminal and the social, so that those in danger of engaging in criminal behaviour receive tailored support across their lifespan. This requires such people to be supported by fostering inclusive entrepreneurship policies that is enshrined in legislation. There is also a pressing need for further empirical research into the phenomenon.

Novo-Corti et al. (2017) emphasised that ex-offenders can reinvent themselves through entrepreneurship. This could mitigate against gaps in their CVs, since a period of labour market absence reduces one's chances of getting a job (Ramakers et al. 2012) and this is particularly true of long-term unemployed and ex-offenders. The labour market position of both tends to worsen after their time out of the labour market. However, their results show that ex-prisoners find employment more quickly and more often than unemployed future prisoners which suggests that job assistance and deterrence may have positive effects on the job chances of released prisoners. When referring to ex-offenders, it must be stressed that reintegration can be a complex issue because of the diversity of the prison population, its social make-up and the different crime types of the offenders. For example, it is more difficult to reintegrate sex offenders than burglars or drug dealers (McAlinden 2010). Reintegrating sex offenders is a specialist area of expertise and enterprise routes are not always the appropriate pathway. Gill (1997) argued that ex-offenders seeking work can count on very little help from the criminal justice system and that both employers and ex-offenders are ignorant about the risks and opportunities which exist, and from a perusal of the relevant literature it is apparent some things have changed since then. Whilst the education pathway can and does lead to new career paths and can help to secure employment for ex-offenders, the entrepreneurship pathway can and does provide an opportunity for ex-offenders to circumvent this by starting their own business. This chapter has assembled and begun the synthesis of a wide number of elements of the literature, but stops short of developing a universal model for implementing entrepreneurship in prisons globally. This will be the focus of future studies.

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# Indigenous Entrepreneurship

Rick Colbourne

## Introduction

The United Nations divides non-dominant ethnocultural groups into two broad categories of ‘Indigenous peoples’ and ‘minorities’ that are contested as being over-simplified and problematic in context of understanding the implications for peoples under international law, the practices of nation states and claims to self-determination (cf. Castellino and Gilbert 2003; Kymlicka 2008; Castellino and Doyle 2018), plus they reflect distinctive approaches to operationalizing how rights are applied to either group. The category of Indigenous peoples emphasises an accommodationist approach focused on self-government and institutional pluralism, while that of minorities emphasises an integrationist approach focused on non-discrimination and civil rights (Kymlicka 2008). Of particular importance is that Indigenous peoples reject being designated as a minority because this fails to recognise their special status and inherent rights to assert sovereignty, self-governance, language and cultural revitalisation and economic development within their traditional territories (Castellino and Gilbert 2003; Kymlicka 2008; Castellino and Doyle 2018). For example, in Canada, Indigenous peoples are considered to be distinctive from minority groups in Canadian society because of their special legal and constitutional status. Specifically,

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Section 35 (1) of the Constitution Act, 1982 recognises and affirms existing Aboriginal and treaty rights of Indigenous (Aboriginal) peoples of Canada. This is based on the understanding that, prior to first contact, Indigenous peoples lived for centuries on the land in vibrant communities with distinctive cultures characterised by sophisticated practices of governance and diplomacy with other Indigenous communities (Morellato 2008). This chapter proceeds according to the fundamental assumption that formal and informal relations, rights and practices of Indigenous peoples are distinctive to those of minority groups within and across nation states.

The United Nations Permanent Forum on Indigenous Issues (2020) estimated that there are more than 370 million Indigenous people spread across 90 countries worldwide practicing unique traditions and retaining social, cultural, economic and political characteristics that are distinct from those of the dominant societies within which they live. Historically, Indigenous peoples suffered colonisation, subjugation, integration and assimilation by merchants, traders, states and churches aimed at diminishing or eradicating Indigenous cultures, practices and identities (Russell 2009). The effects of colonisation deprived Indigenous peoples of access to and collective ownership of the natural resources of their traditional territories, undermined unique cultures, languages and spiritualities and delegitimised their social economies. Post-colonial governments exacerbated these negative effects by supporting and advancing non-Indigenous interests over those of Indigenous peoples (Russell 2009). According to the United Nations State of the World's Indigenous Peoples report, Indigenous peoples in industrialised economies such as Canada, USA, Australia, and New Zealand consistently lag behind the non-Indigenous population in education and endure higher unemployment rates. Indigenous peoples face many challenges such as poor health, discrimination, substandard education, the loss of traditional livelihoods and restricted access to work and other socioeconomic opportunities (Dhir 2015; UNDP 2012).

Globally, there is a growing trend towards creating Indigenous entrepreneurial ventures that reflect a community's culture and traditions, and works to ameliorate socioeconomic issues and challenges. This strategy of venture creation functions through enabling *Indigenous peoples to assert their place in the world and to exercise and protect their rights* to maintain culturally appropriate political, economic, social, and environmental systems. This has, in turn, facilitated increased non-Indigenous engagement with Indigenous entrepreneurs and community-based ventures as equal partners in socioeconomic opportunities occurring on or near their traditional territories and also

internationally (Peredo et al. 2004; United Nations General Assembly 2008; Colbourne 2017). This chapter demonstrates how Indigenous entrepreneurship is grounded in local culture, traditions and values and examines how these ventures focus on social, economic, and environmental value creation to improve the conditions of Indigenous peoples and their communities. It begins by exploring how indigeneity and emerging Indigenous rights have influenced how and what contributions entrepreneurial ventures are making to Indigenous communities. This is followed by an examination of Indigenous entrepreneurship and hybrid venture creation and the underlying global trends that have influenced the design, structure, and mission of Indigenous hybrid ventures in communities. The chapter ends with brief case studies of Indigenous entrepreneurial ventures that provide practical examples of how Indigenous entrepreneurship promotes social, environmental and economic value creation by, and for the benefit of, Indigenous peoples. This chapter asserts: (1) that Indigenous entrepreneurship results in ventures that are developed with explicit goals to benefit the community, instigate social change and protect the environment; and (2) that the structure, focus and values of Indigenous entrepreneurial ventures are contingent on the particular culture, traditions and spirituality of the people connected to the land and its resources (Wuttunee 2004; Spiller et al. 2011; Curry et al. 2009).

## Indigeneity, Identity and Indigenous Rights

Indigenous peoples continue to face many challenges such as poor health, discrimination, substandard education, the loss of traditional livelihoods and restricted access to work and other socioeconomic opportunities (Dhir 2015; UNDP 2012). In response, Indigenous entrepreneurial ventures seek to address social issues as diverse as poverty, healthcare, economic development, infrastructure development, education, housing, culture and language revitalisation. Indigenous entrepreneurial ventures create the conditions for Indigenous peoples to pursue economic decolonization or economic reconciliation through leveraging the growing global support for Indigenous rights and self-determination to enable economic development focused on Indigenous-centric social, economic and environmental value creation (Sengupta et al. 2015; Gladu 2016). In order to develop a more comprehensive understanding of the dynamics of Indigenous entrepreneurship, it is important to outline Indigenous perspectives on indigeneity and Indigenous rights.

### 1. *Indigeneity*

Most Indigenous peoples have a land-based, holistic and relational worldview that is both spiritual and material, it is an expression of their identity, culture and values that encompasses their livelihood and community and continuity of their cultures, values and traditions (Wuttunee 2004; Kuokkanen 2011). This worldview is founded on the active recognition of the interconnection, interrelationship and interdependency of people and the natural and spiritual realms. This results in Indigenous peoples having a profound connection to their land of origin (traditional territories) and the wide array of resources on these lands in which all aspects of the ecosystem are related and dependent on each other. This worldview stresses that Indigenous peoples are stewards of the land mandated with the responsibility to ensure all their actions and interactions with other peoples are sustaining and respectful. In this, they are obligated to care for, respect, conserve and promote wellbeing for all in their community and on their lands (Wuttunee 2004; Spiller et al. 2011; Kuokkanen 2011).

Table 1 compares collectivist and individualist perspectives on dimensions central to Indigenous entrepreneurship within Indigenous communities. While collectivist perspectives have a direct influence on the design and

**Table 1** Collectivism vs individualism

Dimensions	Collectivist	Individualist
Social structure	Emphasis on inclusion, mutual support	Emphasis on competition, economic or class stratification
Land use	For sustenance	For profit
Environment/resources	Gifts from creator	Commodities to exploit
Resource use	Sustainable development	Unrestricted exploitation
Wealth	To be shared or given away	To be accumulated
Knowledge	Journey towards knowing	Asset to be accumulated
Change	Cyclical and harmonious	Linear process of progress and development
Accountability over time	Ancestors through to 7 generations	Present and next generation
Power	'Power with'—sit within a complex ecosystem of relationships	'Power over'—sit on top of a series of relationships
Moral imperative	Stewardship—sacred trust with responsibilities to future generations	Nation or international economic interests Job creation

Source Colbourne (2017)

mission of Indigenous entrepreneurial ventures, it is important to stress that Indigenous worldviews are not fixed or static, but are flexible and adaptable to the changing circumstances they encounter. In context of a collectivist worldview, Indigenous peoples generally recognise that collective and individual rights are mutually interactive rather than in competition (Holder and Corntassel 2002).

## 2. *Indigenous Identity*

Many countries have been reluctant or have failed to develop clear determinations of 'indigenous' and 'Indigenous peoples' within their areas of jurisdiction (Lama 2013). The most respectful approach to articulating indigeneity is to *identify, rather than define Indigenous peoples* recognising the fundamental criterion of self-identification (United Nations 2020) (Table 2).

While there are several approaches to identifying Indigenous peoples, all approaches display three common characteristics. First, the recognition of the diversity of Indigenous peoples and the right to self-identification. Second, the recognition of Indigenous peoples as descendants of those who inhabited a geographical region at a time before people of different cultures or ethnic origins arrived and became dominant through conquest, occupation, settlement or other means. Third, the legitimisation of pre-existing Indigenous traditional cultural, economic, social or political institutions (Asian Development Bank 2020; International Labour Organization 2020; United Nations 2020; World Bank 2020). Ultimately, the question of identifying who is Indigenous is best determined by Indigenous communities themselves in a manner that addresses important issues such as self-determination, land rights and cultural integrity, while reflecting and reinforcing community governance practices, values, tradition and connection to land (Corntassel 2003). Communities exert a regulative influence on venture creation (Marquis and Battilana 2009; Colbourne 2017) and the key to understanding Indigenous entrepreneurship is that the identities and cultures of Indigenous peoples are inextricably linked to their traditional lands and practices. These influence how social, economic and environmental value creation reflect the land, the culture, traditions and spirituality of the people connected to the land and its resources (Wuttunee 2004; Dana 2007; Curry et al. 2009; Spiller et al. 2011).

**Table 2** Identification of Indigenous peoples

Organization	Indigenous identification factors
<p>International Labour Organization (2020) Convention #169</p> <ul style="list-style-type: none"> <li>• Does not define who are Indigenous and Tribal peoples</li> <li>• Provides criteria for describing the peoples it aims to protect</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional lifestyles</li> <li>• Culture and way of life different from the other segments of the national population, e.g. in their ways of making a living, language, customs, etc.</li> <li>• Own social organisation and political institutions</li> <li>• Living in historical continuity in a certain area, or before others 'invaded' or came to the area</li> </ul>
<p>The United Nations (2020) Permanent Forum on Indigenous Issues</p> <ul style="list-style-type: none"> <li>• Considers the diversity of Indigenous peoples, therefore an official definition of "indigenous" has not been adopted by any UN-system body</li> </ul>	<ul style="list-style-type: none"> <li>• Self-identification as Indigenous peoples at the individual level and accepted by the community as their member</li> <li>• Historical continuity with pre-colonial and/or pre-settler societies</li> <li>• Strong link to territories and surrounding natural resources</li> <li>• Distinct social, economic or political systems</li> <li>• Distinct language, culture and beliefs</li> <li>• Form non-dominant groups of society</li> <li>• Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities</li> </ul>
<p>World Bank (2020)</p> <ul style="list-style-type: none"> <li>• Recognises the varied and changing contexts in which Indigenous Peoples live and that there is no universally accepted definition</li> </ul>	<ul style="list-style-type: none"> <li>• Self-identification as members of a distinct Indigenous cultural group and recognition of this identity by others</li> <li>• Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories</li> <li>• Customary cultural, economic, social or political institutions that are separate from those of the dominant society and culture</li> <li>• An Indigenous language, often different from the official language of the country or region</li> </ul> <p>Includes:</p> <ul style="list-style-type: none"> <li>• A group that has lost "collective attachment to geographically distinct habitats or ancestral territories in the project area" because of forced severance</li> </ul>

(continued)

Table 2 (continued)

Organization	Indigenous identification factors
Asian Development Bank (2020) <ul style="list-style-type: none"> <li>• Recognises diversity of Indigenous peoples and refers the characteristics displayed by Indigenous peoples</li> </ul>	<ul style="list-style-type: none"> <li>• Self-identification and identification by others as being part of a distinct Indigenous cultural group and a display of desire to preserve that cultural identity</li> <li>• A linguistic identity different from that of the dominant society,</li> <li>• Social, cultural, economic and political traditions and institutions distinct from the dominant culture</li> <li>• Economic systems oriented more towards traditional systems of production than mainstream systems</li> <li>• Unique ties and attachments to traditional habitats and ancestral territories and natural resources in these habitats and territories</li> </ul>

Source Colbourne (2017)

## Indigenous Rights

In the past, Indigenous peoples' economic, social and legal status often limited their capacity to defend their interests in and rights to traditional territories and resources. It also limited the potential to benefit from entrepreneurial activities on or near their communities, resulting in Indigenous peoples frequently becoming among the most marginalised and vulnerable segments of the population of a country or geographic region. In recognition of Indigenous peoples' long-standing struggle for redress, the United Nations adopted the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) on September 13, 2007 to enshrine those rights that '*constitute the minimum standards for the survival, dignity and well-being of the indigenous peoples of the world*' (Article 43) (Blackstock 2013; Amnesty International Canada 2020). The most relevant concepts relating to Indigenous entrepreneurship are: (1) the right to self-determination; (2) the right to be recognised as distinct peoples and (3) the right to free, prior and informed consent.

- *Self-Determination.* The right to self-determination is the right for Indigenous peoples to freely determine their political status and freely pursue their economic, social and cultural development while being respectful of the human rights of their community members and other peoples (United Nations General Assembly 2008; Blackstock 2013). This includes the right



to autonomy or self-government in matters relating to their internal and local affairs, as well as the ways and means for financing their governance and economic development activities (United Nations General Assembly 2008).

- *Recognition*. Indigenous peoples have the right to be recognised as distinct peoples. They have a collective right to live in freedom, peace and security as distinct peoples and maintain and strengthen their distinct political, legal, economic, social and cultural institutions, while retaining their rights to participate fully in the political, economic, social and cultural life of their country (United Nations General Assembly 2008). They have the right to manifest, practice, develop and teach their spiritual and religious traditions, customs and ceremonies; the right to maintain, protect and have access in privacy to their religious and cultural sites; the right to the use and control of their ceremonial objects; and the right to the repatriation of their human remains (United Nations General Assembly 2008).
- *Free, Prior and Informed Consent*. The right to free, prior and informed consent (FPIC) obliges governments to obtain the consent of Indigenous peoples before making decisions that impact them within their traditional territories (United Nations General Assembly 2008). FPIC does not supersede a sovereign country's law with respect to its legislative and decision-making responsibilities. The principle that Indigenous peoples have the right to give or withhold their free, prior and informed consent is not only recognised by and strengthened as a legal right by the UNDRIP (Anderson 2011), but is reinforced by other international bodies as well.

Despite broad efforts over the past four decades to improve the socio-economic wellbeing of Indigenous peoples and increase their recognition, many countries have still not yet recognised and/or acted on Indigenous rights (Dhir 2015).

## Indigenous Entrepreneurship

Indigenous peoples occupy the physical and ideological frontiers of world struggles with globalisation and in occupying this space, stand to be the most profoundly impacted (Doyle and Gilbert 2010). Indigenous entrepreneurship is a process of extracting and contributing value that is anchored within a community's particular set of socioeconomic conditions (Jack and Anderson 2002; Kenney and Goe 2004) and *is a* means by which *Indigenous peoples* exercise and sustain their rights to design, develop and maintain political,

economic and social systems or institutions that secure their own means of subsistence and development, and enables community members to engage in traditional, cultural and/or economic activities occurring on or near their traditional territories (Peredo et al. 2004; United Nations General Assembly 2008). Indigenous entrepreneurship involves creating, managing and developing new ventures by and for Indigenous peoples that are *responsive to the community, its values, traditions, culture and socioeconomic needs and objectives* (see Table 3) (Peredo et al. 2004; Anderson et al. 2004, 2006b; Lindsay 2005; Hindle and Moroz 2007).

As globalization's reach is amplified by new and emerging technologies, even the most remote and isolated Indigenous communities are required to respond to and address the unprecedented growth in global demand and competition for oil, gas, minerals, forests, water and arable lands (Doyle and Gilbert 2010). For many Indigenous peoples, entrepreneurial ventures are used as a platform to protect and act on their rights and to sustain social, economic and environmental values in a manner that recognises and is respectful of the community, its Indigenous culture and traditions (Wuttunee 2004; Curry et al. 2009). For these efforts to be successful and sustainable, Indigenous peoples worldwide have had to assert their permanent rights and self-determination over the social, economic and environmental resources contained within their traditional territories (Corntassel 2008).

## Indigenous Socioeconomic Objectives

Not all Indigenous communities share the same socioeconomic values and objectives as Indigenous economic development and entrepreneurship is influenced by the interconnectedness of the particular social relationships, governing institutions and values within which the individual or venture is embedded (see Table 4).

An Indigenous community's socioeconomic needs and objectives can be conceptualised as being nested within the environmental dimension within which each of the economic, social, spiritual and cultural dimensions exert a differential influence on Indigenous entrepreneurial activities and hybrid venture creation (see Fig. 1) (Morgan 2006). In contrast, Western society's socioeconomic objectives can be characterised as being nested within the economic dimension with each of the environmental, social, spiritual, and cultural dimensions being successive subsets of a primarily economic focus.

**Table 3** Identification of Indigenous entrepreneurship

Source	Identification of Indigenous entrepreneurship
Hindle and Lansdowne (2005)	<ul style="list-style-type: none"> <li>• The creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people</li> <li>• Organisations thus created can pertain to either the private, public, or non-profit sectors</li> <li>• Desired and achieved benefits of venturing can range from the narrow view of economic profit for a single individual to the broad view of multiple, social and economic advantages for entire communities</li> <li>• Outcomes and entitlements derived from Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous</li> </ul>
Dana (2007, 5)	<ul style="list-style-type: none"> <li>• Self-employment based on indigenous knowledge</li> <li>• Should not be viewed as a function of opportunity, but rather as a function of cultural perceptions of opportunity</li> </ul>
Peredo and Anderson (2006b)	<ul style="list-style-type: none"> <li>• Occurs in Indigenous territory, which means that the entrepreneur must share the social, economic and cultural conditions of their community</li> <li>• Viewed in terms of Indigenous goals, objectives or mission</li> </ul>
Peredo et al. (2004, 14)	<ul style="list-style-type: none"> <li>• Process by which business opportunities are identified, resources leveraged and organisations developed to realise the potential that these opportunities must satisfy the Indigenous community's economic and other development objectives</li> </ul>
Cradock (1979, 16)	<ul style="list-style-type: none"> <li>• Modern/individualist perspective—any Indigenous enterprise owned by an Indigenous person</li> <li>• Traditional sense of communal responsibility—any enterprise whose specific goal is to further Indigenous (understood as collective) interests</li> </ul>

**Table 4** Indigenous Socioeconomic Objectives

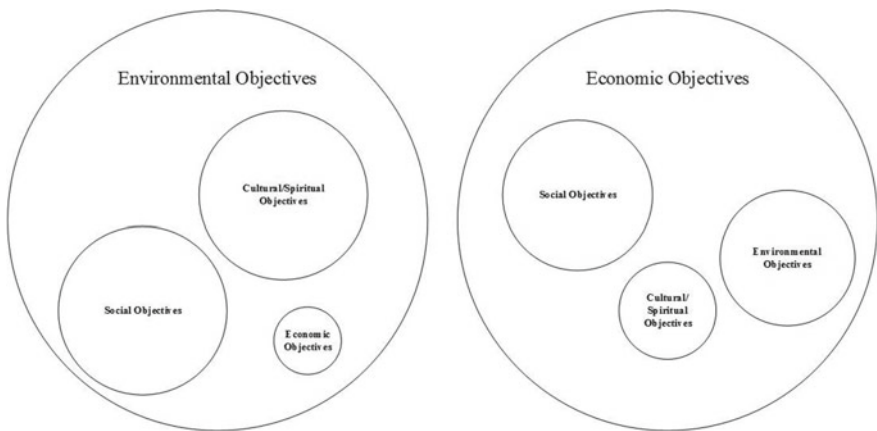
Objectives	Description
Environmental	<ul style="list-style-type: none"> <li>• Indigenous stewardship of natural resources               <ul style="list-style-type: none"> <li>– Sustainable practices: hunting, fishing, harvesting</li> <li>– Environmentally friendly practices: oil, gas, mining, timber</li> </ul> </li> <li>• Social, spiritual, cultural and economic are interdependent on environment               <ul style="list-style-type: none"> <li>– Directs focus towards hybrid venture creation</li> </ul> </li> <li>• Environment as geography               <ul style="list-style-type: none"> <li>– Constitutes: Indigenous identity, knowledge base, culture, spirituality</li> </ul> </li> <li>• Constitutes the space for entrepreneurship: opportunity recognition, hybrid venture creation, venture assets and resources</li> <li>• Entrepreneurship ecosystem</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• Preservation and strengthening of traditional culture and values               <ul style="list-style-type: none"> <li>– Cultural revitalisation</li> <li>– Language revitalisation</li> <li>– Traditional practice: ceremonies, protocol</li> </ul> </li> <li>• Application of traditional culture and values to economic development activities               <ul style="list-style-type: none"> <li>– Directs focus towards hybrid venture creation</li> </ul> </li> <li>• Emphasis on Indigenous cultural knowledge and values based on history, lived experience and connection to community and geography</li> <li>• Long-term orientation—Seven Generations, Gifts of the Seven Grandfathers</li> </ul>
Spiritual	<ul style="list-style-type: none"> <li>• Improved spiritual circumstance for individuals, families and communities               <ul style="list-style-type: none"> <li>– Spiritual renewal</li> <li>– Spiritual teachings: schools, community events, Elders</li> </ul> </li> <li>• Woven into day-to-day of community's politico-socio economy               <ul style="list-style-type: none"> <li>– Spirituality as a basis for action</li> <li>– Spirituality as a basis for developing a sustainably sound entrepreneurial model</li> <li>– Directs focus towards hybrid venture creation</li> </ul> </li> </ul>
Social	<ul style="list-style-type: none"> <li>• Improved social conditions for individuals, families and communities               <ul style="list-style-type: none"> <li>– Directs focus towards hybrid venture creation</li> <li>– Indigenous self-governance based on cultural histories and geographies</li> <li>– Indigenous self-determination and control</li> <li>– Poverty alleviation</li> </ul> </li> <li>• Increased collective community-governed control               <ul style="list-style-type: none"> <li>– Healthcare</li> <li>– Education</li> <li>– Business enterprises</li> </ul> </li> <li>• Increased Indigenous capacity through training and local workforce development, mentoring and support</li> </ul>

(continued)

**Table 4** (continued)

Objectives	Description
Economic	<ul style="list-style-type: none"> <li>• Recognition of Indigenous rights and title to land as foundation to economic objectives</li> <li>• Community self-sufficiency</li> <li>• Improved economic conditions for individuals, families and communities               <ul style="list-style-type: none"> <li>– Employment</li> <li>– Community/Nation independence</li> <li>– Indigenous government</li> </ul> </li> <li>• improved economic development mechanisms               <ul style="list-style-type: none"> <li>– Indigenous friendly laws, policies and procedures</li> <li>– Indigenous hybrid venture creation</li> </ul> </li> <li>• Emphasis on Indigenous knowledge and values based on history, lived experience, connection to community and geography</li> <li>• Economic objectives complemented/blended with social, environmental, cultural and spiritual objectives</li> </ul>

Source Adapted from Anderson et al. (2006b), Hansen and Brown (2016), Hunt (2013), Hunt and Smith (2006), Henry (2007), Walters and Takamura (2015)

**Fig. 1** Indigenous versus Western Socioeconomic Objectives

As Fig. 1 demonstrates, Indigenous entrepreneurial ventures embedded in Indigenous communities are environmentally, socially, spiritually, and culturally grounded, while economic value creation is considered a less central objective. In contrast, Western entrepreneurial ventures are economically centred with environmental, social, spiritual, and cultural objectives being subordinated to economic objectives. The decision to engage in specific entrepreneurial activities and create hybrid ventures, for example, is influenced by a particular Indigenous community's social values and

cultural/spiritual beliefs as translated into laws, policies and procedures by a community's governing institutions. The manner in which socioeconomic objectives are nested, balanced and blended affects community and individual participation in Indigenous entrepreneurial activities, whereby a community's particular blend of socioeconomic objectives influences the types of opportunities that are available to (or appropriate for) an Indigenous entrepreneur to pursue, as well as expectations regarding the venture's particular balance of social, cultural, spiritual and environmental value creation activities.

Indigenous entrepreneurs are guided towards entrepreneurial venture creation by a community's: (1) particular Indigenous identity (indigeneity); (2) associated values, traditions, culture and worldview; (3) particular development strategy (standard vs nation building); (4) socioeconomic needs and objectives and, (5) orientation towards the use of economic development and entrepreneurial ventures (opting in or opting out) as mechanisms for asserting inherent rights, sovereignty, self-determination and self-governance (Peredo et al. 2004; Anderson et al. 2004; Lindsay 2005; Anderson et al. 2006b; Hindle and Moroz 2007). Through engaging in value creation activities, Indigenous entrepreneurs seek to *balance their personal experience, ambitions and value creation orientation with a particular community's socioeconomic needs and priorities for social, cultural, spiritual and environmental value creation* (Peredo 2001; Anderson et al. 2004; Murphy and Coombes 2008; Anderson et al. 2008; Hindle 2010; Battilana et al. 2012). Many Indigenous entrepreneurial ventures adopt a value creation strategy that is responsive to a community's particular socioeconomic needs and objectives to address issues as varied as poverty, healthcare, economic development, environmental stewardship, education, housing, traditional culture, law and politics (Murphy and Coombes 2008; Anderson et al. 2008; Hindle 2010; Dana and Anderson 2013).

## Participation in the Global Economy

Encouraged by emerging international standards and court rulings affirming and clarifying rights in particular countries, Indigenous communities are redefining *the nature of their participation in economic development opportunities that occur on or near their traditional territories*. This represents an unprecedented opportunity for improving Indigenous economic *wellbeing* based on rights to the land, *assets and resources that are foundational to developing sustainable Indigenous economic development activities* (Anderson et al. 2008, 2014). To do this, Indigenous peoples must assert their place in a global

economy controlled and dominated by national and international political and corporate interests with differing and often conflicting worldviews. There are two options available to Indigenous communities and entrepreneurs for engagement with the global economy: opting out or opting in (Anderson et al. 2006b).

- *Opting Out.* This option has two possibilities that reflect an Indigenous entrepreneur's or community's choice of engaging in economic development and entrepreneurial activities. Opting out can be passive, in which a community exerts little or no impact on a regional, national or international economy. This reflects an Indigenous community's desire to remain isolated, to protect its community's culture, values and traditions from potentially overwhelming effects of economic development initiatives or to participate only in those economic activities that align with their particular socioeconomic needs and objectives (Cornell and Kalt 2006; Anderson et al. 2006b; Anderson et al. 2007; Cornell and Kalt 2010). Alternatively, opting out can be more assertive reflecting an Indigenous community's objective to actively reject, resist or even undermine regional, national and/or international economies through protest, lobbying or revolt. In May 2015, for example, the Lax Kw'alaams band in northern British Columbia (Canada) rejected a \$1.15 billion CDN package from Malaysia's Petroliam Nasional Bhd after the community unanimously voted against the US\$30 billion project in three polls. The offer would have compensated each band member \$319,000 CDN for the right to build a natural gas export terminal on ancestral lands (Donville and Penty 2015). Garry Reece, mayor of the town of Lax Kw'alaams indicated that opposition to the plan was overwhelming and a spokesperson for the community stated that the Canadian public need recognise that 'this is not a money issue: this is environmental and cultural' (Donville and Penty 2015). Winning the support of Lax Kw'alaams was critical to advancing the Pacific NorthWest liquid natural gas (LNG) project and other gas export plans in Canada and despite generous cash incentives on offer, the community cited environmental and cultural concerns as central to the community's decision to opt out of participation.
- *Opting In.* This option reflects an Indigenous community's decision to actively participate in regional, national and international economic development initiatives. Participation is characterised by the degree to which an Indigenous community chooses to act on or transform economic development opportunities to align with their particular culture, traditions, values and socioeconomic objectives (Cornell and Kalt 2006; Anderson et al. 2006b; Anderson et al. 2007; Cornell and Kalt 2010). In contrast to

the Lax Kw'alaams, the Osoyoos Indian Band (also in British Columbia, Canada) view economic development as a way *to assert their sovereignty and protect their rights* to create and to maintain culturally appropriate political, economic, social and environmental initiatives. The community's socioeconomic objectives are to achieve self-reliance through economic development in order to preserve and promote their traditions and culture, manage and protect their lands, and create jobs and opportunities for future generations (Anderson et al. 2006b; Osoyoos Indian Band Development Corporation 2020). In opting to actively participate in regional, national and international economic development opportunities, the Osoyoos Indian Band Development Corporation identified four principles to guide socioeconomic value creation activities: (1) to increase the overall standard of living for Osoyoos Indian Band members; (2) to decrease dependency on government funding through increased economic development and entrepreneurial activities that promote self-sufficiency; (3) to promote cultural revitalisation that emphasises their traditional values of honour, caring, sharing and respect; and (4) to increase the community's academic, athletic, vocational and cultural education levels (Anderson et al. 2006b; Osoyoos Indian Band Development Corporation 2020). With the goals of promoting the Okanagan language and culture foremost, the Osoyoos Indian Band Development Corporation is fostering nation building strategies through owning and operating a number of entrepreneurial ventures including vineyards, retail stores, a construction company, a concrete company, a golf course and various eco-tourism businesses (Osoyoos Indian Band Development Corporation 2020) (see Table 5). In opting in, the Osoyoos Indian Band has proactively participated and initiated regional, national and international economic development opportunities on or near their traditional territories in a way that reflects and reinforces their particular culture, values, and beliefs.

As the discussion above demonstrates, Indigenous entrepreneurship is grounded and sustained in the social context of the communities within which they are embedded (Jack and Anderson 2002; McKeever et al. 2014, 2015). From an Indigenous perspective, it is the convergence of social, cultural, economic and environmental resources with the community's particular socioeconomic, self-governance and self-determination objectives that guides Indigenous entrepreneurs towards hybrid venture creation. This reflects an entrepreneurial focus on value creation that draws from a particular Indigenous community's land base, political and administrative structures, internal economy, culture, traditions and values within which the Indigenous



**Table 5** Select Osoyoos Indian Band Development Corporation Businesses

Business Name	Description
Nk'Mip Cellars	<ul style="list-style-type: none"> <li>• First Aboriginal-owned winery in North America</li> <li>• Includes a world-class restaurant offering a locally sourced menu</li> <li>• Offers quality VQA wines from their Winemaker's Series to their premium Qwam Qwmt ("achieving excellence") reserve</li> <li>• Local Aboriginal artisan merchandise</li> </ul>
Nk'Mip Resort	<ul style="list-style-type: none"> <li>• Spa, hotel and conference centre</li> <li>• Golf course</li> </ul>
Nk'Mip Desert Cultural Centre	<ul style="list-style-type: none"> <li>• Provides on-site cultural tours, programmes, self-guided nature trails, interpretive sites, visitor programmes, a gift shop, cultural events and multimedia productions</li> <li>• Home to rattlesnake research and tagging programmes, native sculptures and interactive displays of the desert experience-based culture and traditions of the Okanagan people</li> </ul>
Nk'Mip RV Park	<ul style="list-style-type: none"> <li>• One of the South Okanagan's largest parks</li> <li>• Offers over 320 sites ranging from simple tenting spots to full-service RV stalls, with yurts and a cabin</li> </ul>

Source Osoyoos Indian Band Development Corporation (2020)

entrepreneur is embedded (Jack and Anderson 2002; McKeever et al. 2014, 2015). Entrepreneurial venture creation occurs in the context of strong social interrelationship and interdependencies that are embedded in cultural and spiritual understandings, beliefs and practices and the particular geographical and environmental ecosystem within which a community is situated. However, this is not without practical issues and challenges, because while *Indigenous peoples embody strong incentives for entrepreneurship, their non-mainstream status sometimes prevents Indigenous entrepreneurs from realising their potential* (see Table 6).

These ventures balance extracting community-based value embedded in the community's social, cultural, political and/or economic resources, geographic location, traditional territory and/or community demographics with contributing back value that is responsive to the community's socio-economic needs and objectives (Peredo 2001; Jack and Anderson 2002; Anderson et al. 2004; Murphy and Coombes 2008; Anderson et al. 2008; Hindle 2010; Battilana et al. 2012). Overall, Indigenous entrepreneurial ventures are characterised by the need to consider the following: (1) how

**Table 6** Challenges to Indigenous Entrepreneurship

Challenges	Description
Worldview	<ul style="list-style-type: none"> <li>• Competing understandings of socioeconomic value, time, place, cultural obligations, motivations,</li> <li>• Conflicting views of entrepreneurship and value creation</li> <li>• Traditional knowledge vs western knowledge and/or science</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Cross-cultural communication</li> <li>• Poverty and addiction levels</li> <li>• Conflicting views regarding the impact of entrepreneurial activities on local values, culture and traditions</li> <li>• Disagreement on whether value creation activities (value contributions) outweigh the costs (value extraction)</li> <li>• Managing economic disparities through equitable redistribution of wealth</li> <li>• Tensions in addressing community socioeconomic needs and objectives versus focusing on economic value creation</li> </ul>
Remoteness (urban vs rural)	<ul style="list-style-type: none"> <li>• Greater cost of doing business</li> <li>• Limited potential for networks and partnerships</li> <li>• Limited access—capital, markets, financing</li> </ul>
Land	<ul style="list-style-type: none"> <li>• Lack of infrastructure—roads, Internet, airports,</li> <li>• Land claim, land status, title restrictions and jurisdictional issues</li> <li>• Ownership/private property—difficult to access financing where land is held in trust by governments or where property is held collectively</li> <li>• Entrepreneurs are unable to leverage land as collateral for loans</li> </ul>
Stability	<ul style="list-style-type: none"> <li>• Community land use and management</li> <li>• Status of treaty processes, Indigenous recognition, rights and sovereignty</li> <li>• Need to strengthen civic institutional infrastructure—laws, policies and procedure constrain or facilitate entrepreneurial venture creation</li> <li>• Jurisdictional issues between Indigenous, local, regional and national governments</li> </ul>

Sources Adapted from Sisco and Nelson (2008), Gibson (2012), Ritsema et al. (2015), Curry et al. (2009), Westpac Group (2014)

ventures will be accountable to the Indigenous community within which they are embedded; (2) how to focus on community-centric value creation in a manner that reflects and leverages community resources, assets, culture, values and traditions; (3) which entrepreneurial value creation activities are culturally appropriate for addressing community socioeconomic needs and objectives and (4) which organisational and governance structures are appropriate for mobilising idle or underutilised community value and/or resources (Johnstone and Lionais 2004; Peredo et al. 2004; Rante and Warokka 2013). Therefore, the approach adopted by a particular Indigenous community or entrepreneur in reaction to the forces of the global economy is heavily influenced by local conditions and occurs within the context of multiple, overlapping and often conflicting requirements for social, economic and environmental value creation (Anderson et al. 2014; Ovaska et al. 2014). Through participating in the global economy and the national economy, and by exercising effective control over and use of their traditional lands and resources, Indigenous entrepreneurs can achieve particular socioeconomic objectives valued by their communities through the development of specific hybrid ventures. From an Indigenous perspective, it is the convergence of economic, environmental and social resources with the social purpose (values, traditions, culture, etc.) that represents the value in developing viable hybrid ventures.

## Indigenous Entrepreneurship and Hybrid Venture Creation

Hybrid ventures operate at the core of economic reconciliation through securing community rights and access to the social, environmental and economic resources required for actualizing Indigenous cultures, values and social economies required to thrive into the future. In eschewing a primary focus on maximising shareholder value, many Indigenous entrepreneurs create market-based hybrid ventures that balance social, economic and environment value creation with a highly localised, community-context dependant social mission (i.e. promoting self-determination, eliminating poverty, etc.). These hybrid ventures embrace a distinctive Indigenous identity with goals and objectives closely related to the social, economic and environmental conditions of their traditional territories, cultures, values and traditions (Table 7).

The motivation for developing hybrid ventures can come from complex environmental change, from a community's emergent needs, from an

**Table 7** Indigenous socioeconomic objectives

Indigenous socioeconomic objectives	<ul style="list-style-type: none"> <li>• Greater control of activities on their traditional lands</li> <li>• Self-determination and an end to dependency through economic self-sufficiency</li> <li>• The preservation and strengthening of traditional values and their application in economic development and business activities</li> <li>• Improved socioeconomic circumstance for individuals, families and communities</li> </ul>
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Sources Adapted from Anderson et al. (2006b), Colbourne (2017)

entrepreneur's particular understanding of an opportunity, or from legal or regulatory changes (Peredo 2001; Murphy and Coombes 2008; Dana and Anderson 2013). Hybrid ventures can involve the development of innovative solutions that address community poverty, healthcare, economic development, environmental stewardship, education, housing, traditional culture, law and politics (Anderson et al. 2008; Murphy and Coombes 2008; Hindle 2010; Dana and Anderson 2013). Indigenous entrepreneurs are embedded in the particular social relations and social economy of their community.

Decisions to develop hybrid ventures are premised on a particular community's values, traditions, culture and social history, as well as by an entrepreneur's particular position, connection and engagement within the community (Anderson et al. 2004; Peredo et al. 2004; Dana 2007; Anderson et al. 2008). These ventures can be private, public or non-profit that can benefit individual Indigenous entrepreneurs or more broadly provide multiple social and economic advantages for entire communities as well as non-Indigenous enterprise partners (Hindle and Lansdowne 2005). Consequently, many Indigenous entrepreneurs do not necessarily seek to maximise economic value, rather they emphasise the value contribution to their community based on a particular combination of economic, environmental and social resources (Peredo 2001; Jack and Anderson 2002; Anderson et al. 2004; Murphy and Coombes 2008; Anderson et al. 2008; Hindle 2010; Battilana et al. 2012). The nature of Indigenous hybrid ventures ranges from small individual or family-run entrepreneurial ventures to large community-owned operations focused on an array of industries and markets such as agriculture, aquaculture, farming, forestry, energy (geothermal, wind, run-of-the-river hydro), mining, seafood, fashion, public relations, art, design, communications and tourism. The brief case studies that follow explore some examples of the creation, management and development of hybrid ventures

by Indigenous peoples focused on social, economic and environmental value creation.

## Indigenous Entrepreneurial Ventures Case Studies

### 1. *Manitobah Mukluks*

Manitobah Mukluks is an Indigenous-owned Canadian footwear design and manufacturing firm that is widely acclaimed for its innovative designs of mukluks and moccasins. Since its founding by Sean McCormick, the company has emphasised its mission to support Indigenous artisans and Indigenous peoples in Winnipeg, Manitoba (Canada). Manitobah Mukluks' roots are grounded in his community where he started by selling leather and furs to Indigenous artisans as a high school student (Pauls 2015). McCormick is Métis and grew up wearing mukluks in a community that was characterised by a rich culture, traditions and practices, but marred by a legacy of poverty, drug abuse and other socioeconomic challenges that marginalised and disadvantaged many community members. He describes Manitobah Mukluks as a private business that is almost a social venture (Pauls 2015) or, in other words, a hybrid venture.

Manitobah Mukluks exemplifies a significant global trend among Indigenous entrepreneurs towards creating hybrid ventures that pursue social, environmental and cultural value creation while relying on economic value creation to sustain and grow operations. It hires Indigenous peoples in management, manufacturing and creative design roles; provides annual bursaries that support Indigenous finance and business students; creates partnerships with Elders and artisans through its non-profit Storyboot Project; and promotes cultural revitalisation through enabling Indigenous Elders and artisans to teach Indigenous youth traditional beading and leather skills in the Storyboot School (Pauls 2015). Manitobah Mukluks' status as an Indigenous hybrid venture has added to the company's appeal with consumers and, with revenues experiencing almost 300 percent growth between 2008 and 2013, it was named one of the fastest-growing companies in Canada in the Profit 500 list of 2014 (Pauls 2015). In maintaining strong connections to his community and in having drawn on traditional Indigenous practices, values and culture, McCormick has become a positive role model for aspiring Indigenous entrepreneurs looking to develop ventures within their communities

(Pauls 2015; Smith 2015). Manitobah Mukluks' success proves that Indigenous entrepreneurs can draw upon their unique identities, worldviews and experiences to develop innovative products or services that can make positive contributions back to their communities through celebrating and revitalising Indigenous values, culture and traditions (Smith 2015).

## 2. *Yaru Water*

In the Bundjalung language 'yaru' means rock and the water bottled by Australia's first Indigenous-owned bottled water venture Yaru Water is drawn from an aquifer at the base of Mount Warning in the Tweed Heads-Byron Bay area of north-eastern New South Wales (Allen 2013; Westpac Group 2014). Local Indigenous peoples, the Bundjalung, had used Mount Warning, known as Wollumbin or 'cloud catcher', for thousands of years as a sacred place of cultural law, initiation and spiritual education. While local entrepreneur Shaun Martin's family owned the property surrounding the aquifer at Mount Warning since 1904, it was not until 2004 that he established the Mount Warning Spring Water bottling plant there (Allen 2013; Westpac Group 2014). The Martin family had a long history of engagement with local Bundjalung and were looking for opportunities to contribute back to the local Bundjalung community in a way that would make a difference and initially had considered donating a percentage of bottled water sales to fund employment and training initiatives for local Indigenous youth. However, in 2011 they decided to establish a boutique Indigenous bottled water brand, Yaru Water, in partnership with local Indigenous entrepreneurs, Kyle and Josh Slabb, who would hold a majority share of 51 percent of the business. Yaru Water was founded with a vision to create a successful business that would support Indigenous youth programmes, leadership and cultural training in the Bundjalung community (Allen 2013; Westpac Group 2014).

Yaru Water's revenues facilitate social value creation activities that include: (1) employment opportunities for community members; (2) employee training and development; (3) Indigenous youth leadership development programmes; (4) positive community branding and (5) entrepreneurship and enterprise management workshops for other Bundjalung communities through the Yaru Foundation. Spiritual/cultural value creation activities focus on the provision of spiritual and cultural education and training programmes for Indigenous youth and on funding the construction of an accommodation and training centre on the Martin family farm where Kyle Slabb teaches Indigenous children, corporate visitors and other groups about Bundjalung

values, traditions and culture. The Yaru Water brand focuses consumer attention to the Bundjalung community's connection to Wollumbin or 'cloud catcher' (Mount Waring) as a sacred place of cultural law, initiation and spiritual education. This informs and contributes to the venture's environmental value creation activities by which Indigenous stewardship in managing the resource (water) on their traditional territories is facilitated, garnering increased consumer respect for and insights into Indigenous worldviews and perspectives on sustainability.

### 3. *Hupacasath First Nation Upnit Power Corporation*

In 2001, British Columbia (BC) Hydro proposed the construction of the Duke Point natural gas-fired generation plant for the City of Port Alberni, a waterfront community on the west coast of Vancouver Island (Canada) (Jones 2007; Sayers and Peredo 2017; Henriques et al. 2020). The local population, environmentalists, the Hupacasath First Nation, and many others opposed the plan on the grounds of its environmental impact and successfully blocked the proposal. The Hupacasath Nation were concerned that the facility would damage their land, air and waters, contrary to the community's deeply held values that any resource-based projects proposed for their traditional territories should not be driven by economics, but by resource sustainability for all people of the lands (Hupacasath First Nation 2004). While the Hupacasath opposed this energy project, they were also aware that the region remained in need of power and began searching for an environmentally friendly alternative solution. Ten possible run-of-the-river power opportunities were identified and the Hupacasath determined that China Creek was the best option that would respect the community's environmental values (Sayers and Peredo 2017; Henriques et al. 2020).

The Hupacasath rejected the traditional energy methods being proposed by BC Hydro. Instead they undertook a process which involved developing effective and reciprocal alliances of NGOs, citizens, private and public sector organisations and enterprises (Bornstein and Davis 2010). Working in collaboration with the Pembina Institute, Synex Energy, Natural Resources Canada, Indian and Northern Affairs Canada and the City of Port Alberni, the Hupacasath defined the cultural and resource values of their territory and undertook an assessment of wind and water resources (Hupacasath First Nation 2004). In 2003, with help from researchers at the Pembina Institute and Sigma Engineering (wholly owned subsidiary of Synex Energy), the Hupacasath council identified that the China Creek site did not have sacred sites, that there were no issues that could affect the salmon, that it would

create a very small footprint on the land and that it had an adequate flow of water for at least eight to ten months of the year, making the project economically, culturally and environmentally feasible as having run-of-the-river hydro potential (Jones 2007; Sayers and Peredo 2017; National Centre for First Nations Governance 2018; Henriques et al. 2020). Water from China Creek was diverted out of a creek into a penstock pipe and then run over a vertical drop through a turbine generator and returned to the creek downstream without significantly affecting the local water resource or natural environment. According to Trevor Jones, Executive Director of the Hupacasath First Nation, the run-of-the-river hydro approach was chosen because it complied with the Hupacasath community's values, satisfied the need for more power on Vancouver Island, was an energy source that did not increase greenhouse gases, provided opportunities for partnerships and community benefits, required no storage reservoir, was non-consumptive (did not take away from Mother Earth), and had minimal environmental impacts (Jones 2007). More specifically, the China Creek run-of-river project minimised environmental impacts because China Creek has falls that are difficult to access, there were no salmon spawning issues and the project minimised environmental issues by locating the powerhouse in an existing industrial gravel pit. The end result was a run-of-the-river, 6.5 MW, low impact, Hupacasath First Nation inspired green energy project that, during peak operations, powers up to 6000 homes (Jones 2007; Sayers and Peredo 2017), while ensuring that China Creek continues to be Port Alberni's main water source. Most importantly, the City of Port Alberni was involved and cooperated in all stages of planning, financing and development and the Hupacasath First Nation signed a 20-year power purchase agreement with BC Hydro. In proposing their own community-owned power project, the Hupacasath moved from being a consulting stakeholder to an Indigenous social entrepreneur. They were centrally involved in the planning, decision-making and development processes to minimise any negative effects and ensure that First Nations communities would share in the benefits. In initiating this community-based social venture, Chief Judith Sayers, Hupacasath council and Hupacasath Executive Director Trevor Jones became Indigenous entrepreneurs (Henriques et al. 2020).

## Conclusion

Indigenous entrepreneurship is not just about money, it is about history, tradition, culture, and language embedded in time and traditional territory. It is the creation, management and development of entrepreneurial



ventures by Indigenous peoples for the benefit of Indigenous peoples. As demonstrated in this chapter, many Indigenous leaders have consistently and repeatedly declared their desire to participate in the global economy, capitalise on the abundance of resources on their traditional lands and create long-term sustainable and distributional social and economic development opportunities within their communities. They believe that sovereignty over their lands and resources enables the community to foster socioeconomic development without sacrificing their distinct cultures, values and traditions. This results in the creation of Indigenous entrepreneurial ventures characterised by the integration of social, environmental and economic business models that are responsive to their community's particular geographic location, access to natural resources, socioeconomic needs, values, traditions and culture. The Manitobah Mukluks, Yaru Water and Hupacasath First Nation Upnit Power Corporation cases are examples of successful Indigenous entrepreneurial initiatives that contributed to the social, economic and environmental wellbeing of their communities. These ventures were based on access to a community's particular resources and informed by Indigenous knowledge and experience embodied in the community's traditional territory. These examples demonstrate that Indigenous entrepreneurial ventures represent a significant opportunity for Indigenous communities to *build vibrant Indigenous-led economies that* support sustainable social, economic and environmental value creation as a means by which they can assert their rights to design, develop and maintain Indigenous-centric political, economic and social systems and institutions. Ultimately, Indigenous peoples worldwide have the right to engage freely on their own terms in traditional and economic activities occurring on or near their traditional territories. Self-determination, to be sustainable in practice, has to come with the right of self-determination over natural resources within traditional territories (Corntassel 2008). Indigenous entrepreneurial ventures are more successful when the rights of Indigenous peoples are addressed and when these initiatives are led by or engage with Indigenous communities. With increased recognition of rights comes increased opportunities for Indigenous ventures that focus on social, economic and environment value creation for and by Indigenous peoples. This, in turn, represents a strong potential for Indigenous peoples globally to revitalise their cultures, values and tradition and establish larger regional economic networks that facilitate the formation alliances that might lead to even greater opportunities for Indigenous peoples (Corntassel 2008).

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# Roma: Travelling Can Be Disruptive to Creating a Sustainable Business?

Dennis Foley

## Introduction

Throughout history Roma (including Gypsies and Irish Travellers) populations have been regarded as having no legitimate ‘place’ in mainstream society (Clark and Taylor 2014), a view that remains widely held by today’s ‘settled’ population in many countries (Foley 2012a, b; Cooney and Foley 2017). The settled community generally perceives that the presence of Roma in a community usually signals the arrival of anti-social behaviour (Foley and Cooney 2017), even though such behaviour is not exclusive to any one section of society. Clark and Taylor (2014) argued that to be nomadic does not mean that a person regularly behaves in an anti-social manner. Similarly, to be nomadic does not mean that a person cannot behave in an entrepreneurial fashion, but such activity is frequently based on survival practices and necessity entrepreneurship (Block et al. 2015; Tipu 2016). Often the Roma community operate within a system of short eclectic ‘jobs’ or economic activities which falls outside of the academia’s conceived definition of entrepreneurship, although researchers such as Foley and Cooney (2017) would argue differently. Throughout history the adaptability and flexibility of the Roma community has been the distinctive feature of their

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nomadic economic practices (Greenfields et al. 2012). The ability to engage in a succession of temporary or short-term employment or economic activity is in fact a different model of entrepreneurial activity by its existence and repeat nature. Perhaps entrepreneurship scholars need to reassess their understanding of the definition of entrepreneurial activity given that mainstream society is quickly turning towards contract and short-term employment (especially following the impact of the Coronavirus global crisis). It is arguable that a global realignment of the nature of employment is happening currently, but this is a practice that the Roma community has been applying for generations due to the historical impact of racial persecution and often forced nomadic lifestyles. Their economic survival has been based on short-term entrepreneurial activity within a larger plan of income generation. This chapter examines entrepreneurial activity within the Roma community, plus the challenges involved in creating a sustainable business while living a nomadic existence.

## Historical Background

Roma are generally accepted to have arrived in Europe in the fifteenth century as nomads.<sup>1</sup> Over the centuries, Roma have experienced countless expulsions, the forcible removal of children, abduction and abuse of their women, servitude in mines and even extermination, just a few of their lived and historical fates. The resultant intergenerational transmission of trauma is supported by empirical research. Such studies have offered a growing insight into the societal and individual anguish suffered and some have concluded that children of trauma survivors are adversely affected by their parents' ordeals (Schwerdtfeger et al. 2013). European Roma have a history of 700 years of intergenerational trauma and such intergenerational transmission of trauma has also been noted within Europe's other outstanding entrepreneurial minority that have also suffered persecution, the Jewish population (Kahane-Nissenbaum 2011). Hoselitz (1963) contended that entrepreneurs are deviant from the mainstream population because of their marginal status and it could be argued that Roma have fitted this profile as they acted within a hostile social milieu, combined with an exclusion from political power. To compensate, they have concentrated on business activity even though they are outside the dominant value system. For the

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<sup>1</sup>This chapter talks about Roma, but this term includes Gypsies which is frequently the expression used by mainstream society. The chapter also recognises Irish Travellers as a distinct separate minority ethnic population that shares similar cultural traditions and suffers from many of the same prejudices.

Roma community, the problematic relationship between the settled<sup>2</sup> population and their 'nomadic' culture has been marked by both spatial and the social exclusion (Salemink 2016). Business was considered a sheltered industry for the minority as they were subjected to fewer sanctions due to their so-called deviant behaviour when compared to mainstream sedentary business operators (Hoselitz 1963). Due to their ambiguous position within society from a cultural or social standpoint, marginal groups such as the Roma in medieval-to-postmodern Europe have developed genuine innovations in social behaviour (Martinelli 2003). However, little is written of the Roma people who have survived the intergenerational transmission of traumatisation.

From the sixteenth century onward, being Roma frequently resulted in death sentences or in slavery. In many countries, persecution stemmed from the highest authorities, including both the State and the Church. During World War II, hundreds of thousands were sent to concentration camps and while no exact figures are known, it has been estimated that approximately 250,000 Roma lives were extinguished during the Holocaust. But the intergenerational persecution in modern Europe continues, especially in Central and Eastern Europe where Roma constitute between 8 and 10 per cent of the population in some countries (e.g. Bulgaria, Slovakia, Romania). During the Communist era, Roma were usually given unskilled labouring jobs in heavy-industry factories and mining. Following the change to democracy in Central and Eastern European countries, the Roma became the new scapegoat for post-Communist society's ills as their plight has dramatically worsened since 1989. The result of this endless persecution has resulted in endemic problems of low life expectancy, high illiteracy, dire poverty, poor housing and exceptionally high rates of unemployment (Brearley 2001). This constant oppression of the Roma has been further exasperated by the rise of far-right activists and political parties in some European countries which has unleashed new state nationalism which has led to Roma being commonly stigmatised by the media and few governments have been willing to create laws to protect their rights (Brearley 2001). Given such levels of discrimination, Chanal et al. (2011) wondered how the creation of a sustainable business that creates value through innovation be possible within such a context.

The participation of Roma in enterprise is a contested terrain as it intersects with research into the broader understanding of ethnic, racial and political identities. Some researchers have suggested that Roma should

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<sup>2</sup>'Settled' refers to a population that is sedentary, living in houses on a permanent basis. Roma often refer to non-Roma as the settled population, although an increasing number of Roma are becoming settled and living in permanent homes due to government policies restricting nomadism.

be considered within the 'Indigeneity' space, since Indigenous peoples are defined as having ancestral ties to specific land, a distinctive culture or language, a shared history of oppression, and while unlikely to be in economic or political power, they are often engaged in collective movements towards self-determination (Corntassel 2003; Durie 2005). Given that Roma communities are displaced ethnic minorities that loosely fit this definition (except for not having ancestral ties to specific lands), it is arguable that Indigeneity studies should be inclusive of these communities also. Indigenous peoples have unique ways of viewing the world which influence their ways of constructing activities and organisations (Amoamo et al. 2018) which influences their decisions regarding enterprise development and this also applies to Roma entrepreneurs.

This chapter examines and challenges the concept that a nomadic lifestyle can be disruptive to creating a sustainable business. Maybe a starting point is to unpack the western academic concept of a sustainable business, for the Roma standpoint is different to the academic position. Roma populations within a wider context of urbanisation, settlement and social change will be studied to ascertain their opinion in five diverse locations. For example, in Ireland and the UK, government policies have sought to cease cultural practices that allow a nomadic way of life. The restriction of halting sites, metal barricades to disrupt caravan access to roadside rest stops and stricter laws on livestock, rubbish dumping and environmental laws negating some scrap metal processing have all impacted on former lifestyle practices. Roma cultural practices and status in the modern-day has changed from the exotic romantic travelling gypsy (Schneewis and Foss 2017) to that of the 'folk devils' (Kabachnik and Ryder 2013). Therefore, there exists a need to get behind normative assumptions over the innate nature of their presumed sociality and instead show how such attitudes emerged as a result of the confluence of particular socio-economic trends and cultural understandings from the mid-nineteenth century which by the end of the twentieth century had become firmly entrenched.

## Methodology

This paper critiques five qualitative case studies over a period of 7 years of families who belong to the Roma community. Technological change and the impact of digitalisation have been revisited and included. Snowball sampling via direct and indirect recommendations was the only viable form of data gathering from what many people would consider a secret society. This

study group is reflective of the Roma community as they represent a broad cross-section of small businesses due to their commonality across countries. The research methodology of qualitative inquiry was adopted as the chapter emanates from the interpretive in order to seek deeper engagement with the research. Primary research consisted of face-to-face semi-structured interviews with the five family groups at different times over the seven-year research period. The names of the participants were omitted from the analysis to ensure privacy and instead codes (such as A1 or C2) were applied to participants. Geographic locations have been altered so that any specific individual cannot be identified due to the private nature of the community. The research methodology used a multiple case study approach which can be scientifically applied within independent studies (Eisenhardt 1989; Yin 2002) and linked the data with a systematic review of the literature (Tranfield et al. 2003; Pittaway et al. 2004). A thematic approach was applied to the empirical evidence to provide focus and unity (Thorpe et al. 2006). Sustainable business management and the rights of Roma businesses in their struggle for financial independence can occasionally have an illicit dark side, so this chapter provides an insight into the pressures placed on Roma business people, plus their 'hidden' economic activities and specific entrepreneurial attitudes (Salemink 2014). In some studies of the Roma community, the economic activities that are hidden can be marginal and illegal (Somerville et al. 2015). This is no different in this study and it is accepted by the author that this is the norm and no ethical condemnation is applied. Conventional research techniques do not apply when researching Roma (Bosworth 2012) for they are difficult to reach and wary of outsiders into their lives (Khonraad and Veldhuijzen 2009). They are generally extremely private and secretive (Salemink 2016). Only a skilled, experienced ethnographer who is a non-conventionalist researcher using 'insider' snowballing techniques based on cultural introductions can succeed in such a setting. Belonging to an Indigenous community and wearing a Roma-made earring proved beneficial to gaining access to the families!

## Case Study

Interviews were conducted within five diverse groups that included a family in Paris (France), one in Dublin (Ireland), one in the East Midlands (England), one in Granada (Spain) and one in Newcastle (Australia). Some detail of each of the families is provided next.

1. *Paris (France)*

This family lived in a camp on the old disused Petite Ceinture railway line, a relatively short walk to the major tourist areas which provided income-generating opportunities for this group of Roma. Their camp has been used (on and off) since the early nineteenth century. The family stated that their original camp was destroyed in the 1850s by Napoleon III. Research supported this when Baron Haussmann constructed a circular railway around the city's fortifications (Jordan 2004). In 1850, the camp area was a thick forest and the current camp stood in the regrowth of that forest on the edge of a disused railway line. The camp contained horses, many different types of vehicles, older cheap-styled aluminium and timber caravans, together with haphazard shelters constructed of scrap wood, plastic sheeting and open fireplaces for warmth and cooking. There was no running water, sanitation or rubbish removal, so there was much rubbish openly evident. The slum-like camp since the author's visit has since been destroyed, with more than 350 people evicted by police during the winter of 2016 (BBC 2016).

2. *Dublin (Ireland)*

This Roma group lived in a rough camp on the airport side of a major tributary road in makeshift housing, in squats in old (possibly condemned) terraced-housing and in several caravans parked around the estate. The settlement is north of Dublin, near the airport, on what appears to be a disused lane and adjoining former industrial land. This family is best known for their horse-drawn carts and continuous encounters with the local authorities regarding rubbish removal, street begging and alleged shoplifting. The lack of satisfactory sanitation, basic removal of rubbish or the removal of horse by-products was obvious. Water appeared to be brought into the camp area in containers.

3. *East Midlands (England)*

An introduction from the Dublin family enabled the author to interview an East Midland Elder and several family members on their attendance at a funeral in Dublin. Roma have lived in and around Bristol for hundreds of years, on former commons and open areas such as at Emerson's Green, Bradley Stoke, Patchway and Lawrence Weston. Other sites include Speedwell, Redfield, Newtown and Brislington. Small groups of New Travellers have frequented Bristol in the last three decades. The permanent site in

Ashton Vale where the interviewees originated has 12 pitches where a mixture of English Roma, and Welsh and Irish Travellers live. To the author's knowledge, Bristol City Council owns the site and it is managed by Elim Housing, an interesting public housing organisation. It was stated to the author that some of the residents move away to find work in spring and summer, returning for the autumn and winter months. They also travel on the carnival circuit or visit family; others travel for cultural reasons.

#### 4. *Wallsend, Newcastle (Australia)*

An introduction from a former colleague at the University of Newcastle allowed the author to observe celebrations on April the 8th in Australia which is International Romani Day. In 2017, Roma from as far away as Tasmania and Western Australia travelled to a small rural property on the central coast of New South Wales (NSW) and to the Wallsend property mentioned, a suburb in Newcastle, NSW to reinforce their culture and educate their children. One group, refugees from Holland who immigrated to Australia during the Whitlam years of the 1970s are Kalderash Romani. As background information during the decades of convict transportation between England and Australia from the late eighteenth century to the mid-nineteenth century, some 60 convicts were Romani Gypsies. Among them was James Squire, who arrived on the First Fleet in 1788 and went on to become the colony's first brewer. He also formed a deep friendship with Indigenous leader Bennelong, (distantly related to the author) whom he eventually buried on his property at Kissing Point on the bank of Parramatta River. Squire's grandson, James Farnell, became premier of NSW. This background offers some insight into the connections that Roma have in Australia. For decades, a well-known Roma camp existed in Little Bay, Sydney, ending around the 1950s. The population active in the circus and country carnival circuits amalgamated with other smaller groups and moved (due to society pressures) to rural areas on the outer Sydney urban fringe and to Newcastle. Romanichal Gypsies of England and Wales have family in Tasmania, South Australia and Western Australia who also regularly visit the Wallsend and other NSW camps, particularly in the colder winter months coming north for the warmth. Some 14,000 Roma live in Western Australia alone and a few of these who are also Romanichal Gypsies make the journey to Wallsend. The Wallsend and Central Coast properties are on private lands and are kept low-key to ensure they do not catch the attention of the local council or adjoining properties, and this is why they are maintained in semi-rural areas hidden behind bush corridors (Sayer 2017a, b).

### 5. *Granada (Spain)*

The family in Granada were Gitanos entrepreneurs who told a hard story of a young people in the community struggling with drug addiction, high school dropout rates and poor health statistics (e.g. cardiovascular disease, low childbirth weights and poor survival statistics, coupled with growing diabetes and poor diet complications). However, they also praised the benefits of tourism, the ability of their people to earn a living in dance and music, or work in the construction industry and other related industries. They proudly explained that many of their family were talented stonemasons working on the reconstruction and protection of many Roman and other heritage sites throughout the area. The family lived in a lavish villa and admitted that local Granada people did not think of them as Roma because of how they lived. The mainstream population did not see the cultural aspects of their lives, rather they saw them as business people and were socially accepted to a degree. Access was gained from introduction through a community contact in Dublin.

## Analysis of Data

The interviews looked specifically at Roma life both as a nomadic and as semi-permanent to permanent 'settled' living. All five family groups had lived in peri-urban encampments. It was common practice in Europe that in winter they would look for cheap lodging in cities, often alongside working-class populations, making and selling goods to survive. Traditionally, they would then move in regular circuits across the countryside during the spring and summer, picking up seasonal work, hawking and attending carnivals. The annual round of farm work that was so important for their economic foundation would commence in late spring with hop training and throughout the summer and autumn Roma families moved from farm-to-farm as each crop needed harvesting.

Cherries, strawberries, blackcurrants during high summer, as well as peas, beans and other vegetables were needed to be quickly gathered in as they ripened. The hops were ready in September, followed by apples and pears in the autumn and potato picking in early winter. (Clark and Taylor 2014: 6; BBC 2005)

Family members in Ireland, England and France reminisced about these times because the children were well fed, drinking fresh milk, access to fresh eggs and cheese, together with a steady supply of fresh farm produce including

protein such as chicken, lamb or beef. A common story from the families revealed that technological advancements in the mechanisation of rural industries since the 1960s has severely reduced the demand for the Roma agrarian skill-sets, forcing them to take-up illicit activities, hawking, organised begging, scrap metal procurement and other unskilled income-earning activities.

According to the families, on the outskirts of Dublin, London and Paris, there were well-known stopping places used by nomadic Roma for generations. Far from being 'a separate people', their economic survival depended on close interaction with the wider population (Clark 2002; Okely 1983). Furthermore, their lifestyles, if nomadic, were not too distant from those of the poorer working classes, since both communities had common experiences of over-crowded, often damp accommodation, with no running water and inadequate heating, and were governed by the capriciousness of landlords. For both populations, their levels of literacy were low and their experiences of education were frequently alienating. Additionally, work was often temporary and seasonal, with household livelihoods a precarious 'economy of makeshifts'. Consequently, while the rhetoric of 'Roma deviance' (or anti-social behaviour in today's parlance) existed, and was being perpetuated and reinforced by Victorian-styled elites, such perceptions was competing with an everyday lived experience which suggested otherwise.

Changes to laws criminalising a nomadic lifestyle and the loss of income when on the road has forced all five families into a more 'settled' existence. Four of the families advised that nomadism offered greater entrepreneurial opportunities and a wider variety of entrepreneurial pursuits. The ancestors of a family in Granada found themselves living semi-permanently in limestone caves after the fall of the Moorish empire in the sixteenth century. Semi-permanent cave abodes offered them a place of relative peace away from persecution and access to a growing market for labour and enterprise opportunities. The other four groups in general found living in a permanent settlement quickly reduced their economic opportunities as their geographic areas of legitimate business pursuits shrank as anti-social sentiment from the mainstream population increased the longer that they lived in a 'settled' area. According to the families, due to high unemployment and limited employment avenues, many Roma were forced into illegal activity to earn an income to support their families. Respondent A1 (who referred to himself as a self-employed scrap metal appropriator and odd jobs handyman) did not like his wife and daughters begging and/or shoplifting as it often put them in danger of abuse and/or police conviction. The police habitually marginalised them and took the mainstream persons' allegations without allowing the Roma



person the opportunity to defend themselves. They were convicted without fair process and given that “*you were guilty in the eyes of the others anyway; stealing is how I feed my kids when there is no work*” (A1). Richardson (2006) found that the Roma communities were framed negatively as tax avoiding criminals, which regularly became a self-fulfilling prophecy. B1 (an unemployed father of 4) saw the Australian Police as racist and rarely in a dispute did they listen to his story.

Living in a permanent place, we don't have the opportunity of picking up some odd jobs. When you travel or move around, you cover more country, more people, more opportunities to earn some food or borrow some money. When you are stuck in one place, the opportunities dry up. (B1)

A1, D1 and C1 also concluded that living permanently exacerbated the unemployment situation and severely curtailed any enterprise opportunities. D1 was the patriarch to a large family of 10 children, his wife, her parents and his dead brother's wife and children. He found living in a sedentary camp like that of an eagle trapped within a canary cage.

Before I used to work on farms, a bit here and there, we would move about. There were chances for work. I had contacts in service stations, repairing tractors, collecting and selling bottles and metals. (D1)

When asked can they establish and carry out a sustainable business when in a nomadic existence, all responded by highlighting that one would assume that living in a permanent position, a person could establish business contacts, networks and build a business, but that such outcomes do not happen.

We live in substandard housing, temporary squats in most cases. We do not have access to markets, too much competition from established businesses, no government assistance as it all goes to refugees. We have no access to capital, to bank finance or business associations, whereas when we are travelling or nomadic, we could seek out markets, use old contacts and networks. We operate on small margins, but can make profit; you cannot do that when living 'settled'. When settled you must travel vast distances to do a deal or scavenge, so when travelling the expense is a daily cost because the whole family moves. When moving around, we follow age old patterns, following work and opportunities, moving is a natural part of our lives. You can't have an established business like what we learn about or see in the towns, rather when we are moving, we have small operations, we are doing deals in all sorts of manner. When we are settled, we have little opportunity to create business opportunity – to do deals. (A1)

The experiences of the Granada Sacro-Monte Roma community were quite different. The caves offered protective shelter and a place to house their livestock. From as early as the late sixteenth century, the women began dancing the Zamba, a distinctive type of flamenco which is now a major local attraction for visitors. From the 1960s the caves attracted a type of new resident as artists, writers and people seeking an alternative existence began to inhabit the caves also. The residences now boast modern kitchens, bathrooms and power, and are commercially rented out to a growing list of newcomers. Most of the Roma population now live in council housing downtown or in the suburbs. As advised by M2, many have their own large residences across the town, illustrating the disparity in wealth with sections living on or below the poverty line. Furthermore, a sizeable proportion of the population have investments in real estate, construction, building supplies, quarry products such as sand cement and gravel, metal fabrication and boat building.

The Granada example has illustrated a limited social acceptance of the Roma which is not the case in other areas of permanent residence such as Madrid. In the Spanish capital, the Roma population experiences high levels of poverty and social discrimination, albeit lower than that experienced in central Europe (Brañas-Garza et al. 2006). Quintana (2015) described the Granada interaction between the local population with Sacro-Monte Gitanos (Spanish Roma) as 'an Interethnic Event', demonstrating the role of subjective standards that continue to guide Gitano behaviour and reactions to changes in the urban landscape. Empirical evidence of student perceptions in Granada (especially those of Gitano and mixed Gitano-Payo ethnicity) demonstrated that despite efforts towards social inclusion, discriminatory beliefs and practices still linger and need to be actively reduced (Madrid-Fernández and Katz 2018). Despite the negative social attributes of racism, poor school performance, discrimination and poor health statistics, Granada Roma are no longer nomadic. The growth of tourism and construction in Granada has been expertly tapped into by sections of the Roma community (including M2, a research participant). Economic development for the Roma in this area demonstrates the move by a community towards self-sustaining economic growth and institutional modernisation (Goulet and Walshok 1971). The analysis of the five case studies would appear to confirm Goulet and Walshok's (1971) work that identified how marginal communities view the relationship between their own values and the perceptions that they have of the visible benefits ordinarily associated with development (better housing and nutrition, easier access to jobs and schooling for all). The sedentary Roma (such as participant M2) have indeed achieved this balance, resulting in an outcome whereby social acceptance is slightly improved over

the national/European average and a non-transient lifestyle actually allows the entrepreneur to succeed in business. It is also evident that there needs to be much deeper research undertaken on this issue as any linkages between balancing the cultural values of the Roma community with the perceived economic social benefits of the mainstream population are still tenuous.

## Conclusion

The study of the five families across different countries has revealed very similar economic and social struggles. It was generally believed that it was extremely difficult for a Roma family to build a sustainable business while living in 'settled' housing. Furthermore, the research identified five common characteristics that stood out from the participants:

- The need for independence from pre-determined stereotypes and racism;
- The strong kinship and family ties along hereditary lines that hold the families together;
- The role of their culture (even when there is evidence of fading traditional skills such as arts, crafts and music);
- Their strong entrepreneurial trading culture as an attribute of their identity;
- Due to their self-imposed secrecy, they can only rely on their own community or extended family.

Salemink (2014, 2016) also found similar observations. Western or mainstream society has labelled the Roma communities as the 'other'. They are marginalised, depicted as deviant and even sub-human. Being marginalised by mainstream society, their entrepreneurial skills are subjugated when they live in a 'settled' existence, plus they suffer automatic prejudice (Allen 2016). If allowed to be nomadic, they can be useful members in wider society by contributing to the economy through a variety of employment positions (Salemink 2016). The conclusion from this research is that a nomadic lifestyle can be disruptive to creating a sustainable business, but it is the preferred scenario to maintain entrepreneurial practices among the Roma community. The exception was the Granada example where there is a degree of social acceptance and therefore the opportunity to build sustainable businesses. Any deviance as mentioned by Allen (2016) is in fact displayed by the wider non-Roma community in their preconceived racist attitude to those that are different. Financial independence gained from entrepreneurial activity allows

the Roma community to be independent to a degree, surviving mainstream societies prejudices!

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# From Taking Flight to Putting Down Roots: A Narrative Perspective of the Entrepreneurial Journey of a Refugee

Huibert P. de Vries, Nadeera Ranabahu, and Zhiyan Basharati

## Introduction

Significant world events in the first two decades of the twenty-first century have highlighted the impact of global mobility on the interrelationships between and within countries and communities. Factors such as the European refugee crisis, political turbulence in Venezuela, the growth of economic migrants and the general globalisation of human capital, has raised global awareness regarding movements of both voluntarily and displaced people. It has also engendered an ongoing debate regarding the impacts of these movements of people and it has created public disquiet regarding how to resolve the complex economic, political, social and cultural issues surrounding the integration of the world's displaced people. But the plight of displaced people is nothing new, as humanitarian principles of offering refuge to such people date back to the seventeenth century (Bakewell 1999). Currently 'displaced people' is a term used to describe those that have been victims of severe disruption within and between societies (Newman 2003). Such displacement

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can be from conflicts such as civil wars (Fazel et al. 2012), economic collapse of the state (Newman 2003), political unrest (Miyares 1998), persecution due to race, religion or nationality (Newman 2003; Sulaiman-Hill and Thompson 2013) and environmental displacement (Moberg 2009). Newman (2003) reasoned that:

the distinction between different types of immigrants – including asylum seekers, economic migrants, and those displaced by war and in need of temporary protection – is often clearer in theory than in reality. (Newman 2003, 8–9)

Current definitions have been criticised as excluding a great many of the world's displaced people. For example, existing international legal instruments do not adequately deal with the current reality of asylum needs (Newman 2003) or those displaced by natural disaster (Moberg 2009). As a further cautionary note, there are also some concerns about validity regarding records of the number of displaced persons (Bakewell 1999). Gemenne (2011) argued that estimates and predictions are often generated for media attention rather than being empirically grounded. They also contend that it can be difficult to provide accurate data from developing countries which lack the statistical capacity to monitor migration movements. To further complicate matters, there can be issues of people inhabiting borderless zones between countries (Tangseefa 2006) and there is a lack of acknowledgement of persecution that occurs within private settings—especially those affecting women (Boyd 1999).

Despite disagreements on definition, there is broad concurrence that the worldwide measuring and classification of the various displaced people is significant from a sheer mass perspective. Within the world's estimated migrant population of 258 million (United Nations 2017), recent international data indicates that 68.5 million of these are forcibly displaced. These have been classified as: 25.4 million refugees (of which over half are under the age of 18); 3.1 million asylum seekers; and 40 million internally displaced people. Almost 85 per cent of these displaced people are in developing countries (UNHCR 2019b). Furthermore, there has been a rapid increase in displaced people worldwide. Heilbrunn et al. (2019) have observed that internally displaced asylum seekers and refugees have increased from 17 million in 2000 to 67.75 million in 2016, with a major recent spike in numbers since 2014 (when they were estimated at 35.85 million), thereby recording the highest level of migration in the world's history.

## Refugees

Estimating the numbers of refugees and their different categorisations is extremely difficult. A UNHCR (2019a) report suggested that of those people that do move to other countries, 28.5 million refugees have been categorised as either people seeking asylum due to victimisation or persecution, quota refugees under the United Nations High Commissioner for Refugees (UNHCR) status determination, or identified as newly recognised UNHCR climate change displaced persons. Across economic and social debate regarding disadvantaged and minority communities, refugees are considered amongst the most marginalised groups of immigrants. These are people fleeing across international frontiers from life-threatening conditions (Shacknove 1985). They are immigrant groups that are exposed to discrimination, impoverished living conditions and high rates of joblessness (Heilbrunn et al. 2019). Furthermore, they have suffered from cumulative exposure to violence stemming from terrible circumstances and have suffered high levels of stress and trauma (Fazel et al. 2012). According to the early work of Shacknove (1985), refugees must be persons whose home state has failed to secure their basic needs, as in: (1) persons deprived of basic rights; (2) persons with no recourse to home government and (3) persons with access to international assistance. The refugee literature (e.g. Boyd 1999; Bond Rankin 2005; Heilbrunn et al. 2019) regularly refers to the definition of a refugee that was established by the 1951 UN Convention which stated that:

owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership in a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such a fear, is unwilling to avail himself of the protection of that country.

Excluded from this definition are internally displaced people, the victims of natural disasters, economic migrants and the victims of violence who are not also subject to persecution (Heilbrunn et al. 2019). In 1974, the Organisation of African Unity (OAU) added to this definition by stating that:

The term “refugee” shall also apply to every person who, owing to external aggression, occupation, foreign domination or events seriously disturbing public order in either part or the whole of his country of origin or nationality, is compelled to leave his place of habitual residence in order to seek refuge in another place outside his country of nationality. (Bond Rankin 2005, 406)

A similar regional definition was made for Latin America in the Cartagena Declaration of 1984 (Bakewell 1999). Of the OAU convention, Bond Rankin (2005) suggested that although it does reflect a particular African vision, it exposes the shortcomings of the 1951 UN Convention, but also the problems surrounding the vagueness and ambiguity of the OAU definition. The UNHCR continued to address the issue of definitional clarity as evidenced with the 2005 publication of comprehensive procedural standards governing its refugee status determination (Kagan 2006) and the more recent acknowledgement of the climate change refugee phenomenon (UNHCR 2019a). This complexity has, not surprisingly, led to considerable inter-country variability in the refugee determination process (Boyd 1999). Despite (or perhaps because of) the challenges and variations surrounding the definition, the refugee status decision-making process in many Asian and Western countries is not conducted by national governments, but by the UNHCR (Alexander 2009). Indeed, numerous countries have introduced mechanisms to keep refugees out unless they go through the UNHCR refugee status determination (RSD) which, although established to guarantee a 'fair hearing' for all (Alexander 2009), has been open to variable interpretations.

Those displaced people that do meet the RSD criteria face further challenges in their new country of residence. Discrimination, poverty, un- or underemployment, language barriers and trauma all make the transition exceedingly difficult. Researchers such as Heilbrunn et al. (2019) have asserted that employment is considered to be a vital component for the successful inclusion and integration of refugees into their new communities. This theme is not new and has already gained prominence in the broader ethnic minority immigrant employment and self-employment literature (Mace et al. 2005; Piperopoulos 2010; Clark and Drinkwater 2010; de Vries et al. 2015; Jones and Ram 2015). However, refugees experience higher levels of labour market difficulty than economic immigrants, plus they have raised levels of difficulty regarding country-specific legal restrictions, personal and structural discrimination, learning a new language and acquiring new knowledge, and an unwillingness on the part of authorities to accept documentation and credentials from their homeland. Furthermore, the reason for leaving their home countries are typically deeply rooted in a complex set of political, cultural, social and economic conditions. Therefore, the long and arduous journey commonly taken by refugees and asylum seekers to integrating into their new host country can frequently translate into they becoming a marginalised group. As a practical solution to integration, people within refugee communities are consequently drawn (pushed or pulled) into self-employment. Certainly, there is literature affirming a

strong positive relationship between ethnic minority disadvantage and the push to self-employment (e.g. Light 1979; Clark and Drinkwater 2010) which draws a positive connection between rates of entrepreneurship and social and economic performance (Hiebert 2003; Zhou 2004; Jones and Ram 2015). The next section considers the current advances in academic literature regarding refugee entrepreneurs.

## Refugee Entrepreneurs

This chapter identifies a refugee entrepreneur as a displaced person who has entered a new country through RSD and asylum seeker programmes and who starts, owns and manages a business in their host country. A vast majority of these refugee entrepreneurs start businesses due to necessity as they are not able to find suitable formal employment in their host countries (Wauters and Lambrecht 2006, 2008; Refai et al. 2018; Freiling and Harima 2019; Shneikat and Alrawadieh 2019). Entering into the labour market of the host country is challenging for refugees due to not having (or not having formal proof of) education or professional qualifications (Wauters and Lambrecht 2006). Often, they are pushed into entrepreneurship as ‘doing something is better than doing nothing’ (Freiling and Harima 2019). Occasionally, pull factors such as desire for independence, availability of resources and integration within the wider community are cited as reasons for business start-ups (Wauters and Lambrecht 2006; Shneikat and Alrawadieh 2019).

For many refugees, entrepreneurship is a means of sustaining themselves and their families. However, Lee (2018) contended that it should not be considered merely as a livelihood option as entrepreneurship also facilitates the integration of refugees into their host countries (Wauters and Lambrecht 2006; Shneikat and Alrawadieh 2019). According to Valtonen (2004), entrepreneurship offers:

the ability to participate fully in economic, social, cultural and political activities, without having to relinquish one’s own distinct ethnocultural identity and culture. (Valtonen 2004, 74)

As their business ventures become established and a viable source of income, this improves a refugee’s standard of living, provides recognition and facilitates linkages with the host community. Entrepreneurship in effect enhances the integration process for such refugees. In addition, their businesses allow refugees to make economic contributions to their host country and boost domestic entrepreneurship (Wauters and Lambrecht 2006; Harb et al. 2018).

For example, Harb et al. (2018) found that Syrian refugee entrepreneurs in Lebanon conducted complimentary business activities and even established partnerships with Lebanese businesses. Beyond economic benefits, refugee-owned businesses also facilitate social change, such as Burmese refugees in South Korea using business ventures to further political activism in their home country (Lee 2018).

Studies related to refugee entrepreneurship are often grounded on theories that allow the phenomenon to be examined as an embedded concept. For example, the work by Refai et al. (2018) on entrepreneurial identity in Jordan draws upon the 'habitus' concept (Bourdieu 1977). Habitus, a theory of human social practice, is grounded on the argument that:

individuals act in the context of a structured framework of evaluations and expectations which lead to the conscious or intuitive prioritising of certain dispositions and practices. (Kelly and Lusi 2006, 832)

It provides a context where economic, social and cultural capital is valued and given meaning (Kelly and Lusi 2006). Using the 'habitus' concept, Refai et al. (2018) demonstrated that context-specific disposition (e.g. employment practices) and destabilised habitus (e.g. unstable situations due to lack of options) emerged for Syrian refugees in Jordan. These circumstances influenced refugees' perceptions on social conditions and their ability to engage in entrepreneurship (Refai et al. 2018).

Recently Meister and Mauer (2018) used mixed-embeddedness theory to study refugee entrepreneurs and business incubation. Mixed-embeddedness theory, prominently used in migrant entrepreneurship, has an interactionist approach and encompasses both actors (the migrant entrepreneurs) and the opportunity structures (Kloosterman et al. 1999). It combines the micro-level of the individual entrepreneur and his/her resources with the meso-level of local opportunity structures. Then, the meso-level structures are broadly linked to macro-institutional frameworks (Kloosterman 2010). The Meister and Mauer (2018) work combined social networks with mixed-embeddedness amongst refugee entrepreneurs in a business incubation setting and studied co-creation of ventures with refugees by the local population in Germany. Their findings suggest that a customised incubation model could contribute to the embeddedness of refugee entrepreneurs in their host country and increase their entrepreneurial success.

A further contribution is the use of refugee integration theories, such as the framework of Valtonen (2004) to capture the journey of a refugee from pre-flight, settlement, through to integration into a new community, as the basis for examining refugee entrepreneurs. For example, Garnham (2006) extended

the human capability framework which was used by the New Zealand Department of Labour and was based on the work of Valtonen (2004). The Garnham (2006) framework identified capacity and then matched these with opportunities unique to the refugees. The refugees might have home or host country capacity influences (such as skills or education) that have been gathered from their experience in their home country or through the asylum-seeking journey. They then pursue entrepreneurial opportunities within their new host country which matches with their skills attained through training, education, voluntary work or other means (Garnham 2006).

## **A Refugee's Journey from His/Her Home Country to a Host Country and Entrepreneurship**

The findings arising from the limited existing empirical work that is available demonstrates that a displaced person's journey from his/her home country to a host country, as an asylum seeker or a refugee, shapes their entrepreneurial activity. This section identifies stages of this journey as it considers life before seeking asylum/refugee status, the transitional journey to a new host country and the entrepreneurial activity within the host country. By this means a review can be undertaken to explain how a displaced person's experience in each of the stages may ultimately influence their entrepreneurial behaviour in the host country.

### *1. Life before seeking asylum/refugee status*

A refugee's (displaced person's) home country experiences can influence the choice and size of the business in their host country. For example, many refugees start businesses in trades and services (e.g. convenience stores, telephone shops and snack bars) and handicrafts sectors that require low-level skills (Wauters and Lambrecht 2006, 2008). Male refugees who were previously self-employed in their home countries or whose families had been active in entrepreneurship have a higher tendency for engaging in business start-ups (Wauters and Lambrecht 2006). Refugees are typically heavily imprinted with home country-specific values, norms and attitudes, and generally have a narrow base of business options from which to choose (Freiling and Harima 2019). For example, Hartmann and Schilling (2019) explained that a Syrian refugee in Germany might consider only the traditional food habits of Syrians in starting his/her cheese diary (e.g. eating cheese every day for breakfast) because of their home country imprint. Furthermore, rather than

engaging in sectors for which they are qualified or sectors that they perceive as having greater market opportunities, refugees select sectors with limited entry barriers (Wauters and Lambrecht 2008). One such entry barrier might be a skill gap as a person's skills when they leave their home country may not match the labour market in their host country. A further factor can be the age of the refugee as older refugees, who in normal circumstances would never leave their home country (Gold 1998), find gaining new skills to be a challenging task. In addition, almost all the business options refugees select require limited investment of start-up capital (Wauters and Lambrecht 2008; Freiling and Harima 2019). This is due to refugees having limited assets, as most have left assets behind during their flight. They are unable to access the capital required in their country of origin due to the political or social situation within their home country and have little access to capital in their host country (Wauters and Lambrecht 2008).

## 2. *Transitional journey to a new host country*

The transitional journey of a displaced person to a new host country, first as an asylum seeker and later as a refugee, can enhance the disposition to be entrepreneurial through such factors as opportunity identification/creation, risk-taking behaviour, persistence, uncertainty management and resilience. Yet this journey is poorly understood. For example, if one considers the plight of an asylum seeker, the literature prior to a study by Heilbrunn et al. (2019) of refugee entrepreneurs provided only limited insights into the asylum seeking transitional journey and how it influences their entrepreneurial dispositions. The literature does contend that displaced people use a combination of legal (UNHCR RSD) and illegal methods (such as employing 'people smugglers') to facilitate the flight from their home countries. The root cause of seeking asylum, such as personal reasons (e.g. political persecution), social group discrimination (e.g. human rights violations) or social disasters (e.g. war) (Freiling and Harima 2019; Nardone and Correa-velez 2015) also determine the methods through which people take flight. In terms of social disasters, people take flight *en masse* and seek refuge in neighbouring countries by often staying in camps. Others take flight with the support of people smugglers which includes crossing borders using boats, on foot, or other means (Nardone and Correa-velez 2015). In these situations, smugglers can temporarily gain complete control of asylum seekers' lives (Freiling and Harima 2019). Regardless of the way people seek refuge, asylum seeking journeys and the life disruptions those journeys provoke are traumatic. In many cases, asylum seekers spend significant time in camps in order to gain

RSD which can extend into many years. In some worst case scenarios, detention centres can be used for the indefinite detention of asylum seekers for crossing the border illegally. Although adults can cope much better with traumatic events associated with asylum seeking, the emotional pain and lack of security can remain in the background for children and adolescents, even when they grow-up (Kronick et al. 2015; Nardone and Correa-velez 2015). However, these extreme circumstances can also develop people's resilience (Nardone and Correa-velez 2015) and the risk-taking propensity associated with entrepreneurship, frequently being taken to extreme levels as they feel that they have 'nothing to lose' (Freiling and Harima 2019). Although the life experience of asylum seekers can affect their self-efficacy (as neither the nature nor the scope of these beliefs are static), their positive post-resettlement experiences (such as assistance to start a business) can improve the general self-efficacy of refugees and enhance the long-term beneficial outcomes (Sulaiman-Hill and Thompson 2013).

During the transitional journey, the sheer waiting process in refugee/asylum seeker transition countries, where they temporarily stay until protection claims are validated, requires a certain degree of entrepreneurial disposition. A displaced person has to formally apply for refugee status with the UNHCR. Some asylum seekers lack the proficiency required to apply and sometimes need to appeal rejections of their claims for protection (Missbach 2015). In these situations, staying in refugee transition countries for a long period is impossible without the support of charity or social enterprises (Freiling and Harima 2019). Their situation is sometimes worsened due to laws and regulations prohibiting displaced people from taking paid employment and/or starting-up their own businesses (Refai et al. 2018; Freiling and Harima 2019). In addition, some asylum seekers are not eligible for government-funded support services (e.g. the Status Resolution Support Services in Australia only support quota refugees) (van Kooy and Ward 2018). In such cases, some start informal businesses although they are illegal. For example, Refai et al. (2018) recognised that Syrian refugees in Jordan conduct craft businesses, provide entertainment services (i.e. singing songs in parties) or become street vendors (i.e. selling drinks). de la Chau (2019) highlighted an example of a Kenyan refugee who started a business repairing electronic items in a camp where payments were largely in-kind (such as a meal, vegetables, clothing, etc.). These business owners are permanently vulnerable as their ability to register their business, obtain formal legal protection or expand their business is limited. At the same time, they are susceptible to paying bribes for quasi-protection (Freiling and Harima 2019). In extreme cases, although seeking asylum is a human right, Missbach



(2015) identified that some asylum seekers themselves turn to the business of people smuggling due to their dire situation and limited options. In effect, this rather dubious entrepreneurial activity can occur as a consequence of a combination of their inability to return to their home country, rejection of claims for protection and a lack of money. Missbach cited two cases of asylum seekers who turned to people smuggling due to their situation and even generated employment for mid-level functionaries such as recruiters, money collectors and facilitators.

### 3. *Life in host country*

For a refugee, starting and managing a business involves adapting to their new host country and overcoming start-up obstacles. Challenges relate to understanding the market and accessing entrepreneurial opportunities, developing human capital and social networks, and navigating the new institutional and societal context in which they reside (Wauters and Lambrecht 2008). Much of the available refugee entrepreneurship literature concentrates on exploring this stage and provides examples of said challenges. For example, Meister and Mauer (2018) confirmed that a lack of context and knowledge of the host country and limited proficiency in host country languages as being major factors that hinder interactions in their new socio-economic and legal-institutional environment. Refugees have limited local networks and resources in the host country (Meister and Mauer 2018) and are seldom members of professional associations (Wauters and Lambrecht 2008). As refugees also have no or limited assets to draw upon to secure formal financing, they typically rely on family and friends for support (Wauters and Lambrecht 2006). Tensions with the local community with regard to seizing opportunities can also be a challenge when expanding their businesses (Refai et al. 2018). For example, in Jordan, Syrian refugees are perceived to have high-level skills and are capable of producing high-quality products. This is viewed as a threat to the local population and it is considered to be a significant factor in the increased tensions between Syrians and Jordanians (Refai et al. 2018). However, these tensions may not be as visible in the Western World as in the Middle-East, due to labour markets in developed countries requiring a different set of skills. Furthermore, when asylum seekers are granted refuge, some legal systems foresee these refugees returning to their home countries and therefore allow only temporary stay conditions (Refai et al. 2018). It could be argued that a displaced person who has been granted protection due to political persecution in their home country, may be impacted by a change in political regime that eliminates the

underlying reason for seeking refuge. In such a situation, legal restrictions over their right to stay in their host country can also influence a refugee's desire to invest heavily in a business in the host country.

To overcome some of these challenges, refugee-support organisations conduct financial literacy and capacity development training programmes, establish linkages with external financiers and other agencies, and facilitate community collaborations (Fong et al. 2007). Initiatives designed to provide micro-loans, loan schemes that allow refugees to repay money when their businesses make profit and one-on-one mentoring sessions have also proven to be successful (Collins 2017). Refugees help themselves by engaging in collective bootstrapping where entrepreneurs, employees, families and acquaintances (mostly from a similar background) strive to support each other in achieving successful business outcomes (Bizri 2017). Others attend business administration courses, although these studies are much more suitable for someone who had spent time in the host country and have a grasp of the local language (Wauters and Lambrecht 2008). Harima and Freudenberg (2019) suggested that a further means of overcoming the disadvantage of foreignness is by co-creating ventures with the local population. This includes the use of community support programmes that enable communities and businesses to support refugees to start businesses (Collins 2017). In addition, having access to business incubators where refugees can use these platforms for cultural exchange, understanding markets and integrating into the ecosystem of the host country can help to manage the challenges of establishing viable businesses (Meister and Mauer 2018).

## New Zealand Context

The vision of the New Zealand Refugee Resettlement Strategy is based on integration. The five goals of the strategy are: self-sufficiency; participation; health and wellbeing; education; and housing (New Zealand Immigration 2019b). The refugees considered for resettlement are referred by UNHCR and refugees who arrive under RSD are granted permanent residency in New Zealand (New Zealand Immigration 2019c). During the first six weeks of arrival, refugees are provided with information on working and living in New Zealand. This includes topics such as health, education (including English language), settlement planning, etc. (New Zealand Immigration 2019c). The top five nationalities that arrived as refugees to New Zealand from 2014 to 2018 were from Syria, Myanmar, Afghanistan, Colombia and Bhutan. Most of these refugees settled in New Zealand's North Island regions of Wellington,

**Table 1** Refugee statistics in New Zealand

	2014–15	2015–16	2016–17	2017–18
Refugee quota arrivals	756	876	1017	1020
Refugee family reunification arrivals	321	304	328	300

Source New Zealand Immigration (2019a)

Auckland, Waikato and Manawatu (New Zealand Immigration 2019a). New Zealand, through its refugee Quota Programme established in 1987, resettles approximately 1000 refugees per year (New Zealand Immigration 2019a). In addition, the country offers 300 places each year for eligible refugee residents in New Zealand to sponsor family members to join them (see Table 1).

There is sparse academic research within New Zealand on refugee entrepreneurs. Garnham (2006) used a human capability framework within the refugee entrepreneurial context and identified that in New Zealand, refugees are neither restricted nor encouraged to be entrepreneurs. Similar to the international experience (e.g. Heilbrunn et al. 2019), these refugee entrepreneurs face challenges within the New Zealand social, legal and economic contexts that refugee entrepreneurs in other host countries also endure. For example, Najib (2014) studied Afghan entrepreneurs within the Christchurch region and found the typical challenges were financing the business start-up, navigating licensing requirements and English language barriers. In addition, the findings demonstrated that collectivist social norms, religious way of life and the associated sense of obligation to support their fellow refugees shaped their business start-up behaviour. Although better understanding of the refugee eco-system globally is required (Finsterwalder 2017), in New Zealand the percentage of refugees who are self-employed is low. According to the 'Quota Refugees Ten Years On' report (a multi-year study by the New Zealand Government), only 1 per cent of refugees were estimated to be self-employed (Labour and Immigration Research Centre 2012) as opposed to the World Bank estimate of 17 per cent self-employment amongst the total number of people employed in New Zealand (Trading Economics 2019). The refugee report also highlighted that most refugee employees were working as labourers, technicians or traders. This trend, with only a few exceptions, was similar to the occupations refugees had prior to their arrival in New Zealand. In contrast, the study found that 7.2 per cent of refugees were estimated to have been self-employed prior to arriving in the country, yet only 1 per cent is estimated to have become self-employed in New Zealand. In addition, many women were self-employed in their home countries, but none of these were found to be self-employed in New Zealand (Labour and Immigration Research Centre 2012).

## Illustrative Cases: The Journey of a Refugee Entrepreneur

Despite the low number of self-employed refugees in New Zealand, there are cases of very successful refugee entrepreneurs. One such example is Patrick Lam who is an award-winning pie maker in Tauranga, whilst another is Mitchell Pham a co-creator of a successful software company in Auckland. Their experiences are discussed below to offer an illustration of the journey of a refugee entrepreneur.

### 1. *Life before*

Khu Hoac (also known as Patrick) Lam was born in Cambodia in the early 1970s (Roy 2016; Snowden 2018b). This was during a time when the country was destabilised through civil war and it experienced the rise to power of the Khmer Rouge who ruled Cambodia from 1975 to 1979 (Roy 2016). The Khmer Rouge was a radical regime that would claim an estimated 1.5 to 2 million Cambodian lives, approximately a quarter of the country's population at that time (Stammel et al. 2013). In 1975, when Patrick was five years of age, his parents abandoned everything to escape the Khmer Rouge and fled with their three children to Vietnam (Roy 2016; Snowden 2018b). The family walked for many months and Patrick remembers being very scared, fleeing for their lives from war and deprivation, passing many dead bodies on their way to Vietnam. Until 1980, they lived within a Vietnamese community, but were then moved into a refugee camp by the country's government (Snowden 2018b).

Mitchell Pham has fond memories of his early childhood in Vietnam. He was also born in the early 1970s, during the Vietnam War. His parents were engineers and he was the oldest of three children. They lived in a predominantly rural area of Ho Chi Minh City (then Saigon). Mitchell has said '*I remember having a very open and natural environment to grow up in, much like Kiwi<sup>1</sup> kids*' (Snowden 2018a). Mitchell was four when Saigon was captured and the war ended. After the war the economy plummeted, there were food and water shortages and people had limited freedom. People began fleeing the country to survive. In desperation, Mitchell's parents tried twice to escape with the family, but they were caught and imprisoned on both occasions (Snowden 2018a).

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<sup>1</sup>'Kiwi' is a term used to denote New Zealanders.

## 2. *Transitional journey to a new host country*

Patrick and his family spent nine years in refugee camps in Vietnam where he said there was no work, no money, no school, a one-room shack to live in and the camps were strictly controlled. However, behind the barbed wire fences, the fourteen-year-old Patrick started his first (informal) business venture by making strong black Vietnamese coffee, whilst also helping his father who had a small coffee cart from which he served other refugees (Roy 2016). In the refugee camps Patrick had no access to formal education, but received rudimentary English lessons from other refugees (Roy 2016). The family lived a life of poverty whilst waiting to be accepted as legitimate refugees by a host country. *'We had no direction, we had no future'* Patrick said, *'We didn't know what would happen tomorrow, so I had no dreams'* (Roy 2016). At the age of nineteen, Patrick was accepted into Australia under a family sponsorship visa (Snowden 2018b). There he worked very hard in a juice factory, rising to the role of supervisor. During his twelve years in Australia, Patrick had kept in contact with a girl (Lynn) whom he met in the refugee camp and who had settled in New Zealand (Roy 2016; Snowden 2018b). In 1997 they married and moved to New Zealand to be closer to her family. A second reason for deciding to live in New Zealand was to start a business. Of New Zealand, Patrick has said it is: *'a really good country, nice weather and nice people. Also, it is quite easy to run a small business and it is good for us because basically we had not much money'* (1NEWS 2018).

When Mitchell Pham was barely twelve years old, his family leveraged everything they had for one last desperate attempt to escape, but could only muster enough money for one person. It was decided that as Mitchell was the oldest child, he would be sent. In effect, their last hope. With 66 others (NZ Herald 2011), Mitchell undertook the dangerous trek of trying to outsmart local government agents and police. They pretended to be on holiday in the Mekong Delta, where they boarded a fishing boat in the middle of the night and set off to escape to Indonesia where they would seek asylum (Snowden 2018a). Mitchell (as a 12-year-old) found it a terrifying experience. At one stage they were chased by a coastguard boat which was shooting at them with machine guns. Then in open sea they ran out of food, water and fuel before eventually being picked up in Indonesian water and quarantined until Indonesian authorities were contacted (Snowden 2018a). For the next two years Mitchell was held in four different refugee camps in Indonesia. The camps were overcrowded, lacking in food, clean water, sanitation, healthcare facilities or schools. According to Mitchell, there was no infrastructure and it

was a very difficult environment (Snowden 2018a). The camps had 20,000–30,000 inhabitants, with some residing there for decades and an average stay of eighteen years. To keep himself busy, Mitchell became involved with a volunteer team which built two Buddhist temples and taught refugees basic English at the UNHCR language school. Despite this he was still a child, alone and completely disconnected from his family. Indeed, he did not see them again until almost 30 years later in 1997 in Auckland, New Zealand (NZ Herald 2011). Mitchell said *‘It has shaped my view of how important family is in life’* (Snowden 2018a). Mitchell had nominated New Zealand as one of his top three preferences for settlement and attended an interview. He was subsequently accepted by New Zealand authorities, arriving as a 13-year-old refugee (Alves 2013; StudyInNewZealand 2018). He faced many challenges, including a different culture and climate, a new schooling system and a different way of life. *‘It took me ten years to fully adapt and integrate’*, he said (Snowden 2018a).

### 3. *Life as a refugee entrepreneur*

Patrick and Lynn bought a small lunch bar in Auckland which they ran for two years. Patrick tasted his first pie at the age of 27 in 1997 (Roy 2016). He had no experience of baking, so he took guidance from extended family in the bakery business and other knowledgeable people he had met (Snowden 2018b), and he began experimenting with new flavours for pies. Patrick believes that, as a business opportunity, bakeries are popular with Asian migrants because of limited English skills and they are suitable as family businesses (Roy 2016). Following their sale of the lunch bar, Patrick and Lynn moved to Rotorua and opened a bakery where he continued to perfect his pies, experimenting and learning from others, and he won his first baking award in 2003. In the same year changed his name from Khu Hoac to Patrick, so it would be easier for customers to pronounce and therefore better for business (Roy 2016). The business continued to grow and in 2007 they moved to Tauranga and started Patrick’s Pies (Snowden 2018b). Patrick and Lynn have three children and typically work twelve to thirteen hours a day, seven days a week. Patrick has personal confidence (Roy 2016), an experimental attitude (Snowden 2018b) and believes he needs to work harder because he comes from nothing (Roy 2016). He is continuously learning to keep-up with the competition. *‘We never stop learning and the competition is getting harder and harder every year. A lot of bakeries do really good pies and we know we have to keep doing better to get up there’* (Snowden 2018b). However, he is a perfectionist and

struggles to hand over any control to his staff. Patrick still has the Tauranga and Rotorua bakeries. He has said that he would love to open up more, but it is not practical, because he wants to control everything and he cannot be everywhere (Roy 2016). In 2018 he won his sixth New Zealand Supreme Pie Award, which is more than any other competitor in the competition's 22-year history (1NEWS 2018; NZ Herald 2018). His pies are renowned throughout New Zealand and he is known by many as the Pie King. According to organisers of the New Zealand Pie Awards, his story has encouraged other refugees and Asian bakers to participate in baking competitions and promote the multicultural baking landscape in the country (Roy 2016). He is very thankful to be living in New Zealand and believes only in his adopted country could he have achieved such success (Roy 2016).

Mitchell Pham attended university in Auckland, where he subsequently went into business with four friends in a rented house and founded the Augen Software Group (NZ Herald 2011; Snowden 2018a). Mitchell explains that their motivation for going into business was their passion. *'We did this because we all aspired to having our own business. We had many role models who were business entrepreneurs and we were passionate about the technology sector, so we thought we should combine entrepreneurship and the technology sector for our career path'* (Snowden 2018a). Their first product was a software package that could deliver school curricula online, but was said to be ahead of its time. In fact, in the early part of his career Mitchell said he firstly needed to understand the New Zealand culture, business etiquette, consumer behaviour and market dynamics. But he also came to realise being Vietnamese gave him a particular edge which differentiated him from others. *'Born in Vietnam and made in New Zealand. I am a Vietnamese Kiwi'*, he said (StudyInNewZealand 2018). Mitchell also said that New Zealand is the easiest country in the world in which to do business (StudyInNewZealand 2018) and following the initial setback, Augen attracted large New Zealand customers such as ASB Bank and began building contacts in Asia. In 2008, following the Global Financial Crisis, the Augen group had to consolidate and move in a new direction of facilitating socially responsive industries (NZ Herald 2011). Now he is partnering with other New Zealand companies to provide IT and green technology solutions to Asia. Vietnam was the initial market where Augen established an overseas office (Alves 2013). Mitchell has said many Asian countries face challenges in the green technology solutions area, so it makes economic sense to do business there (NZ Herald 2011). Mitchell has since been recognised as a 2011 World Economic Forum Young Global Leader and as a 2018 Kea World Class New Zealand Award recipient (NZTECH 2018). He is married to a New Zealander and lives on Waiheke Island (Alves 2013),

an affluent residential island a short ferry-ride from Auckland. He is active in supporting community health and disability, and serves on the Board of Refugee Services, Aotearoa NZ. Mitchell is proud of his achievements and says that he hopes policymakers recognise what former refugees have to offer to their new host countries. They are a 'pool of talent' he says. He dreams of owning a seaside Asian food restaurant one day (Snowden 2018a) and with regard to maintaining balance in life, he talks of taking time for exercise, family and leisure activities. But he does admit: '*Otherwise I will just keep working as I enjoy business so much*' (Alves 2013).

## Discussion

The plight of displaced people is embedded in complex economic, political, social and cultural issues (Alrawadieh et al. 2018), and how to manage such a global phenomenon is often clearer in theory than in reality (Newman 2003). It is arguable that refugees are the most marginalised group of immigrants, exposed to high rates of discrimination, poverty and joblessness (Shacknove 1985; Heilbrunn et al. 2019) and have often suffered the stress and trauma of a long and arduous road to refuge (Fazel et al. 2012). Integration and sustainability within a new host society can be challenging, so a practical solution for people within refugee communities is to draw on self-employment. Patrick Lam and Mitchell Pham are acclaimed as refugees who overcame displacement and the challenges of refugee status, established successful businesses and have contributed to their communities (Snowden 2018a, b). Their personal stories, similar in many ways, have identifiable differences which shaped their entrepreneurial journey. Firstly, despite the differences in their refuge seeking journeys, both Patrick and Mitchell refer to some good childhood experiences in their home country, but both fled with their families at a very young age. This may infer that their home country imprint was less established than is evident with older refugees. Of further interest, Patrick spent a significant time (nine years) in refugee camps, whilst for Mitchell it was less than two years. Hence, Patrick was an adult when given the opportunity to settle in Australia, whilst Mitchell was still a teenager when, on his own, he settled in New Zealand. Therefore, the home country imprint could be assumed to be even further defused by a lengthy stay in camps in Patrick's case and in Mitchell's case because of his youth and separation from family. Furthermore, the time spent in refugee camps and within the resettlement programmes can also further shape a refugee's values and outlook on life. Patrick and Mitchell experienced community building within the difficult



camp environment. They were both engaged with entrepreneurial behaviour and voluntary work whilst living in refugee camps. Patrick sold Vietnamese coffee and worked with his father to manage a coffee cart servicing the refugee community, whilst Mitchell undertook voluntary work and taught other refugees rudimentary English. Although they lived with their family and in refugee camps, they were on their own once they were accepted for resettlement. Those experiences convinced Mitchell of the importance of the family, whilst Patrick explained that 'having nothing' led him to work hard in business. Therefore, the time they both spent in 'limbo' in refugee camps had such an impact on their lives, it contributed significantly to shaping their personal values about life, business and family. Their experiences also align with evidence from Kronick et al. (2015) and Nardone and Correa-velez (2015) because their stories reveal the development of resilience and persistence. Garnham's (2006) assertion is also affirmed, that the displaced person's experience before their flight and throughout the journey from home to host country needs to be a consideration when designing refugee integration policies and strategies such as promoting entrepreneurial behaviour.

The Patrick Lam and Mitchell Pham narratives also illustrate that successful business start-ups occur after spending time within the host country, after further education, a lengthy period of employment or running a small established venture. Whilst Patrick worked in a factory in Australia prior to moving to New Zealand and ran a lunch bar in New Zealand when he first married, Mitchell went to school and university in Auckland, and co-founded his business whilst he was still at university. Patrick was an adult when he was sent to Australia and then New Zealand, and his integration into the host society was through employment and marriage. As Patrick and his family had been engaged in entrepreneurship, this aligns with Wauters and Lambrecht (2006) contention that having previous experience prompts entrepreneurial behaviour. Patrick's case also aligns with the work of Najib (2014) which found that refugees first accept any job that they can get and then venture into entrepreneurship. In contrast, Mitchell's integration, although challenging for a teenager who was alone and navigating cultural and social differences, was mainly through his engagement with the New Zealand education system. These findings do not reflect the available literature on necessity entrepreneurship, as these narratives do not illustrate doing 'something is better than doing nothing' attitude identified by Freiling and Harima (2019). Both these refugees, contrary to necessity-driven motivation, had a pull towards entrepreneurial behaviour. Further evidence suggests that some New Zealand refugees rely on government benefits as the main income source (Labour and Immigration Research Centre 2012; Saied et al.

2013) and therefore ‘necessity’ was not an underlying reason for starting their ventures. The differing integration experiences of both entrepreneurs is also evident regarding how they started and now manage their businesses. Patrick used personally accessible resources such as learning baking from his family, experimenting with different pie flavours at home and obtaining customer feedback once he started his pie making business. But Patrick’s approach has also limited his potential expansion to other locations as he has retained the venture as a small family business where he can maintain control of all aspects of production and can do most of the work himself. Mitchell took a much more networked approach whilst at university, as he studied the New Zealand culture, markets and business etiquette. He then undertook a collaborative approach to co-creating his business start-up with friends he met at the university when combining his passion for technology with his career aspirations to become an entrepreneur. Hence, their stories somewhat align with the effectual approach for business creation (Saravathy 2001), since they both used available means and created their businesses through evolving opportunities.

The narratives also demonstrate how Patrick Lam and Mitchell Pham use dual identity in a contextually embedded way. Mitchell identifies himself as a ‘Vietnamese Kiwi’ and his contextual knowledge of both Asia and New Zealand has been vital for business expansion. For example, he firstly identified that green technology is a field of competitive advancement which Asian countries struggle to embrace, and secondly he demonstrated his ability to utilise his New Zealand context and capabilities to capitalise on business opportunities in these emerging markets. In contrast, Patrick uses his combined Cambodian and New Zealand identity (changing his name from Khu Hoac to Patrick) and his learned pie making talent to develop his products for the local market. The narratives illustrate that having exposure and embedding in both the local and international context can foster business success. This aligns with the mixed-embedded theory in migrant entrepreneurship (Kloosterman et al. 1999; Kloosterman 2010) and highlights the importance of refugee businesses becoming embedded in micro-macro-meso structures.

A key omission from these narratives is that they do not highlight the challenges faced by Patrick Lam and Mitchell Pham in starting and sustaining their ventures. Although Mitchell refers to the impact of the global financial crisis and Patrick refers to local competition and the constant need to learn and improve the business, their stories offer little insight into the significant challenges they faced during and after the business start-up. This is perhaps not surprising, as the method of data collection for these narratives

was exclusively secondary data available in the public domain. An additional consideration could be the timing of their business start-ups, because both Patrick and Mitchell had already spent some time in New Zealand and their propensity for hard work gave them the context and capability to address challenges effectively. It is also worth noting that New Zealand is one of the easiest countries in which to open a business with the highest ease of doing business ranking in 2019 (The World Bank 2019). Therefore, refugee contextual challenges, relative to other countries, may have been somewhat lower for both Patrick and Mitchell's ventures. Nevertheless, Najib (2014) pointed out that there are many social and institutional challenges faced by New Zealand refugees which means that the influence on entrepreneurial behaviour of contextual challenges requires deeper investigation.

## Conclusion

This chapter provides several implications for understanding and promoting refugee entrepreneurship research. Firstly, it highlights the benefits of a narrative perspective to researching the complex interdependent web of home, transitional and host factors that influence refugee entrepreneurial behaviour. Whilst research into home life prior to flight, the transition through refugee settlement programmes and their host country integration is prominent in the literature, they are often considered in isolation of each other rather than as a single complete journey. Secondly, research that influences government policy can address issues regarding the benefits of investing in more 'pull' factors for refugee entrepreneurship such as refugee incubators, ease of doing business, online support, or 'be your own boss' programmes (Saeid et al. 2013). Thirdly, an opportunity exists to address the plight of refugee women (Boyd 1999), with their comparatively low levels of business start-ups, and why women who were previously self-employed do not start ventures in their host country. Fourthly, when government policy has safety structures in place, such as supportive social policies found in developed countries such as New Zealand, to what extent is the concept of necessity-driven entrepreneurship still valid? Finally, the concept of a hybrid identity requires greater consideration, as the talent pool of refugees can diversify the entrepreneurship landscape within the host country and it can also enhance the country's competitiveness in the global markets. This chapter demonstrates the gaps in understanding in the academic literature regarding refugee entrepreneurs and the opportunities that exist for detailed studies in this topic.

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# Does Unemployment Contribute to Self-employment and Productivity in Regions? A Causal Examination Adopting a Cross-Lagged Design

Daniel Örtqvist and Thomas Ejdemo

## Introduction

In a report on ‘missing entrepreneurs’, OECD (2019) identified entrepreneurship/self-employment as a driver for the development of new solutions to social and economic problems. At the same time, the report observed that many individuals are excluded from the labour market and that there are disadvantaged groups which are less represented in entrepreneurship activities. In their analyses, OECD called for more inclusive entrepreneurship policies to unlock the full potential of entrepreneurship among disadvantaged communities. One of the groups identified in the OECD series (2013, 2014, 2015, 2017, 2019) of publications on missing entrepreneurs was the unemployed. According to the report by OECD (2019), about 2.5 per cent of unemployed individuals in the EU started a business in 2018. The report highlighted that unemployed individuals are less involved in entrepreneurship and more likely to face greater barriers in areas including skills, finance, networks and institutions. In their analysis, they emphasised the importance of addressing barriers to entrepreneurship for groups such as unemployed to enable more people to develop creativity and innovation, and also to reduce the negative effects relating to rising inequality.

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In recent years, policymakers have reacted to persistent high unemployment rates (together with limited economic growth) by giving greater importance to entrepreneurship and self-employment (Baptista and Thurik 2007). Unemployment has been viewed as a potentially destructive experience (Røed and Skogstrøm 2014b) as empirical evidence suggests that unemployment reduces future employment opportunities and earnings, increases the likelihood of entering disability programmes and even raises the risk of divorce and early death (Kenny and Rossiter 2018). Olusegun Ajayi (2015) found support for a positive relationship between unemployment and criminal behaviour, arguing that the lack of job opportunities, together with a lack of entrepreneurship and vocational skills, forced individuals to resort to crime for survival. At the same time, there are many suggested benefits of transferring job status from unemployed to self-employed. Studies in economics, psychology and entrepreneurship have documented the positive mental health effects and higher job satisfaction for individuals entering into self-employment (Nikolova 2019). Therefore, the link between unemployment and entrepreneurship is a relevant empirical relationship that, so far, is characterised by ambiguity (Cueto et al. 2015).

While promising, empirical studies thus far have not rendered conclusive results regarding the link between unemployment and entrepreneurship. OECD have identified unemployed individuals as a disadvantaged group to engage in self-employment. At the same time, there are studies showing that greater unemployment increases start-up activity (Evans and Leighton 1989, 1990; Reynolds et al. 1994). Yet, others have found that unemployment reduces the amount of entrepreneurial activity (Audretsch and Fritsch 1994). There is also causal ambiguity regarding the relationship between regional unemployment and self-employment rates. The relationship can be dynamic in that unemployment rates may stimulate start-up activity and at the same time high self-employment may reduce unemployment. Following the arguments of a potential reciprocal causal relationship between unemployment and self-employment, this chapter introduces a cross-lagged design to examine the existence of two-way causation in a longitudinal data set of Swedish functional analysis regions during the years 2008–2009.

The use of a cross-lagged design has several advantages, such as the design being suitable for examining causalities among a set of variables. The method also considers lagged effects which suits the slow-developing process perspective that may be needed to find support for the dynamic relationship between unemployment and self-employment. Four models are compared to evaluate potential reciprocal causality among unemployment and self-employment: (1) a stability

model that includes the relationships of the two measurement points for each construct; (2) a regular causation model that asserts how unemployment at one time influences self-employment at a later time; (3) a reverse causation model that examines the influence of self-employment at one time on unemployment at a later time and (4) a reciprocal causation model that combines the regular and reverse causation from models 2 and 3. The study pinpointed a number of interesting findings which are detailed later in the chapter.

## Literature Review and Hypotheses

Knight (1921) argued that individuals have to decide between three states—unemployment, self-employment and employment. Out of these states, the transition between unemployment and self-employment, has received vast attention in the literature. Oxenfeldt (1943) pointed out that individuals confronted with unemployment and who had low prospects for being employed were likely to turn to self-employment as a viable alternative. Thereafter, empirical studies have returned ambiguous results and different theoretical explanations. Previous studies on the relationship between unemployment and self-employment have generally discussed two different mechanisms determining the likelihood of a person to engage in self-employment (Santarelli and Vivarelli 2007; Thurik et al. 2008). The first effect has been referred to as the ‘pull effect’ where individuals freely choose an independent profession that enables them to materialise their visions. The opposite, the so-called ‘push effect’ or refugee effect, refers to individuals who may consider the formation of a business as their best choice (Storey 1991; Marlow and Storrey 1992) and because the opportunity cost of starting a firm has decreased (Evans and Leighton 1990).

The various OECD reports have highlighted that unemployed individuals generally are less likely to engage in self-employment. In the 2019 report on missing entrepreneurs, less than 3 per cent of unemployed individuals want to become self-employed. Unemployed is thus a minority when it comes to self-employment and most likely they are overrepresented by self-employment due to so-called push/refugee effect reasons. Thurik et al. (2008) further argued that the unemployed generally exhibit less entrepreneurial talent and lower human capital endowments necessary to start and run a new firm. Also others have found unemployed to have disadvantages in transitioning into self-employment. For instance, Johansson (2000) argued that liquidity constraints could deter unemployed to become self-employed. Some studies

have even suggested that unemployed individuals transitioning into self-employment are more likely to fail. Millán et al. (2012) found that entering entrepreneurship from unemployment strongly increases the probability of returning to unemployment, while the tendency that entrepreneurs with past unemployment periods are more likely to fail has been discovered in extensive literature (e.g. Taylor 1999; Van Praag 2003; Millán et al. 2012). Previous literature has posed competing theoretical explanations and empirical results for the relationship between unemployment and self-employment. As a consequence, Wood et al. (2013) argued that empirical ambiguity in the relationship between unemployment and self-employment may be explained by a multi-dimensionality of unemployment. Others have argued that the relationship between unemployment and self-employment is dynamic. Table 1

**Table 1** Literature review of studies examining dynamic relationships between unemployment and self-employment

Reference	Sample	Methods for analysis	Results
Baptista and Preto (2007)	30 Portuguese regions between 1983 and 2000	Two-equation vector autoregression model	Unemployment has a positive influence on entrepreneurial activity and unexpectedly entrepreneurial activity has a positive influence on unemployment
Thurik et al. (2008)	23 OECD countries between 1974 and 2002	Two-equation vector autoregression model	Support for two distinct relationships between unemployment and self-employment
Biltagy et al. (2017)	Egypt between 1993 and 2013	Two-equation vector autoregression model	Support for a negative effect of entrepreneurship on unemployment. No significant relationship of unemployment influence on entrepreneurship.

gives a short overview of studies taking a dynamic approach to explain the relationship between unemployment and self-employment. The table includes reference to identified studies, their main research methods and the results.

Baptista and Preto (2007) examined the dynamic relationship between entrepreneurship and unemployment rates in Portugal. They found that the relationship between unemployment and entrepreneurship is ambiguous. In support for their theoretical argument they found that unemployment has a positive influence on entrepreneurial activity. However, in contrast to their argument they also found entrepreneurial activity to have a positive influence on unemployment. Thurik et al. (2008) investigated the dynamic relationship between self-employment and unemployment and found support for both the push and pull effects, but the pull effect was considerably stronger than the push effect. Biltagy et al. (2017) found that entrepreneurship has a significant positive effect on economic growth and inflation, while it has a negative effect on unemployment. However, Biltagy et al. did not find support for a reversed relationship. The inconclusive empirical results from previous studies might be explained by a reciprocal relationship between unemployment and self-employment. As Parker (2009) suggested, there might not be a clear-cut relationship between unemployment and self-employment, since high unemployment can influence entrepreneurship in two different ways—either high unemployment may stimulate necessity-based start-ups or high levels of entrepreneurship may increase alternative costs for becoming self-employed. For this reason, a cross-lagged design is employed to examine the causality between unemployment and self-employment. Further, an examination of the causality between unemployment and regional productivity is also added to the model. Figure 1 depicts the model used to test the hypotheses. The model suggests reciprocal causal relationships between unemployment, self-employment and regional economic productivity. First, it is hypothesised that unemployment increases self-employment and contributes positively to

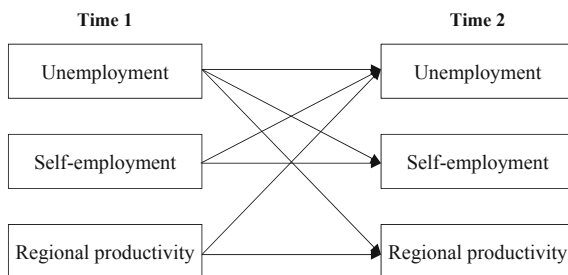


Fig. 1 Conceptual model

regional economic productivity such that unemployment at Time 1 will positively influence self-employment and regional economic productivity at Time 2. Second, it is hypothesised that regional entrepreneurship levels and regional economic productivity reduces regional unemployment.

At first, the focus is on the regular causation explanation for how regional levels of unemployment can predict future states of self-employment and regional productivity levels. For example, it has been argued that some individuals confronted with unemployment and with low prospects for being employed were likely to turn to self-employment as a viable career alternative. Some studies have found that unemployed individuals have a higher propensity to create new ventures compared to employed workers (Blanchflower and Meyer 1994; Berglann et al. 2011) Røed and Skogstrøm (2014a) argued that unemployment levels triggers creativity and therefore, they also foster entrepreneurship as it reduces the opportunity cost of starting a new venture. Previous studies of necessity entrepreneurs reveal that there are push-factors motivating unemployed individuals in engaging in starting-up new ventures, which contribute to regional productivity levels (Deli 2011). Difficult economic conditions (Baines and Wheelock 1998) or losing a job (Robichaud et al. 2010) may be different examples of push-factors stimulating individuals to engage in job creation by venturing. Furthermore, Wood et al. (2013) argued that unemployment positively influences an individual's risk assessment, desirability and feasibility towards starting a new venture. Empirical studies have also shown that lagged unemployment is a significant push factor for start-up activities (Carree 2002). Given this background, a regular causation relationship between unemployment on the one hand and self-employment and regional productivity on the other is suggested. Therefore, the following hypotheses are posited:

**Hypothesis 1** There will be a positive influence of unemployment on self-employment.

**Hypothesis 2** There will be a positive influence of unemployment on regional productivity.

The second area of focus is on the reverse causation explanations for how regional levels of self-employment and regional productivity influences future levels of regional unemployment. There are several arguments regarding why higher levels of self-employment and regional productivity would reduce unemployment. For instance, people in regions that have many entrepreneurial role models may become infected with the desire to become

self-employed (Nanda and Sorensen 2010). Previous studies have also identified that opportunity entrepreneurs create new ventures in situations where economic conditions are good leading to reduced unemployment (Nasiri and Hamelin 2018). Further, it has additionally been demonstrated that new firms hire employees and as such contributes to decreases in unemployment (Pfeiffer and Reize 2000). Fritsch and Mueller (2004) found a positive spillover effect from new business formation as it influences job opportunities in the new firms (as well as other firms) and thereby positively influences overall levels of productivity. These arguments suggest that high levels of self-employment and high regional economic productivity decreases unemployment. Higher levels of self-employment and regional economic productivity can also act as pull-motivators for increased entrepreneurship and thus lower unemployment. Pull-motivators come in different forms including business opportunities, innovation and role models to mention a few (Shane et al. 1991; Carter et al. 2003). Given this background a reversed causation relationship between self-employment and regional productivity on the one hand and unemployment on the other is suggested. Therefore, the following hypotheses are posited:

**Hypothesis 3** There will be a negative influence of self-employment on unemployment.

**Hypothesis 4** There will be a negative influence of regional productivity on unemployment.

## Research Methodology

The empirical data used to test the model comprised of information on unemployment, entrepreneurship and productivity in all 60 functional analysis (FA) regions in Sweden, for the years 2008 and 2009. The FA-region classification is intended to facilitate regional analyses and essentially reflects local labour markets, rather than administrative units (Tillväxtanalys 2015). Figure 2 provides an overview of the FA-regions. The majority of the data were collected from the rAps-RIS database, which contains Swedish regional economic and demographic statistics and is provided by the Swedish Agency for Economic and Regional Growth. Municipality level data on annual new firm formation of limited companies were collected from the Swedish Companies Registration Office. Municipality level data were then aggregated



01	Malmö-Lund	21	Nyköping- Oxelösund	41	Östersund
02	Kristianstad- Hässleholm	22	Eskilstuna	42	Sundsvall
03	Karlskrona	23	Stockholm	43	Kramfors
04	Älmhult-Osby	24	Västerås	44	Örnsköldsvik
05	Ljungby	25	Örebro	45	Sollefteå
06	Halmstad	26	Karlskoga	46	Strömsund
07	Värnamo	27	Karlstad	47	Åsele
08	Växjö	28	Västlandet	48	Umeå
09	Kalmar	29	Torsby	49	Lycksele
10	Oskarshamn	30	Malung-Sälen	50	Vilhelmina
11	Västervik	31	Vansbro	51	Storuman
12	Vimmerby	32	Ludvika	52	Skellefteå
13	Jönköping	33	Avesta- Hedemora	53	Arvidsjaur
14	Borås	34	Falun- Borlänge	54	Arjeplog
15	Göteborg	35	Mora	55	Luleå
16	Trollhättan- Vänersborg	36	Gävle	56	Haparanda
17	Lidköping- Götene	37	Bollnäs- Ovanåker	57	Överkalix
18	Skövde-Skara	38	Hudiksvall	58	Jokkmokk
19	Linköping- Norrköping	39	Ljusdal	59	Gällivare
20	Gotland	40	Härjedalen	60	Kiruna

**Fig. 2** Functional analysis regions in Sweden (*Source* Swedish Agency for Economic and Regional Growth)

to the functional region level, following the official regional classification (Tillväxtanalys 2015).

The empirical analysis focuses on the causal relationship between three variables—unemployment, self-employment and regional productivity. In this analysis, regional unemployment is measured as the total number of openly unemployed persons per 1000 inhabitants from the ages of 16 to 64 years. The annual number of new firms divided by the total number of registered firms in the region is used as a proxy for self-employment. This measure is recognised in previous literature as the firm ‘birth rate’ (e.g. Birley 1986) or ‘entry rate’ (e.g. Audretsch et al. 2004), and more recently the ‘startup rate’ (Decker et al. 2014). It is not an ideal proxy for self-employment, yet it acts as a measure of entrepreneurial activity, which enables one to study the proposed relationship between unemployment and entrepreneurship in a meaningful way. Lastly, regional productivity is measured as gross regional product (i.e. regional GDP) per employed



**Table 2** Variable definitions for the study constructs

Construct	Definition
1. Unemployment	Annual no. of openly unemployed persons per 1000 inhabitants in ages 16–64 years
2. Self-employment	Annual no. of new firms (limited companies), divided by the total number of registered firms
3. Productivity	Annual gross region product ('000 SEK) per employed person

person, thus providing a relative measure of output with respect to the size of the regional labour market. Table 2 provides a summary of the variable definitions, while correlations and descriptive statistics are available in Table 3.

## Analyses

All analyses were conducted using IBM® SPSS® AMOS™ Version 25.0 (Arbuckle 2014). To assert causality, four competing models were compared using a nested model design. First, comparisons of the following models were undertaken: (1) a stability model without cross-lagged paths; (2) a regular causation model including unemployment influences on self-employment and regional economic growth; (3) a reverse causation model in which self-employment and regional economic growth was allowed to influence unemployment and (4) a reciprocal causation model in which both regular and reverse causation were combined (see Fig. 2). Evaluation of the competing models was based on a chi-square difference test and on assessment of absolute and relative fit of the theoretical models by chi-square tests, goodness-of-fit index (GFI; Jöreskog and Sörbom 2001), normed fit index (NFI; Bentler and Bonett 1980), and CFI (Bentler 1990). These GFIs are deemed appropriate for studies with sample sizes similar to those in this study (Hu and Bentler 1995). Table 3 presents correlations and descriptive statistics for the central variables used to test the hypotheses. The statistics include means, standard deviations and Pearson correlations. Initial support for the proposed relationships was found by denoting consistent patterns between the correlations and the formulated hypotheses.

Nested model tests were adopted to evaluate the causality between unemployment on the one hand and self-employment and regional productivity on the other (see Table 4). Chi-square differences revealed that only one model showed an improved fit over the stability model. The reverse causation model reveals a significantly better fit with the data than do either the regular or

**Table 3** Descriptive statistics and inter-correlations for the study constructs

Construct	Mean	S.D.	1	2	3	4	5	6	
1. Unemployment (T1)	29.36	7.67	1						
2. Self-employment (T1)	0.07	0.01	-.17	1					
3. Productivity (T1)	715.75	285.19	-.04	-.23*	1				
4. Unemployment (T2)	44.85	7.64	.80***	-.25*	-.16	1		.00	
5. Self-employment (T2)	0.06	0.01	-.23*	.58***	-.17	-.14	1	.00	
6. Productivity (T2)	663.81	177.63	-.06	-.24*	.94***	-.18	-.13	1	.00

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ , one-tailed significance test

Table 4 Results on test of nested structural models

Model	$\chi^2$	P	d.f.	NFI	CFI	IFI	RMSEA	Comparison	$\Delta\chi^2$	P	$\Delta$ d.f.	Model pref.
1. Stability model	8.93		6	.96	.99	.99	.09					
2. Regular causation model	7.62		4	.97	.98	.98	.12	M1 vs. M2	1.31		2	M1
3. Reverse causation model	2.08		4	.99	1.00	1.03	.00	M1 vs. M3	6.85	*	2	M3
4. Reciprocal causation model	0.61		2	.99	1.00	1.00	.00	M1 vs. M4	8.32		4	M1
								M2 vs. M4	7.01	*	2	M4
								M3 vs. M4	1.47		2	M3

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

Notes Regular causation model adds on stability model relationships between unemployment in T1 to self-employment and productivity in T2; Reverse causation model adds on stability model relationships between self-employment and productivity in T1 to unemployment in T2; Reciprocal causation model combines regular and reverse causation

the reciprocal causation models. As such, support for a reciprocal causation model was not found, but support for a reverse causation model was found where self-employment and productivity are important predictors of regional unemployment.

The standardised path coefficients of the four models are presented in Table 5. Although the results are consistent across the different models, the nested model tests acted as a guide to further elaboration on the results from the reverse causation model (Model 3, Table 3). The first two hypotheses related to regular causation of unemployment in relation to self-employment and regional productivity. The results provided no support for hypothesis 1, which posits a positive influence of unemployment on self-employment ( $\beta = -.12, p > .05$ ). No support for hypothesis 2 was found either, where a positive influence of unemployment on regional productivity ( $\beta = -.02, p > .05$ ) was posited. The third and fourth hypotheses referred to the reciprocal relationship between unemployment and self-employment and regional productivity, respectively. Hypothesis 3, which posited a reciprocal relationship between self-employment and unemployment, received support in that the coefficient was negative and significant ( $\beta = -.16, p < .05$ ). Also, results supported hypothesis 4, which implied that there is a reciprocal relationship between regional productivity and unemployment such that higher regional productivity implies lower levels of unemployment ( $\beta = -.16, p < .05$ ).

## Discussion

The main objective in this chapter was to present a potential reciprocal causation between unemployment, self-employment and regional productivity. Drawing on arguments for potential reciprocal causation and from studies that have found mixed empirical findings, a longitudinal data design was used with a cross-lagged SEM approach to evaluate four models: a stability model; a regular causation model; a reverse causation model; and a reciprocal causation model. Such an approach allowed for an evaluation of causality and allowed an examination regarding how the variables of interest related to one another over time. The analysis went beyond the previously used cross-sectional designs that had exclusively dominated the literature on unemployment. The results do not support a reciprocal causation logic, although they do support a reverse causation model and find this to be a significant improvement over the alternative models, including both the stability model and the reciprocal causation model. These results hold interesting implications for theory and policy.

Table 5 Model test

Dependent variables (Time 2)	Independent variables (Time 1)	Model 1 <sup>a</sup>	Model 2 <sup>a</sup>	Model 3 <sup>a</sup>	Model 4 <sup>a</sup>
Unemployment	Unemployment	.81 ***	.80 ***	.78 ***	.77 ***
	Self-employment			-.16 *	-.16 *
	Productivity			-.16 *	-.16 *
Self-employment	Self-employment	.61 ***	.59 ***	.59 ***	.57 ***
	Unemployment		-.12		-.13
Productivity	Productivity	.94 ***	.94 ***	.94 ***	.94 ***
	Unemployment		-.02		-.02

<sup>a</sup>Standardised path coefficients

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

- First, according to the empirical results of the study, self-employment and regional economic productivity are important predictors of reduced unemployment rates. However, unemployment does not predict self-employment or regional productivity. It is possible that these results are in support of previous findings where unemployment programmes have spurred limited necessity-based entrepreneurship which have had a very limited economic spin-off (Laffineur et al. 2017).
- Second, this study is among the first to examine causality between unemployment and self-employment and at the same time consider the effect from and on economic productivity. Surprisingly, reduced unemployment does not lead to increased economic productivity, while, in line with expectations, increased productivity leads to reductions in unemployment.
- Third, for policymakers, while active labour market programmes appear to be a panacea for fighting unemployment levels and at the same time contribute to entrepreneurship and economic development, this study argues that such programmes need to consider unique challenges to work. This is important as input for the 2020 Action Strategy of the European Commission focused on bringing Europe back to growth and higher levels of employment. One of the core instruments of this strategy is to foster entrepreneurial activity and there are high hopes that this approach will help to create new jobs and stimulate the economy (Mühlböck et al. 2018). At the same time, several studies confirm that entrepreneurship programmes contribute to necessity-based entrepreneurship with high potential of venture failure and with limited economic effect. For such programmes to work it is important to find potential for opportunity-driven entrepreneurship where the most important drivers of reducing unemployment are to find opportunity-driven entrepreneurs and a positive trend in the regional economic development.

This study is not without limitations. The first is that the study is based on a small sample size, building on functional analysis regions within one country (Sweden). Furthermore, the issue of time needs consideration and future studies could address different time lags. This study found both self-employment and regional productivity to predict unemployment levels at a later time. However, future studies should consider that it might take a longer time for unemployment levels to influence self-employment and regional productivity. For instance, Fölster (2000) found self-employment to cause employment in longer lags up to five years. Results may also be sensitive to the time period studied. Sorgner and Fritsch (2018) argued that empirical results may differentiate between situations of economic slowdown and

boom periods. Future studies could take account of this and explore different economic situations, as well as country and cultural effects.

## Conclusion

The reports on missing entrepreneurs published by the OECD identified unemployed people to be an entrepreneurship minority group. Generally, the group exhibits low intentions to engage in self-employment and previous studies have demonstrated that the group often is disadvantaged when it comes to entrepreneurial talent, human capital and resources necessary to start and run a new firm. Policymakers have long been interested in the potential of entrepreneurship and self-employment to be used as a mechanism for moving unemployed people back into work. This is justified by the many potential negative aspects for individuals and society of high unemployment levels. However, theoretical and empirical work has presented ambiguous and contradicting results about the dynamics of the relationship between unemployment and self-employment. A few studies have specifically engaged in examining the dynamic relationship, and thereby alternative explanations, for the relationship between unemployment and self-employment. Empirical results from these studies have been mixed.

In this study a cross-lagged panel design has been adopted to examine the causality between unemployment and outcomes in terms of self-employment and regional productivity. The results give support for a reversed causal influence where regions with higher levels of self-employment and regional productivity reduces unemployment. This might likely be without engaging unemployed individuals into self-employment, but rather by transitioning into employment. The results from this study thus suggests that regional levels of unemployment will be unrelated to future levels of self-employment and regional productivity. However, this study provides strong support that increased levels of self-employment and regional productivity reduces future regional unemployment. As such, the results of this study demonstrates the importance of fostering a strong culture of regional entrepreneurship to avoid future unemployment.

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**Where Do We Go from Here?**



# Conceptualising Learning in Minorities Entrepreneurship

David Rae

## Introduction

The field which is currently recognised as ‘minority’ or ‘minorities’ entrepreneurship has grown, developed and matured greatly since it became prevalent in modern entrepreneurial research during the 1990s (e.g. Aldrich and Waldinger 1990; Dana 1997; Ram and Jones 2008). It has grown from roots in the fields of ethnic and migrant entrepreneurship to become a much wider, diverse and yet inclusive set of categories, which includes groups such as immigrants, people with disabilities, youth and many others. This chapter adopts the broad definition that ‘Minority Entrepreneurship’ includes any group who might be considered as disadvantaged or under-represented in terms of entrepreneurial activity. However, given the growth of the field, it is also necessary to reconsider what the use of the term ‘minority’ may mean in this context, since this is no longer a simple matter within a changing social context.

The aim of this chapter is to develop a conceptual model for learning in minorities entrepreneurship, which builds on and complements the other contributions in the field, and which can assist in advancing research, policy, educational and support measures. Whilst there has been extensive research in

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the minorities field, little prior work has addressed in depth the contribution of learning (especially social learning) to developing entrepreneurial identity and capability, which is a specific concern of this book. The proposed model addresses this gap by considering entrepreneurial learning as a dynamic agent for enhancing the capabilities of minority entrepreneurs. Whilst conceptual models have been developed in the context of ethnic minority, migrant, indigenous and female entrepreneurs, as well as intersectional cases across minority groups, these have generally not addressed learning as an enabler.

The prime focus of the chapter is to consider the entrepreneurial behaviours (including social norms, values and practices) which minority groups may use when enacting entrepreneurial opportunities and which create multiple forms of value, for themselves and others (Baumol et al. 2007; Lackeus 2018). This approach places the conceptualisation in the space of human and social learning with cultural dynamics. A review of the literature leads to a structured overview of prior work within and across the categories of minority entrepreneurship which inform the development of key concepts to be deployed as the foundations for the proposed model. The conceptual framework is then introduced and described, together with an illustrative example. The scope, implications and limitations of the model will be discussed in the closing sections.

## New Lenses on Minorities Research

This chapter is based on a review and development of selected and relevant prior works including new conceptual ideas but not entirely new empirical work. A selection of contributions to the study of entrepreneurship within minority groups, and which address entrepreneurial learning behaviour in relation to these groups, are considered. There is a tradition of research into minority entrepreneurship which can be traced back over several decades (e.g. Aldrich and Waldinger 1990; Dana 1997; Ram et al. 2008). Initially this tended to concentrate on ethnic minority businesses in general, and on specific groups such as Asian, African and other migrant populations. This body of work continues to develop in scale and depth (e.g. Kloosterman 2010), but there has been a recognition of both the increasing range of ethnic groups, their interconnections with other social strata and the ways in which exclusion and discrimination can be practised (or experienced) within societies towards minorities. Given greater social awareness towards minorities, combined with progress by minority groups in securing their rights in society towards equality and participation, the agenda has moved to become more

inclusive. Three new perspectives have emerged in the past two decades which have altered significantly the landscape of minorities entrepreneurship.

First, a major contribution is the intersectional perspective, in which analysis of the combined factors of ethnicity, gender, social class, faith, disability and other factors can be the basis of discrimination, thereby limiting social and economic equality and access. This has enabled a more complex understanding of minorities entrepreneurship to be developed from the initial Black critical feminist perspective (Crenshaw 1989; Romero and Valdez 2016) including a critical realist perspective (Dy et al. 2014). Whilst women may not be seen as a minority group in society, as entrepreneurs they constitute a minority in almost all economies (GEM 2019). The intersectional lens can make apparent the combined effects of factors which further disadvantage them, or lead to their contributions to entrepreneurial work being undervalued, for example through an expectation of providing free or low-cost labour in family enterprises (Ram et al. 2017). As many world cities and nation states become much more diverse in many aspects, not only in ethnic groups, but also through linguistic, faith, gender orientation and in other ways, the notion of 'majority' itself is fragmenting.

The second new concept is the ascendance of 'superdiversity' (Vertovec 2007) which highlights the prevalence and complexity of multiple migrant groups and the policy issues this raises in cities such as London (Sepulveda et al. 2011), in a way that has since become normalised in urban life. Vertovec identified a useful classification of factors which shaped complex interplays of economic and social relations related to incoming groups, including:

- Country of origin (comprising possible subset traits such as ethnicity, language[s], religious tradition, regional and local identities, cultural values and practices);
- Migration channel (often related to highly gendered flows and specific social networks);
- Legal status (determining entitlement to rights), migrants' human capital (particularly educational background) and access to employment (which may or may not be in immigrants' hands);
- Locality (related especially to material conditions, but also the nature and extent of other immigrant and ethnic minority presence);
- Transnationalism (emphasising how migrants' lives are lived with significant reference to places and peoples elsewhere) and responses by local authorities, service providers and local residents.

Vertovec argued that novel responses to these complex interplays were required to move beyond earlier frameworks of social formation (Vertovec 2007). As Foner (2017) commented, there is nothing particularly new about superdiversity, partly because whilst it is an accepted phenomenon in many cities, there is a continuing 'nativist' and nationalist resistance to accepting multiculturalism from groups who feel this compromises their sense of dominant identity (Chin 2017). This continues to be manifested in such political movements as Trumpism and Brexitism. It may be accentuated when a dominant majority group itself becomes a statistical minority, such as the case of 'white' populations under the age of 18 falling below 50 per cent in some states and cities in the USA (Brookings 2019). Powerful minority groups have occasionally exerted hegemony over larger groups of subsidiary populations, both historically (for example as occurred in 'Apartheid' and colonial Southern Africa) and in contemporary societies (Laurie and Khan 2017). Hence, superdiversity is an important (if contested) factor in the fragmentation of a perceived dominant national majority identity. In this social and cultural context, new ways of framing 'minority' group identities are required, without this necessarily being contingent on its reference to a dominant majority. The 'majority' may increasingly be an aggregation of many other minority groups.

The third, and fundamental, insight which alters the frame of minorities entrepreneurship is the mixed embeddedness perspective, developed by Kloosterman et al. (1999) and Kloosterman (2010), based on foundations from researchers such as Granovetter (1985). Mixed embeddedness was developed for application in ethnic minority entrepreneurship and has broader conceptual applicability for other minorities. It provides a social interactionist framework which explains both the interactions between market opportunity access and human capital, with the societal embeddedness of minority groups. The mixed embeddedness perspective has been widely adopted and has significantly raised the level of analysis of ethnic and more general minority entrepreneurship.

An important consideration in framing 'minority' groups is that they should not be defined simply by their status as a 'minority', that is in relation to a perceived 'majority' or mainstream, dominant norm or group. Implicitly, this assumption is often made. Yet their relationship with a majority group in a particular context should not in itself define their identity as a group. Minority groups can be defined as those who experience disadvantage from being treated differently and unfairly, or from lacking equal rights, representation and power, arising from perceived 'difference' (Wirth 1945). For example, in the case of Black West African entrepreneurs originating from

native countries such as Nigeria and Ghana, where they constitute an ethnic majority, they only form a minority by being entrepreneurs, or being from specific minority groups (such as Igbo speakers) within the population. Yet in a European context, they become identifiable as a recognisable minority in relation to the overall population because of their ethnic difference. The mixed embeddedness perspective was applied to Ghanaian entrepreneurs in the Netherlands (Kloosterman et al. 2016), resulting in new insights into migrants' lack of access to opportunities. Whilst this tends to create a visible identity in the eyes of the majority population, this in itself should not define the group, because their cultural characteristics and entrepreneurial approaches exist in their own right, and are not defined simply by being a minority within a particular context. However, within this context they may need to learn to adapt their behaviours in order to become economically and socially embedded.

This principle, which is fundamentally about the right to equality for people in all minority groups, clearly applies more generally. It is essential to enable people who are individually or in a group experiencing disadvantage to realise their full potential and contribute to their full participation in economic, social, political, cultural and civil life (Equal Rights Trust 2008). It is necessary to argue this, since increasing intolerance towards minorities (evident in Europe, the USA and worldwide), partly as a consequence of 'nationalist' movements, continues to require a response (Hedetoft 2018). If entrepreneurship is truly to be recognised as a universal human right, this must also be accompanied by working towards equality of access to opportunities, means and resources to achieve such an ambition (Vinod 2005; Aerni 2015; Rae 2019). Simply providing equal rights and access is insufficient. It must be accompanied by providing the access to education and to applied learning methods which will enable people to overcome discrimination and to develop the capabilities and confidence to use their access to opportunities and resources effectively.

## Structured Overview of Prior Works

This section summarises important contributions to conceptual framing for entrepreneurial minorities, which provides a foundation for the model proposed subsequently. Table 1 provides a general structure of minority groups for the purpose of entrepreneurship study, using eight categories: ethnicity; gender; sexual orientation; ability; linguistic; faith group; age group; and other forms of peripheralality. Even this classification is incomplete



**Table 1** Minority groups for entrepreneurship

Category	Groups
Ethnic	Numerous: the table in Wikipedia lists 498 ethnic groups with populations over 100,000, excluding smaller indigenous groups <a href="https://en.wikipedia.org/wiki/List_of_contemporary_ethnic_groups">https://en.wikipedia.org/wiki/List_of_contemporary_ethnic_groups</a>
Gender	Female; transsexual; intersex
Sexual orientation	Homosexual (lesbian, gay); bisexual; transgender; other
Ability	Physical, sensory, intellectual impairment; permanent health condition impairing capability
Linguistic	Native tongue differing from the majority language
Faith group	Faith/religious group differing from the majority, including Jewish; Muslim; Sikh; Hindu; Jain in Western countries; Christian minorities
Age group	Young (below 18); elderly (over 65 or retirement age)
Peripherality	Additional to above, including: migrants; refugees; forced displacees; unadopted orphans; ex-services personnel; ex-offenders; transient and homeless people; living in remote places such as small islands and 'off-grid'; other unrecognised groups

(note the long list of ethnic groups referenced) and would not be accepted by all groups. The list may even be seen (unintentionally) as culturally biased and subjective. It allows for new categories to be included, as in the case of 'peripheral' groups who are excluded, marginal or disadvantaged for additional reasons (such as geography). It does not include 'culture' as a discrete category, since cultural minority tends to arise from a combination of the other categories, such as ethnicity, language and faith. Additionally, individuals within each category will often be members of other groups also, hence experiencing intersectional minority and consequent disadvantages.

It is arguable that there is a need to move beyond an overemphasis on 'minorities' given the inexactitude of the term and the problematic issues in its relations with whatever the 'majority' (or heteronormativity) may be. Laurie and Khan (2017) suggested that:

The role of culture and commerce in transforming the meanings attached to 'minority' cannot be understood in terms of a singular trajectory from the minor to the major.... the demographic imaginary of majority and minority does not adequately account for the production of the social worlds in which 'majority' and 'minority' acquire their cultural, political and commercial force. (Laurie and Khan 2017, 9)

So, whilst accepting that minorities are the starting point, the direction of this chapter is towards an understanding of how such *cultural groups* learn to create value through developing entrepreneurial behaviours and capabilities. The term cultural group recognises that whilst these groups will normally be formed from people in minorities, they are overlapping and intersectional; also it is frequently their cultural resources and how they are used which initiates their entrepreneurial activities. However, the existing canon of entrepreneurship literature regarding the study of minorities is largely found within the categories tabled above. These cannot all be included in the space of a single chapter, and are cited selectively where they inform the development of a conceptual model.

The area of research which has arguably done most to advance the study, understanding and possibly the practice of entrepreneurship in a 'minority' field continues to be women's entrepreneurship. From this body of work, a study by Brush et al. (2009) proposed a gender-aware framework for women's entrepreneurship, based on a thorough review of literature in the field to date. This proposed a '5M' framework for women's entrepreneurship research, consisting of a central idea of 'Motherhood' or 'MHER' expressing her role in the family and the contribution of gender in business ownership. Around this were located the spheres of Market opportunity; Money and Management; within a context framing the Macro and Meso Environment. The authors used this to classify prior research and to consider the need for a separate theory on female entrepreneurship, which they considered was not required since:

with the 'stretch' to capture family embeddedness (motherhood), as well as the macro-meso environment, coupled with appropriate approaches and methods, current theory and conceptualisations can go a long way to understanding the phenomena and process of women's entrepreneurship. (Brush et al. 2009, 18)

Hence, related research can contribute and connect with this conceptualisation. There are growing contributions from an intersectional perspective on female entrepreneurship, such as work by Verduyn and Essers (2017) providing a critical reflection on female migrant entrepreneurship in the Netherlands, with promising indications that the scale, depth and quality of this work will continue to develop. There have also been studies by researchers such as Dhaliwal (2000) providing insights into the learning experiences of Asian female entrepreneurs in the UK, which provided an early link into the area of learning.

Turning to the field of ethnic minority entrepreneurship, there have been a number of conceptual frameworks developed of ethnic entrepreneurship, such as prior work by Pütz (2003) and Waldinger et al. (1990) that proposed an interaction between Opportunity structure (Market conditions; access to ownership; job market and legal conditions) with Resources (cultural traditions and ethnic social networks) which produced ethnic strategies. Volery (2007) considered the mixed embeddedness approach, but disregarded it as unproven at that time, proposing instead an enhanced interactive model of an entrepreneurial process, situated within four dimensions of: creative processing; cognitive heuristics; psychological characteristics; information; and knowledge. These in turn rest within the four domains of: ethnic group resources; ethnic strategies; opportunity structure; and metropolitan characteristics. The two models aimed to combine 'culturalist' and 'structuralist' approaches into an interactive concept.

There have also been important studies of specific ethnic and indigenous groups which have contributed conceptual understandings. Notable within these is the work of Dana (1997), who in an early study explored self-employment in ethnocultural communities, an ethnocultural milieu characterised by entrepreneurial behaviours influenced by culture, thrift, frugality, asceticism and ethnic resources. Recent work by Dana et al. (2019) has studied the social reproduction of family, community and ethnic capital in a Menon ethnic enclave. This framework expressed how social capital resources and norms of group cohesion and social responsibility are socially learned and practised within a familial culture which facilitates individual entrepreneurship, situated in an entrepreneurial community structure and social dynamics. Notable within this study was the attention to entrepreneurial values and behaviours based upon a philosophy of 'building our future by sacrificing our today'. The philosophy also advocated social cohesion for collective welfare, habits of frugality and work ethic, cooperation and inter-trading. Through fine-grained ethnographic analysis, this study demonstrated how the Menon group had sustained a higher rate of entrepreneurial activity and economic prosperity than other ethnic communities, both in their native Karachi and in other diasporic communities. Dana et al. proposed that:

only a complex analytic-systemic perspective can describe the dynamic interdependence encountered in many entrepreneurially oriented communities, and unveil the social, economic and physical factors that determine a specific community structure and evolution. (Dana et al. 2019, 15)

Within the canon of ethnic minority research, it is important to distinguish between the studies of ethnic groups as migrants to new countries and as indigenous populations. Transnational entrepreneurship has been explored for example by Drori et al. (2009) and Lundberg and Rehnfors (2018). Jones et al. (2019) found in studying new migrant entrepreneurs and their diversity, that their contributions to economic development were polarised between a few 'high flyers' and a majority who struggle at the margins with limited resources to survive economically, yet who contribute to local communities through creating employment, services, culture and crime reduction. In relation to migrant and diaspora entrepreneurs working internationally, Elo et al. (2018) explored the complex factors related to migrant and diaspora entrepreneurs in international contexts and highlighted the roles of 'expatpreneurs', their spouses and families, with the contributions of experience and decision-making, such as in forced migration. This work also signalled the effects of distance, weak networks and cultural isolation.

In comparison, the field of indigenous entrepreneurship has explored how groups in their native lands have responded to challenges and changes such as colonisation, conflict, deprivation of lands, regulation and (more recently) environmental and climate change. Croce (2017) conducted a major review of indigenous entrepreneurship literature and concentrated on a location-based model of urban, rural and remote indigenous entrepreneurship as differentiating factors. Ratten and Dana (2017) offered a gendered perspective on indigenous entrepreneurship as a promising and evolving field. They suggested incorporating more feminine explanations for the distinctiveness of Indigenous entrepreneurship to give recognition to the connection to the land and community that is part of Indigenous culture (Ratten and Dana 2017).

There have been several studies on Aboriginal entrepreneurship, including Moroz and Kayseas (2012) who developed a research framework on indigenous entrepreneurship from prior work (covering entrepreneurial actors, their motivations, principal and emergent themes), but finding diverse evidence. In the Canadian context, a growing number of studies have explored indigenous entrepreneurship (including Anderson 2002; Anderson et al. 2006; and Johnstone 2008) and considered the community economic development (CED) approach to collective entrepreneurship by Aboriginal Bands. These communities have included the Mi'Kmaq Band at Membertou, Cape Breton (Canada), which has achieved remarkable economic and social regeneration through community entrepreneurship and also by collaborative cultural and infrastructure projects with the wider community which generate shared value. This example is developed further as a case in this study (Rae 2020).

It also appears from the literature that some minority groups have developed greater cohesion, collaboration and an ability to assert entrepreneurial freedoms, whilst others have been less able to do so. Ethnic, Aboriginal and female entrepreneurship has increasingly demonstrated this over the past two decades, though varying significantly between individual groups and the national and cultural contexts within which they operate. This seems less apparent from studies of some other minorities, which have not yet developed strong ties, networks and organising abilities, possibly caused to some degree because of their wide geographic dispersal and experiences of exclusion or discrimination. Two sets of studies tend to support this, one relating to migrants and the other to LGBT entrepreneurs. New migrants, refugees and victims of forced displacement are discrete groups which have all increased in scale in recent years, driven in part by conflicts, civil wars and oppression, as well as by economic and environmental forces. Elo et al. (2018) considered the role of migrant and diaspora entrepreneurs in international entrepreneurship, finding research and cases of entrepreneurs outside mainstream categories and conceptualising interdisciplinary lenses in understanding migrant and diasporic entrepreneurs. The fragility of both community and international networks and connection on which internationally mobile migrant and displaced entrepreneurs often depend is notable, together with the inadequate nature of institutional support (Sepulveda et al. 2011; Jones et al. 2014). A small number of studies has explored Gay and LGBT entrepreneurship including Galloway (2012), Marlow et al. (2018) and Rumens and Ozturk (2019). What emerges from these contributions is a sense of fragmented communities, in which Gay and Lesbian people may view entrepreneurship as an option, partly in response to experiences of discrimination and limited career opportunities in mainstream organisations. However, Marlow et al. (2018) found few differences in entrepreneurial activity patterns between homosexuals and heterosexuals and no evidence of entrepreneurship as a 'safe haven'. Individuals operate frequently in relative isolation, with weak entrepreneurial networks outside the more concentrated 'Pink economies' of cities such as Manchester. Heteronormativity was noted as a factor discouraging entrepreneurs from declaring their identity and further research is required to understand the role of gendered identities, experiences and behaviours in LGBT entrepreneurship (Rumens and Ozturk 2019). However, there is some evidence of a growing adoption of LGBT business and professional networks, such as mygwork.com which offers a safe space where people from the LGBT community can connect with inclusive employers, find jobs, mentors, professional events and news. This, and other networks at city level, suggest a growing acceptance of LGBT entrepreneurial

participation in organisations and business, at least within tolerant societies. This brief exploration of selected studies on minority groups presages the development of a boundary-spanning approach in the next section.

## The Approach

The concern of this chapter is to understand entrepreneurial behaviours and value creation within minority groups, but to do this using a simple lens of ethnicity or any other single demographic characteristic is too broad. Rather, it is necessary to explore how minorities may share cultural and behavioural characteristics which enable entrepreneurial practices to occur. Demography does not, in itself, produce entrepreneurial behaviours. It is the interaction of socially learned and shared values, traditions and behaviours within communities, of production, trading and exchange of value which do so (Rae 2020). To explore these, it is necessary to use better ways of understanding entrepreneurial cultures, learning and behaviours and how they are learned socially. The proposed model integrates three perspectives to develop a model for minority entrepreneurship. These include:

- The role of microcultures to explore entrepreneurial behaviours in creating different forms of value within and between cultural groups;
- The role of social and shared learning as a process for generating entrepreneurial behaviours which reflect and embody learned discourses and practices within groups;
- The mixed embeddedness approach (Kloosterman 2010) as an established lens for analysing the connection between ethnic minority entrepreneurs and market opportunities, based on social, relational and structural capital.

The mixed embeddedness approach is helpful in explaining patterns of entrepreneurship by systematically linking the supply side of entrepreneurs with their specific set of resources, with opportunity structure and market access on the other side (Kloosterman et al. 2016). Mixed embeddedness can be extended to include minority groups beyond ethnic minorities. However, there is a legitimate critique of its limitations in relation to assessing how these sources of capital can be used sociologically, such as Ram et al. (2008) in relation to Somali entrepreneurs. It also explores in less depth and detail than is ideal how minority groups structure and use their shared learning of cultural resources in relation to entrepreneurial work. This is important in understanding the generation and application of learning to entrepreneurial

opportunities. It can be developed through using a group microcultural lens to better understand entrepreneurial learning and behaviours within and between groups, and how these may assist groups in moving from peripheral to mainstream social and economic participation (Rae 2017, 2020).

A neglected aspect of minorities entrepreneurship research is the role of learning. A few studies have provided some insights into entrepreneurial learning within ethnic minority entrepreneurship, such as Dhaliwal (2000) and Ekanem and Wyer (2007), but it is otherwise reasonable to argue that recent advances in understanding entrepreneurial learning have yet to provide useful conceptual insights for minorities entrepreneurship. There is a significant body of work in the field of entrepreneurial learning, that is in learning to recognise and act on value-creating opportunities, by working with other people and by initiating, organising and managing ventures in social and behavioural ways and in the context of the wider environment (e.g. Politis 2005; Cope 2005; Rae 2015; Rae and Wang 2015; Toutain et al. 2017). For this study, it will include naturalistic learning in everyday environments and exclude the related but separate field of formal entrepreneurship education. Entrepreneurial learning can be held to include the development of an entrepreneurial identity (sense of self), mindset (ways of thinking and perceiving the world) and capabilities (competent ways of working), which together result in entrepreneurial effectiveness and the ability to achieve desired results (QAA 2018). This concept is valid in both naturalistic and educational learning environments. The question is how entrepreneurial learning and effective behaviours are learned within the cultural contexts of minority groups? There has been little exploration of this topic within the entrepreneurial learning literature, although a major review by Toutain et al. (2017) on the influence of the environment on learning noted the influence of community culture. It also advocated sociological and anthropological approaches to the study of learning as a localised social construct, which is not a new, but a helpful direction in relation to collective learning in minority communities.

Within the social organisations of minority communities and cultural groups, it is useful to understand the *microcultures* which provide live environments and resources for learning. A microculture may describe an ethnic, linguistic, geographic, faith or place-based group, or a combination of these categories, which express the distinctive characteristics of a definable group of people, possibly within a given geographical area or within an organisation, belief or identity system, and which may share cultural characteristics with one or more macro, or prevailing cultures (Rae 2020). The significance

of small cultural groups was researched in relation to cultural organisational literature (e.g. Bolon and Bolon 1994; Fine and Hallett 2014). Whilst recognising that related terms such as 'subculture' and 'co-culture' are used, the term 'microculture' defines a recognisably distinct group who share a common set of values, beliefs and behaviours, who possess a common history, and who use a common verbal and nonverbal symbol system (Rae 2020). They may share features with, yet differ subtly from, a dominant or normative culture (Banks 1994; Nieuliep 2017). Microculture is not synonymous with ethnic identity, since ethnicity is simply one 'given' (albeit important) aspect of cultural identity, whilst other aspects are more socially mutable. The many finer distinctions of faith, gender, sexual orientation, attachment to locus, membership and other aspects of sectionality are also relevant in defining microcultural identity. As ethnic categories are relatively broad, a microculture can exist both within and across ethnic groups. For example, people of 'Indian' ethnic origin in Britain may come from a Gujarati or other background, from East Africa, may be of Hindu, Sikh, Moslem, Jain or Christian faith, or they may belong to a caste group. These, and other variables, would affect their microcultural identity (Jivraj and Finney 2013).

The related concept of idioculture has also been used to develop understanding of small-group cultures (see Fine 1979; Bolon and Bolon 1994; Fine and Hallett 2014). Fine explains an idio (from Greek for 'own') as:

a system of knowledge, beliefs, behaviours and customs shared by members of an interacting group to which members can refer and employ as the basis of further interaction. (Fine 1979, 734)

An idio emerges from effective interaction by a group to address a problem or shared interest. Fine identifies five criteria to be met, which explain how a 'cultural item' is selected to form part of a group's idioculture, that it is:

perceived as Known, Usable, Functional and Appropriate in terms of the group's status system and Triggered by some experienced event. (Fine 1979, 738)

Fine's (1979) idiocultural categories can be used to analyse cultural groups and activity, whilst the cultural creation process can assist in understanding how products reach a wider audience.

The idiocultural approach reconceptualised 'subculture' within a symbolic interactionist framework, showing subcultural variations, cultural changes and the diffusion of cultural elements. By clarifying 'subculture' as a process involving the creation, negotiation and diffusion of cultural items,



it provides a framework for research on subcultures (Bolon and Bolon 1994), whilst ‘Interlocking’ group memberships through weak social structures (Granovetter 1985) provides a conceptual basis for understanding how cultural content can be defined and transformed through intergroup negotiation. Peredo and Chrisman (2006) theorised Community-Based Enterprise as an influential movement within minority cultures. They proposed that community enterprise arises from a combination of unacceptable economic, social and other conditions into a collective knowledge and ability to organise and gain access to social resources. These can be combined to translate social organising into economic organisation. This insight helps to connect collective cultural learning, skills and resources with entrepreneurial action, using learning gained from previous opportunities and ventures.

## Proposing a Conceptual Model

In seeking to develop a conceptual model that offers a greater understanding of Minorities Entrepreneurship Learning, many factors need to be considered. Figure 1 presents the proposed model, which is explained in detail in this section. The sources of capital reflect the embedded resources described by Granovetter (1985) and Kloosterman (2010) as a group’s available social, relational and institutional capital. The learning process involves appreciating these, understanding how they can be accessed socially, and translated into ways of creating value, without (ideally) putting them at undue risk,



Fig. 1 A learning model for entrepreneurship in minority groups

such as by compromising the group's reputation amongst others. Microcultural resources are derived from an intercultural entrepreneurship model (Rae 2020) which suggested that the group identity and its heritage are often fundamental to a shared sense of belonging and kinship. Many groups have a sense of geographical locus or 'home', whether that be ancestral lands in a country of origin, or a settled space in a new destination, or indeed both. It may be a district, such as South Koreans clustering around New Malden in the UK, or a symbolic building such as a temple or market which forms part of their entrepreneurial milieu as a locus for social exchange. Entrepreneurial discourse and practices are socially shared and learned as cultural resources. The discourse includes narratives such as stories, rules and principles, plus practical theories of 'what works'. The value-creating practices are based on using learned approaches of social exchange for organising, negotiating, trading, competing, customer acquisition, mitigating risk and so forth, which may be seen in use in markets worldwide.

Entrepreneurial learning includes processes of personal and social development, which generate individual and collective agency and effectiveness, including organising and working with others, plus perceiving opportunities from shared experiences as well as novel ones. Cultural capital and resources available from the group can be recognised and useful relationships, assets and relevant ideas are used and applied or recycled. New ventures, which may be anything from a novel product, event, expedition or legal trading entity, are organised. Experiential learning is an essential dimension of this iterative process, which tests continually what is (and what is not) working. The choice of opportunity is a critical decision. The understandings of opportunity structure refer to Aldrich and Waldinger (1990), Kloosterman and Rath (2001) and Kloosterman (2010). This was developed by Lassalle and McElwee (2016) as a visual mapping of market and non-market dimensions and demand–supply side factors on to local, regional and national markets. International market opportunities can be added to this useful concept which advances beyond the simplistic limitation of a single '2 × 2' matrix commonly referred to in mixed embeddedness studies.

The learning process involved in opportunity selection involves the judgement, acceptance and mitigation of risk of loss. It also involves the sensing or research into the nature of market opportunities, including the extent to which these exist within the group (intracultural), or involve trading and exchange between group (intercultural), or meeting a need entirely for an external market (extracultural). There is also an appreciation of the market over time, including its capacity for growth (or decline) and its duration, from ephemeral (such as a unique event), seasonality and cyclical, to permanence.

The selection of opportunities includes careful and intuitive judgements being made about the best ways in which cultural capital and resources and prior learning can be applied to create value. A final but essential consideration is reward sharing: how retained value is distributed within the social organisation, which may be a trading entity, family or community. The model is illustrated through a single case of an Aboriginal community in Canada, which aims to convey the embedded, contextual nature of entrepreneurial working and learning in a recognisable cultural group, who also engage in intercultural enterprise within the meso- and macro-environment.

## Case Study: Membertou Welcoming the World!

The legend ‘Membertou welcoming the world’ on a roadside sign greets visitors to the Membertou First Nation reserve in Cape Breton, northern Nova Scotia, Canada. The case is framed by using as a structure the four categories of minority entrepreneurship proposed in Fig. 1: microcultural resources; sources of capital; entrepreneurial learning; and opportunity choice. Whilst there is some overlap between these categories, it enables the conceptual map to be illustrated through an example which is well-documented and demonstrates how a minority community creates shared value in its wider social and economic context. The case is quite well-known, yet continues to develop in significance and incorporates prior work from Scott (2004), Johnstone (2008) and Rae (2017, 2020).

### 1. *Microcultural resources: Identity, heritage and locus*

Cape Breton is a small island, located at the remote Northern tip of Nova Scotia, on the Canadian Atlantic coast. Also known as Unama’ki (‘The land of fog’) it was inhabited from time out of mind by the Aboriginal Mi’Kmaq people, whose deep understanding of the land and waters enabled them to live by fishing from the birchbark canoes they built, to make tepees to live in, clothes to wear and to share rich oral traditions of culture, storytelling, community rituals and order, based on the wisdom of their elders. European fishermen ‘discovered’ the island in the 1500s, which was contested in subsequent centuries by French, English and Scots colonisers. The French entreated the Mi’Kmaq people, introducing them to Catholicism, with the name Membertou originating from Grand Chief Henri who became the first convert. The Mi’Kmaq people have a multifaceted relationship with their land and water. This is spiritual, cultural and constitutes their identity, as well

as their means of practical survival, through the generations. They learned over time to adapt and to live sustainably in the harsh frozen winters. Their habits were to take just enough from the natural reserves of forest, wildlife and fisheries.

When the Mi'Kmaq met settlers, incomers were welcomed and the French learnt how to survive from them. They traded and developed a coexistent relationship, but when the island fell to British colonial rule, many French were deported, although some were permitted to resettle. The Mi'Kmaq were less fortunate, steadily being deprived of their lands, ways of life, heritage and language, mainly by Scots and Irish settlers under British laws. The draconian goals of Canadian colonial and subsequently Federal policy were to cause Aboriginal peoples to cease to exist as distinct legal, social, cultural, religious and racial entities in Canada (Truth and Reconciliation Commission of Canada 2015). The cultural legacy of this oppression is still remembered through brutal Residential Schools and legal sanctions which deprived Mi'Kmaq of their waterside reserve and fishing rights. Excluded from mainstream employment opportunities, they subsisted through small-scale necessity entrepreneurship, traditional crafts and providing services. Under British dominion, the island became a naval and industrial centre as deep coal reserves were mined. Iron and steel works were built in a bid to become 'the Pittsburgh of Canada', before this industrial economy collapsed in the late twentieth century. The island struggled to reinvent itself in a context of economic and social decline, depopulation and erosion of its national role and identity. Its principal means of creating a new identity and meaning has been cultural, building on enduring qualities of stoic persistence, community, hard work and creative expression.

## *2. Social, relational and institutional capital*

Within the island there is a 'Caper' meso-culture formed of interactions between numerous diverse microcultures, which are constantly affected by its interactions with the macro-culture of Federal Canada and the dominant North American influences of corporations, economic policies and political actions from the USA. The different microcultures, including Acadian French, Scots-Irish and Polish (as well as Aboriginal) influences, are framed by ethnic and linguistic identities, faith group memberships, economic activities, cultural participation and production and leadership. There is extensive intercultural social, cultural, economic and entrepreneurial activity, and the Mi'Kmaq community have become increasingly and strategically active in

all of these. The Membertou community, or 'Band', consists of interrelated expanded families, in which recurrent patronyms such as Christmas, Marshall, Paul, Denny and Googoo can be traced back through its history. After centuries of oppression, the Mi'Kmaq were granted, and increasingly assert, equal rights of self-determination. Whilst the renaissance of Mi'Kmaq culture is a remarkable story of growing confidence from great adversity (Scott 2004), there are strong connections of social capital through close links and ties with the Chiefs of other First Nations in Canada. These provide mutual assistance and are important sources of networked learning, such as in gaining legal advice and in handling negotiations with government agencies and corporations. For example, Canadian First Nations have gained statutory rights to consultation and consent over the development on their traditional lands. The social capital of family and kinship networks is enhanced through its interconnectedness with governance, senior members of the Band acting as Board members on public organisations, and as a member of the Canadian Senate. This has brought greater governmental and political awareness of the developmental role and economic contribution of Membertou, and in turn helped in leveraging further investments and support.

### 3. *Entrepreneurial learning*

The elected Chief, Terry Paul, had encountered community economic development ideas through working with the Boston Indian Council in the USA, before returning to Membertou and becoming Chief in 1984. He started to apply principles later documented by the Harvard Project on American Indian Economic Development (<https://hpaied.org/>), that sovereignty, institutions of governance, culture and leadership are all fundamental to Aboriginal nation-building. Initial business ventures encountered mixed results with some setbacks, but from this experience a 'First Nations Progression Model' of capacity-building was created, to develop leadership and systems for management, accountability and governance, based on principles of conservation, sustainability, innovation and success (Scott 2004). The Membertou Development Corporation was established as the commercial and ownership vehicle for business development in 1989. Over the subsequent 30 years, this developed a growing number of business ventures, based mainly on the reserve and through partnering with corporate organisations. These included a Gaming Commission, hotel and convention centre, sports and leisure complex and arena and other businesses including geomatics, data management, insurance and fishing. Since 2013, Membertou has acquired

large areas of land to develop retail, logistics, a new harbour wharf and a boat-building business.

Membertou makes explicit to business partners that it prioritises wealth creation over job creation through business development strategies to enhance community members' participation and to ensure that jobs created are sustainable over the long term. The success of its business development lies substantially in a learning strategy of developing its leadership and human capital, with a strong focus on education, training and involving young people in Band leadership. Young First Nations people still encounter multiple disadvantages and discrimination in accessing health, education, employment, housing and other services. Membertou has contributed to Federal initiatives to address these disadvantages, such as through an 'In Business' mentorship programme which connects High School indigenous students with indigenous business mentors across Canada. Membertou set out to provide services at least as good as those in mainstream society and to eliminate barriers to access, whilst developing a healthy economy which creates good quality jobs.

The entrepreneurial practices in Membertou continue to be resource-based, in using land, water and natural resources as a basis for sustainable activity, whilst creating higher levels of value by introducing their people as well-educated, technologically savvy, resident and socialised to work in locally based organisations. This is also being achieved by translating cultural resources (such as heritage) into contemporary value creators, for example through partnering with the 'Celtic Colours' music festival (Rae 2020). Young people from the Mi'Kmaq community are poised to play influential roles locally, across Canada and beyond. One can encounter a young man who plays different roles by managing the Heritage Centre, as well as being a ceremonial drummer, an MBA graduate and an emerging leader within the community. Learning as a resource for indigenous business development is researched, shared and taught through the prestigious Purdy Crawford Chair in Aboriginal Business Studies at the nearby Cape Breton University, which is held by the daughter of a Mi'Kmaq schoolteacher.

#### 4. *Opportunity choice*

This community entrepreneurship approach, based on principles of community economic development and enterprise (Peredo and Chrisman 2006; Johnstone 2008) has become recognised nationally and internationally, partly because of the impact it has generated in transforming the quality of life of its community in the wider context of a struggling island economy. In

relation to opportunity choice, it has advanced beyond the community enterprise model with a level of ambition in the direction of 'an entrepreneurial micro-state' by making strategic decisions and investments in community development with long-term implications, whilst making a growing contribution to value creation within the wider provincial economy (Mazzucato 2011). For example, the decisions to acquire significant areas of land for future development freed it from old Reserve boundaries, opened access to the Trans-Canada Highway route to facilitate logistics investment and to waterfront access for growing future maritime businesses. These ambitious projects involve corporate joint ventures which introduce external capital investment and expertise to achieve faster and more assured results. This approach reduces risks to the Band, whilst creating career opportunities for a population which is becoming more skilled and qualified. They are outcomes of entrepreneurial learning at a strategic, collective level, applied to long-term opportunity choice and development.

As a result of these actions, Membertou has become the third largest employer and the fastest growing community in the region. Its leadership is enabled by their economic model of community entrepreneurship, providing new employment, housing, health care and education for the growing, young population (Membertou 2018). This strategy is not dependent on generating autonomous start-ups, as these form an outcome of community cultural support, through the Membertou Entrepreneur Centre which provides training and support for new entrepreneurs, and there has been an increase in self-employment (albeit not yet on a comparable scale with the corporate entrepreneurship). The community economic development philosophy of collective action can challenge institutional constraints by creating new institutions, relationships and ways of working. Where this activism spans boundaries to become intercultural, it can achieve greater multiplier effects than within one community alone, as is demonstrated across the wider provincial economy. The Membertou case is an example of intercultural innovation by a minority group which addresses the causes of disadvantage and of economic and demographic decline, through creating institutional and community capability to respond creatively to these challenges (One Nova Scotia Commission 2014).

## Conclusion

The proposed model is generic in nature. It is informed by prior work but untested and conceptual. To that extent it is propositional and open to further work which may well challenge, add to and ultimately replace it. However, its contribution is to situate entrepreneurial learning as a dynamic set of connectors and enablers between the capital and resources of minority groups, and the ways in which they select and develop opportunities, based on prior, social and experiential learning. Given the wide range of variables which apply both within and between minority group entrepreneurial activities, the model provides a set of categories and headings which can be populated through specific individual and comparative studies, and which may use both qualitative material and quantitative data, rather than attempt to be more detailed and over-specific. The model may have applications in education, community development and research with minority entrepreneurs and groups. For example, it can provide a structure for users to map their own interpretation of the factors they perceive in relation to each of the headings and categories. Some may be judged as being less significant for that case; for example, 'locus' will be seen as highly relevant for some, but possibly less applicable by others.

Given that, to date, there has been exploration of opportunity structure and selection by minority groups, and some studies on entrepreneurship education with minorities, but little work on the connections between learning and minority entrepreneurship, this is an area which is worthy of development, for which this model aims to provide a starting point. Given also the strong interest in entrepreneurship education, this is an area in which further work is required in relation to the application of entrepreneurial skills and knowledge within and across cultural groups. The development of entrepreneurial opportunities through intercultural working or 'multicultural hybridity' (Alessandro et al. 2014) is an example of the new directions of such research which need to be underpinned by a better understanding of the learning processes involved in going beyond intracultural market perceptions. Some of the research questions which could usefully be explored, both generally and in relation to specific minority groups, may include, for example:

- How do individuals and groups within minorities learn to access micro-cultural resources and capital, and translate these into value creators for opportunities they identify?
- How is prior learning of entrepreneurship shared, applied, validated and updated within, and between, minority groups?



- What are the relationships between entrepreneurial capabilities acquired through formal education, and informal social and experiential learning gained within minority groups and wider society?
- How do minority entrepreneurs acquire and share new experiential learning from opportunity and venture creation actions to refresh socially acquired prior learning?
- How does entrepreneurial learning facilitate intercultural venture creation and development?

This chapter proposes that learning is an important enabler in minority entrepreneurship, and one which is under-recognised and explored to date. This position may not be universally accepted, nor was the proposition some 20 years ago that learning was a vital dynamic in developing entrepreneurial identity and capability (Rae 2000). If entrepreneurial learning is recognised for, and new understanding developed of, its contribution to understanding entrepreneurial behaviours in minority groups, then this approach may provide a means of enhancing access, connectivity and exploitation of capabilities and opportunities within, between and across different minority and cultural groups, at micro, meso and macro levels of societies.

There are, sadly, growing nationalist and populist movements internationally which are too often intolerant or even opposed to the equality and rights of minority groups (Chin 2017; Hedetoft 2018). Learning, both through access to formal education and also through recognising and appreciating the naturalistic, social and informal learning within and between communities, has a vital contribution towards enabling minority groups to develop their entrepreneurial capabilities and potential in this context. The academic study of minorities and entrepreneurship has made many advances over recent decades, but the question of how learning can enable this has received too little attention theoretically, even within many minority communities where it is seen as vital.

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# How Do Social Enterprises Deliver Tailored Support to Minority Entrepreneurs?

Jarmila Duháček Šebestová and Petra Krejčí

## Introduction

In Europe, social entrepreneurship as a phenomenon is primarily characterised by the tradition of third sector activities (Houtbeckers 2016). Social entrepreneurship is sometimes referred to as a hybrid combination of the non-profit sector and business activity. Battilana and Lee (2014) highlighted the differences between traditional entrepreneurs, social entrepreneurs and not-for-profit organisations, where traditional not-for-profit organisations are usually funded by external sources (state or donors), do not carry a business risk and typically do not procure financial resources for their activities. Not-for-profit organisations are primarily focused on social problem-solving, not on generating financial gain. Individual social enterprises can have different socially beneficial goals and each country may take a slightly different approach to supporting social enterprises. Some studies have shown that the best results occur when participants get experience in a ‘recommended’ environment where minority groups can learn quickly and from each other. However, researchers such as Bates (2003) stressed that while some social

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enterprises seek to employ people from minority groups, they may differ in the percentage of employees retained from the target group due to the nature of their goals. For example, environmental businesses must achieve significant environmental benefits compared to social enterprises targeted at social integration who must only undertake their business in an environmentally friendly manner (TESSEA 2019). Some of these social enterprises encourage their target participants to start-up their own business (Tracey and Jarvis 2007; Bacq and Janssen 2011). The main goal of this chapter is to present and discuss alternative approaches to social enterprise based on mini-cases from the Czech Republic. These examples illustrate that social enterprises could tailor support for minority enterprises, where social enterprises are also treated as forms of minority enterprises. This idea supports and extends the study of Greene and Butler (1996) where minorities assume the behaviour of the 'majority' in a natural way.

## Theoretical Background

Social entrepreneurship is deemed to be an economic activity if it has set social objectives and it can be considered at both macro and micro levels. At the micro-level, entrepreneurial activity is focused on employing disadvantaged people in the labour market. The macro-level can be viewed as a strategy of the state to target policies and budgets towards specific cohorts of people (Gojová 2014). Actors in the social entrepreneurship market identify social, environmental and economic goals that can provide social benefits and address complex social problems (Leadbeater 2007). However, there is no agreed understanding of the term and Table 1 presents a variety of different definitions of social enterprise to illustrate the point.

The importance of social enterprises for minority groups lies in the fact that they offer people from these communities a job that reflects their inability to secure employment in the open labour market. Vaceková (2015) distinguished four types of social enterprises which are based on the EMES international research network definition of social enterprise and these types could be closely connected with minority groups when integrating them into major society:

- Disadvantaged Work Integration Social Enterprise (WISE): This type places great emphasis on employing disadvantaged groups of people whose long-term job opportunities are very poor. Such social enterprises are mostly supported by public funds.



**Table 1** A different definition of social entrepreneurship

Author, year	Main scope
Smallbone et al. (2001)	Social enterprises offer a range of contributions to local economic development including providing goods and services which the market or public sector is unwilling or unable to provide, developing skills, creating employment (focusing particularly on the needs of socially excluded people), creating and managing workspace, providing low-cost personal loans and enhancing civic involvement through the number of volunteers involved. The wider social contribution can also include encouraging environmentally friendly practices and offering work and educational experience to young people
Mair and Marti (2006)	The definition of social entrepreneurship usually relates to behaviour or processes and the definitions of social entrepreneurship refer to the tangible outcome of social entrepreneurship
Gidron and Hasenfeld (2012)	Social entrepreneurship is an activity aimed at solving social goals through market transactions, which corresponds to the functioning of private organisations
Choi and Majumdar (2014)	Social entrepreneurship is a multidimensional concept composed of sub-concepts such as market orientation, social value creation, social entrepreneurship and social entrepreneurship, and sub-concepts such as entrepreneurial innovation, business ideas, entrepreneurial compassion and entrepreneurial skills
Huncovská cited in Wildmannová (2016)	Social entrepreneurship is based on a combination of the public and private sector in the provision of public services and also supports the employment policy in the public sector

(continued)

**Table 1** (continued)

Author, year	Main scope
Wildmannová (2017)	Social enterprises are essential in achieving commercial success and, on the other hand, are expected to meet social goals with democratic participation, while maintaining their stability and respecting the boundaries of business, so that they are able to survive in the market

- Self-funded WISE: This type creates long-term self-financed jobs that are initially funded by the public sector in the start-up phase. The overall goal of the social enterprise is to be self-financing.
- Transition WISE: This type of social enterprise occurs when employment or training is offered to a minority group to increase their skills in order to help them find a job in the open labour market.
- Disabled WISE: This type aims to support resocialisation, which is adapted to people who suffer mental or severe physical disabilities. The goal of these companies is to involve employees in structured activities and to help them establish social contacts.

These different types of social enterprises offer jobs which can either be permanent or temporary. In social enterprises that mainly have permanent jobs for employees from minority groups, the process of their career development within the company should be clearly established and they should be involved in the management or decision-making and development of the social enterprise. Figure 1 presents a mapping of how people might develop a career plan through working with a social enterprise.

Temporary jobs are designed to provide enough work experience to help people be successful in the open labour market or start their own business. While permanent jobs may focus on target groups such as elderly or disabled people, temporary jobs are more likely to focus on groups such as young or long-term unemployed people to help motivate them to change their career. Temporary jobs should also lead to the development of careers in the open labour market, not only within the social enterprise.

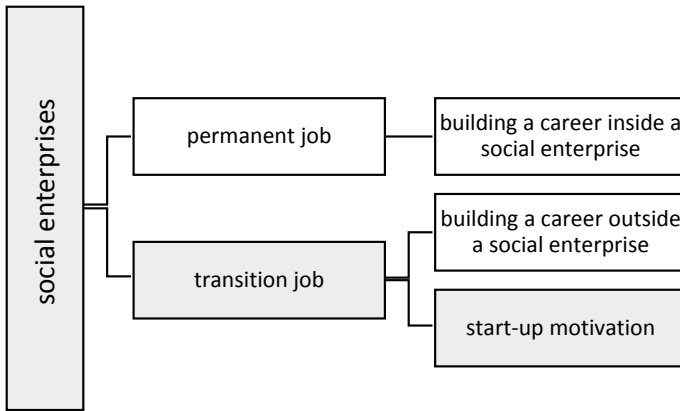


Fig. 1 Career growth for minority groups

## Minority Entrepreneurship: Problems in Start-up and Support

When starting a business or joining the job market, people from minority and disadvantaged communities face a variety of barriers. These barriers have been defined based on OECD surveys in the countries of the European Union (2017). The barriers to business creation for minority groups include access to finance from local banks, regulatory complexity, fear of debt, lack of business support, loss of security, access to customers, hiring staff and lack of business start-up finance (Levie 2011). Many of these barriers are faced by entrepreneurs in general, but reliance on labour markets and perceived bias in the finance sector are more specific to minority entrepreneurs (Carter et al. 2015). It is interesting to note that fear of failure is highlighted as a key barrier to nascent entrepreneurs in minority communities (Gonul 2018; Nová 2018) and this is exasperated by issues such as:

- **Education and Training:** The most successful enterprises operate with a combination of knowledge and education. In many cases, minority groups are poorly represented in these fields. Many do not have the opportunity to achieve high levels of education due to sociocultural or other handicaps. In the specific case of immigrant minority groups, language barriers and the change of environment make their life very difficult when trying to find jobs or to start a business (Gonul 2018).
- **Lack of Personal Qualifications:** The lack of appropriate education is connected with practical issues such as not acquiring the personal skills and abilities needed to manage a business. It is not only a problem for minority

groups, it is a common problem for people who work for employers without any higher level of responsibility or any opportunity for personal development.

- **Lack of Access to Resources:** Minority entrepreneurs may experience particular problems in the area of finance when entering into business. Banks are often not interested in offering them small loans and so minority enterprises frequently have to use their savings for financial support or get loans from family and friends. Another possible way to get finance for starting a business is to apply for business grants or financial contributions for social entrepreneurship. Financing is also connected with networking and with the possibility of acquiring credit from business partners outside their minority community.
- **Poor business knowledge:** A big problem for minority entrepreneurs when starting a business is represented by their lack of business knowledge and experience. Weaknesses can occur in the form of a poor business plan, investment return calculation, financial analysis, costing, product pricing, but also in terms of weak communication skills, poor presentation skills and a lack of self-confidence. However, minority entrepreneurs without the necessary experience should not give up their dream of running a business; there is the opportunity to attend training courses, frequently organised by social enterprises, where they can acquire entrepreneurial skills, increase qualifications, develop a business plan or talk to specialists (lawyers, accountants, tax advisers).
- **Sociocultural Challenges:** Minority entrepreneurs are disadvantaged by stereotyping. They are hindered by socio-economic stratification and negative views regarding minority groups, particularly about their ability to complete a task or to be able to provide the service required. Such stereotypes are based on racial, ethnic, religious or other social assumptions and can create discriminatory conditions for these groups.

Social enterprises which tailor their support for minority groups must take these challenges into account to be successful in providing such support.

Social enterprises benefit from knowledge of the social, economic and legal structures of the major society, plus they can help people overcome language difficulties, lack of recognition of credentials and minority discrimination since their primary purpose is frequently to support minority communities with their entrepreneurial activities (Kim and Hurh 1985; Kirkwood 2009; Alaslani and Collins 2017). Some commentators suggest that social enterprises could be an alternative source of employment through which people

from minority communities could first get a job which acts as a stepping-stone into entrepreneurship later. When opportunities for start-ups are very limited, social enterprises also represent a safe supporting network for disadvantaged (threatened) persons on the labour market who are initiating and subsequently running their own business (especially women, people with low qualification, older people, young people, ethnic or other minorities), plus social enterprises can reduce threats coming from the social instability and cohesion in society (Pelucha et al. 2017; OECD 2016).

## Social Enterprise Support Networks for Minority Groups

In minority entrepreneurship, a community network can play a significant role in affecting the local business environment in a positive way. Such a network may include social enterprises, non-for-profit organisations and business associations such as chambers of commerce. The network may offer, in cooperation with local authorities and incubators, customised programmes for the minority communities and provide advanced training for more established minority enterprises (Adams and Hess 2010; Neumeier 2012). Incubators and accelerators can help with resources and provide the opportunity to build business proficiencies for minority entrepreneurs. These organisations can help to increase the number of minority start-ups and provide incubation space along with professional consultation. They also offer a network of business partners as they introduce access to social networks and business assistance. They also help by providing workshops, seminars, personal mentoring and training for the minority entrepreneurs, equipping them with the necessary skills and competencies. Local organisations can also invite successful minority entrepreneurs into their programmes to provide role models for potential minority entrepreneurs. It helps individuals to see such examples as they may benefit from understanding the experiences and challenges faced by the role models. Social capital and community support are frequently used as a mechanism to overcome challenges for minority entrepreneurs. Social capital community networks are mostly used within ethnic minorities, but minority communities of all types need to develop ways to increase social capital by building new social networks and gaining access to existing ones. Higher education institutions are natural environments to support business learning and these mostly focus on the youngest generations of minority entrepreneurs. They offer courses, co-working spaces and competitions to present business ideas. Several foundations also support the growth of

**Table 2** A summary of social enterprise support for minority entrepreneurs

	Social Enterprises	Other
Minority Enterprises	Cross-sector collaboration resource sharing civic involvement improving quality of life empowerment of disadvantaged groups incubation of start-ups	Education, Mentoring Project advice
Other	cooperation in CSR projects public-private partnerships	Competitive environment Networking clustering

minority entrepreneurship, with the Kauffman Foundation (USA) probably the best-known foundation specialising in entrepreneurship programmes. Overall, the different types of programmes are summarised in Table 2. Social enterprises offering tailored support for minority entrepreneurs is an issue closely connected with policymakers, regional and local authorities, non-governmental organisations, universities and practitioners. The main focus is on creating motivation for start-ups led by entrepreneurs from minority communities and a supportive network may consist of: (1) non-profit organisations; (2) incubators and accelerators; (3) community networks; and (4) educational organisations.

The inability to access the mainstream job market and the dissatisfaction of minority groups with employment situations also drive people towards entrepreneurship. When an entrepreneurial decision is influenced by the business environment, all network members could motivate minority entrepreneurs to search for opportunities, coordinating business resources, plus supervising the labour process and business conduct for future use. An effective and responsible allocation of all resources is the core of entrepreneurial activity (Suklev and Rexhepi 2013). Minority entrepreneurs in the care of a social business network are also motivated to follow government rules and regulations and to take part in local community development. Social enterprises also support and encourage minority entrepreneurs to develop the community from which they originate (Carter et al. 2015). The results of previous studies (e.g. Rahman et al. 2018) have shown that business opportunities could open for minority entrepreneurs (especially ethnic) when they are able to deal with forces from the regulatory macro environment. This situation opens an arena for social enterprises to introduce minorities to entrepreneurship with appropriate training, plus address wider social issues like social adaption and integration of minorities (Jones and Ram 2012). Unfortunately, mainstream support services are not so appropriate for the

needs of minority businesses in a local economy, which explains why social enterprises play such a significant role regarding disadvantaged communities (Iskander and Lowe 2010; Jones et al. 2014; Sonfield 2014).

## Research Methodology

Business advisors play an important role in supporting minority entrepreneurs. Business consultant services mostly take the form of personal consultations where methods such as coaching and mentoring are used. The Community-Based Business Support Model (CBBS) is commonly used to provide innovative support and counselling practices for groups at risk of social exclusion, such as ethnic minorities, women, people with disabilities or other people belonging to disadvantaged or minority communities. The model considers the share of non-governmental not-for-profit organisations involved in activities aimed at meeting the needs of excluded communities. According to this model, community NGOs provide high-quality consulting and assistance services for the needs of clients who run their own businesses or want to become self-employed. They also stimulate the growth and effort of businesses. The core of the model is the ‘Community-Based Business Adviser’ (CBBA). CBBAs are members of the communities in question and represent the link between socially vulnerable communities and professional services of professional business consultants. Community business consultants can effectively deliver services through knowledge of the community, their language, culture and way of thinking (Wolf and Troxler 2016). Based on this model, several social enterprises were examined to profile their specific areas of minority enterprise support.

### 1. *Data description*

It is difficult to ascertain the exact number of social enterprises in the Czech Republic, but Krejčí and Šebestová (2018) estimated there are more than 200 social enterprises in the country. These social enterprises can be classified by industry, their main focus, business location or target group. The number of social enterprises in the Czech Republic has increased quite significantly between 2010 and 2018 (2010–68, 2018–211 entities) and according to the 2019 directory of social enterprises (CSP 2019), there were 233 social enterprises in the Czech Republic (see Fig. 2). However, the Czech Social Entrepreneurship portal is only a voluntary register. Due to its voluntary



**Fig. 2** A map of social enterprises in the Czech Republic from the social business directory (Source CSP 2019. Adresář sociálních podniků. České sociální podnikání [online]. Retrieved from: <https://www.ceske-socialni-podnikani.cz/adresar-socialnich-podniku>)

nature, not all social enterprises and social integration enterprises may be listed there.

Social enterprises as legal entities are not legislatively defined in the Czech Republic

at present. Indeed, in the Czech Republic every organisation could be a form of social enterprise if it meets the criteria of economic, environmental and social principles and if 50 per cent of its profit is reinvested into the organisation (TESSEA 2018). Social enterprises in the Czech Republic frequently use public funds for filling job positions which are connected with their social work (i.e. giving employment to people who have social problems and are disadvantaged in the labour market). Social enterprises can use public support because they fulfil the criteria for integrated forms of employment and this is a recognised form of social enterprise in the Czech Republic (Wildmannová 2017). Socially integrative enterprises do not offer socially oriented products, nor do they provide social services. They merely employ people who have some type of social problem. For this reason, a specific definition for social enterprises in the Czech Republic needs to be utilised:

They are business entities that operate in the open labour market and offer employment to disadvantaged people. (Boukal 2013)



A work integration social enterprise (WISE) must meet several requirements: (1) they support social inclusion (i.e. at least 40 per cent of all employees are from target groups); (2) they support the inclusion of workers in management; (3) the enterprise must be locally or regionally and environmentally oriented; and (4) at least 51 per cent of its profit must be reinvested in the social enterprise and part of the possible profit must be used for the development or operation of services aimed at its beneficiary target group (Dohnalová et al. 2015; Wronka 2013). However, due to their specific focus, they cannot reach the full portfolio of innovation mentioned in the literature and so they have difficulty finding the motivation for social innovation normally associated with social products or social services.

To acquire relevant information in the field of social enterprises and their activity for minority enterprises, a combination of primary and secondary research was needed (Mulgan 2006; Tucker 2014). The research methodology employed had three phases. In the first phase, a literature review was undertaken and secondary data were collected and described with a basic qualitative description in the form of mini-case studies. As an output, a useful set of indicators were obtained for the second phase of the study. In the second phase an evaluation of innovative potential was made according to results from the literature review. In the third phase, deductive logic was utilised (Yin 1994) to create a study-proposition of a matrix of problems and then develop a theoretical framework (social innovation evaluation). According to the desk research on best practices and the active consultation with a social business cluster (SINEC), three main ways of support were found and they will be presented in nine examples of good practice:

- Co-working space and business programmes for minorities in social incubators (Hubs) supported by a municipality (cases: CzechStartups.org, Impact Hub, Transition Workplaces in Social Enterprises in the Moravian-Silesian Region, Business Gate Karvina),
- Intergenerational Business mentoring programmes in social enterprises (business cooperative case: Kašpar, Ergotep),
- Transition job positions in social enterprises (new regional project) to help minorities get experience and later to start-up (business centre case: Business and Employment Support Centre, Fundacja Laja, Petrklíčhelp).

Each of these cases was investigated in detail and a comprehensive profile of their activities was developed for analysis. The findings presented here are founded on the authors' interpretation of secondary sources and in-depth interviews with social enterprises managers/owners.

The primary research with the owners of integrating social enterprises (WISE) had to be carried out with at least a total sample of 9 respondents randomly selected in the Czech Republic. With a total number of 233 social enterprises in the Czech Republic officially registered on the TESSEA platform, the sample size was not representative of the general population (Cavana et al. 2001). For this reason, ‘examples of best practice’ were used to explain the possibilities of start-up support for minority entrepreneurs connected within social enterprises. The limitations of the study can be seen in the validation of results, where they describe the subjective opinion of each respondent. During the interviews, the managers/owners explored their main motivations for their social enterprise and expressed their view on supports for minority groups. This choice was appropriate for the chosen research problem which was to identify different behavioural models for minority support based on their socio-economic and sociocultural backgrounds (Clark and Drinkwater 2010; Alaslani and Collins 2017).

## Examples of Good Practice

When analysing the case studies, the approach adopted by McDonough and McDonough (2014) and Zainal (2007) was used to ensure descriptive mini-case studies in a narrative form. The presented case studies are authentic and based on information about social enterprises and personal experiences with the described organisation. Basic information was ascertained in cooperation with customers of the companies and other information was acquired from the websites of the social enterprises.

## Support Stream One: Co-Working Spaces and Business Programmes for Minorities

The following cases provide examples of good practice regarding supports for start-ups among minority communities.

### 1. *CzechStartups.org (SE1)*

CzechStartups.org was the first official online centre for start-ups in the Czech Republic. This centre was created as a partner project of CzechInvest, in co-operation with IBM Czech Republic, Czech ICT Alliance, Association of Small and Medium Enterprises and Tradesmen of the Czech Republic and

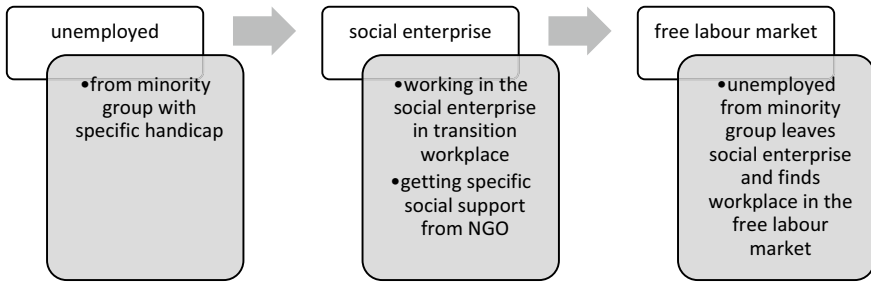
the Rockaway Capital. This centre aims to offer a comprehensive overview of the Czech start-up ecosystem, not just to start-up entrepreneurs, but also to start-up enthusiasts and the general public. On the website, one can find information about current government and private start-up programmes, small and medium-sized businesses, or information about support providers who can help start or accelerate business through mentoring, networking or by providing investment. One of the programmes is focused on student start-ups which are a significant part of minority enterprises (to support idea, develop network, access to financing). This activity could be associated with business preparation in general.

## 2. *Impact Hub (SE2)*

Impact Hub creates a community that shares co-working space. Impact Hub creates a good working environment for individuals, start-ups and small businesses. Impact Hub is part of a global network; it has eight Acceleration Programmes for smart ideas and several exciting events. In the Czech Republic, the network of Impact Hub is represented in three cities (Prague, Brno and Ostrava), where each representation offers regional and common national acceleration programmes. They also have a social impact hub programme.

## 3. *Transition Workplaces in Social Enterprises in the Moravian-Silesian Region (SE3)*

In January 2019, the Moravian-Silesian Pact began to implement the project 'Transition Workplaces in Social Enterprises in the Moravian-Silesian Region' (MSPAKT 2018). The project addressed the issue of employing the target group of people with disabilities in the labour market, focusing on intensive individual and group counselling, identifying and gradually removing barriers and allowing the target group to succeed in the labour market. On the one hand, social enterprises are involved in this project, offering transition jobs to the target group. On the other hand, not-for-profit organisations are also involved as they provide the necessary accompanying social services for people from the target group. Through work in the social enterprise, people from the target group gradually gain work experience, skills and intensively prepare for the transition to a free labour market. Using targeted psychosocial support, people from the target group (having completed the programme) have a much stronger possibility of getting a job



**Fig. 3** Process of transition workplaces

with an employer in the open labour market. Figure 3 explains the process that normally occurs in such programmes.

#### 4. *Business gate Karviná (SE4)*

This project is provided in co-operation with the city of Karvina and the School of Business Administration at the local university. There are three pillars to the programme: A—Academy to support young people in entrepreneurship skills developed through projects; B—Benefit from business counselling and start-up support for minority groups in the local labour market (young, aged 50+, women); C—Co-working space for all, mostly from the programme.

The presented best practices have demonstrated an ecosystem for minority entrepreneurship in the motivation phase when entrepreneurs need support before starting a business, which must be based on qualified advice that is necessary for the success of the minority business. They also provide support in the phase of business creation when mentoring and coaching is needed, and educational and training activities for minority groups are not publicly available (OECD 2016).

## Support Stream Two: Intergenerational Business Mentoring Programmes in Social Enterprises

#### 5. *Kašpar Centrum (SE5)*

Kašpar Centrum provides an alternative to consulting companies or recruitment agencies. They focus on employment of the 50+ age group. The social impact could be seen in social audit and part-time jobs support which is

accompanied by adequate counselling for social enterprises to be more effective in human resource management. The campaign 'Make a Bag and Employ Somebody' is an expression of support for those who want a new start which began with an intergenerational mentoring programme which is unique in the Czech Republic.

#### 6. *Ergotep (SE6)*

Ergotep creates conditions for work and professional growth. It offers training courses in the Ergoeduka Training Centre and can help people to grow professionally and become experts. Young people with disabilities are motivated to enter the labour market and fulfil their dreams. It organises training for such people where they go through the operation of a social enterprise, plus it also offers training courses and workshops to highlight what social entrepreneurship entails and how people can apply themselves. Ergotep has started its innovative philosophy in its own social enterprise—Ergoprogress. It created and continues to develop this product of social entrepreneurship in other social enterprises. It offers education and counselling in the Social Entrepreneurship Advisory Centre in Prague and the Ergoeduka Training Centre.

This type of support continues the previous support stream with business creation, but their support continues to the phase of enterprise functioning when the educational and training activities are very important to stabilise a young company through advice, training and workshops, even after the initialisation of minority entrepreneurship has occurred.

### **Support Stream Three: Transition Job Positions in Social Enterprises to Help Minorities Gain Experience**

These activities direct help to minority start-ups from the phase of enterprise functioning to the phase of financial support and then the phase of growth and consolidation through self-financing.

#### 7. *Business and Employment Support Centre (SE7)*

This is a new NGO which focuses on women entrepreneurship. It currently offers shared-space and business counselling, plus it will offer a start-up programme on a trial basis in the future. Furthermore, it helps to

establish other social enterprises as is evidenced by their support of a woman who is being mentored to help her establish her social enterprise (Zero-waste). This social enterprise was founded by a member of a minority group and at the same time she wants to integrate people with disabilities in order to achieve environmental benefits in producing sustainable products to replace disposable plastics.<sup>1</sup>

#### 8. *Petrklíčhelp (SE8)*

Petrklíčhelp is an educational, innovative not-for-profit organisation operating in the market since 2005. The management of the organisation has twenty-years of experience in the field of international projects. They support young people in implementing their projects, mostly with a community impact. They offer them an active mentoring programme, generally in the form of non-formal education. This organisation helps minorities to be involved in mainstream society not only through projects, but also in volunteering activity.

#### 9. *Fundacja Laja (SE9)*

Fundacja Laja (Laja Foundation) is a foundation based on educational activities and it predominantly supports creative activities. It promotes pro-social activities, volunteerism and education with Czech and Polish cooperation. They help to prevent social problems based on stereotypes and prejudices, plus they implement ecological projects. They work mostly with young people, encouraging them to be active and to start-up their activities.

The start-up ecosystem has grown significantly in the Czech Republic in recent years. In the Czech Republic, there are Czech and foreign organisations that help minority groups start businesses. Table 3 has been designed for this study to evaluate whether an enterprise: (1) fulfils the criteria of a social enterprise; (2) does not fulfil the criteria; or (3) there is no certainty as to whether or not the enterprise fulfils the criteria. This measurement is based on qualitative and subjective evaluation, where a tick (√) means that the enterprise fulfils the criteria, a cross (X) indicates that the enterprise does not fulfil the criteria and a hyphen (-) means that there is uncertainty regarding whether an enterprise fulfils or fails to fulfil the criteria.

As results in Table 3 have shown, most social enterprises focus on educational activities and mentoring activities, thus helping minority groups to

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<sup>1</sup><http://www.spolecenskaodpovednostfirem.cz/nasi-clenove/326-green-smile/>.

**Table 3** General comparison of supporting area

Name of organisation	Focus group	Level of support	Area of support				
			Education and training	Personal qualifications	Access to resources	Business knowledge	Sociocultural challenges
CzechStartups.org.	N	national	✓	x	✓	✓	-
Impact Hub	N	national	✓	x	✓	✓	-
Transition places	N	regional	✓	x	-	✓	✓
Business Gate	Y,A,E	regional	✓	✓	-	✓	✓
Business and Employment	W,Y,A,E	regional	-	✓	-	✓	✓
Support Centre							
petriklíčHelp	Y,W	regional	✓	✓	x	-	✓
Fundacja Laja	Y, W	regional	✓	✓	x	-	✓
Kašpar centre	A,D	national	✓	✓	x	-	✓
Ergotep	A,D	national	✓	✓	x	-	✓

Legend: W-women, Y-young, D-people with disabilities, A- aged 50+, E-ethnic, N-no focus

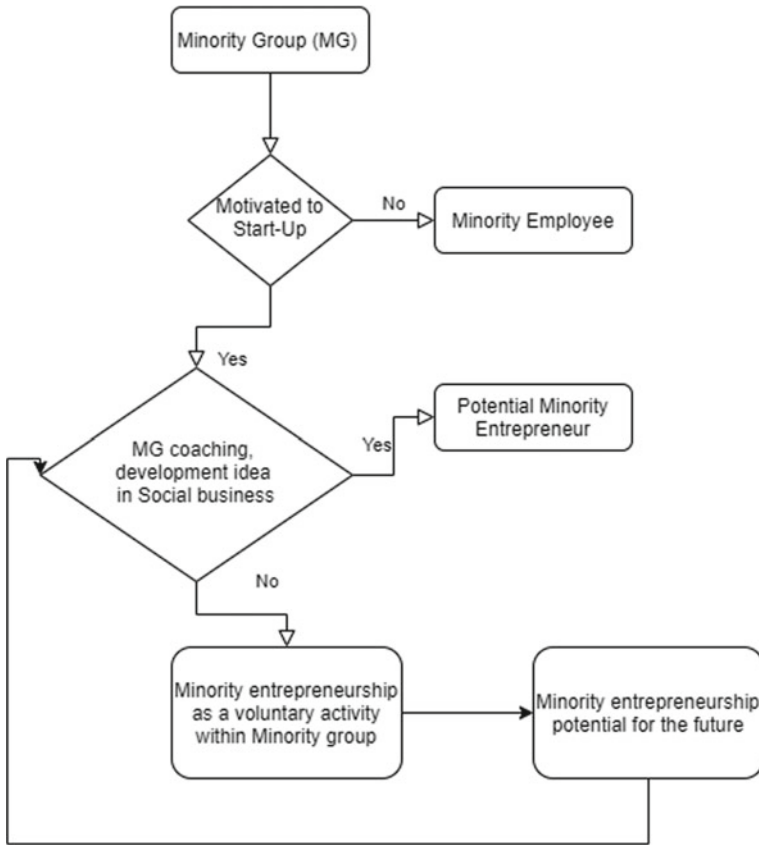
reduce problems with stereotypes in the open labour market. Unfortunately, there are significant potential barriers to minority groups entering into business and so they are offered the opportunity to use the services of these support organisations and other similar organisations. They can also meet social entrepreneurs who have already been able to set-up in the business world and can thus benefit from their experiences in starting a business, especially in the form of social enterprise clusters or chambers of commerce for social enterprises.

## Minority Communities as Opportunity Spaces for Social Entrepreneurship

In line with the presented results, many local challenges for minority social enterprises have been identified. However, the minority communities could be motivated by the successful projects of existing social enterprises in local communities that meet social needs and seek also to meet the market framework (Seelos et al. 2011).

The presented study discussed a wide range of minority entrepreneurship issues and their place in the not-for-profit sector and in local community. The support required is closely connected with social enterprises when they find their role in the community and the associated social impact in each phase of minority entrepreneurship phase development. It is appropriate to clarify the extent to which social enterprises create special programmes for each minority group. Like social entrepreneurs, minority entrepreneurs have to identify opportunities, mix resources and establish new ventures in a market. Social entrepreneurs could develop their activities only for economic impact, but they prioritise non-financial outcomes including cultural, social and natural values, which are creating opportunity spaces for target groups (Seymour 2012). Deep human motivation and the balance of financial and non-financial goals creates a friendly environment among different types of minority start-up entrepreneurs (Mahto et al. 2010). Emotions and entrepreneurial motivation discover emotional antecedents, self-oriented motives and other-oriented motives to drive and develop minority entrepreneurship using social business network support (Cardon et al. 2012; Miller et al. 2012). Figure 4 offers possible processes and probing questions used to prompt start-up ideas of minority entrepreneurs or develop growth phases which enhance their joint-ventures. The presented case studies and model have shown that social enterprises could give three possible forms of support to minority entrepreneurs:





**Fig. 4** Model of minority enterprises support Fred McKinney (Quinnipiac University, USA)

- Firstly, in the form of transit employment, when a minority group member gains experience, motivation, knowledge and peer support;
- Secondly, they could use social entrepreneurs for the role of mentors and coaches to develop ideas for incubation;
- Thirdly, minorities could decide to network with social enterprises to get knowledge of the local community in the form of volunteer activity and later they may establish their own business.

Their beneficial impact on social and economic development of minority entrepreneurs during various exiting business stages can be seen from various perspectives, such as a contribution to a more balanced use and allocation of local resources, generation of new employment (especially within minority groups) and playing a role in enhancing the social capital that is accumulated

at local level. As locally operated organisations, they adapt to the evolution of the local context and can be considered as a problem-solver within a specific social and economic context (Borzaga and Tortia 2006). Finally, it can be stated that most of these social enterprises are prepared to educate and prepare minority groups for their entrepreneurial activity by sharing their knowledge and network (Weerakoon et al. 2016; Calvo Martínez et al. 2019; Seelos et al. 2011).

## Conclusion

Social enterprises provide minority group members with support and offer them an opportunity to reassess the role of work in their lives and to start a business. This concept implies assisting disadvantaged minority groups, not only to develop their career, but also to acquire specific values through democratic management structures, as disadvantaged workers are often involved in the governance of WISEs (Galera 2009). Social enterprises contribute to enhancing social cohesion in mainstream one support (as mentioned in best practices SE1 to SE4) during the phase of motivation and business creation. Social enterprises help foster existing minority enterprises, as they try develop to supply goods and services with a high social potential, which strengthens trust relations among the existing network of supporters. Their inclusive and participatory approach also motivates minorities towards active participation in the social and economic issues affecting their local communities. This contribution helps to increase a person's sense of social responsibility towards their minority community.

Existing social ventures also offer additional, more specialised support to develop their entrepreneurial ideas in the phase of enterprise functioning within mainstream support services two, often providing the basics for necessity-driven and opportunity-driven entrepreneurs. Without those business development structures (such as incubators, mentoring and training schemes, investment readiness support etc.), there is a risk that minority enterprises will only have a small local advantage (see cases SE5 and SE6). Furthermore, according to the actors in the field, the challenges regarding the structure and activities of business development services for social enterprises in the phase of enterprise growth and consolidation (see cases SE7 to SE9), need to be understood and minority enterprises need to recognise social economy values and the significance of social enterprise principles. The lack of funds for financing start-ups and the risk aversion of business activities associated with low business confidence of minority group members is

the main topic there. The professionalisation of those enterprises could help them to become sustainable social enterprise projects (Borzaga and Galera 2014). This can be achieved by building the skills and competences of social entrepreneurs through the organisation of targeted sensitisation events and by supporting the development of incubators and support structures designed to foster social enterprise start-ups and scaling (Pelucha et al. 2017; OECD 2016). The phase of creation and motivation is a very important phase for potential minority entrepreneurs and supporting social organisations need to carefully select and provide specific services, including detailing the benefits and risks of the business. Further research is required regarding these mainstream supporting processes in social enterprises as previous analyses have generally offered more questions than answers regarding designing and implementing appropriate social enterprise support for minority communities (Dohnalová et al. 2015; Šebestová and Palová 2017; Wildmannová 2017).

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# Supplier Diversity: A Mechanism for Supporting Minority Entrepreneurship

Fred McKinney

## Introduction

The Supplier Diversity (SD) movement is a programme instituted by the U.S. federal Government and U.S.-based corporations to encourage the use of minority businesses as suppliers by major public and private buying organisations. It is a movement reminiscent of many of its progressive predecessors (e.g. the fights for union's rights, women's rights, civil rights, marriage equality and environmental rights). These movements share commonality in their ability to mobilise the grievances of a minority group to capture the zeitgeist through the formation of organisations aimed at advocating for change. In recent decades, SD has grown to include businesses owned and operated by a variety of minority groups—racial and ethnic minorities, women, the disabled, and people who identify as LGBTQ (see Table 1).

The combination of these diverse populations now represents the majority of the American landscape (see Table 2). According to the U.S. Census, 75.9 percent of all Americans are either racial or ethnic minorities or White women. These changes have brought new opportunities to historically oppressed groups, but they have also revealed the immense challenges associated with achieving true economic equality. This chapter aims to capture

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**Table 1** Businesses in the United States, 2012

Business	
Men-owned	14,844,597
Women-owned	9,878,397
Minority-owned	7,952,386
Non-minority owned	18,987,918
Veteran-owned	2,521,682
Non-Veteran owned	24,070,685
Total firms	27,626,360

Source U.S. Census Bureau

**Table 2** Percentage of ethnic and racial minorities and white women in the United States, 2019

Race, Ethnicity and White Women	Percentage, 2010
Hispanic or Latino	16.3
Black or African American	12.6
American Indian or Alaska Native	0.9
Asian	4.8
Native Hawaiian or Other Pacific Islander	0.2
Some other Race	6.2
Two or More Races	2.9
Total Percentage of Ethnic and Racial in U.S. Population	43.9
Percentage of White Women	32
Total Ethnic, Racial and White Women in U.S. Population	75.9

Source U.S. Census Bureau: Tables PL1 and PL2

some of the most important components of the Supplier Diversity Movement in the United States between 1980 and 2019.

## The Pre-Movement Years: The Legacies of Slavery and Jim Crow

Over the course of the almost 250 years during which slavery was legal in the United States (1619–1865), Black individuals were denied many of the most basic rights—owning property, employing or contracting with European Americans, voting, marrying or traveling freely, attending school and learning to read or write (Vann Woodward 1955). However, explosions of racial tension during the Civil War brought a brief period of relative equality for those freed from bondage. During this short period of Reconstruction (1865–1877), the Constitution grew to include three Amendments that gave important rights to the Black population. The 13th Amendment abolished

slavery, the 14th Amendment bestowed equal protection of the law for all American citizens, Blacks included. The 15th Amendment made it unconstitutional for states to prevent American men of any race from voting. Union troops enforced these amendments in the South. However, the removal of these troops in 1877 made room for former Confederate leaders to repress Black individuals. Under this regime, African Americans experienced slavery under a new name—Jim Crow. In the Classic book, *The Strange Career of Jim Crow*, Vann Woodward (1955) chronicles the rise of Jim Crow laws that segregated most aspects of Black and White life. Blacks could not live with Whites, nor could they employ them, marry them, lend to them or go to school with them. Theatres, restaurants and public conveyances, among other public spaces, developed respective spaces for each race. Additionally, several obstacles prevented Blacks from voting or holding political office. By 1900, the new Jim Crow laws mingled with deeply established customs to codify the second-class status of Black individuals. It is this second-class status that would motivate the Civil Rights Movement.

## The Fight for Civil Rights: The Early Years

Many of the most recognisable movements rise from a pivotal event that catapults people into action through organisation; or at the very least, pushes individuals to refute the status quo. For the U.S. Civil Rights Movement, there were two such events. In 1954, the Supreme Court of the United States, after several years of litigation by lower courts, decided *Brown v. Board of Education* (1954). The case questioned the constitutionality of state-sponsored segregation in American public schools. Thurgood Marshall argued that separate school systems for Blacks and Whites were inherently unequal and thus violated the Equal Protection Clause of the 14th Amendment. Under the leadership of Chief Justice Earl Warren, the justices unanimously decided that separate educational institutions were inherently unequal, thus overturning the precedent established by *Plessy v. Ferguson* (1896). In doing so, the Court eliminated the legal grounds for the segregationist nature of Jim Crow laws, supposedly overthrowing the social regime that had replaced slavery as the defining basis of the relationship between Blacks and Whites, as well as that between Blacks and the State. There was finally a promise that all men and women might truly be created equal as was suggested in the Declaration of Independence. The case provided legal support for what Black Americans and their supporters knew to be the moral social order.

However, the suggestion by the *Brown v. Board of Education* (1954) decision that Black Americans might be elevated to equal standing with their White counterparts was disproven by the murder of Emmett Till in Money, Mississippi on August 28, 1955. Till, a 14-year-old boy from Chicago spending the summer with relatives in Mississippi, was brutally beaten and murdered after being accused of making physical and verbal advances against a White, female cashier. The accused behaviour violated the unofficial code of conduct for an interaction between a Black man and a White woman in the South. However, in September 1955, Till's murders were acquitted of all kidnapping and murder charges by an all-White male jury (Tyson 2017). The acquittal contradicted the promise of racial equality laid forth by *Brown v. Board of Education* (1954), calling attention to the inability of American democracy to protect its most vulnerable citizens. It also highlighted that Black Americans were still subject to mob justice despite the rule of equality codified in the Constitution decades before; a structure supported by the inaction of the legal body (Tyson 2017). The contradiction between these two events bolstered any previously sheltered calls for change by Black leaders. Less than six months after Emmett Till's murder, the Montgomery Bus Boycott began (the first large-scale demonstration against segregation), running from December 5, 1955 to December 20, 1956 (Burns 2012). The fight for Civil Rights had begun.

The success of the Montgomery Bus Boycott brought federal attention to the deep segregation within the country. Shortly after its conclusion, President Eisenhower sent federal troops to Little Rock, Arkansas to protect nine Black students as they attempted to enrol in the city's Central High School. The act was the first attempt by the federal government to enforce the *Brown v. Board of Education* (1954) decision and provided additional momentum for the growing Civil Rights Movement (Fitzgerald 2007). In 1957, Reverend Dr. Martin Luther King Jr. and other community leaders formed the Southern Christian Leadership Council (SCLC). Together with the Student Non-Violent Coordinating Committee, the Congress for Racial Equality, the NAACP, the National Urban League and countless other organisations began their concerted attack on Jim Crow (Kluger 2011). Their collaborations resulted in the passing of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. These Acts reinforced the Amendments that had been passed a century earlier. Within 100 years of the conclusion of the Civil War, the Civil Rights Movement had successfully advocated for changes that would again change the fabric of American society.

## The Civil Rights Movement as an Impetus for the Supplier Diversity Movement

The earliest stirrings of the Supplier Diversity Movement coincided with the height of the Civil Rights Movement. After the passing of the Civil Rights and Voting Acts, Dr. Martin Luther King Jr. and other activist leaders shifted their attention to the less obvious problems plaguing the livelihoods of African Americans living in the North and the West. However, this shift was proving more difficult than anticipated as riots broke out in locations such as Watts (California) (Stevens 2012). Despite some people believing that strict non-violence would not be an adequate means for change, Dr. King met with the local White corporate leaders in Chicago in the late 1960s. These prominent businessmen (including George Johnson, President and CEO of Western Electric and Robert Stuart of National Can) asked Dr. King what they might do to help. Dr. King suggested that their most powerful tool of support might be to give Black business owners opportunities to work with their firms. In response to the suggestions put forward, the city of Chicago held its first Chicago Opportunity Business Day in 1967, the first expo whereby African American businesses and large public and private corporations joined together in the pursuit of business opportunity (Chicago MSDC 2020). The next year, the Chicago Regional Purchasing Council was formed by corporate leaders from 52 large corporations. These were the early stirrings of conversations surrounding corporate supplier diversity, and more broadly, the Supplier Diversity Movement (SDM) as one might recognise it today.

The whispers of corporate change in 1967 were starkly juxtaposed against violent uprisings in Black and Latino neighbourhoods across the United States, as the nation struggled to reckon with the growing legislative changes, the fervency of the Civil Rights Movement and deep economic inequality. The summer months of 1967 were filled with 159 race riots in some of America's most prominent cities, now collectively known as the "long, hot summer of 1967" (McLaughlin 2014). The most violent of these outbursts, the Denver Riot of 1967, was the worst uprising seen since the Civil War, resulting in 43 deaths, 1189 injuries and over 7200 arrests (Locke 2017). President Lyndon B. Johnson appointed the Kerner Commission in response to the Denver Riots to investigate the underlying reason for the riots. The Commission found Black frustration with their lack of economic opportunity to be the cause of the riots and pointed to failed housing, education, and social-policies as contributing factors towards Black anguish U.S. Kerner Commission (1968). Dr. King's assassination less than a year later after the Denver Riots prompted another series of riots across American cities and

towns, another public portrayal of the deep levels of discontent present within Black urban communities.

The mass rioting and unrest quickly drew political attention, becoming a point of focus for the 1968 presidential race. Republican candidate Richard Nixon ran on a platform of returning law and order to American society. While the election was close (Nixon defeated his opponent by less than 500,000 votes), the platform was a successful one, appealing to the masses, who by 1968 were either disgruntled by the economic instability plaguing their minority community or the disruptive nature of the burgeoning civil unrest. Nixon addressed these sentiments in his acceptance speech, stating:

For a few moments let us look at America, let us listen to America to find the answer to that question. As we look at America, we see cities enveloped in smoke and flame. We hear sirens in the night. We see Americans dying on distant battlefields....We see Americans hating each other, fighting each other, killing each other at home....It is in the voice of the great majority of Americans, the forgotten Americans – the non-shouters, the non-demonstrators....When the nation with the greatest tradition of the rule of law is plagued by unprecedented lawlessness; When a nation that has been known for a century of equality of opportunity is torn by unprecedented racial violence: And when the President of the United States cannot travel abroad or to any major city at home without fear of a hostile demonstration – then it is time for new leadership. (Nixon 1968)

Alongside his call for law and order, President Nixon became an advocate for accessible economic opportunity, recognising the power of supplier diversity in quelling the unrest experienced in American cities. This was consistent with conservative ideology which regarded entrepreneurship as the anecdote to poverty (Weems and Randolph 2001). The approach differed significantly from President Johnson's "War on Poverty" whereby welfare programmes might provide adequate support for struggling populations. Republicans posited that "black capitalism" was consistent with their framework of American progress. On the other hand, they believed the "War on Poverty" programme destroyed the incentives that promoted economic progress. This fundamental difference in emphasis remains an issue today (Coleman 2019).

On March 5th, 1969, less than two months after his inauguration, President Nixon signed Executive Order 11,458, thereby creating the Office of Minority Business Enterprise within the U.S. Department of Commerce, an office charged with ensuring protection for minority businesses. The goals were presented in the first section of the Order:

1. Coordinate as consistent with law the plans, programs, and operation of the federal Government which affect or may contribute to the establishment, preservation and strengthening of minority business enterprises.
2. Promote the mobilization of activities and resources of state and local governments, businesses and trade organizations, universities, foundations, professional organizations and volunteer and other groups towards the growth of minority business enterprises and facilitate the coordination of the efforts of these groups with those of federal departments and agencies. (Nixon 1969)

Executive Order 11,458 solidified supplier diversity as a government objective, creating what would later become the Minority Business Development Agency (MBDA) within the Department of Commerce and establishing the legal basis for providing the seed money that would create and support the National Minority Supplier Development Council (NMSDC) in 1972 (Chicago MSDC 2020).

Executive Order 11,458 was quickly followed by Executive Order 11,625 in October 1971 which substantially increased the funds available to minority firms and mandated the creation of a federal apparatus to encourage the use of minority-owned firms in federal contracts:

The head of each federal department or agency, or a representative designated by him, shall, to the extent provided under regulations issued by the Secretary, after consultation with the official designated [...] report to the Secretary on any activity that falls within the scope of the minority business enterprise program [...] Each federal department or agency shall with constraints of law and [...] continue all current efforts to foster and promote minority business enterprises and to support the program. (Nixon 1971)

Together, these executive orders solidified the position of the federal Government as a leader in promoting minority business development; actively working to combat the overwhelming severe disadvantages that had historically limited their participation in the nation's free enterprise system. The Carter Administration added to this progress, signing Public Law (PL) 95-507 into law in 1978. The new law brought sweeping reforms to the Small Business Act, legislation originally aimed at assisting and protecting the interests of small businesses in the United States. The reforms established infrastructure for supporting small businesses owned by members of historically disadvantaged communities, encouraging their procurement in government contracts alongside larger, more established contractors via a series of "set-asides". The law stipulated that it was the policy of the federal Government:

to provide maximum practicable opportunities in its acquisitions to small businesses, small disadvantaged businesses and women-owned businesses. (Addabbo 1978)

To accomplish this task, the law mandated the creation of the Offices for Small and Disadvantaged Business Utilization (OSDBU) within each federal agency. These offices would work to heighten the awareness of minority groups of government contracting opportunities. The law also created the 8(a) programme for small businesses, a business development programme that provides business training, counselling, marketing and technical assistance to small businesses that are certifiably disadvantaged. The certification criteria are especially important to note because they identified which groups were eligible for “disadvantaged” status:

the contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to the Small Business Act. (Addabbo 1978)

This definition would ultimately be adapted within the larger context of the growing Supplier Diversity Movement. In creating policy mandating minority participation in procurement practices, the federal Government propelled the growth of the Supplier Diversity Movement.

## **The National Minority Supplier Development Council and Expansion of Supplier Diversity**

While the Supplier Diversity Movement really flourished through government legislation, the manifestations of Supplier Diversity evolved with time.

### *1. Models of Compliance, 1973–1998*

The sweeping legislative changes of the early 1970s meant the government agencies would only sustain contractual agreements with organisations that provided a certain amount of opportunity to disadvantaged businesses. These efforts by the federal Government to promote supplier diversity enabled the Supplier Diversity movement to blossom. Corporate leaders who recognised the key role the government played in supplier diversity initiatives, as well as the pressures of a changing demographic landscape of the United States,

recognised the benefit of enhancing supplier diversity in their own organisations (NMSDC 2018). In Chicago, Robert Stuart of National Can (alongside other corporate leaders) appealed to the federal Government to support the National Minority Purchasing Council, which they had established in 1972 (Chicago MSDC 2020). With the support of the U.S. Department of Commerce and the Minority Business Development Agency, the National Minority Purchasing Council was renamed the National Minority Supplier Development Council in 1973 (NMSDC 2018).

Because the movement towards supplier diversity was heavily influenced by the government programmes that had produced the NMSDC, these organisations primarily viewed the issue through the lens of legal compliance. The early NMSDC messages encouraged its corporate members to set goals for minority procurement and inclusion as prescribed by federal legislation. These goals were then reinforced by their government contracts by the newly formed Office of Small and Disadvantaged Business Utilization (OSDBU) which used either financial incentives or punitive tactics to ensure compliance. For example, the Department of Defense (DOD), then the largest procurement organisation in the world, subjected their largest contractors to annual reviews of their utilisation to ensure they met supplier diversity goals. A failure to meet goals could result in the cancellation of federal contracts and other punitive measures (everycrsreport.com 2020). In response to these reforms, member corporations of the NMSDC hired Small Business Liaison Officers (SBLOs) who were responsible for managing relationships with partnered “disadvantaged businesses” within their corporate supply chain on any federal government contracts. These SBLOs could be considered as the first supplier diversity professionals of corporate America.

The compliance model of mandated supplier diversity became a system of “set-a-sides” whereby government contractors set aside subcontract opportunities with disadvantaged organisations. This compliance model permeated across America’s largest companies. General Motors (GM), one of the founding members of the NMSDC, is one such example. The corporation (then the largest in America) found itself at the centre of urban unrest, when the communities of Detroit (Michigan), its base city, erupted in the largest urban riot in the history of the United States in 1967. This unrest was heightened with the assassination of Dr. King, encouraging GM leadership to commit to supporting minority businesses in its 1970 Annual Report:



In April 1970, GM formed Motor Enterprises, Inc. a Minority Enterprise Small Investment Company (MESBIC). The GM commitment to invest \$1 million, which when added to program funds available from the Small Business Administration and bank loans guaranteed by that agency can provide up to \$15 million in capital assistance to minority-owned businesses. An important feature of this GM program of capital assistance is that it is supplemented by technical assistance by General Motors management in GM plant cities. To date, Motor Enterprises, Inc. has invested in 17 minority-owned businesses in 13 US cities [...] General Motors has announced it is committing \$5 million in bank deposits in banks which are predominantly owned and patronized by minority firms and people. (General Motors 1970)

With this commitment, GM became a leader in the growing movement towards establishing corporate supplier diversity programmes. However, it is clear that the compliance model was the main driver of Supplier Diversity.

The incentive structure underwriting the popularity of the compliance model broke down with the *Adarand Constructors, Inc. v Peña* (1995) Supreme Court decision. The case questioned whether race alone was an appropriate metric for certifying disadvantaged groups as was common practice for the Small Business Administration, and whether the consequential allocation of favoured treatment to a group determined to be disadvantaged because of race was a discriminatory practice that violated the equal protection clause of the 14th Amendment and the due process clause of the 15th Amendment. The case was brought to the court when Adarand Constructors lost a subcontract bid for Mountain Gravel and Construction for a project with the Department of Transportation to Gonzales Construction despite presenting the lowest bid. Gonzales Construction was awarded the bid because it had been certified by the Small Business Administration as a disadvantaged business and because doing so would make Mountain Gravel eligible for financial incentives for employing a disadvantaged business. Adarand Constructors sued, arguing that the subcontracting incentive clause that caused Adarand to lose the subcontract bid was unconstitutional. The Court ruled in favour of Adarand, reversing the earlier view that racial minorities were by definition disadvantaged. The Supreme Court decision reinforced the judgement in *The City of Richmond v. J.A. County* (1975) which asserted that the municipal “set-a-sides” encouraged by the City Council of Richmond Virginia were “generalised assertions” of past racial discrimination that did not justify the rigid quota system of awarding public contracts. These two cases eliminated the legality of racially based “set-a-sides” and compliance programmes, giving way for the Supplier Diversity Movement to take root in other ways.

## 2. *Supplier Diversity: The Right Thing to Do—1998–2008*

As the compliance model became increasingly popular, consumer product giants such as General Motors, Ford, AT&T, Proctor and Gamble, Johnson and Johnson joined large Department of Defense contractors as corporate members of the NMSDC, expanding focus on supplier diversity across the business world. As many of America's largest corporate players aggressively sought out certified minority business enterprises, minority businesses now had strong reasons to become certified with the NMSDC as a way to improve their visibility and bolster their chances of winning contracts with firms that had statutory or strategic reasons for participating in the ongoing Supplier Diversity movement. These organisations received positive feedback as a growing number of publications, programmes and rewards recognised outstanding instances of corporate citizenship with regard to supplier diversity. Publications such as *Minority Business News USA*, *Diversity Plus*, *MBE Magazine*, and *Diversity Inc.* honoured organisations they regarded as leaders in supplier diversity and led open discussions about the growing number of regional NMSDC councils. The emergence of these publications suggested that Supplier Diversity had become more than an issue of compliance, firms were expected to do it simply because "it was the right thing to do".

As minority business enterprises flourished in the presence of the NMSDC, other underserved groups sought to receive similar support from leading corporate actors. White Female entrepreneurs initially attempted to participate within NMSDC, however, the NMSDC's close ties to the African American struggle meant their introduction received notable pushback. As a result, the Women's Business Enterprise National Council (WBENC) was formed in 1997. Many of the established corporate members of NMSDC joined WBENC as well, suggesting SD was now a deeply engrained cultural phenomenon of social responsibility within the corporate environment. In the early twenty-first century, the movement then spread to other underserved communities. In 2002, the National LGBT Chamber of Commerce was founded to serve entrepreneurs within the LGBTQ community (NGLCC 2020), and the U.S. Business Leadership Network (USBLN) formed in 2008 to support the needs of Disability-Owned Business Enterprises (Disability:IN 2020), further expanding the possible types of certification organisations as well as the number of businesses participating in corporate supplier diversity. Each additional dimension of corporate supplier diversity provided greater entrepreneurial opportunity for individuals of historically underserved and underappreciated communities. However, as the number of identities

included in the movement grew, corporate supplier diversity became increasingly difficult to manage, a hardship that would deepen during the economic recession.

### *3. The Business Case for Supplier Diversity, 2008–Present*

The Connecticut Minority Supplier Development Council (CMSDC) had its first meeting of its annual Business Opportunity Fair on September 15, 2008. This was also the day that the Lehman Brothers filed for bankruptcy. Instead of its usual excitement as 200 corporate members and 400 certified minority business enterprises of the CMSDC connected, the atmosphere felt more like a funeral. While the National Bureau of Economic Research would later announce the start of the Great Recession to be December 2007, for business leaders at the time, the Lehman Brothers Bankruptcy was the clearest indication that the Great Recession had begun (NBER 2012). By the end of 2008, over 3.5 million jobs were lost and 5 million more were lost in 2009 (BLS 2012). The dire conditions of the Great Recession made abiding by any principles of social responsibility, including supplier diversity, costly. In the face of unprecedented bankruptcies and uncertain financial market conditions, corporations conserved all resources, placing an emphasis on the best economic use of any corporate expenditures, effectively eliminating any unnecessary supply chain investments. This put corporate minority supplier diversity in direct competition with corporate cost-saving efforts. Leaders slashed budgets for supplier diversity initiatives and any existing minority contracts that had been awarded on factors other than cost were heavily scrutinised and cancelled (Jarmin et al. 2016). Banks that traditionally extended working capital loans to small businesses recalled those loans, drying up the lines of credit these organisations relied on to sustain their corporate relationships. Together, these factors resulted in a severe contraction of the number of diverse small businesses across the U.S. economy as well as the number of supplier diversity initiatives within the nation's largest corporations.

Given the constraints of the harsh economic reality, supporters of supplier diversity needed a new rationale to gain support, a business case that might suggest supplier diversity to be a positive investment. This business case was predicated primarily on the populations who demanded the goods and services of these corporations. It was clear that the nation's demographers expected dramatic demographic shifts over the course of the twenty-first century. Frey (2018) famously projected that racial and ethnic minority groups (e.g. Black Americans, Hispanic Americans, Asian-Americans and Native Americans) would become the numerical majority within the U.S.

population by 2045. Similarly, minority purchasing power was expected to rise from 20% in 2000 to over 40% in 2045 (Whitfield 2008). Consumer products giants and federal prime contractors predicted that the inevitable “new majority” would want to see reflections of themselves in corporate leadership roles, supply chains and within the customer base themselves, and those who ignored these market trends risked their market share and profitability. As such, supplier diversity could present a competitive advantage for firms (Whitfield 2008). However, the strategic value of supplier diversity conflicted with the economic realities of the recession, as large corporations reduced opportunities for all suppliers, the acuity of reduction being higher for smaller, more diverse suppliers. However, as the economy began to recover in 2010, the business case argument became the new mantra for supplier diversity initiatives.

Perhaps the 2008 election of the nation’s first African American President, Barack Obama, provided sentimental evidence of the business case for supplier diversity, as it seemed to suggest a fundamental shift in attitudes about the value of diversity in the American imagination. However, there are other indications of fundamental demographic and cultural shifts. Already, ethnic and racial minorities represent the majority in 13 of the 15 most populous cities in the United States (McCann 2019). Together, these cities, as well as the five already “majority-minority” states (California, Hawaii, Texas, Nevada and New Mexico), hold significant purchasing power for various corporate and municipal contracts (Poston and Sáenz 2018). This suggests that in order to be competitive in the market for public contracts, organisations need to be sensitive to the demands of local minority interests, increasing demand for diverse suppliers and for supplier diversity professionals. Similar trends have emerged within the private market. In 2015, Hispanic-Americans were estimated to have \$1.3 trillion in buying power in 2015. That number is expected to grow to 1.7 trillion in 2020 (Statista 2020a). Similarly, African-Americans were estimated to have \$1.2 trillion in purchasing power in 2017 (Nielsen 2018a). Their Asian-Americans counterparts were estimated to have \$986 billion in purchasing power in 2017 (Nielsen 2018b). Collectively, these three ethnic minority groups have over \$3.5 trillion in purchasing power, a figure roughly equivalent to the size of the German economy in 2017 Statista (2020b). While the growing magnitude of minority-group purchasing power is a notable trend, the value of the business case argument for Supplier Diversity is predicated on its effectiveness as a tool of converting these market characteristics into profits. Two models of Supplier Diversity were developed to measure the quality of corporate supplier diversity initiatives.

## The Five Levels of Supplier Diversity

Ralph G. Moore Associates (RGMA) was perhaps the first to develop a commercially viable and valid tool to measure the quality of corporate supplier development programmes in the current market, the “Five Levels of Supplier Diversity” (Porter 2019). The model, which has been embraced by corporate leaders worldwide, ranked corporations on a five-level scale, from “no programme” to “world class programme” and uses various metrics to evaluate levels of engagement between diverse suppliers and corporate C-level leadership. It was evident that once corporate leadership becomes engaged in Supplier Diversity and Supplier Diversity became a key performance indicator, procurement officials became much more likely to utilise diverse suppliers, providing momentum for the business case argument for supplier diversity. Several large corporate players have heeded the advice this tool has provided, adopting several best practices that have also been adopted by NMSDC. A list of the NMSDC “measures of success” is presented below (Porter 2019):

- The corporate governance body has established a minority supplier development programme as a policy of the corporation.
- The CEO has issued a minority supplier development policy that articulates the rationale supporting the initiative. The CEO ensures that this policy is communicated to staff and implemented.
- The CEO has appointed appropriate full-time staff and resources for minority supplier development.
- There is an executive advisory council/committee composed of key stakeholders to drive the programme’s progress.
- All levels of management are accountable for minority supplier development.
- Management directs that supplier diversity be incorporated in the business planning cycle.
- The minority supplier development programme belongs in Procurement for most companies and business models, but in all cases, it should be a part of the corporation’s umbrella Diversity Strategy.
- There is a written supplier diversity corporate policy that clearly defines executive management commitment and measures success.
- Minority business utilisation/metrics are included in annual performance goals for the corporation and for each business unit/division of the firm.
- A minority supplier development strategy emanates from a business strategy and is not a “social” policy statement.

The legacy of the RGMA tool, and the influence of its creator Ralph G. Moore, is evident in the thematic elements of Supplier Diversity best practices, as well as in the existence of several top corporate supplier diversity programmes that have adapted Moore's model. For example, Toyota's emphasis on supplier diversity is evident in its mission statement:

Toyota is committed to having a supplier base which more closely reflects our customers and the diversity of our team members who build Toyota vehicles in North America. Having a diverse supplier base enables us to contribute to the economic well-being of all segments of the North American population. Also, we recognize that partnering with suppliers who provide a diversity of ideas - in addition to delivering manufacturing support, goods, and services - creates a significant competitive advantage for Toyota. (Greene 2012)

While the RGMA's five levels of Supplier Diversity have asserted clear influence over the business case argument for supplier diversity, the tool has received some criticism. For most corporate supplier diversity programmes, it is prohibitively difficult to achieve "world-class" status. By definition, there can only be a few companies who can achieve world-class status and as a result, companies who are not world-class did not have measures that could be improved within the model, frustrating several corporate leaders. It was clear that a scale that could quantitatively capture the performance of discrete aspects of corporate supplier diversity professionals would be valuable to supplier diversity professions, internal stakeholders and the diverse suppliers with whom they work. This led to the development of the McKinney Score.

## The McKinney Score

Quality is often perceived as difficult to measure. Individuals suggest it to be in the "eye of the beholder", an exclusively normative judgement reserved for the evaluator. However, some companies define quality as the number one strategic objective within their competitive markets. This drive for quality suggests it can be measured despite its amorphous nature. Unfortunately, the quality of many corporate Supplier Diversity programmes has not progressed beyond compiling numbers on spending with diverse businesses and membership of Supplier Diversity organisations. While these characteristics are certainly important, they do not provide the quantifiable, comparable and valid indicators that might enable objective analysis of the current state of a corporate supplier diversity programme. McKinney (author of this chapter) developed a measure aimed at providing insight that would enable corporations to objectively track their own progress over time and to compare their

corporation's supplier diversity programme to other corporations in the same industry.

*The McKinney Score* is comprised of 50 questions that require either a Yes or No answer. These questions are designed to be direct and should be known to the leader (and others) of Supplier Diversity in a company. The questions fall into three main categories: leadership, process and outcomes. The total score for the instrument is scaled to 100. Here is some insight into the results of 85 corporations who took an earlier version of the tool:

- One "Leadership" question asked, "*Does the Corporation have a statement on the supplier diversity policies of the corporation by the CEO?*"—60 per cent of respondents answered Yes to this question. It can be debated how important it is to publicly commit to Supplier Diversity, but some would argue that an acknowledgement of awareness of the issue by those at the top of the corporation should be the minimum requirement expected. Additionally, a public commitment might incentivise the company to accomplish its goals surrounding Supplier Diversity.
- One "Process" question asked, "*Do buyers have personal financial incentives to meet supplier diversity goals?*"—Only 24 per cent of corporations reported incentivising buyers to attain Supplier Diversity Goals. Supplier Diversity best practices posit the importance of the buyer having a stake in the accomplishment of supplier diversity goals. When individuals must face the consequences of their decisions, there are likely to be positive results.
- One "Outcome" question asked, "*If you extract spending with the largest 10 certified diverse suppliers, is more than 50 percent of total diverse spend, spent with the remaining certified diverse suppliers?*"—Only 16 per cent of respondents answered Yes to this question. This question speaks to the distribution of spending with certified diverse businesses. Most companies are achieving their supplier diversity goals by contracting with a few fortunate certified diverse suppliers. There is nothing inherently wrong with this approach to Supplier Diversity, but it does provide insight into the frustrations experienced by the overwhelming majority of certified diverse suppliers who are often frustrated by the difficulty of securing contracts with large corporations.

The McKinney Score considers the responses to the 50 questions posed and administers a numeric score out of 100 to each corporation, thereby giving them a snapshot of where they are relative to other corporations in their industry. Among the 85 corporations tested, the average score was 55 out of

100. The score is a necessary reality check for corporations that might have an inflated impression of their progress towards Supplier Diversity. However, the score also provides direction for improvement as diversity managers can use it to identify which areas are most in need of improvement and therefore it is an effective tool for convincing senior management of the steps required to provide opportunities for certified diverse suppliers.

## Conclusion

The evolution of corporate motivations for Supplier Diversity from compliance to “the right thing to do” to the business case suggests that there will likely be other strategic reasons driving companies to continue their investment in SD in the future. Current market trends suggest these reasons might be economic impact and technological development. Without the benefit of scientific support, the next phase of the Supplier Diversity Movement will not achieve the original intent of the Supplier Diversity Movement, which was not simply to improve opportunities for diverse businesses, but to transform the communities from which these businesses come. This transformation will take place when successful diverse entrepreneurs can create employment opportunities, increase income and consumption, and contribute to the tax base, all of which may be meaningful ways of improving the health of the target community. Today’s corporate leaders want to know that the economic benefits they provide extend beyond the reach of diverse entrepreneurs and their families. They wish to know whether the corporate dollars flowing to diverse companies are making a difference in the lives of people living in target communities. Thus, the question of Supplier Diversity does not simply ask whether corporations are supporting diverse businesses, but rather if they are having an economic impact. Economists have long posited that the economic system has a circular flow; one person’s expenditure is another’s income and the constant interactions between buyers and sellers have long-term and measurable effects. Proof of economic impact is an emerging interest among corporate leadership and will likely guide future expenditures. Thus, providing insight into economic impact might well be a competitive advantage that interacts with considerations of cost, quality and timeliness to shape decisions to enter business relationships.

Supplier Diversity will likely be impacted by continued technological development. The digitisation of data has allowed both the collection and the distribution of company information to become both faster and less expensive. It is likely that databases of certified diverse suppliers will no longer



be monopolised by diversity organisations such as NMSDC or WBENC. This raises important questions about the role of these organisations in the Supplier Diversity Movement. But perhaps more crucial is the direct effect of technology on the mechanisms underlying supplier diversity itself. Technology might encourage a transformation of supply chains. Companies like Google and Facebook (with over two billion members) have the capacity to create their own sustainable economies complete with their own currencies (e.g. Bitcoin). To the extent that diverse businesses are concentrated in industries that are vulnerable to technological disruption, there will be trouble ahead. Can Supplier Diversity survive under such circumstances? How might the movement be forced to change? These are questions to which answers will only come with time.

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# Policies for Promoting Entrepreneurship as a Means of Increasing Social Inclusion

Mirela Xheneti

## Introduction

Poverty and social exclusion are among the biggest challenges governments across the world face. In both developed and developing countries, economic growth has benefited the wealthy more than the poor. According to the European Commission (2018),<sup>1</sup> one-quarter of the European Union population live at risk of poverty and social exclusion. The unemployed, in particular, have an almost 70 per cent risk of exclusion and poverty. Unsurprisingly, the disadvantaged and minority groups such as young people, migrants and the low skilled, are those who experience the greatest increases in unemployment. Against this backdrop, policy interventions to alleviate poverty and ensure the inclusion of excluded segments of the population in opportunities for economic improvement have very often had entrepreneurship encouragement as their focus. Entrepreneurship has been linked to social inclusion through self-employment and the promotion of equal opportunities for all as a vector for social and intergenerational solidarity and the creation of a poverty-free and more inclusive society (EU 2008).

The need to respond to these problems has also been accompanied by an increasing interest in the entrepreneurship literature in understanding

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<sup>1</sup><https://ec.europa.eu/social/main.jsp?catId=751&langId=en>.

'everyday' entrepreneurial practices (Welter et al. 2017), that is in forms of entrepreneurship that do not comfortably fit with the stereotypical views of the hero mainstream entrepreneur. As scholars unpack the manifestations of these more mundane types of entrepreneurship (Imas et al. 2012; Ram et al. 2016) and the challenges and opportunities available to them, there have also been calls for rethinking the types of policies that might be more appropriate to target these different groups of individuals. Given the long-standing problem of poverty and social exclusion, these discussions on how entrepreneurship can act as a mechanism towards solving them are not new (Blackburn and Ram 2006; Carter et al. 2015). However, the evidence to date in relation to both our understanding of entrepreneurship among minority groups and the policies that could best target them is still thin and where it does exist is fragmented and lacking in rigour and robustness. On the one hand, the term minority entrepreneurship as used in this book is quite broad, including women, youth, immigrants and ethnic minority groups, the unemployed, seniors and people with disabilities (OECD/EU 2019), all with differing entrepreneurship rates and outcomes (Ram and Jones 2008; Southern 2011). On the other hand, the nature of contextual challenges this diversity entails are also very broad, encompassing issues such as inequality, poverty, migration, physical accessibility and economic sustainability among others (Smith et al. 2019), which occasionally have tried to be addressed by a small number of policies.

The aim of this chapter is to offer a review of the role that policy can play in addressing the challenges faced by minority and disadvantaged communities. This review is framed within wider debates on the enterprise policy literature on the effectiveness of enterprise policies (Arshed et al. 2014) and how a better understanding of the assumptions behind enterprise policies and the processes through which policies are designed and developed might lead to better-formulated policies in the future. The key contribution of this chapter, is to offer some pointers about the ways in which the needs and interests of minority entrepreneurs can be connected more clearly to governmental agendas and policy formulation that take place at the governmental level. The chapter is structured as follows. First, a critical review of the links between entrepreneurship and social inclusion is presented. This is followed by an analysis of the role of government in enterprise policy and their effectiveness, with a particular emphasis on the particularities of inclusive policies. The chapter continues with a proposed way of conceptualising the process through which inclusive enterprise policies are designed and developed, and how context can be incorporated more clearly when thinking about policy. The chapter will conclude by proposing some avenues for achieving inclusivity through entrepreneurship policies.

## Entrepreneurship and Poverty and Social Exclusion

Entrepreneurship's potential contribution to economic growth and development has increasingly been recognised and its proponents point to its role in relation to employment generation, raising disposable incomes and escaping deprivation, external income generation, the development of supply chains, innovation, service provision (Audretsch and Keilbach 2004; Fritsch and Mueller 2004; Frankish et al. 2014) and to increased social inclusion (Fielden and Dawe 2004). In the fight against poverty and social exclusion, the EU's Social Agenda 2005–2020 intends to promote the social dimension of economic growth and the active participation of citizens in the society and the labour market. Social exclusion has been used as an encompassing term to describe the 'new forms of poverty and marginalisation' (European Commission 1992) and to capture more adequately the:

multi-dimensional nature of the mechanisms whereby individuals and groups are excluded from taking part in the social exchanges, from the component practices and rights of social integration. (European Commission 1992, p. 8)

At the individual level, social exclusion is expressed by a lack of jobs or income and lack of prospects for one's future and/or their children's future. However, it also encompasses specific groups such as women, ethnic minorities, young and old people or people with disabilities, who experience similar economic deprivation and social disadvantage (such as a lack of access to work, education or services), or a greater exposure to the negative aspects of life (such as crime), or an inadequate living environment (especially in inner cities and rural areas).

The assumptions behind encouraging entrepreneurship among minority and disadvantaged groups focus on the direct link between increased levels of enterprise and economic activity, and unemployment and social exclusion. Running one's own business offers a potential means of increasing income for dependents, as well as for individuals starting a business. In addition to contributing to the regeneration of disadvantaged areas and communities that face many space-specific barriers such as lack of skilled labour, low density of population and limited infrastructure (Acs and Malecki 2003; Steinberg et al. 2010), entrepreneurship can also:

provide flexible working patterns, reduce poverty, create increased self-confidence and empowerment, build personal and business assets, and support the formation of community networks. (Westall et al. 2000, p. 2)

By being predominantly local employers, small firms provide services to local markets and employ local people. When discussing the various sub-groups within minority and disadvantaged groups, entrepreneurship is considered as offering opportunities to turn specific characteristics like being a woman, ethnic minority, young, senior or disabled entrepreneur into market advantages such as meeting the specific needs of each of these groups and also avoiding discrimination in the labour market, or society more broadly (Fadahunsi et al. 2000; Steinberg et al. 2010; Wainwright et al. 2015; Kašperová and Kitching 2014; OECD/EU 2015). However, they face a large number of barriers such as lower levels of entrepreneurship skills, smaller networks, greater challenges in navigating the institutional environment and difficulties accessing financing (OECD/EC 2013).

The assumptions under which policies to address these issues lie have also been heavily criticised for not being:

empirically grounded...and failing to question the role and limitations of entrepreneurship in overcoming systemic structural and institutional forces driving exclusion. (Kevill et al. 2019, p. 77)

A wide body of literature has highlighted that the impact of both private and public schemes to generate greater enterprise and so create new jobs and wealth in areas of deprivation have been limited (Marlow 2006; Blackburn and Ram 2006; Howorth et al. 2009; Smith et al. 2019). Establishing businesses within areas of deprivation, where individuals have inadequate skills, education, finance, social capital and networks is very often a recipe for failure (Bates 1997). Deprived areas have limited resources as consumers and little potential for attracting new customers, and also provide less certainty to suppliers because of the difficult operating environment where they trade which compromises firm durability and/or growth (Marlow 2006). Given the importance that low-paid individuals place on income security, it is not surprising that many would see self-employment or entrepreneurship as incompatible with it (Stuart et al. 2016; Smith et al. 2019). Ethnic enterprise support has also seen mixed evidence of success with different ethnic groups showing different propensity to enterprise which requires more careful consideration of the characteristics of various groups.

Another prominent example is that of women's enterprise development programmes which have a long history of over 40 years. These programmes have attempted to provide assistance to women in the private sector to help them overcome the specific barriers they face through education, training and finance. Women entrepreneurship scholars claim that these individual remedies fail to account for what are structural and societal level problems (Foss

et al. 2019). Many women are segregated and subordinated in waged labour and issues such as sectoral concentration, credibility gaps, networks and social capital, undercapitalisation and access to finance, and firm growth and performance, are directly related to the prevailing gender systems (Marlow 2006; De Bruin et al. 2007; Jennings and Brush 2013). Incorporating an understanding of women's positionality in the social structures would provide a better grounding for policy initiatives (Ahl and Nelson 2015). Without a doubt the situation of women is more difficult in disadvantaged communities where they face more barriers to education and employment (for example) than men. A woman with a disability, a woman from an ethnic minority background, a woman who is a migrant worker, faces different challenges which need to be understood and properly addressed.

Social exclusion, and its persistence, is influenced by a bundle of economic, human, socio-cultural, regional, political and institutional influences. This highlights the need for multiple strategies and approaches that reflect the diversity of experiences and causal conditions of social exclusion (Rietdorf 2005; Marlow 2006; Smith et al. 2019). The implication is that: firstly, any policy intervention need to be sensitive to the specific combination of circumstances contributing to poverty and social exclusion; and secondly, that multiple dimensions and multiple causations almost certainly mean that no single type of policy intervention can address all aspects.

## **Entrepreneurship Policy Development in Relation to Social Inclusion**

Governments implement a range of direct and indirect policies to support entrepreneurship and the small business sector. Many governmental measures focus on: (1) raising individuals' awareness of self-employment/business ownership as a career option (Stevenson and Lundström 2007); (2) reforming and improving regulatory regimes, in order to provide a 'level playing field' for enterprises of all sizes (Audretsch et al. 2007); and (3) creating and sustaining a stable macroeconomic environment conducive to encouraging start-ups and supporting small enterprises (Smallbone and Welter 2001). As importantly, enterprise policies provide direct support provision to start-ups and established small businesses (including finance, information and advice, and skills training), often to overcome size-related disadvantages (e.g. Bennett 2014). These different enterprise policies are developed at various levels (macro, meso and micro) and require effective cross-linkages between them,



as well as good coordination between the actors involved in their implementation, in order to have the potential to produce the intended outcomes of policies (Smallbone and Welter 2001; Xheneti and Smallbone 2008). Therefore, any discussion of the policy environment for enterprise development will be deficient if it is focused narrowly on direct support provision to start-ups, as the wider environment where businesses operate (including the status entrepreneurship has in the society) are equally, if not more, important (Storey and Greene 2010).

Stakeholder consultation with a wide range of representatives is important during the various stages of the policy process—formulation, implementation and evaluation (Smallbone and Welter 2001; Xheneti and Smallbone 2008). OECD/EU (2013) identified how ‘The Entrepreneurship Action Plan for Wales’ in 2001 was developed by incorporating a number of stakeholders (including businesses, public organisations and educational institutions) in order to generate awareness, as well as feedback, for the various parts of the plan. Interestingly, this consultation process proved particularly useful in highlighting the regional differences in support and enterprise needs. Generally, business inclusion in the policymaking process increases the likelihood that policy will be responsive to business needs and thereby acquire legitimacy among (potential) entrepreneurs. However, other literature has suggested that entrepreneurs underestimate the benefits of participating (Hart 2003), especially in the case of minority and disadvantaged groups. For example, specific organisations have focused on helping immigrant business owners to understand the systems of the host country, as well as in overcoming barriers to engagement with support organisations (Blackburn et al. 2008).

A variety of types of targeted policy interventions have sought to promote and support entrepreneurship in disadvantaged groups, including women, young and senior people, ethnic minorities, recently arrived immigrants and deprived areas. Such initiatives cover a wide range of types of support including access to finance, business counselling and advice, mentoring, training, managed workspace and incubators. All of these policy interventions have in common their focus on capacity building among these groups as entrepreneurship and management skills could support them both in self and paid employment (OECD/EU 2015). Direct measures such as micro-finance or the extension of very small loans (microloans) to those who are not considered bankable (according to prevailing commercial banking standards) have been very popular forms of support, especially after the financial crisis of 2008 (Mosley and Steel 2004; Lamandini 2008). In 2013, 41 per cent of microloans were given to women (3 per cent increase compared to 2011) and 18 per cent to ethnic minorities (Bending et al. 2014). However, different

countries have adopted various types of micro-crediting schemes and their economic and social outcomes have been different (Rouse and Jayawarna 2006), which brings attention to the need to understand the institutional set-up of different countries and the governance structures at regional and local levels. Public initiatives that simultaneously address a number of the barriers that these groups face have proven to be more effective, but they are costlier and not attractive to policymakers (OECD/EU 2013).

Good policy delivery requires coordination of state and regional support programmes and building institutional capacity at the regional and local levels, given that these are the organisations who will have direct contact with the minority or disadvantaged groups. For example, a study of youth entrepreneurship in Lithuania (OECD/EU 2015) suggested that policy delivery should be done through public-private partnerships, as it was not only cost-effective, but it would also tap into the expertise of the private sector (OECD 2005). This was also a way to ensure good vertical links (national–regional) by engaging with consultants or other private organisations based in the regions. Enterprise Lithuania, one of the main government organisations supporting entrepreneurship, possessed a list of consultants who were utilised for various business support schemes. An accredited body of consultants was also created in order to ensure the efficiency and quality of the support services. This was a very good step towards ensuring the quality of the services delivered to start-ups and businesses and the effective use of government funding. However, many consultants did not have any inclination to work in remote or underdeveloped areas of the country, where arguably the needs for support among the unemployed youth were higher. There was no clear plan on how to increase the capacities of consultants or other regional actors that could support the delivery of training schemes in these areas. Good practice entrepreneurship policy for social inclusion needs to be sensitive to the specific characteristics of the groups it is targeting and their localities.

However, research suggests that the outcomes of enterprise policies have not been straightforward, despite government expenditure on entrepreneurship support often being higher than that for police or education (Lundstrom et al. 2014). This is related to a lack of clear goals and objectives of different policy measures (Storey 2000) or poor evaluation techniques (Pons Rotger et al. 2012). Some scholars go further to suggest that there has been a disconnect between the agendas of those who make policy and the needs and interests of those for whom the policy is designed (Perren and Jennings 2005; Arshed et al. 2014). In a recent review of the Enterprise Allowance Scheme in UK, Smith et al. (2019) suggested that the disengagement of target beneficiaries in policy development has been happening for several decades,

also accompanied by a reluctance to generate clear objectives and subsequent meaningful measures to afford effective evaluation. The evaluation of enterprise policy, more generally, has rarely relied on longitudinal data and as some argue, this compromises the scientifically driven robustness of evidence on the effectiveness of policies (Storey 2014; Arshed et al. 2016).

Care should be given to not only address the ‘weak’ version of the discourse on inclusivity of minority groups or the barriers that affect their unemployment or engagement in enterprise. The case of UK policies suggests that initiatives that mainly address barriers would risk losing focus on the structural issues that cause and sustain exclusion (Blackburn and Ram 2006). Thus, an understanding of the specific contextual features that have given rise to, or can facilitate, the variety of social inclusion policies among other forms of support can increase the understanding of the ways that policy can tackle poverty and social exclusion through entrepreneurship. When developing inclusive policies responsive to the needs of various contexts/groups, it is important not to rely uncritically on adopting/adapting policy ideas originating elsewhere, but to pay close attention to contextual conditions.

## Understanding the Policymaking Process—Policy Exchanges and Learning

The issues of disconnect between policy and its goals and the policy (in)effectiveness more generally, have also led to a fast increasing body of literature that aims to understand the policy process itself (e.g. Arshed et al. 2014; Xheneti 2017). One consistent theme in this group of studies is the need to shift away from a pure focus on the outcomes of enterprise policy towards policy formulation (see also Dennis 2011; Smallbone 2016) and the role of ideas, discourses, normative assumptions and most importantly, context. In addition to this, there is a need to recognise how policy ideas and solutions develop through different policy exchanges between national and regional actors, but also between international and national actors whose interactions certainly affect the processes through which policies are translated at different levels (Xheneti 2017). The need to pay attention to how policies on minority and disadvantaged groups are developed and translated at the national/regional level comes at a time when processes of globalisation and Europeanisation have improved the communication and exchange of ideas and knowledge, and have led to many forms of policy transfer between countries (Evans 2017). Theoretically, policy transfer has been defined as:

the process by which the knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political system. (Dolowitz and Marsh 2000, p. 5)

Transfer entails an intentional decision to borrow policy ideas from elsewhere. Policymakers choose policy transfer to respond to economic, political or social problems or to pressures from international ‘policy pushers’ such as the European Union or various international organisations (Dolowitz and Marsh 2000; Xheneti and Kitching 2011). Governments have drawn upon OECD and EU documents to develop enterprise policies, promote best policy practices and initiate international benchmarking processes to compare national policy outcomes (Stevenson and Lundström 2007). In the case of inclusive entrepreneurship policies for minority and disadvantaged groups, the EU and OECD have played a particularly important role in not only raising awareness of the benefits of entrepreneurship for this group, but also through sharing ideas and knowledge about how these policies might look in practice by providing examples from various countries in their ‘Missing Entrepreneurs’ series. As importantly, they have recently launched a ‘Better Entrepreneurship Policy Tool’<sup>2</sup> whose aim is to provide various stakeholders with a tool to rate and reflect on inclusive entrepreneurship policies in their countries/regions, as well as learn from various national good practices.

The policy transfer literature offers a number of conceptual distinctions of relevance to the study of policy exchange and learning between different countries. First, transfer might include policy goals, structure and content, instruments and administrative techniques, institutions, ideologies, ideas, attitudes, concepts and negative lessons (Dolowitz and Marsh 2000). ‘Soft’ (or ‘discursive’) transfer refers to the emulation of ideas, concepts and attitudes; ‘hard’ transfer refers to the implementation of policy programmes, actions and tools (Evans and Davies 1999). For example, even if various governments can agree on the ways poverty and social exclusion should be addressed, there is a need to focus on implementation that takes into account country/regional conditions (Evans 2009). Governments might also import entrepreneurship and social inclusion policy discourses for symbolic reasons, to increase legitimacy in the eyes of powerful domestic and international stakeholders, even if this sometimes means feigning, rather than genuinely implementing, particular policy programmes (Xheneti and Kitching 2011). Alternatively, policymakers might go beyond soft transfer and implement programmes, either for symbolic reasons or because they genuinely believe

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<sup>2</sup><https://www.betterentrepreneurship.eu/>.

these policies will solve the perceived problems. Second, transfer processes can be conceptualised in terms of a continuum representing the degree of constraint faced by policy borrowers/importers, from fully coerced through to fully voluntary, neither of which are likely to be real-world cases. More realistic are the various degrees of obligated transfer arising out of conditionalities imposed by international organisations, the need for international acceptance, or simply the need to solve a domestic policy problem drawing on lessons from abroad (Dolowitz and Marsh 2000). Different countries have different dependencies on international organisations for expertise and the necessary funding to engage in policy transfer (Evans 2017). Therefore, the international community will always have a major role in the transfer and in setting developmental agendas. Third, the literature on policy transfer has not established clear criteria to be used in order to judge policy success/failure (Marsh and Sharman 2009). Policy lenders and borrowers might have different definitions of success, depending on their particular aims (Unalan 2009). Although some advancements have been made to conceptualise policy transfer failure (Dolowitz and Marsh 2000; Dolowitz and Medearis 2009), they have been difficult to use in practice. Policy failure has been attributed to three conditions: (1) uninformed transfer when transfer is based on inaccurate or insufficient information about the original policy; (2) incomplete transfer when crucial features of what made the policy successful in the original country are not transferred, such as capacity building on the institutional side which includes business support organisations and officers working within public agencies (OECD/EU 2015); and (3) inappropriate transfer when there are essential contextual differences between the policy-originating country and the policy-transferring one, where the economic, political, social and ideological conditions of the exporting country are absent in the importing one. In many countries the value placed on entrepreneurship as a career option is very low. As one illustration, Wainwright et al. (2015) suggested that youth or senior entrepreneurs face several pressures from peers to pursue a mainstream career rather than a risky entrepreneurial one.

While the 'Better Entrepreneurship Policy Tool' is a recently developed mechanism of policy exchange, economic and social problem solutions in the EU have been attempted by a transnational communication transfer mechanism such as the Open Method of Coordination (OMC). The OMC tries to integrate the supranational EU policies with those at the governmental level. EU enterprise and social policy are both governed by OMC governance mechanisms (rather than by legally binding regulations) coordinating national governments' policies towards EU objectives, while respecting member (and endorsing non-member) states' autonomy in achieving these

objectives. Under OMC, member states pursue EU-defined objectives, translated into national-level indicators and targets, which are subject to periodic monitoring, evaluation and peer review in order to compare progress and identify best practices (Tholoniati 2010). The aim of such 'soft law' governance mechanism is to facilitate the exchange of experiences and reciprocal learning, since the OMC can lead to experimentation, learning and the development of new procedures (Begg and Berghman 2002) and can provide flexibility to the policy process (Radaelli 2003). The OMC is designed as a governance mechanism that can promote learning and innovation because it offers possibilities to: (1) destabilise existing understandings; (2) bring together people with diverse viewpoints in settings that require sustained deliberation about problem-solving; (3) facilitate erosion of boundaries between both policy domains and stakeholders; (4) reconfigure policy networks; (5) encourage decentralised experimentation and produce information on innovation; (6) require sharing of good practice and experimental results; (7) encourage actors to compare results with those of the best performers in any area; and (8) oblige actors collectively to redefine objectives and policies (Mosher and Trubek 2003). Despite the benefits of learning from each other that are embedded in the OMC and policy transfer processes more generally, the evidence has been less than satisfactory, primarily as a result of institutional inertias (Zeitlin 2005). The OMC processes do not allow for a more intense exchange of experiences between national actors and for peer reviews, and especially do not allow for participation of regional and non-governmental actors which are the ones to influence and implement policy at a local level (Mosher and Trubek 2003; Zeitlin 2005). Most importantly, implementation of policy reforms is not only dependent on new insights, but also on a firm political commitment (i.e. power).

This discussion, together with the example of the EU, suggests that different contexts are home to different sets of actors with their own interests and strategies, who face different opportunities and constraints in institutionalising enterprise policy fields. Crucially, different countries are home to different understandings or interpretations of social inclusion and entrepreneurship based on historical and institutional contexts which poses questions regarding the way policy objectives at a transnational level will influence national discourses, identities and policies. In this context, the different ways in which the social inclusion discourses are translated into specific policies and programmes, and the opportunities and pressures that influence the policy delivery process, need to be studied in-depth by highlighting the institutional features of relevance and the governance structures at a national, regional and local level, plus their interaction. Policies on social

inclusion need the participation of a number of regional and local actors, and the development of local governance structures. This requires further research on institutional contexts, both formal and social, and the scope they offer for the development of these types of governance mechanisms and for policy transfer and learning at a regional and local level. The different dimensions of poverty and social exclusion have in common the need to understand the lived-in experiences of the minority or disadvantaged groups in various areas or among various groups, especially when making any policy intervention that is culturally sensitive and context-adaptive. There is a need for policy to go beyond the 'cold' statistical indicators, to evaluate how the economic, social and institutional dimensions are combined with the ways that social exclusion is experienced, when seeking to achieve certain policy outcomes. Further work on these issues would give more visibility to the multiplicity of the institutional and sociocultural contexts of policymaking that affect how policy is designed and developed. The context-turn (Welter 2011; Welter and Gartner 2016) experienced in entrepreneurship needs to find its way into the enterprise policymaking process, particularly when considering inclusive entrepreneurship policies.

## Conclusion

The aim of this chapter was to offer a review of the assumptions behind inclusive entrepreneurship policies and how an understanding of the policymaking process might lead to better formulation and outcomes of these policies. The chapter was set within a context of increased attention to less mainstream forms of entrepreneurship among minority and disadvantaged groups, as well as an increasing interest in finding solutions to problems such as poverty and social exclusion. By reviewing the mixed evidence to date in relation to both enterprise policies more broadly and inclusive policies in particular, the chapter acts as a call for more research on minority and disadvantaged groups and their lived experiences in particular contexts.

The nature of the barriers that these groups face has received considerable attention and has also been the focus of a number of different policies over the years. As the review showed, a wide body of literature has focused on the issues these groups face with skills, finance, networking and social capital. As a result, policy has mainly focused on direct interventions that aim to build capacity among minority and disadvantaged entrepreneurs through (for example) access to finance, business counselling and advice, mentoring and training. However, the same attention has not been placed to understanding

and addressing the structural issues that lead to these barriers. As importantly, the way policies are designed and developed needs to be more focal in research in order to better understand what causes the disconnect between policies and the groups they aim to target.

The chapter proposed an alternative conceptualisation of the policy process that aims to make context a fully integrated part of the policymaking process by being aware of how policy ideas and exchanges among different countries or regions are often implicated in the design of policies that might not be receptive of local conditions. Focusing on issues of context in policy design and development would lead to a better understanding of the assumptions that policy actors in different countries use in relation to the social inclusion of minority and disadvantaged groups and their entrepreneurial activities. Crucially, taking context more seriously would lead to better incorporation in policy development of the lived experiences of each of these different groups. Taken together, these issues would support the development of inclusive policies that positively connect the needs and interests of minority entrepreneurs with government agendas and policy development. Overall, opening up the 'black box' of policy formulation and development in entrepreneurship studies would assist the greater understanding of (inclusive) enterprise policies more widely.

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# Future Research Opportunities: A Systematic Literature Review and Recommendations for Further Research into Minority Entrepreneurship

Tim Mazzarol

## Introduction

What makes a minority? It is a smallness in quantity, not smallness in quality. There is nothing permanent about a minority. There is nothing permanent in anything that can grow. (Taylor 1945, p. 84)

The field of minority entrepreneurship has evolved steadily since the publication of Pierce's (1947) work on 'Negro Business and Education' and has enjoyed significant growth within recent decades. Despite this, the field remains ill-defined and fragmented across a range of academic disciplines such as sociology, cultural anthropology, geography, economics, political theory, strategy, small business and entrepreneurship. Both the concepts of 'minority' and 'entrepreneurship' remain vaguely defined, with different units of analysis found, depending on the field of academic research and the national context in which the research is being undertaken (Basu 2009). Further, the multidisciplinary nature of minority entrepreneurship has led to fragmentation and a wide range of differing methodological approaches and units of analysis. In addition, this situation is compounded by a paucity of reliable databases upon which to undertake robust analysis within this field.

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This chapter examines the future directions that academic study in the field of minority entrepreneurship might take. In doing so, it takes a holistic view of the field and includes an examination of the evolution of the study of minority entrepreneurship, how it is structured, definitions of key concepts, key units of analysis and common findings.

The chapter is structured as follows. First, an examination is made of the concept of 'minority entrepreneurship', with a specific focus on how it is defined and what are its main units of analysis. Second, an analysis of the evolution of the field of minority entrepreneurship is outlined, with an examination of what have been the most influential journals and papers within specific fields. Third, the chapter examines the major research themes that have been explored. Finally, the chapter concludes with observations and recommendations for future directions that might be pursued. The chapter is not without its limitations. Given the range of research studies to be reviewed over a period of five decades, not all works could be included. In addition, the multidisciplinary nature of the field of minority entrepreneurship means that only some of the most important conceptual areas and sub-domains could be examined in depth.

## What Is Minority Entrepreneurship?

A problem for researching minority entrepreneurship is the lack of clarity over what constitutes a 'minority'. This has impacted both research and government policy, where public funds have been allocated to such firms to provide special assistance to economically and socially disadvantaged communities. This issue emerged in the USA during the 1970s, 1980s and 1990s as federal, state and local government programmes were rolled out to assist minorities such as Black, Hispanic, Native and Asian-Pacific Americans (Sonfield 2001). However, problems in defining what groups represented 'minorities' and who should be eligible for special help emerged and there were problems in assessing the real value of such public investment (Bates 2011).

## Defining and Applying the Concept of Minority

In the USA, a common benchmark for categorising an enterprise as a 'minority business' was the use of a 51 per cent rule, whereby the business had to have a minimum of 51 per cent of its ownership rights held by people from eligible minority communities. Unfortunately, this generated problems, with many firms experiencing limitations on raising capital from non-minority

investors, which also served to impede business growth (Sonfield 2001). This problem has also emerged in Australia in relation to government support for Aboriginal and Torres Strait Islander (ATSI) indigenous enterprises, where a 51 per cent rule in terms of ownership has also been applied. As in the USA, this has imposed restrictions on the ability of Australian indigenous enterprises to access equity financing from non-Indigenous owners, while also leading to a significant under-reporting of indigenous business ownership and entrepreneurial activity within the wider economy (Foley 2013).

As noted above, the concept of 'minority entrepreneurship' is ill-defined, which is not a reflection on the lack of attempts to define the concept, but more a recognition that the concept is broad ranging in its focus (Basu 2009; Bates 2011). For example, the OECD (2017) focuses its attention on such 'minorities' as women, youth, seniors, unemployed people and immigrants. By comparison, Wood et al. (2012), in their international review of minority entrepreneurship, also focused on women, youth, seniors and immigrants, but included ethnic minorities, the disabled, indigenous communities and lesbian, gay, bisexual, transgender, queer, intersex and asexual (LGBTQIA) people. This broad range of sub-groups is determined by whether such communities are considered 'minorities' within the wider community (as is the case for immigrants, the disabled, indigenous and LGBTQIA people), or just outside the mainstream 'entrepreneur' profile (as is the case for women, youth, seniors and the unemployed). The case of women entrepreneurs is an interesting one. Within most countries, women comprise around 50 per cent of the population, which does not make them a minority within the general population. However, their inclusion in the minority entrepreneurship field is predicated on the relative lack of female participation in start-up business activity (Wood et al. 2012). This is the same logic used to include youth, seniors and the unemployed, with suggestions that other groups, such as military veterans and discharged prisoners might also be included (Rieple et al. 1996; Wood et al. 2012).

Historically, the interest in minority entrepreneurship that was pioneered by the likes of Pierce (1947), Harvard (1964), Dixon (1970), Goodell (1971) and Garvin (1971) has generated research that has helped to enhance the economic and social mobility of minorities who are viewed as disadvantaged within the national economy. This reflected government policy interest in such research. Mavoothu (2009) noted that the U.S. Department of Commerce defined 'Minority Entrepreneur' as: "*A business ownership by any individual who is not of the majority population*". This includes such ethnic groups as Black, Hispanic, Latinos, Asians, Pacific Islanders and American Indians. However, this is a relatively narrow definition that excludes



many of the groups currently being encompassed by the OECD (2017) and the contemporary academic research community. The focus of minority entrepreneurship research can also include any group of entrepreneurs that lie outside mainstream society (Cooney 2009a).

This expansion of the range of communities considered eligible for inclusion within the field of minority entrepreneurship certainly provides new frontiers for academics to explore. However, one might ask whether an ethnic minority group suffering from economic and social disadvantage is the equivalent of female entrepreneurs launching high-growth start-ups, regardless of their socio-economic background? Or, for that matter, even such groups as youth, seniors and members of the LGBTIQA community? A further question is whether this widening of the range of groups who might be included in minority entrepreneurship research is becoming too broad, thereby exacerbating problems within the research community of definition, compatibility of findings and usefulness of results?

## Defining and Applying the Concept of Entrepreneurship

Assuming that a definition of the concept of *minority* can be found, there remains the issue of how to define the concepts of 'entrepreneurship' and 'entrepreneur'. As with the concept of minority, the definition of entrepreneurship is difficult to clearly define and subject to the context in which it is being considered (Landstrom et al. 2012). It is often viewed as a process through which an individual identifies, captures and exploits opportunities, usually for commercial or 'marketable' outcomes (Kuratko and Hodgetts 2004). Important attributes of the entrepreneurial process recognised within the academic literature are: opportunity recognition (Kirzner 1997); calculated risk taking (Knight 1933); resource shifting and recombination to achieve growth (Drucker 1985); innovation (Baumol 1968) and creative disruption (Schumpeter 1934). Despite this, the complexity of the entrepreneurship concept makes trying to find a single definition difficult (Gartner et al. 1988). The term has been applied to any action that involves discovery and exploitation of opportunities to produce new goods and services, or organisational and market designs (Shane and Venkataraman 2000). It has also been suggested that the concept of entrepreneurship should also include self-employment and the foundation of new business ventures, whether this is for the purpose of profit generation or not-for-profit activity (Shane 2003; White 2018).

In its study of minority entrepreneurship ('The Missing Entrepreneurs'), the OECD (2017) differentiates entrepreneurship and entrepreneurs from

‘ordinary’ business activity. These ‘ordinary’ businesses, are the small businesses that typically comprise around 99 per cent of all firms in most economies, while employing the majority of the workforce and contributing around 60 per cent of the value added (OECD 2010; Wymenga et al. 2011; ASBFEO 2017). As such, they can hardly be considered ‘ordinary’. For the OECD (2017), the concept of the ‘entrepreneur’ is that of someone who is seeking to generate value by creating their enterprise, usually through the development and commercialisation of new products, processes or markets. This implies that research into minority entrepreneurship should focus primarily on the creation of new, innovative and growth-oriented business ventures rather than the process of self-employment, and the creation of ‘ordinary’ small firms, or the acquisition of an established business venture by migrants, racial minorities, women, youth, seniors, disabled, indigenous or LGBTQIA people.

This emphasis by the OECD (2017) in growth focused entrepreneurial firms reflects the typical interest that governments place upon entrepreneurship, including the role played by minorities. Government interest in this area is on the creation of jobs and the stimulation of economic growth. As a result, the OECD’s Entrepreneurship Indicators Programme (EIP) framework, which is used in their research into minority entrepreneurship, focuses on the creation of new businesses, new jobs, plus the growth, innovativeness and export activity of such ventures (OECD 2017). Academic research has followed a similar trajectory within the field of entrepreneurship. However, recent analysis suggests that this focus on high-growth entrepreneurship may be unduly myopic, when firms such as Gazelles<sup>1</sup> and Unicorns<sup>2</sup> represent fewer than 1 in 50,000 small firms (Aldrich and Reuff 2018). Given how rare such firms are, the emphasis on this type of venture has been likened to a process of trying to ‘pick winners’, and is potentially counterproductive, because such firms typically destroy as many jobs as they create (Shane 2009; Bown and Mason 2017; Kenney and Zysman 2019). The process of growth in such firms is also more akin to a game of ‘snakes and ladders’ than a steady rise (Davila et al. 2015). Further, given the atypical nature of these firms and the difficulties of applying reliable methodologies, the true impact of these atypical firms is hard to fully assess (Nightingale and Coad 2014). Rather than pursuing this tiny group of outlier firms, there are now calls for academics and policymakers to focus more on ‘ordinary’ or ‘everyday’

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<sup>1</sup>Gazelles are high-growth companies, particularly those that have increased their revenues by 20 per cent or more annually over a period of four or more years (Aldrich and Reuff 2018).

<sup>2</sup>Unicorns are start-up businesses with a stock market value (or estimated value) of at least \$1 billion (Aldrich and Reuff 2018).

entrepreneurs who own and operate the majority of the small-to-medium enterprises (SMEs) that comprise the majority of all firms in the economy (Welter et al. 2017).

This internal tension within the entrepreneurship domain over what should be the focus of academic research has implications for the field of minority entrepreneurship. For example, much of the extant literature within the field of sociology has focused on self-employment and economic self-determination by ethnic minorities via business activity (e.g. Portes and Jensen 1989; Portes 1992; Portes et al. 2002). However, much of the minority entrepreneurship research within the entrepreneurship domain, has focused on the role of minorities within the new venture creation and growth-oriented entrepreneurial enterprise (e.g. Cooper et al. 1989; Cooper and Artz 1995; Chen et al. 1998; Saxenian 2002; Edelman et al. 2010). These two academic perspectives, while not entirely alien to each other, continue to represent separate research themes with different motivations, conceptual and methodological foundations, and separate goals and objectives. One approach to addressing this ‘entrepreneurship’ issue is the adoption of the term Minority Business Enterprise (MBE), which avoids the direct reference to entrepreneurship (see: Bates and Bradford 2008; Bates 2011; Bates et al. 2018). However, this approach has not been widely adopted.

## The Evolution of the Minority Entrepreneurship Field

To examine the evolution of the field of minority entrepreneurship, a systematic examination of the literature was undertaken (Transfield et al. 2003), with a specific focus on content analysis within the academic publications (Gaur and Kumar 2018). This was deemed necessary in order to provide a holistic overview of the literature, which is widely dispersed across a range of academic disciplines. A preliminary examination of the literature, in particular key sources that have sought to provide an overview of the field, was undertaken to provide an initial snapshot of the major thematic areas and concepts (e.g. Strom 2007; Basu 2009; Brush 2009; Godley 2009; Wood et al. 2012; Ma et al. 2012; Wang 2013; Legros et al. 2013; Cruz and de Queiroz Falcão 2017; Chreim et al. 2018). The Scopus online bibliometric database was used to conduct the search, which employed the key words: “minority entrepreneurship”, “minority entrepreneur”, “minority business enterprise”, “minority enterprises”, “minority entrepreneurs”, “ethnic minority firms” and “minority businesses”. A total of 1072 sources were generated, which included 803 journal articles, 125 books and book chapters, 58 conferences papers, 70 reviews, 3 research notes and 3 short surveys.

These publications ranged from 1970 to 2019. Publications were selected for their relevance, citations and field of research. These works were then examined using SPSS, NVivo and Leximancer analysis tools to provide a more in-depth review of: (1) areas of research focus; (2) methodologies used; (3) findings and (4) future research opportunities highlighted. The remainder of this section outlines the findings from this review.

As shown in Fig. 1, the field of minority entrepreneurship grew slowly over the years from the publication of Pierce's (1947) paper until the end of the last century. The introduction by the U.S. federal government of funding to support minority enterprise in 1969 appears to have served as a trigger to stimulating academic papers in the 1970s and 1980s (Sonfield 2001). By the mid-1990s the total volume of papers in this field grew steadily and this trajectory increased in the early 2000s, largely with the development of a strong interest within the entrepreneurship and small business management disciplines in the field of minority entrepreneurship.

The multidisciplinary nature of the minority entrepreneurship field was clearly revealed in the literature examined over this 49-year period. At least 15 separate academic domains were recognised in the analysis: sociology; entrepreneurship; small business management; economics; management; marketing; accounting and finance; politics and public policy; geography; anthropology; cultural studies; migration studies; tourism; history; education and training. Other areas included medicine, engineering and computer science. In the interests of simplification and reflecting the academic domains that have made the most contribution to the field of minority entrepreneurship, these numerous research areas were combined into three broad categories that encompassed: (1) business and economics (including

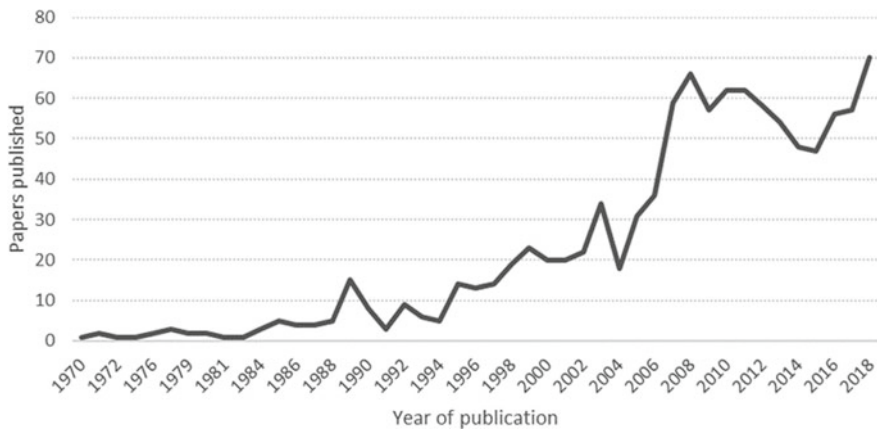
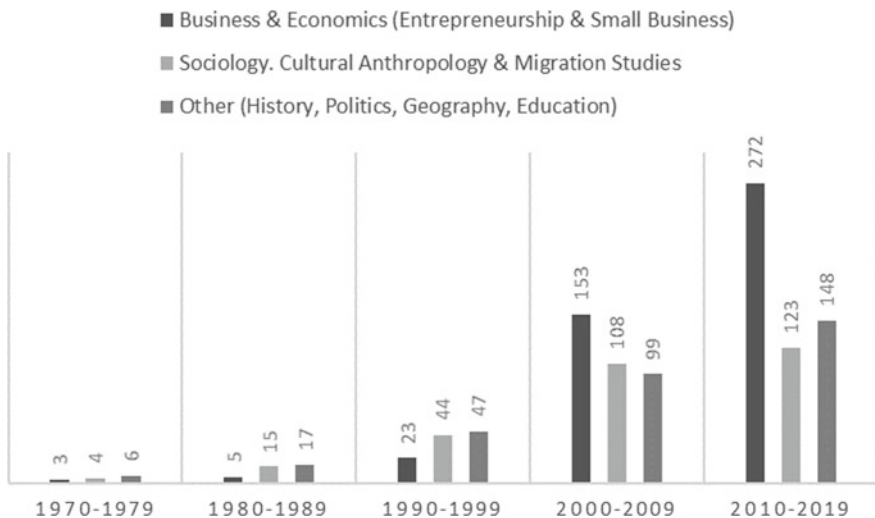


Fig. 1 Papers published in Minority Entrepreneurship from 1970 to 2019

entrepreneurship and small business management); (2) sociology, cultural anthropology and migration studies and (3) other (e.g. history, politics, geography, education). This grouping was influenced by both the broader academic domains into which these disciplines fit, but also the overall volume of work published in the minority entrepreneurship field within these areas. So, while *business and economics* and *sociology, culture anthropology and migration studies* have seen a large amount of research work published within this field, the academic disciplines that fall into the *other* category are grouped together less as a reflection of their importance and more as a recognition that fewer research papers have been published in those areas within the minority entrepreneurship field. Figure 2 shows the evolution of the minority entrepreneurship field as categorised into these three areas. It can be seen that while sociology and the other domains grew steadily over the decades, the business and economics area expanded rapidly from the start of the current century, with significant growth in the last decade. This has been predominately focused within the sub-disciplines of entrepreneurship and small business management. However, it is worth noting that many of these journals are interdisciplinary in nature and do not fall easily into specific academic domains.

Table 1 lists the most prominent journals over the five decades within the field of minority entrepreneurship. The journals included in this table were selected for several reasons. First, they had to have published a number



**Fig. 2** Works published in minority entrepreneurship from 1970 to 2019 by field of research

**Table 1** Most influential publications in minority entrepreneurship, 1970–2019

Publications	Date range	Papers	Citations
<i>Review of Black Political Economy</i>	1970–2015	15	98
<i>International Migration Review</i>	1985–2015	10	819
<i>Annals of the American Academy of Political &amp; Social Science</i>	1986–2007	9	167
<i>International Small Business Journal</i>	1988–2016	17	759
<i>Journal of Ethnic and Migration Studies</i>	1988–2019	28	752
<i>Urban Geography</i>	1989–1998	6	176
<i>Ethnic and Racial Studies</i>	1992–2018	22	473
<i>Economic Development Quarterly</i>	1995–2018	14	304
<i>Small Business Economics</i>	1995–2019	19	493
<i>Journal of Small Business and Enterprise Development</i>	1998–2018	16	306
<i>Urban Studies</i>	1999–2015	8	166
<i>Environment and Planning C: Government Policy</i>	2000–2015	12	353
<i>Journal of Small Business Management</i>	2000–2015	7	223
<i>Entrepreneurship and Regional Development</i>	2001–2014	20	907
<i>International Journal of Entrepreneurial Behaviour &amp; Research</i>	2004–2019	18	464
<i>Service Industries Journal</i>	2005–2019	5	109
<i>International Journal of Business and Globalisation</i>	2007–2010	9	36
<i>Journal of Developmental Entrepreneurship</i>	2008–2018	13	162
<i>International Journal of Entrepreneurship and Small Business</i>	2008–2018	19	96
<i>Journal of Enterprising Communities</i>	2008–2018	11	52
<i>International Journal of Gender and Entrepreneurship</i>	2009–2017	8	56

of papers over the time period that were specifically focused on minority entrepreneurship. Second, they had to have at least one paper that had more than 20 citations in this period. As shown, the journals are listed in terms of the date range in order to present a perspective of the evolution of the field. The *Review of Black Political Economy* was something of a pioneer in the field of minority entrepreneurship, with the publication of Dixon's (1970) paper on minority entrepreneurship programmes. As can be seen in Table 1 the journal continued to publish articles in minority entrepreneurship throughout the review period. At the time of writing, the most highly cited paper from that journal was the paper by Bates (1994) comparing non-minority and black-owned urban-based firms' employment of minority employees. By the 1980s the minority entrepreneurship field had widened

to focus on ethnic minority-owned businesses within immigrant communities. Journals such as *International Migration Review* and *Journal of Ethnic and Migration Studies* emerged. The first two papers published in the mid-1980s focused on Korean immigrant entrepreneurs in Chicago (Kwang and Won 1985) and comparisons of ethnic black, Italian and Jewish enclaves in New York (Model 1985), both of which were produced in the same issue of *International Migration Review*. The 1980s also saw the emergence of growing interest in minority entrepreneurship within the fields of small business and social geography. For example, in the late 1980s the *International Small Business Journal* published a paper on black-owned businesses in South Africa (Phillips and Brice 1988). Around the same time *Urban Geography* published a paper on inter-ethnic minority conflict in urban America, with a focus on hostility from black communities towards immigrant entrepreneurs of Asian and Hispanic origin within Los Angeles and Miami (Johnson and Oliver 1989).

This pattern of research within the sociology, cultural anthropology and migration studies on the one hand, and the business and economics and urban geography on the other continued during the 1990s. The journal *Ethnic and Racial Studies* published a paper by Portes (1992) on economic mobility amongst immigrant and domestic minorities. This continued the work already undertaken by that author in the 1980s (e.g. Portes 1987; Portes and Jensen 1989). This period also saw the emergence of a growing interest in minority entrepreneurship within the journals specialising in entrepreneurship and small business, with papers emerging in *Small Business Economics* (Ageev et al. 1995) and *Journal of Small Business and Enterprise Development* (Smallbone et al. 1998; Crick and Chaudhry 1998; Ram et al. 1999). At the same time, the *Economic Development Quarterly* (Bates 1995; Wallace 1999) and *Urban Studies* (Oc and Tiesdell 1999) also started to publish papers in the minority entrepreneurship field. Since the end of the last century, the number of journals publishing research into minority entrepreneurship has widened, with the aforementioned journals being joined by the likes of *Environment and Planning C: Government Policy*, which is now renamed *Environment and Planning C: Politics and Space*. This published a paper by Van Delft et al. (2000) which addressed the issue of using ethnic entrepreneurship as a policy tool for managing rising inflows of migrants across Europe. This paper remains one of the most highly cited works. In addition, the business journals also began to increase their interest in minority entrepreneurship. For example, the *Journal of Small Business Management* opened its card with a paper by Dyer and Ross (2000) which examined relationships between

ethnic-minority businesses and their co-ethnic customers using a qualitative study with a small sample of black business owners. This was followed by *Entrepreneurship and Regional Development* with a paper on employer-employee relations within South Asian ethnic minority restaurants in the UK (Ram et al. 2001). The *International Journal of Entrepreneurial Behaviour & Research* followed with a paper by Basu (2004) which explored the entrepreneurial aspirations of minority ethnic family business owners in the UK. At the time of writing, this paper was amongst the most highly cited works within the minority entrepreneurship field that have been published in that journal.

By the mid-2000s a range of other journals within the business disciplines had also started to publish work from the minority entrepreneurship field. This included the *Service Industries Journal*, which published a paper by Altinay and Altinay (2005) that focused on ethnic minority entrepreneurship within the catering sector. This was followed by the *International Journal of Business and Globalisation*, with the publication of a series of articles within its first year of operations on aspects of minority entrepreneurship (e.g. Perreault et al. 2007; Beng and Chew 2007; Lowrey 2007; Inal 2007; Pio 2007). The following year, the *Journal of Developmental Entrepreneurship* published a special issue focusing on empirical research into ethnicity and entrepreneurship in the USA (see: Danes et al. 2008; Shelton et al. 2008; Rogoff and Heck 2008; Fairchild 2008; Cardon et al. 2008; Haynes et al. 2008; Swinney 2008). Of these papers, that by Danes et al. (2008) which examined the effects of ethnicity, families and culture on minority entrepreneurship within the context of family business theory, has been the most highly cited. In the same year, the *International Journal of Entrepreneurship and Small Business* published a special issue on gender and entrepreneurship (e.g. Pio 2007), with a focus on rural minority communities in a subsequent edition (e.g. Bhrádaigh 2008).

Additional journals emerged during late 2000s, such as the *Journal of Enterprising Communities* and *International Journal of Gender and Entrepreneurship*. The first of these commenced publishing in 2007 and offered a strong focus on minority entrepreneurship. The latter journal emerged in 2009 and included a paper by Cooney (2009b) that focused on female entrepreneurship programmes for the minority traveller community in Ireland. It is arguable that the minority entrepreneurship field has become relatively well established within the academic literature, with specialist journals providing outlets for research in this field, while a number of books have also been published within the field (e.g. Dana 2007b; Apitzsch and Kontos 2008; Griffiths 2011; Wood et al. 2012; Ramadani et al. 2019).



## Leximancer Analysis of the Minority Entrepreneurship Literature

An examination of the minority entrepreneurship literature was undertaken using the Leximancer text analytic software (Leximancer 2018). Leximancer is a well-established method for undertaking content analysis within large datasets such as in the case of bibliographic analysis of the kind being examined in this case (e.g. Cummings and Daellenbach 2009; Liesch et al. 2011; Shafique 2013; Volery and Mazzarol 2015). The Leximancer software uses algorithms to identify, in a grounded manner, not only the most important concepts within the corpus, but how they are interrelated. The software uses co-occurrence counts and word frequency as its basic data (Smith and Humphreys 2006) and is a reliable data analysis tool involving minimal intervention by the researcher in comparison with NVivo (Sotiriadou et al. 2014), which makes it an effective tool for content analysis (Biroscak et al. 2017).

All the abstracts for the 1072 sources collected for this analysis were examined within the Leximancer software, generating themes and concepts. A concept within Leximancer is a collection of words that are found together within the text as being associated with each other. Leximancer identifies the frequency and association of these words, and also tags them as representing a distinct concept. The identification of concepts occurs only when there is sufficient evidence above a given threshold. Once all the concepts have been identified, Leximancer generates a concept map that illustrates the concepts within a cluster or theme. Each theme is shown by a series of coloured bubbles that represent the association of each theme and cluster group, as well as their size and importance, which is displayed using colours. The more important themes are shown with 'hotter' colours. The themes and concepts are listed in Table 2 and the concept map is illustrated in Fig. 3.

The analysis identified 74 concepts of which 37 were the most important and these are listed in Table 2 as grouped into one of ten themes. It can be seen that the most important themes were: minority, entrepreneurs, ethnic, development and firms. These were followed by: women, political, government, programme and issues. These themes and concepts are discussed in more detail below. Their relationship with each other is illustrated in Fig. 3, where the most important themes of minority, entrepreneurs and ethnic, lie at the centre of the map as might be expected. However, the relationships between these themes and concepts, and the body of literature as it has evolved over the time period from 1970 to 2019, is also illustrated. The four outliers shown in Fig. 3 represent the time periods over which these publications were released (e.g. 1970–1989, 1990–1999,

**Table 2** Most important themes and concepts in minority entrepreneurship, 1970–2019

Themes	Hits	Concepts
Minority	2352	<i>minority, business and businesses, capital, group, support, financial</i>
Entrepreneurs	2073	<i>entrepreneurs, entrepreneurship, social, groups, entrepreneurial, minorities, cultural</i>
Ethnic	1765	<i>ethnic, economic, community, role, different, immigrant, based</i>
Development	1188	<i>development, market, policy, important, growth, economy</i>
Firms	900	<i>firms, enterprises, enterprise, sector</i>
Women	396	<i>women, family</i>
Political	376	<i>political, work</i>
Government	178	<i>Government</i>
Programme	153	<i>Programme</i>
Issues	149	<i>Issues</i>

2000–2009 and 2010–2019) and represent the grouping of the research into four periods. It can be seen that the first three eras from 1970 to 2009 are closely associated with the themes and concepts relating to: ethnic, minority, firms, development, government and issues. By contrast, the 2010–2019 era has a much stronger association with entrepreneurs and entrepreneurship, reflecting the growing attention within the more recent literature to studies produced within the business and economics disciplines in which the focus is on entrepreneurial activities and enterprises, including high-growth and transnational ventures rather than the smaller MBEs and self-employed. It also reflects the inclusion of more minorities such as women.

The most important theme was that of ‘minority’, which reflects the focus within the literature in relation to minority-owned businesses, their need for financial capital and support. It is linked to the theme of ‘ethnic’, which is again a reflection of the use of “ethnic minority” as a common description and point of focus. This theme is also representative of the focus within the literature, particularly the literature on the development of minority-owned firms, plus the role of government and the programmes that are developed to help such firms. This reflects work such as Griffiths (2011) on minority business ownership in the USA, which examined the size, structure, characteristics and economic importance of these firms, as well as challenges facing them. These typically included racial discrimination, and a lack of access to financial capital (U.S. Department of Commerce 2011).

The theme of ‘entrepreneurs’ was the second most important area of focus and one that has received significant attention during the past decade.



Similar research also emerged from other countries, such as New Zealand, with the work of de Vries (2012) on Indian immigrants, which highlighted their adaptability, strong work ethic and predisposition for employment, while also facing discrimination and job dissatisfaction.

The 'development' theme lies between the minority and ethnic themes, and is linked to the government theme via the concepts 'policy' and 'growth', reflecting the interest of governments in minority entrepreneurship research as a way to better understand how entrepreneurship can be fostered within ethnic minority groups to facilitate economic self-development and self-sufficiency. As a theme, it encompasses concepts relating to economic development, market development, policy development, and the development of business growth and the economy, which are identified as important. This interest in the economic development of minorities can be found in countries such as Singapore (Lim 2015). Examples of similar work can be found in the UK (e.g. Ram and Smallbone 2003).

The final major theme of 'firms' focused on the concepts relating to firms and enterprises, as well as industry sectors, with attention to how minority-owned firms operate, as well as their characteristics and performance. This is usually within the context of their role in the economy and how well they are supported by government policies. This is illustrated by an examination of U.S. government support programmes for minority business enterprises undertaken by Bates (1995), which found such programmes suffered from many flaws, such as lending to financially unsustainable firms resulting in high default rates. He recommended against targeting impoverished communities with poorly administered programmes that only served to undermine existing minority-owned businesses that were viable. Also worthy of note is the work of Theodore (1995) in relation to the effectiveness of support programmes for minority-owned firms in Chicago that recommended "*debundling*" local government tenders to enable such firms to bid for contracts.

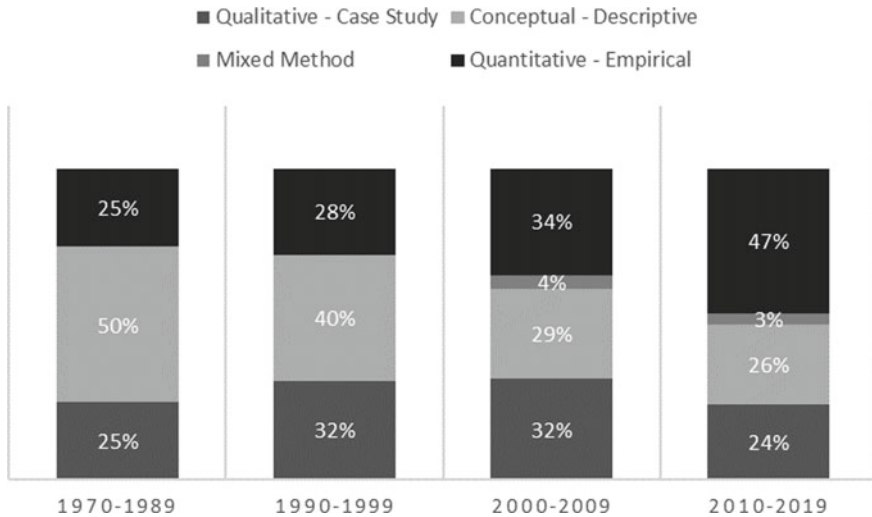
The remaining minor themes of 'women', 'political', 'government', 'programme' and 'issues' are all related to the previous five themes discussed above. As illustrated in Fig. 3, the 'women' theme is closely associated with the literature published in the 2010–2019 period and is linked to the theme entrepreneurs. This reflects the focus within the minority entrepreneurship field of women since the end of the 1990s. Immigrant women have been the subject of such research studies (Raijman 2001). These have focused on the challenges facing women entrepreneurs who also have competing roles within their family and community, such as motherhood, femininity, family and the

need to balance these roles with their business within the context of societal, institutional and personal pressures (Forson 2013).

The 'political' theme is an extension of the themes 'ethnic' and 'entrepreneurs' and encompasses the political nature of culture and identity in shaping minority entrepreneurship within many countries, with specific focus in some contexts on immigrants. However, it can also reflect situations in countries such as Malaysia where ethnicity can define major political, social and economic divisions with the society, such as occurs between Chinese and Malays in that country (Nonini 2005). As shown in Fig. 3, the 'government' theme was closely associated with the 'development' theme and linked via the concepts of 'industry', 'public' and 'policy' (e.g. Chang 1987). The 'programme' theme relates to the research into the design, development and effectiveness of programmes, usually funded by government, targeted at providing support to minority-owned businesses (e.g. Karuna-Karan and Smith 1972). Finally, the 'issues' theme relates to specific research or policy related issues emerging within the literature that had relevance to minority entrepreneurship (e.g. McCormick 2001).

## Areas of Research Focus, Methodology and Findings

To provide a review of the focus, methodology and findings within the literature throughout the 1970–2019 time period, an examination of a sample of 232 papers from the 1702 sources was undertaken. Only papers with 20 or more citations were included in order to examine research that has had some impact on the field (Soutar et al. 2015). In terms of methodology, the papers were either qualitative (mostly case studies), quantitative (survey-based data analysis or econometric), mixed method (e.g. qualitative and quantitative) or conceptual and descriptive in nature. Figure 4 illustrates the composition of the methodologies found in these papers. It can be seen that 50 per cent of the papers published in the period 1970–1989 were conceptual or descriptive in nature, with an even balance between qualitative and quantitative methods. In the following period (1990–1999) the proportion of conceptual and descriptive papers had fallen to 40 per cent, with quantitative (28 per cent) and qualitative (32 per cent) methods being broadly equal, although case studies were a more common methodology. During the third period (2000–2009), conceptual or descriptive works (29 per cent) had declined in relative terms, against quantitative (34 per cent) and qualitative (32 per cent),



**Fig. 4** Methodologies of highly cited works published in minority entrepreneurship 1970–2019 ( $n = 232$ )

and mixed method (4 per cent) studies had begun to emerge. In the final period (2010–2019), quantitative (47 per cent) had become more dominant.

This pattern of changes to methodology over the five decades suggests that as the minority entrepreneurship field has evolved, there has been a shift from conceptual, descriptive works, and mostly case study based qualitative studies, towards more empirical quantitative research. This reflects the evolution that commonly takes place within an academic discipline as the field is initially conceptualised, explored with case-based qualitative investigations, and then subject to theoretical validation and measurement using quantitative approaches (e.g. Ramos-Rodríguez and Ruíz-Navarro 2004; Volery and Mazzarol 2015). An examination of the major works over the 1970–2019 time period identified several consistent areas of focus that evolved into conceptual or theoretical themes that have formed the foundation of the minority entrepreneurship field. These include: research studies into ethnic migrant entrepreneurship as a sub-domain; the theoretical concepts of ethnic community enclaves, mixed embeddedness and transnational entrepreneurship; female entrepreneurship; and studies relating to the examination of the relative performance of ethnic minority businesses and entrepreneurs, plus the effectiveness of government policy and support programmes designed to assist such groups. These are discussed further in the following subsections.

## Ethnic Migrant Entrepreneurship

As noted above, during the first era of the evolution of the minority entrepreneurship field, much of the focus was ethnicity and economic and social integration of ethnic minorities within the USA. These were mainly researchers within the sociology, cultural anthropology and migration studies disciplines, with some economic historians and social geographers also contributing. For example, Higgs (1976) provided an historical perspective on the evolution of Black and Immigrant American entrepreneurs in the late nineteenth and early twentieth centuries. This used a mixed method analysis of census data to examine the factors influencing entrepreneurial activity amongst blacks and immigrants finding that urbanisation was a key trigger in fostering entrepreneurship, in particular within the southern states. Immigrants were the most likely to become business owners, followed by locally born whites and then blacks. The research also focused on the arrival of immigrants and the concentration of different ethnic minorities within urban centres, and the potential for both positive and negative outcomes. For example, Johnson and Oliver (1989) highlighted inter-ethnic conflict between Black Hispanic and Asian communities in American cities in which Blacks boycotted the shops of Asian and Hispanic migrant business owners. Bates (1989) examined the situation facing Black-owned businesses in American cities, noting that lack education for the owners, and lack of access to financial capital and wider market opportunities for their businesses, served to constrain such firms into ghettos.

What had started with a focus on socio-economic disadvantage amongst local ethnic minorities (e.g. Blacks in the USA), quickly expanded into a wider examination of immigrant ethnic minorities. For example, during the 1990s many studies examined the economic mobility that minority entrepreneurship offered to immigrant communities (Pyong and Bozorgmehr 2000). This highlighted the challenges facing Korean immigrant business owners who were vulnerable to exploitation by landlords and suppliers, and the detrimental effects of operating in an 'ethnic sub-economy' (Pyong 1990). However, on a more positive level, this research also demonstrated the ability of Korean immigrants to use their initial success in running retail stores in predominately Black minority communities and then leveraging these to scale-up to more capital-intensive businesses such as garment manufacturing (Yoon 1995). This research included historical studies of ethnic minority entrepreneurship, including Jewish immigrants in Canada (Hiebert 1993), ethnic and religious minorities in the Soviet Union and Russia (Ageev et al.

1995) and the impact of colonial policy on post-colonial economies in Africa (Njoh 1998).

The role of government policy in assisting immigrant minority enterprises was also examined by Myers and Chan (1996), who studied state government procurement policies in New Jersey, finding that such policies did not address discrimination, nor did they provide benefits to the minority businesses. This focus on ethnic migrant entrepreneurship has continued within the minority entrepreneurship field with more recent research relating to ethnic migrant entrepreneurship in countries such as France (Al Ariss 2010), Greece (Piperopoulos 2010), Macedonia (Ramadani et al. 2014), Finland (Katila and Wahlbeck 2012) and Germany (Bruder et al. 2011), in addition to the UK (Clark and Drinkwater 2010a; Jones et al. 2012). This appears to reflect both the rise of immigrant ethnic minorities within many countries since the 1970s and the expansion of the minority entrepreneurship field from a largely Anglo-American centric research community to a more international one.

## Ethnic Community Enclaves

The concept of ethnic community enclaves, is a key research theme emerging from the study of minority entrepreneurs from ethnic immigrant backgrounds. This first appeared in studies undertaken by sociologists into the formation of ethnic community enclaves within the USA. This included Cuban migrant enclaves in Miami (Portes 1987; Forment 1989; Portes and Jensen 1989), as well as Blacks, Italians and Jews in New York (Model 1985) and Korean immigrants in Chicago (Kwang and Won 1985). This research challenged the assumption that ethnic enclaves should be viewed as “mere residential agglomerations” and that ethnic enterprises were “vehicles for exploitation” (Portes and Jensen 1989). Of importance is the concentration, not of dwellings within such communities, but of ethnic-minority owned businesses. Also of interest were the characteristics of the enterprise founders (Portes 1987) and (in the case of the Cuban enclave in Miami) their political connections (Forment 1989). However, the research also identified the importance of social connectivity and the role of family and community support for entrepreneurs within these communities (Model 1985; Kwang and Won 1985).

The most highly cited papers from the period 1990–1999 continued to focus on ethnic community enclaves (Lin 1995), but the research widened to include more immigrant communities such as Chinese (Wang 1991; Zhou 1998a; Wang 1999). Of particular interest to researchers were the



economic and social benefits that ethnic minority entrepreneurship offers to minorities, such as immigrant communities. This is exemplified by Portes and Zhou (1992), who examined Dominican, Cuban and Chinese immigrants to the USA, and their use of entrepreneurship to achieve economic mobility. This study found that entrepreneurs who remained within their ethnic enclave were more likely to succeed than those who moved outside of it. The importance of social capital, plus the leveraging of human capital and community cohesion, was important to success. This ability for ethnic minority-owned business to leverage their own communities as both a source of labour and customers was highlighted in a study by Zhou (1998b) of ethnic Chinese owned firms in Los Angeles. This use of local co-ethnic labour within ethnic minority-owned firms was a focus for other researchers in this period (Kim 1999). However, in non-urban or more dispersed communities, ethnic minority communities were more likely to seek self-employment due to a lack of alternatives (Razin and Langlois 1996).

Further research into ethnic enclaves encompassed family businesses and compared minority and mainstream (white) enterprises across different sectors, finding that a key factor for success was a shared business culture, guided by “a set of values, beliefs and strategies” (Mulholland 1997, p. 685). While these studies were focused on the USA, research emerged from other countries. For example, there were studies of African-Caribbean small business operators in the UK (Ram and Deakins 1996), ethnic minority businesses in Lyon (France) and Birmingham (UK) (Phizacklea and Ram 1996), and Turkish ethnic minority entrepreneurs in Brussels (Belgium) (Kesteloot and Mistiaen 1997). These studies found such communities, despite an often-hostile environment, were positive about their future, and willing to move outside their ethnic enclave to achieve social and economic upward mobility and assimilation into the mainstream society.

## Mixed Embeddedness

During the 1990s the research into ethnic migrant entrepreneurship and ethnic enclaves produced the concept of mixed embeddedness (Barberis and Solano 2018). This concept was pioneered by the work of Kloosterman, van der Leun and Rath (1999), who introduced this as an approach to understanding the behaviour of migrant minority entrepreneurs in advanced economies (Kloosterman and Rath 2001). This explains how the migrant entrepreneur is embedded in a mixed range of structures and networks, which include the host country’s legal, regulatory, market and cultural structures, as well as their own ethnic cultural and social networks and structures. This

can also include the geographical context (e.g. urban, rural, regional, international) in which they operate, as well as the formal 'written' and informal 'unwritten' rules that they must adhere to in order to successfully operate their businesses. Some of the initial work in this area was undertaken by Fischer and Massey (2000), who examined multi-level U.S. census data to see if residential segregation and the creation of market niches (e.g. ethnic community enclaves) was beneficial to entrepreneurship. However, they found that enclaves were detrimental if they become more than 'moderate' in nature and risked lowering entrepreneurship activity and concentrating poverty geographically. In the same year, Fadahunsi et al. (2000) published research into the role of formal and informal networks in assisting entrepreneurship amongst minority businesses in London. This found support for the theory of mixed embeddedness, but a desultory impact of government support programmes.

Over the period 2000–2009, more work relating to the mixed embeddedness concept was published. This research highlighted the value of localised networking within ethnic enclaves, but also noted the adverse impact of large firms, such as national chain stores, that moved into these areas, and the ineffectiveness and even adverse impact of government policies associated with enterprise support, market deregulation and immigration (Barrett et al. 2001). It also emphasised the need to approach ethnic minority entrepreneurship in a more holistic manner focusing on culture, economics and the sectoral context in which these forces operate (Ram et al. 2000). In addition, the importance of education and fluency in the local language for migrant entrepreneurs was highlighted (Altinay and Altinay 2008), together with the role of social capital building (Bagwell 2008) and the ability to maintain co-ethnic and non-co-ethnic networks across both the local (country of residence) and international (country of origin) (Pécoud 2004; Altinay and Altinay 2005; Jamal 2005; Miera 2008; Kitching et al. 2009).

These studies focused on the positive and negative aspects of ethnic community enclaves and challenged the incumbent theory that viewed these concentrations as beneficial to ethnic minority enterprise and economic self-development (Clark and Drinkwater 2002). Rather than social geography and ethnic concentration, successful business operations were found to rely more on financial resources, management skills and access to market information (Ram et al. 2002, 2003). By the end of the first decade of the twenty-first century, there was a recognition that economic and social mobility for ethnic minorities would require government policy and academic research to focus less on ethnic culture and more on the social, economic and institutional

context, or mixed embeddedness, in which such communities exist (Jones and Ram 2007; Danes et al. 2008; Ram and Jones 2008).

Attention to mixed embeddedness within the minority entrepreneurship literature continued over the period 2010 to 2019, but expanded the field to include the concept of superdiversity, which relates to the concentration of large immigrant populations in major cities such as London and how this superdiversity within these populations impacts conventional theories of ethnic minority business (Vertovec 2007; Sepulveda et al. 2011; Nathan and Lee 2013). Also, of interest were the positive and negative impacts of such diversity, as well as how these are measured (Lee 2011). This superdiversity concept was also explored outside the major cities into regional centres, finding that regardless of the level of diversity within these communities, the influences of racism and structural constraints continued to have negative impacts on ethnic minority immigrant entrepreneurship (Jones et al. 2014). Other research examined the interrelationship between entrepreneurial orientation and the impact that co-ethnic social networks have on this across different ethnic communities (Wang and Altinay 2012) and how this impacts employer-employee relationships (Jones and Ram 2010).

## Transnational Entrepreneurship

Concurrently with mixed embeddedness, the field of minority entrepreneurship also saw the emergence of the concept of transnational entrepreneurship (Moghaddam et al. 2018). This relates to the ability of an immigrant entrepreneur to establish international business relationships (e.g. importing or exporting) by leveraging their knowledge and networks within both their country of residence (COR) and their country of origin (COO) (Lundberg and Rehnfors 2018). The concept appeared in the literature in the late 1990s (e.g. Itzigsohn et al. 1999; Kyle 1999; Landolt et al. 1999) and it was observed by Saxenian (2002) in relation to the role played by immigrant entrepreneurs in the evolution of Silicon Valley's technology businesses. However, Portes et al. (2002) brought the concept into the sociological literature, providing one of the first clear definitions of transnational entrepreneurs as business owners who travel overseas at least twice a year and who view foreign engagement as essential for their business success. They also provided some of the key theoretical and practical foundations to the concept within the academic literature. Further work in this area emerged as the concept moved into the minority entrepreneurship domain. Zhou (2004), in a review of the ethnic entrepreneurship field to that time, noted that the research had moved from a largely local or national context (e.g. ethnic minority enclaves

in one city or country) to a more transnational and global one. This appeared to be motivated by the rising level of globalisation within the world, the ease of international travel and cross-border commercial engagement. However, it was also found that more research was needed (Zhou 2004).

By the end of the decade 2000–2009, a range of work was published that focused specifically on transnational entrepreneurship. This addressed the role played by family networks to assist in facilitating a migrant entrepreneur's business engagement between their COR and COO (Bagwell 2008), as well as comparisons between different migrant entrepreneur groups, such as the Turkish and Polish communities in Germany, and their ability to leverage transnational social networks to source skilled labour and exploit open transnational market environments (Miera 2008). The importance of transnational networking as a key to business performance for transnational ethnic entrepreneurs was also highlighted, along with evidence that not all ethnic minority immigrant communities were as likely to engage in transnational business activity (Kariv et al. 2009).

The research literature relating to transnational entrepreneurship continued to evolve in the period 2010–2019. Its focus was on the concept of superdiversity, but within the context of transnationalism. This examined how the reality of the challenges facing new migrant entrepreneurs compared to the aspirational 'neoliberal' images of globalisation (Jones et al. 2010). A literature review was undertaken by Ilhan-Nas et al. (2011) into 'international ethnic entrepreneurship' encompassing the period from 1936 to 2009. This offered a conceptual framework that identified the interrelationship between push-pull factors (antecedents), the characteristics of the entrepreneurial activity (e.g. scale, scope) and the environmental context (e.g. geographic, social, cultural and economic factors) influencing these. These interactions resulted in individual, organisational and national level outcomes (e.g. self-employment, enterprise creation, job-generation and ethnic enclave formation). The study highlighted the nexus between transnational entrepreneurship and mixed embeddedness, as well as the need for future research to approach the area using a variety of theoretical perspectives. Also, research by Bagwell (2016) suggested that transnational entrepreneurship is likely to be multipolar rather than bipolar, and more complex than the relatively simple models identified in earlier research. Nevertheless, despite the focus on this area over many years, by the end of the decade transnational entrepreneurship was still being viewed as a research field that was still in its infancy (Moghaddam et al. 2018).

## Female Entrepreneurship

Interest in female entrepreneurship within ethnic minority communities did not emerge in any substantial way within the minority entrepreneurship literature until the 1990s. Some of these early studies examined such issues as the dual role of business and domestic responsibilities that women faced and the many cultural factors influencing their ability to undertake business roles (Dhaliwal 1998). In addition, there was a recognition that many of the common assumptions underlying the extant literature relating to ethnic minority entrepreneurship was not entirely applicable to women as it had been developed largely with data collected from men (Hillmann 1999). The decade 2000–2009 saw a rise in the number of papers published in the field of female entrepreneurship as a sub-domain of minority entrepreneurship. This work continued the trend that had first emerged in the 1990s and reflected the wider social changes that transformed the more traditional roles of men and women in society over the previous decades. Despite a lack of attention within the entrepreneurship literature to that time, research was identifying opportunities for exploring gender roles within business in a post-traditional society (Baines and Wheelock 2000). Further, there was a recognition that the academic literature had largely overlooked the role of female entrepreneurs from ethnic and migrant backgrounds who were a key part of many family-owned businesses in such communities (Dhaliwal 2000). Research has also focused on the challenges facing women and minorities in securing opportunities in many corporate environments and the potential to pursue entrepreneurial activities instead (Heilman and Chen 2003). Some research started to examine differences regarding how women from different ethnic backgrounds engage in entrepreneurship, producing findings showing that while ethnic minority women held high aspirations for business ownership, a lack of resources (e.g. financial and human capital) was a major impediment for them (Smith-Hunter and Boyd 2004). This inability to secure both financial and business support, and to be taken seriously, was particularly identified as a dilemma for ethnic female entrepreneurs in launching ventures in the information and communications technologies (ICT) sector (Martin and Wright 2005). As the decade ended, research was examining the nature of female ethnic minority entrepreneurship, seeking to “*deconstruct the entrepreneurial archetype of the white male hero*” (Essers and Benschop 2007, p. 49). The impact on ethnic minority female entrepreneurs of social stratification (e.g. social structure, institutions and culture) was also explored (Robinson et al. 2007). Other studies pointed to the struggle amongst ethnic minority women to secure employment and to overcome low

self-esteem and discrimination when establishing their own businesses (Pio 2007), as well as being more likely as employers to employ ethnic minority women, thereby helping to alleviate existing income disparities between men and women (Light 2007). Female entrepreneurs were also found to seek external advice more than their male counterparts (Scott and Irwin 2009) and to get good financial benefits from self-employment (Lofstrom and Bates 2009). However, not all women are the same and differences exist between women from differing ethnic minority communities (Kwong et al. 2009).

The literature into female ethnic entrepreneurship during the past decade has continued to grow, with studies considering the wider issues associated with ethnic minorities and women business owners and their challenges in securing finance, accessing markets, developing business skills and overcoming discrimination (Collins and Low 2010; Carter et al. 2015; Bewaji et al. 2015). An interesting contribution to this aspect of the minority entrepreneurship field was a study by Verduijn and Essers (2013) which challenged the mainstream male-dominated and largely optimistic paradigm of entrepreneurship initiated in the previous decade.

## **Performance, Government Policy and Support Programmes**

Additional research in the minority entrepreneurship field has focused on areas relating to the performance of such businesses and their contribution to enhancing the socio-economic well-being of minority communities, as well as the role and impact of government policy and support programmes designed to assist such firms. Some of this research has focused on comparisons of minority and non-minority owned enterprises. For example, Rafiq (1992) examined Muslim and non-Muslim owned businesses in the UK, finding that minority-owned firms were more likely to focus on servicing their local co-ethnic community and that such firms remain smaller than average and less profitable. Their owners' motivations to take up business ownership was usually due to necessity rather than opportunity. Bates (1994) highlighted the propensity of minority-owned businesses (e.g. Black-owned firms in the USA) to employ minority workers regardless of their location, when compared to non-minority owned firms. An examination of Chinese and African-American-owned restaurants in the USA, found many similarities and differences between the two groups, but could not identify any significant explanatory patterns and called for more empirical research (Lee et al. 1997). There was also interest in studies that examined the relative performance of ethnic minority-owned business, in particular the factors influencing their

success (Deakins et al. 1997; Ramachandran and Shah 1999), business expansion (Kaplan 1997), internationalisation (Chin et al. 1996) and their involvement in supply chains (Carter et al. 1999). These studies highlighted the importance of social capital and the leveraging of family and community networks. They also supported the earlier findings relating to ethnic enclave formation and development. For immigrant communities, this included the leveraging of international connections back into their countries of origin, to establish import-export business opportunities. Most of these studies were undertaken within the sociology, cultural anthropology and migration fields.

Attention was also given to assessing the support programmes developed for minority entrepreneurs (Kotlowski 1998; Oc and Tiesdell 1999). These studies identified that such support programmes were generally welcomed by the minority business owners (Marlow 1992). However, it also suggested that most support programmes, specifically in the USA in relation to micro-loans, had been unsuccessful and even harmful (Bates 1995). Nevertheless, some positive outcomes had been found in programmes designed to enhance minority-owned enterprises ability to secure contracts within government procurement systems (Bates and Williams 1995). In the UK, this research raised concerns about the lack of reliable data on the composition of ethnic minority-owned firms to enable reliable targeting of such programmes, and what the focus and desired outcomes of these programmes should be. Funding allocation structures for these programmes were prone to promoting unhealthy competition and the effectiveness of the programme was less likely to consider the benefits to the business owner, than to the ability of the contract to be efficiently managed by the programme delivery agency (Ram 1998). Work on the need for business education, training and support programmes for ethnic minority business owners has also continued (e.g. van Delft et al. 2000; Ram et al. 2000; Ram and Smallbone 2003; Deakins et al. 2003; Beckinsale and Ram 2006; Ram et al. 2006). Additional research has examined the challenges facing ethnic minority entrepreneurs in securing access to finance (Bates 2000; Hussain and Matlay 2007) and markets (Bates 2001), plus securing fair access to supply chain procurement contracts (Shah and Ram 2006; Marion 2009). Studies focused on the challenges facing minority entrepreneurs in accessing finance and credit for their ventures also continued to be of interest (Irwin and Scott 2010; Bruder et al. 2011; Bates and Robb 2013).

There have also been numerous studies published that focused on the sociological, economic and political policy issues associated with ethnic minority entrepreneurship (Ram et al. 2000). These include works focusing on the interaction of ethnicity, culture and entrepreneurship in shaping

business activity (e.g. Basu and Altinay 2002; Levie 2007), as well as the merits of small business ownership and entrepreneurship as a vehicle for overcoming social exclusion and fostering the development of social capital (e.g. Blackburn and Ram 2006; Deakins et al. 2007). These studies include work on the factors influencing new venture creation within minority communities (Edelman et al. 2010), and the influence of education levels and entrepreneurship on minorities (Thompson et al. 2010).

## The Sub-domain of Minority Indigenous Entrepreneurship

One of the least examined areas of minority entrepreneurship is that of minority indigenous entrepreneurship. This relates to the Aboriginal communities within the country of study. The distinction is important, because in much of the literature the term 'indigenous' is used to refer to people born in the country (non-minority), as compared to immigrants or minority groups such as Aboriginal communities. However, in countries such as Australia, New Zealand, Canada, the USA and throughout South and Central America, the term is used to describe the original inhabitants. These people are the Aboriginal communities who were present in the country prior to settlement by mainstream ethnic communities such as Europeans. This review of the minority entrepreneurship literature found relatively few papers on the topic. A search using the Scopus database and the search terms 'indigenous entrepreneurship' and 'indigenous entrepreneur' identified 404 sources ranging from 1973 to 2019, of which 291 were journal articles, 56 were books or book chapters and the remainder were conference papers, editorials or reviews. Of these 64 were specifically focused on what might best be described as minority indigenous entrepreneurship.

An examination of the sub-set of papers relating to minority indigenous entrepreneurship grouped them into four broad categories: developmental, comparative, case studies and policy-related. The developmental category comprised papers that were focused on the development of the field of minority indigenous entrepreneurship (e.g. Peredo et al. 2004; Peredo and Anderson 2006; Hindle and Lansdowne 2005; Dana and Anderson 2007; Hindle and Moroz 2010). The comparative category contained works that made comparisons between minority indigenous entrepreneurs and entrepreneurship and the mainstream theory and practice of entrepreneurship (e.g. Anderson et al. 2005; Frederick and Foley 2008; Tapsell and Woods 2010). These papers have examined how minority indigenous



entrepreneurs screen opportunities (Lindsay et al. 2006), use social capital and networks (Foley and O'Connor 2013), maintain positive entrepreneurial self-efficacy (Lindsay et al. 2007) and employ mindfulness when developing entrepreneurial activities (Capel 2014). They have also examined the importance of traditional culture (Klyver and Foley 2012) and intergenerational exchanges (Dana 2007b; Frederick et al. 2008; Kawharu et al. 2017) in shaping entrepreneurship in minority indigenous communities. The case studies category, as its name implies, contained research studies that examined specific cases of indigenous entrepreneurship (e.g. Ratten and Dana 2015; Frederick et al. 2008; Lemelin et al. 2015; Turner et al. 2012; Fonneland 2013; Pearson and Helms 2010, 2013). Finally, the policy category comprised a range of papers that were designed specifically to help shape government and regulatory policy relating to minority indigenous entrepreneurship (e.g. Peredo 2003; Anderson et al. 2005; Anderson et al. 2006; Russell-Mundine 2007; Peredo and McLean 2013). However, given the need for brevity, the focus will only be on the developmental studies.

The group of papers categorised as developmental were sourced primarily from researchers who originated from Australia, Canada and New Zealand. In Australia, minority indigenous entrepreneurship research is focused on the Australian Aboriginal and Torres Straits Islander (ATSI) communities, who are referred to as Indigenous with the emphasis on the application of a capital "I" within the term (Hindle and Lansdowne 2007). In Canada the focus is on Inuit communities, also referred to as 'First Nations' (Beaudoin et al. 2009), while in New Zealand the Maori populations are the point of focus (Frederick et al. 2008) and in Finland attention is centred on the Sámi people (Frederick and Udén 2008). It should be noted that there are minority indigenous communities found throughout the world (Berkes and Adhiraki 2006) and those mentioned are those that featured most frequently in the entrepreneurship-related literature. One of most highly cited papers is that of Peredo et al. (2004) who published what they proposed would provide the foundations of a 'theory of indigenous entrepreneurship' that distinguished this field from ethnic entrepreneurship and offered definitions, an overview of the challenges facing communities, and some possible theoretical foundations and research questions upon which to base future research. This research was followed-up with a further paper building on these contributions and acknowledging the challenges of getting clarity around the concept indigenous entrepreneurship and its boundaries, economic and social objectives, relationship with culture, and the interaction between indigenous and non-Indigenous communities (Peredo and Anderson 2006).

Much of the foundation work in the development of research into minority indigenous entrepreneurship in Australia was pioneered by Foley (2003), an Australian Aboriginal scholar, who has argued that research into ATSI entrepreneurship has become a trendy study area, with non-Indigenous researchers ignoring the Indigenous community and its historical context leading to the research becoming 'exotic' rather than 'inclusive' in nature (Foley 2008). Another major contributor is Hindle (2007) who focused beyond the Australian ATSI community and sought to develop a global, conceptual perspective on what minority indigenous entrepreneurship is, offering suggestions over definition, research frameworks and building blocks for developing research in this area, emphasising the importance of including the contextual issues (e.g. culture, traditions, history) (e.g. Hindle and Lansdowne 2005, 2007; Hindle and Moroz 2010; Hindle 2010). In Canada, Wuttunee (2004) provided a benchmark work in the field of minority indigenous entrepreneurship with his study of the Aboriginal communities throughout that country. His book challenged the existing definitions and measures of 'success' used by mainstream western economic paradigms. His study highlighted the chronic unemployment and poverty within many communities, and he emphasised the lack of education and technical skills amongst the Inuit, as well as the significant health and social dysfunction problems they faced. However, he also pointed to the need for minority indigenous entrepreneurship to be examined via a different set of performance metrics that was more congruent with the spiritual, cultural and historical context of indigenous communities, and not just a mirror image of mainstream business models.

Other developmental work emerged in the form of Dana and Anderson's (2007) 'International Handbook of Research on Indigenous Entrepreneurship' which provided a range of papers from various authors who contributed chapters, including suggestions over definitions for the concept of indigenous entrepreneurship (Dana 2007b). A special issue of the *Journal of Enterprising Communities* was also devoted to indigenous entrepreneurship (Frederick and Frederick 2008), which encompassed a range of papers addressing studies from Australia, New Zealand, Hawaii, Sweden, Samoa and Ghana. These books and special issues provide some of the foundations in the developmental work that has been published in the minority indigenous entrepreneurship field. Collectively this work highlights the opportunities, but also the many barriers to indigenous entrepreneurs, such as a chronic lack of economic and human capital, cultural and social constraints, historical mistrust and conflict with the dominant culture and society, as well as government policy and racial prejudice (Nikolakis 2010). Despite this

body of literature, the minority indigenous entrepreneurship area remains underdeveloped and outside the periphery of mainstream entrepreneurship research, including the field of minority entrepreneurship studies (Dana 2015). It requires a multidisciplinary approach and one that can view the world through the culture and *Weltanschauung* (worldview) of the indigenous communities rather than the mainstream paradigms (Hindle 2010).

## Future Directions for Research

As outlined in this chapter, the field of minority entrepreneurship has evolved steadily over the past 50 years with a transition from relatively narrow examinations of economically and socially disadvantaged local Black and Hispanic communities in the USA, to a global examination of a wide range of communities deemed to have minority status. In the following section, the lessons emerging from this review and the directions for future research in this field are discussed, with attention given to what Sinek (2019) refers to as the ‘Golden Circle’ of understanding, which focuses on addressing the issues of ‘WHY’, ‘HOW’ and ‘WHAT’ is important to the things that people do. This is a convenient framework to help guide organisational strategic thinking and is therefore useful to help guide the future strategic directions of the minority entrepreneurship field. A failing of most strategy is that it focuses too much on the ‘WHAT’ and the ‘HOW’ rather than the ‘WHY’, and the minority entrepreneurship field is no different. Therefore, these concepts will be considered in the reverse order, with specific reference to: problems of definition; problems of methodology and priority areas for focusing research.

### The ‘WHAT’ Factors—Problems of Definition

According to Sinek (2019), the majority of organisations and the people who operate them seem to be very confident that they know WHAT they do. For the academic community engaged in the study of the field of minority entrepreneurship this question might also engender confidence about what they are researching. However, this confidence may not be justified, because despite the passage of time the issue of definition within the minority entrepreneurship field remains a problem. As noted earlier in this chapter, defining concepts such as entrepreneur and entrepreneurship remains problematic, with questions over whether an individual who is self-employed out of necessity, and operates a small business as a sole trader, should be labelled an ‘entrepreneur’. Even the concept minority remains ill-defined, with the

term now encompassing not just ethnic minorities (e.g. Blacks, Hispanics in the USA) or immigrants, but women, younger or older people, LGBTQIA communities, plus the disabled, returned service personnel and released prisoners (Wood et al. 2012; Cooney 2014). This lack of clarity around definition and specific units of analysis risks undermining the integrity of the research undertaken in the minority entrepreneurship field. As noted by Caws (1959), definition matters and it should be viewed as a critical foundation in guiding WHAT the academic community is investigating.

The case of female minority entrepreneurs is illustrative of this problem. The growth in academic research into what has become a sub-domain of women entrepreneurship has been significant since the 1980s, although it remains underdeveloped, and “*lacks legitimacy, institutional support and funding*” (Brush 2009, p. 615). However, in most countries, women comprise around 50 per cent of the population and are actively involved in small businesses, either formally or informally. This is particularly the case in family-owned and operated businesses. Throughout the OECD group of developed economies, the number of women who own and operate their own businesses has increased since the 1990s and while it remains substantially below that of men, the gap is closing in almost every country (OECD 2016). Most female business owners are sole operators, employing only themselves (ABS 2015). There is evidence that women are less motivated by making money than their male counterparts when business foundation is examined and that the pursuit of personal interests or hobbies is often a stronger motivator (OECD 2018). However, these preferences of female entrepreneurs have been identified as a weakness that risks marginalising women and making them less interesting from a research perspective (Brush 2009).

Nevertheless, while the gender gap within business ownership remains substantial, and women are significantly underrepresented in the high-growth entrepreneurial start-up sectors, this pattern is changing (OECD 2018). Overall the trend in female business ownership, self-employment and women as employers has been one of positive growth, with questions raised as to whether, in time, it will even be necessary to treat women as a separate or ‘minority’ category (Marlow et al. 2012; ABS 2015). Care should therefore be taken in defining women as a minority given their relative equality in terms of the size of their share of the overall population and the emerging evidence that they may have more similarities than differences to men in terms of entrepreneurial motivation and business management practices (Brush 2009). What often differentiates women in the entrepreneurship field are the same

things that differentiate ethnic, immigrant and Indigenous minority communities, which is culture and context (e.g. history, worldview, religion, societal prejudice and institutional or regulatory structures).

Within the field of minority entrepreneurship, the focus has, quite rightly, been on ethnic minority women, in particular female immigrant communities (Chreim et al. 2018). However, even this more narrowly focused area of research has been adversely impacted by a paucity of definition regarding the key units of analysis. A similar problem can be found within the sub-domain of minority indigenous entrepreneurship. As discussed earlier, the use of a term such as indigenous can be misleading, as it might refer to groups that are local to the country but who are the majority rather than the minority within that population. Yet the term Indigenous is also a common descriptor for minority indigenous communities who are the Aboriginal people of the country with antecedents that pre-date the formation of the nation states in which they are citizens. The meaning of the terms minority entrepreneurship and minority entrepreneur continue to lack clarity as do many other key concepts. In her review of the state of research into ethnic immigrant entrepreneurship, ethnic community enclaves and transnational entrepreneurship, Zhou (2004) noted that the concepts enclave economy and transnationalism were valuable conceptual tools for understanding both the economic and social contributions of immigrant groups. However, she expressed concern about disagreements over perspectives that were caused by poor or inadequate definition and methodology.

Similar observations emerged from Basu (2009) in her review of ethnic minority entrepreneurship, where she noted that the term remained ill-defined along with the concepts of ethnic and entrepreneurship. Bates (2011) raised further concerns over vague definitions of concepts such as social capital and social resources within minority entrepreneurship research. He suggested that such vagueness risked compromising “*the usefulness of social-resource explanations of entrepreneurial dynamics*”, particularly when applying the mixed embeddedness concept (Bates 2011, p. 173). Several years later this concern was still being raised with suggestions that the “*minority entrepreneurship literature lacks a unifying focus*” (Bates et al. 2018, p. 421). From this one can draw the conclusion that the field of minority entrepreneurship suffers from a vagueness of definition that risks undermining the scientific integrity of the research being undertaken in this area. Further, the rapid expansion of the field, its multidisciplinary nature and the significant widening of what the term minority means, all create problems that require attention. A key function of definition within science is to clarify what is meant by concepts being examined, discussed and eventually refined into constructs that in turn need

precise terms to describe them (Caws 1959). Going forward there is a need within the field of minority entrepreneurship to agree upon what specifically is being investigated and to develop well considered and tested constructs with agreed descriptive terminology that offers a clear definitional framework to guide future research.

## The 'HOW' Factors—Problems of Methodology

For Sinek (2019), the 'HOW' factor relates to the processes that organisations undertake to produce their products and services. If one relates this concept to the field of minority entrepreneurship research, the 'HOW' factors are the research methodologies that are used to undertake the research. As discussed in this chapter, academic research into minority entrepreneurship has evolved from a wide range of disciplines, which have been loosely grouped into the categories of: business and economics (entrepreneurship & small business); sociology, cultural anthropology and migration studies and other fields (e.g. history, politics, geography and education) (see Fig. 2). Each of these academic disciplines have approached the subject with different conceptual and methodological tools and perspectives. Bates (2011) suggested that while the approaches of different research groups (e.g. sociologists and economists) can be highly complementary, problems of methodology and reliable data continue to create problems, such as a lack of a single unifying focus and too much diversity in the issues examined, as well as the range of methodological approaches used.

The problems described by Bates (2011) also reflect the lack of clearly identified and validated constructs and well-defined terminology used to define the main units of analysis. Furthermore, a scarcity of robust databases has resulted in a good deal of research being based on case studies, small (potentially non-representative) samples and a lack of longitudinal analysis. As discussed earlier, the evolution of the methodology used in the minority entrepreneurship field (see Fig. 4), has seen an increase in quantitative studies in the past decade. However, many of these studies rely on small samples within single countries, and with varying approaches to the definition of key units of analysis. Many sociologists continue to rely on qualitative, case study or ethnographic research methodologies, while economists and business researchers often make use of census data, commercial databases (e.g. Dunn & Bradstreet) and cross-sectional surveys (Bates et al. 2018).

As discussed in the previous sections, the field of minority entrepreneurship has focused on a few conceptual areas such as ethnic enclaves, mixed embeddedness, transnationalism and more recently superdiversity (Vertovec

2007; Sepulveda et al. 2011). Of these, the last three have been identified as offering the most promise for future research (Barberis and Solano 2018). Additional conceptual tools that have been identified as useful for ethnic minority entrepreneurship research are social capital (Kwon et al. 2013; Cruz and de Queiroz Falcão 2017), and entrepreneurial orientation (Wang and Altinay 2012). There is also a suggestion that socio-spatial relationships be examined in relation to mixed embeddedness, with a focus on territorial embeddedness rather than local embeddedness, which can also accommodate the wider geographical focus of transnationalism (Barberis and Solano 2018). In this area is the concept of superdiversity pioneered by Vertovec (2007), who highlighted the multi-ethnic melting pot that large cities such as London, Leicester, Manchester and Birmingham (UK) had become. This concept, combined with mixed embeddedness offers researchers some potential frontiers for future research methodologies (Barberis and Solano 2018).

The combination of mixed embeddedness and transnationalism has also been identified as another useful frontier for researchers (Barberis and Solano 2018), with the concept of 'bifocality' amongst transnational immigrant entrepreneurs as another potentially valuable tool (Vertovec 2004). An examination of recently published reviews offers the following general summary of future research opportunities. Godley (2009) suggested that the evidence to support the value of the ethnic enclave as a mechanism for enhancing the upward social and economic mobility of immigrant ethnic minorities was inconclusive. He called for more comparative research studies that included a better understanding of the role and importance of minority human capital endowments (e.g. education, family support, skills and professional connections). This appears to have differentiated the successful and unsuccessful cases of immigrants within countries such as the USA and UK. In their review of transnational migrant entrepreneurship, Ilhan-Nas et al. (2011) identified a lack of quantitative studies focused on the frequency and scale of transnational business activities by different ethnic groups. They suggested that significant differences are likely to exist between migrant transnational entrepreneurs depending on their country of origin and the environmental context within their COR and their COO. In addition, they called for more longitudinal research studies to track the number of immigrants who return to their COO and those that remain in their COR. Their review also recommended more multidisciplinary and multi-theoretical approaches to the research, with attention given to culture, language, religion, social status and national origin. This is consistent with the findings of Moghaddam et al. (2018, p. 58), who suggested that future research into transnational

entrepreneurship should focus on addressing the questions: “*Do TEs from different countries behave differently? An if they do, how?*”

Within the field of mixed embeddedness and migrant entrepreneurship, Barberis and Solano (2018) highlighted future research opportunities in six areas. First, they suggested examining the intersectional dimension of migrant entrepreneurship and the ‘disentangling’ of such dimensions as gender, social class and legal status. Second, is a focus on former migrants who leave their host country and return to their country of origin to found businesses, offering opportunities for exploring the concepts of mixed embeddedness and transnationalism. Third, is the study of migrants in developing economies starting new businesses and the relative importance of mixed embeddedness. Fourth, is the opportunity to undertake comparative studies with comparisons of migrant and non-migrant activity in self-employment and new venture creation. Fifth, is an examination of the role of agency in determining how migrant entrepreneurs acquire and manage the resources required to develop their ventures. Finally, there is the potential to undertake research into the intersection of mixed embeddedness and business growth and innovation. Legros et al. (2013) recommended more research that tests and validates the hypotheses and conclusions found in one context (e.g. region or country) across different contexts in order to replicate these findings and assess the robustness of the findings “*within different communities in the same country or on the same community in another country*” (p. 1212). They also called for a more ‘holistic’ review that considers the impact that ethnic entrepreneurs have on their host countries economic and social conditions, including social integration. Such research, they suggest, will put researchers into a position to provide more useful advice to governments and to help shape policy that relates to immigration and integration policies.

Within the field of women minority entrepreneurship, Chreim et al. (2018) suggested that future research opportunities can be found in examining the influence of co-ethnic and host country environmental factors that might enhance or impede entrepreneurial activities. This can include regulatory frameworks and government support, as well as cultural norms (unwritten rules). As with most topics within the minority entrepreneurship field, there is also a need for comparative studies, as well as the need for additional mixed method studies to provide a more comprehensive perspective than is the case with either qualitative or quantitative methodologies alone. Finally, there are gaps in the literature on women entrepreneurship in relation to female entrepreneurs moving from developed to developing economies and the way that female entrepreneurs approach strategy. A similar pattern can be found in the area of minority indigenous entrepreneurship



with a need for more mixed method research designs, more comparative studies (particularly across indigenous communities in multiple countries), plus the need to consider culture and context (e.g. community, history, economic and social disadvantage). Hindle and Moroz (2010) have provided a useful summary of many of the key issues facing this sub-domain within the minority entrepreneurship field. First, they ask whether entrepreneurship should be a major or minor issue for the economic and social development of indigenous communities. They also note the need to avoid confusing Indigenous entrepreneurship with ethnic or migrant entrepreneurship, or social entrepreneurship. In relation to methodological issues, they point to the tendency for Indigenous communities to be frequently studied, but to have little or no control or influence of such research. What is needed is a more collaborative approach that builds a genuine partnership between these communities and the researchers to deliver benefits to both. This is consistent with the views expressed by Foley (2008) that too much research has ignored the culture, context and aspirations of the Indigenous communities and is thereby non-inclusive in nature. Hindle and Moroz (2010) and Foley (2008) agree that future research into minority indigenous entrepreneurship should avoid the often-one-sided approach of the mainstream (e.g. western hegemonic) cultural worldview and build a genuine relationship of equality between the two communities. This should view the world and the concept of entrepreneurship through the eyes of the Indigenous people. It is a view echoed by Wang (2012) who suggested the need to focus on social-spatial, not just economic processes.

It can be concluded from this overview of methodology that more multi-disciplinary and mixed method studies are needed. These should be undertaken with consideration of the culture, context and worldview perspective of the minority communities that are being examined. Larger and more reliable datasets, longitudinal analysis and comparisons across geographic and national jurisdictions are also needed. This can also include approaches such as co-citation analysis (Ma et al. 2012). Care should also be taken to avoid the tendency to apply theories and measurement tools that have been developed within mainstream communities to minority communities. The researcher should seek to form a collaborative partnership with the communities they are investigating and perceive the world from that perspective, rather than applying and comparing the minority community with the characteristics and performance expectations of the mainstream entrepreneurship paradigm.

## The 'WHY' Factors—Problems of Motivation and Focus

The final and most important element within Sinek's (2019) Golden Circle model is that of the 'WHY' factors, which address the overall *raison d'état* that should determine the 'HOW' and 'WHAT' factors. In the case of minority entrepreneurship research, this is undoubtedly the most important element. As has been discussed in this chapter, the original motivation for such research was the need to examine the factors influencing the upward economic and social mobility of minority communities, specifically Blacks and Hispanics in the USA (e.g. Pierce 1947; Dixon 1970; Goodell 1971; Garvin 1971; Higgs 1976). This was subsequently widened to include immigrants from Asia, Europe, South America and the subcontinent, and focused on the formation of ethnic enclaves that exerted social, economic and political influence on American society (Bates 2011). The evolution of the field of minority entrepreneurship in the early years reflected the response to government policies. This sought to find ways to better understand the factors likely to enhance or impede such communities economic and social development. Responding to this were academic researchers within the disciplines of sociology, economics, geography and politics.

Whatever the specific academic discipline of the researchers, the fundamental question that needs to be addressed is why should studies of minority entrepreneurship be undertaken? Large scale immigration into the UK and Europe from the 1980s widened the geographic catchment encompassing minority entrepreneurship and saw the field spread from what had been a largely U.S. centric focus to an international one. However, the factors motivating and focusing these researchers have differed from country-to-country and across academic disciplines. As the literature shows, the rise of business and economics related research since the start of the present century has been significant and it has shifted the motivation and focus of minority entrepreneurship. In general, this has focused on the application of mainstream entrepreneurship and business management principles and concepts to minority ethnic communities, migrant communities, women and minority Indigenous communities. This has seen studies focus on the entrepreneurial orientation of minority entrepreneurs (e.g. Wang and Altinay 2012), entrepreneurial growth (e.g. Altinay and Altinay 2005, 2008) and the general performance and competitiveness of minority business enterprises (e.g. Perreault et al. 2007; Kariv et al. 2009; Legros et al. 2013). Such studies often tend to assume that the primary motivation of minority entrepreneurs is to engage in business activities for the same reasons as their mainstream counterparts. Differences are highlighted, but the overall purpose of the research

is to identify ways for the minority entrepreneur to become 'mainstream'. While this might indeed be the motivation of many minority entrepreneurs, this may also not be the case.

Clark and Drinkwater (2010b), in their examination of minority ethnic entrepreneurship in the UK, highlighted the importance of self-employment for minority ethnic communities as a means of achieving economic self-sufficiency. Here the primary motivation for research is to ascertain the relationship between entrepreneurial activity (i.e. self-employment), job creation and economic growth. Such research is focused on helping to shape government policy and guide public investment in support programmes for ethnic minority communities. In this regard, the 'WHY' factor for such research is to inform government policy and help to shape practice. By comparison, Farmaki and Altinay (2015) examined ethnic minority entrepreneurship within the tourism and hospitality sector. Their motivation and focus was on employing theories of ethnic entrepreneurship and concepts relevant to such firms, and to explain the strategic factors that might assist such businesses to remain competitive. Here, the 'WHY' factor was how to enhance the success of these small, minority businesses.

In his review of the opportunities that entrepreneurship offers to minority communities such as ex-prisoners, the disabled, Roma, older people and LGBTIQ people, Cooney (2014) examined each group and the relative social and economic challenges that they face. Apart from highlighting some of the benefits self-employment and business ownership might offer to these groups, the focus was on influencing government policy (Cooney 2014). This assumes that a primary purpose of minority entrepreneurship research should be to use entrepreneurial concepts and theories, supported by government policy and funding support, to generate self-employment and business ownership within minority communities. This is in turn motivated by the assumption that such entrepreneurial activity will result in improved social and economic outcomes for these otherwise marginalised communities. While these motivations are admirable and well-meaning, there remains the issue of whether entrepreneurship is for everyone and whether it can (or should) be applied within minority communities using the same paradigms that apply to the mainstream communities.

As discussed at the beginning of this chapter, mainstream 'entrepreneurship' is associated with high-growth entrepreneurial ventures. This type of high-growth start-up activity has been supported by government policy on the understanding that such firms can generate jobs and economic growth (OECD 2010). This view of entrepreneurship has become the main focus of research within recent decades (Shane 2012). However, as has been explained,

there is now a recognition that only a few high-growth ventures will be generated and that with high-growth there is also high risk (Shane 2009). Further, the ordinary or everyday entrepreneurship of the small business community, the majority of which are sole-proprietor 'nano' businesses of the self-employed, is a field that has been largely ignored within academic research (Welter et al. 2017). This should be a cue for scholars working within the field of minority entrepreneurship to focus on a different paradigm of what entrepreneurship is and why such research might be of benefit to the communities that are found within the minority arena.

According to Bates et al. (2007), the popularity of minority entrepreneurship as a field of research has waned since the 1990s. They outlined the challenges that still face ethnic minorities in the USA and discussed the pros and cons of different academic disciplines (e.g. sociologists, economists) in the type of methodologies used in their research. Their conclusion over future research directions highlighted three general areas. The first was the need to address the lack of unifying focus within the field and the need for a convergence of the various academic disciplines into a more multi-disciplinary field. However, they also noted that there is a fundamental difference between minority entrepreneurship and immigrant entrepreneurship that are best approached as distinct areas of study. This suggests specific challenges facing the two groups requiring different research questions, motivations for the study and units of analysis. A second area for research was the adoption and use of digital technologies by minority entrepreneurs and their businesses, specifically whether such firms face similar or different challenges to mainstream businesses and entrepreneurs. Finally, they suggested that research should focus on the racial discrimination facing ethnic minority entrepreneurs and how this results in barriers.

This review of five decades of literature in the field of minority entrepreneurship challenges the somewhat pessimistic view of Bates et al. (2007) that interest in the minority entrepreneur has waned. In fact, as the evidence outlined here suggests, there has been a significant growth in research published in the field since the 1990s. However, the minority entrepreneurship field does lack a unifying focus and needs better and more systematic definitions of key concepts that should be based on well-developed underlying constructs that can provide the foundations for the future development of the field. In addition, there needs to be a convergence of what is still a largely disparate collection of academic disciplines exploring this field. The emergence of new, multidisciplinary journals (e.g. *Journal of Enterprising Communities*) provides appropriate outlets for this research, but as shown in the earlier discussion, there are a wide range of journals where such research

can be published. Nevertheless, what is needed is greater communication and collaboration between researchers from a wide range of disciplines, perhaps via conferences or joint research forums and projects, to exchange ideas, share methodologies and work collectively on shaping the next 50 years of research in this important field.

Finally, the 'WHY' factor remains the most important issue for where the future directions might lead. Researchers usually respond to government policy or social and economic changes that create research problems and opportunities. For academics, the research they undertake should not only be of interest to them, but an activity that allows them to make a difference! The field of minority entrepreneurship is one area where research can make a difference. However, it must be guided by the overarching question of why is this research being undertaken and what outcomes will it generate that might prove beneficial to the minorities who are being studied? As has already been noted, a critical aspect of such research should be the inclusion of the minority communities in this research. Rather than being just a subject of interest and respondent or 'laboratory rat', the minority communities should be viewed as partners in the research. It is their worldview, aspirations and final outcomes that are important. Not all of these communities will wish to emulate the 'mainstream' model of entrepreneurship. The research community, particularly those from the business and economics disciplines, needs to avoid imposing their own worldview on that of the minority communities they are investigating. Through a process of collaboration and co-creation, a much more useful and potentially exciting future can be developed for the field of minority entrepreneurship.

## Conclusion

As outlined in this chapter, the field of minority entrepreneurship has evolved steadily since the initial work of Pierce (1947). It has expanded into a multi-disciplinary research domain, able to support its own specialist journals and a series of sub-domains. However, this growth has come at a cost in the form of a high degree of fragmentation across the various foundation disciplines upon which the field has been built. This is manifested in the paucity of clear definition in relation to the nature of what constitutes a 'minority', as well as the nature of 'entrepreneurship' within the context of the field. As has been discussed above, the concept of what a 'minority' is has become so wide that it is almost meaningless and this has some significant consequences for future research. In addition, there is a similarly vague definition

of entrepreneurship, with attention given in some circles to mainstream, high-growth, profit focused start-up ventures, as well as ordinary small businesses owned and operated by people from a minority background. Even these approaches to entrepreneurship have been challenged by researchers working in the sub-domain of indigenous minority entrepreneurship who suggest that conventional business enterprise paradigms are not a suitable fit for such communities.

This fragmentation and paucity of clear definition has also been accompanied by a lack of well-established theory underlying the field. As examined in the review of the field's evolution, the contributions from sociology and cultural anthropology have been significant, while those from business and economics remain primarily an application of existing concepts from mainstream entrepreneurship theories to the minority community. More work is therefore needed in uniting the various academic disciplines through multidisciplinary research, and a detailed readjustment of the methodological approach to research design. This should focus more upon the co-creation of research outcomes through the involvement of the communities under investigation. It is something already highlighted by those working within the indigenous minority entrepreneurship area as a gap within the current research methodologies. Here is a potential point of collaboration between the researchers working in business and economics and their counterparts from the sociology and cultural anthropology.

Future research should be guided by Sinek's (2019) Golden Circle of WHY, HOW and WHAT it is seeking to achieve. This is not a criticism of the academics who have published in this field. In fact, their work is of quality and offers valuable findings and a sound platform upon which to build. Any weaknesses are not caused by individual researchers, but by the fragmentation that has occurred as the field has evolved. To address this problem, it is recommended that those who research this field focus on ascertaining WHY they are investigating minority entrepreneurs, HOW they should design their research methodology to best investigate the phenomena they are examining and WHAT specific units of analysis they should be examining. Rather than a criticism of the minority entrepreneurship field, the reader should embrace this analysis as an opportunity to continue the work of the past 50 years and pursue the goal of building a strong, multidisciplinary research domain that offers significant potential to make a difference by producing research findings that contribute to enhancing the economic and social well-being of people throughout the world.

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## Conclusion



# HEIs, Minority Communities and Enterprising Behaviour

Emma O'Brien and Thomas M. Cooney

## Introduction

In seeking to identify potential stakeholders supporting the development of entrepreneurial or enterprising behaviour within minority communities, it is arguable that Higher Education Institutions (HEIs) could play a more proactive role in facilitating initiatives within these communities. Throughout history, societal development and society's changing need for knowledge has resulted in the adaption of HEIs to meet societal demands and engage with external communities. Traditionally such engagement has focused on interaction with industry, but HEI engagement with wider society has gained increasingly in significance in recent years. Indeed, there now exists a growing expectation that HEIs will make progressively greater contributions to the major challenges facing general society (Goddard et al. 2018). A commonly referenced demonstration of community engagement is the role that HEIs play in local and regional development, with HEIs often being referred to as 'anchor institutions'. According to Axelroth and Dubb (2010), HEIs act as anchor institutions when they:

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*consciously apply their long-term, place-based economic power, in combination with their human and intellectual resources, to better the long-term welfare of the communities in which they reside.*

The 'triple helix' model of engagement (in which higher education, government and business collaborate) is considered critical to economic development. However, it has been recognised that this model may not be the most effective approach (Goddard et al. 2018). This is because the focus on HEI-business cooperation may shift the focus of research and knowledge production away from societal interests towards industry or individual interests (Ssebuwufu et al. 2012). It is widely recognised that a 'quadruple helix' model is needed with government, industry, academia and civil society collaborating (Carayannis and Campbell 2009) to address societal challenges such as environmental sustainability and social exclusion which have both a global and local dimension (Goldsmith 2018).

In recent times, HEIs are increasingly performing quadruple helix interactions through entrepreneurship and community engagement. These approaches are different from the traditional third mission or outreach activities that focus on contributing to the knowledge economy through business engagement, entrepreneurship and innovation (Benneworth et al. 2018). According to Morris et al. (2013), entrepreneurship and community engagement may include: outreach programmes incorporating new models of education (tailored community boot camps, speaker fora, networking, business plan competitions, community incubators and accelerators); engagement through the curriculum (service learning); and student engagement (student clubs and societies). The provision may vary depending on the mission, stakeholders and resources of an HEI. Kingma (2011) argued that entrepreneurship and community engagement is a powerful value generator, creating value for students, institutions and local communities.

A small but growing body of academic literature addresses the development by HEIs of tailored and customised entrepreneurial education and training initiatives that support the learning of entrepreneurial behaviour in minority, disadvantaged and marginalised communities. These initiatives reflect what Goddard et al. (2018, p. 5) refer to as: "*HEIs moving beyond their walls and connecting with communities in ways that are novel, challenging and impactful*", although they remain infrequent. According to Haynie and Shaheen (2011), the pedagogical requirements of tailored programmes integrate an understanding of the challenges that minority communities experience in engaging in entrepreneurial behaviour with entrepreneurial education and training. The cross-disciplinary expertise that resides on an HEI campus is a critical component in the development of tailored provision and a

differentiating factor from traditional provision within an entrepreneurial ecosystem (Haynie and Shaheen 2011). To date, the predominant focus of tailored HEI community provision is on supporting the development of entrepreneurial behaviour which has a narrow interpretation focusing on business development or start-ups for potential and nascent entrepreneurs.

A review of the literature will readily identify several inclusive entrepreneurial education provisions developed by HEIs for a range of minority communities including: ethnic minorities (Cooney 2009); seniors (Kenny and Rossiter 2018); disabled community (Haynie and Shaheen 2011; Shaheen 2011, 2016); and prisoners (Cooney 2012). The award-winning Entrepreneurship Bootcamp for Veterans (EBV) initiative developed at Syracuse University is a wonderful example of enhancing economic and social value for minority communities through the community engagement mission of an HEI (Haynie and Shaheen 2011). EBV is now supported by a consortium of HEIs advancing a similar social mission of higher education by reaching out to wider audiences and communities. Shaheen (2011, 2016) outlined the following core elements for inclusive entrepreneurial education:

- *Articulate the Mission:* Stakeholders including community partners, minority communities, HEI staff, students and senior management should have a clear understanding and be able to disseminate the mission, vision and value of the initiative
- *Obtain University buy-in:* Obtaining buy-in across the HEI, particularly from senior management and administration to support the time and commitment faculty require to develop sustainable community partnership and develop tailored programmes.
- *Identify and Convene Key Stakeholders:* HEIs that have broad-based knowledge of their communities and are actively involved with community agencies as a partner may be able to identify the key players, both on and off-campus to assist in programme development and delivery.
- *Elect a Skilled Convener:* A skilled convener that is trusted and recognised by diverse stakeholders can help drive consensus and action.
- *Map resources, barriers and facilitators:* Working in partnership, HEIs and communities should undertake a mapping process to determine barriers, facilitators, needs and gaps that must be considered in increasing self-employment outcomes for minority communities within their own unique cultural, social and economic environment.
- *Develop a consensus-driven plan:* Detailed planning and programme development including all stakeholders is required in advance of training and education provision.

- *Market the Mission*: Market the self-employment mission both internally and externally. This enables programmes to grow through resource acquisition.
- *Evaluate Outcomes*: independent evaluation of both programme goals and outcomes may assist in long-term sustainability.
- *Sustain the Effort*: Long-term sustainability should be a key consideration for all stakeholders. Embedding the initiative within the university, community and entrepreneurial ecosystem will assist in this element.

Recognising the additional and distinctive challenges experienced by minority communities in engaging in entrepreneurial behaviour, HEIs have developed their outreach agenda partnering with several stakeholders in the development of tailored and customised entrepreneurial education training initiatives which are predominantly focused on the learning of entrepreneurial behaviour. Engaging students, faculty, community partners and minority communities, these inclusive entrepreneurial education initiatives have had significant societal and economic impact, increasing entrepreneurial self-efficacy, improving the rate of small business development in minority communities and fostering social inclusion (Shaheen 2016; Cooney 2009, 2012; Kenny and Rossiter 2018). The development of inclusive entrepreneurial education initiatives by HEIs demonstrates an expanded role for HEIs in the entrepreneurial ecosystem. However, initiatives tailored towards learning entrepreneurial behaviour in terms of start-up or new venture creation, may not be suitable for all minority communities. As recent practice suggests, some minority communities may not have the capacity to engage in entrepreneurial behaviour and may benefit from support in developing enterprising behaviour. Despite HEIs knowledge and expertise in supporting the learning of enterprising behaviour, the academic literature provides little evidence of how HEIs might support minority communities in the learning of enterprising behaviour.

## Towards a New Conceptual Framework

In moving towards a new conceptual framework, findings from a review of the literature relating to HEI community engagement, enterprising behaviour and minority communities were drawn together, analysed and synthesised in an integrated fashion (Torraco 2005). Locke and Golden-Biddle (1997) refer to theoretical contributions from this type of study as 'synthesised coherence'. Through synthesised coherence researchers draw connections between

literature, investigative streams and domains not currently drawn together in the literature to gain insight in under-developed research areas. Drawing the three fields of study together requires the integration of several theoretical perspectives across each of the three fields of study. According to Liehr and Smith (1999), this synthesis may be called a conceptual model or framework, which essentially represents an 'integrated' way of looking at a research problem. A conceptual framework may be defined as an end result of bringing together a number of related constructs to explain or predict a given event or give a broader understanding of the phenomenon of interest. The process of arriving at a conceptual framework is akin to an inductive process whereby small individual pieces (in this case, constructs) are joined together to reveal a bigger map of possible relationships. Thus, a conceptual framework is derived from constructs, in-so-far as a theoretical framework is derived from a theory. Davidsson (2016) referred to this approach as the development of an 'eclectic framework' integrating relevant constructs from several theories.

Throughout the literature review several theoretical frameworks were identified as useful in understanding the phenomenon under study. When exploring HEI Community engagement, the Holland (2001) framework was adapted to identify foundational components for successful HEI community engagement in minority communities. While the Holland framework can be utilised to understand the levels of HEI community engagement within an HEI, it is also helpful in recognising the components necessary for successful community engagement (Furco and Miller 2009). The Holland framework has been influential in the development of HEI engagement frameworks internationally and is inclusive of the university (staff, students, mission and infrastructure) and community. In the context of this chapter, the theoretical constructs Mission and Infrastructure, Academic Staff, HEI Students and Community Partnerships are included to investigate HEI community engagement with minority communities. The entrepreneurial education framework of Fayolle and Gailly (2008) was utilised to conceptualise the design of entrepreneurial education provision supporting the learning of enterprising behaviour. While predominantly utilised in the context of higher education, this framework identified a number of dimensions including Ontology (entrepreneurship theory) and Didactics (education theory, pedagogy, educator role, anticipated outcomes) in supporting the design of entrepreneurial education. The introduction by Maritz and Brown (2013) of the additional dimension of Context (audience, environment) expanded the utility of the framework beyond the formal education setting. In the context of this chapter, the theoretical constructs Ontology, Didactics and Context

are included to explore the development of tailored provision in enterprising behaviour for minority communities. Literature on emerging practice in the area of minority communities and learning enterprising behaviour identified that Capacity Building and Tailoring were key elements of provision (Downs and Lambros 2014) and these constructs were also added to the framework as the chapter was specifically focused on minority communities.

Drawing upon the academic literature, the nine theoretical constructs identified are now utilised as core constructs to gain a broader understanding of how HEIs may support the learning of enterprising behaviour in minority communities.

- **HEI Mission and Infrastructure**

HEI community engagement is always context-specific and arising from individual institutional histories and locations, as well as those institutions' view about their strategic position (Laing and Maddison 2007). Community engagement can fulfil different social purposes and HEIs may approach community engagement from different stances or perspectives according to their mission and ethos (Hazelkorn 2016). Different types of engagement activities are more relevant and suitable to HEIs depending on the perspective, agenda, ethos and mission of each institution. Authentic community engagement with minority communities is premised on producing mutual benefits for university (mission) and community goals (Benneworth et al. 2018). Institutional commitment is a major factor in developing successful community engagement with minority communities (Robinson et al. 2012; Shaheen 2011, 2016) and supportive university leadership and management is critical to the long-term success of community engagement initiatives (Powell and Dayson 2013; Kingma 2014). Institutional commitment is realised in institutional infrastructure that supports engagement practice (Sandmann and Kliever 2012; Holland 2001). HEIs that have developed successful inclusive entrepreneurial education programmes for minority communities have embedded the initiative within their societal outreach mission and demonstrated the mutual benefit to both the university and the community (Shaheen 2011, 2016). An HEI philosophy and mission that emphasises engagement (may specifically identify disadvantaged, under-served or socially excluded communities) and corresponding institutional strategy, supportive leadership and infrastructure is deemed a key factor in the development of HEI community outreach initiatives.

- **Academic Staff (Faculty)**

Genuine faculty involvement and support for engaged research and teaching is a foundational element of HEI community engagement (Holland 2001). This may be facilitated through a supportive university infrastructure with respect to workload allocation models, promotion criteria and professional development (Bates et al. 2020). HEI community outreach initiatives need appropriate academic staff with connections to the community and an engagement approach that allows for collaborative and shared learning (Quillinan et al. 2018). In supporting entrepreneurial education outside the HEI setting, the task of an entrepreneurial educator (academic staff) is to create an education environment that can encourage enterprising behaviour (QAA 2012), but also to have the disposition, orientation and perspective to be externally focused to engage with minority communities in a reciprocal way (Rubens et al. 2017). A faculty champion is a key ingredient in successful inclusive community entrepreneurial programmes with a background support infrastructure (Kingma 2011). Some HEIs have a centralised resource to assist faculty in developing and growing outreach programmes, and this provision may be linked to the overarching commitment of an HEI to the community engagement agenda (Bernard and Bates 2016).

- **HEI Students**

Kingma (2014) suggested that community-based programmes that involved students had a dynamism and vibrancy that was a key success factor in the initiative. Kingma argued that ‘well-intentioned programs that help community entrepreneurship and economic development but do not involve students should be avoided’. The growth of research and academic literature on the concept of service learning (community-based learning) represents the importance that contemporary HEIs place on engaged teaching and learning. Depending on HEI structures, community outreach initiatives may engage students through experiential learning, volunteering and student clubs or societies (Pittaway et al. 2015). Some HEIs have developed inclusive experiential entrepreneurship courses that are delivered in tandem with community engagement initiatives (Shaheen 2016). Co-learning approaches involving students and community partners learning together have been identified as a novel approach to community outreach providing mutual benefit to HEI students, in addition to building community capacity (Suiter et al. 2016).



- **Community Partnerships**

The creation of mutual benefit between HEIs and socially excluded communities is a critical consideration in community engagement (Benneworth 2013). Described as 'meaningful interactions' between an HEI and a minority community, mutual benefits may be achieved through reciprocity which is understood as 'an ongoing process of exchange with the aim to establish and maintain equality between the community and a HEI' (Maiter et al. 2008). Building reciprocal HEI community partnerships may be challenging (Dempsey 2010). Establishing trust among all partners and maintaining reciprocity in defining objectives is critical to sustaining HEI community partnerships (Allahwala et al. 2013). Often described as 'authentic partnerships' (Fitzgerald et al. 2016), these are enabled when initiatives are designed 'with' rather than 'for' community (Kingma 2014; Escrigas et al. 2014). The active involvement of minority communities in the design of community engagement initiatives is considered critical (Preece 2017; Benneworth 2013). The design and development of inclusive entrepreneurial programmes may involve a number of stakeholders including government services and support, community groups, civil society organisations, local businesses and universities (Shaheen 2016). HEIs that have broad-based knowledge of their communities and are actively involved with community agencies as a partner may be able to identify key players both on and off-campus to be involved in the development of community partnerships (Bingle et al. 2012; Kilpatrick and Loechel 2004).

- **Ontology**

Specifying the objectives and goals of an entrepreneurial education programme may be deemed the first step in entrepreneurial education design (Maritz and Brown 2013). Guided by programme goals, entrepreneurship education programmes should be based on a clear conception and understanding of entrepreneurship, leading to a non-ambiguous definition of entrepreneurial education (Fayolle and Gailly 2008; Neck and Corbett 2018). The purpose of entrepreneurial education spans from promoting new venture creation to stimulating enterprising behaviour in general (Blenker et al. 2008; Maritz and Brown 2013). Supporting the learning of enterprising behaviour is a broader concept of entrepreneurship which includes the development of entrepreneurial attitudes and skills, as well as personal qualities, and is not directly focused on the creation of new ventures (Gibb 2002; Blenker et al. 2011, 2012). In this broader context, enterprising behaviour has relevance to

any member of society and is inclusive in nature (Kakouris 2018). Considerations at the ontological level also include the role of the educator and the role of the audience (Hannon 2005, 2006).

- **Didactics (Teaching & Learning)**

There is no best way in entrepreneurial education (Neck and Corbett 2018), rather programme design depends on the programme goals, audience, resources, educators and outcomes. Supporting the learning of enterprising behaviour requires different didactical considerations to supporting the learning of entrepreneurial behaviour. Stimulating enterprising behaviour builds upon the cognitive, affective and conative (knowledge, skills and attitudes) domains of learning (Bloom 1956). This is considered a ‘whole person’ approach to learning (Tassone and Eppink 2016) which encourages personal growth and development. Learning to be enterprising is typically experiential (Kolb 1984) and resides within social constructionist theories of knowledge and education (Fayolle and Gailly 2008; Gibb 2012). Enterprising behaviour may be fostered through supporting individuals to identify opportunities in their own life building upon the a priori knowledge, skills and experiences within individuals (Blenker et al. 2012). This situated learning philosophy (Lave and Wenger 1991) has congruence with community education, where participants may not have engaged with formal education in a long time and/or have negative prior education experience. In a community context, the lived experience of participants and the subjective experience of the learner is considered vital and transformative (Connolly 2010). Furthermore, didactics in a community setting may involve andragogical (Knowles 1984) and critical pedagogic approaches (Freire 1972).

- **Context**

Context is considered a central theme in entrepreneurial education design and is gaining increasing significance in the literature (Maritz and Brown 2013; Thomassen et al. 2019). Context may be operated at the micro-level (programme, audience and setting), meso level (university and local region) and macro levels (National and International policy and economics). Inclusive community entrepreneurial programmes may be enabled by national and international higher education and entrepreneurship policy, and the role and mission of HEIs within their region. At the micro-level, context is operationalised in consideration of audience, educator, content, location and objectives (Bécharde and Grégoire 2005; Maritz and Brown 2013). The contextual elements of an entrepreneurial education initiative inside a higher education

institution will require different consideration from that outside an HEI in a community setting (Fayolle 2013).

- **Capacity Building**

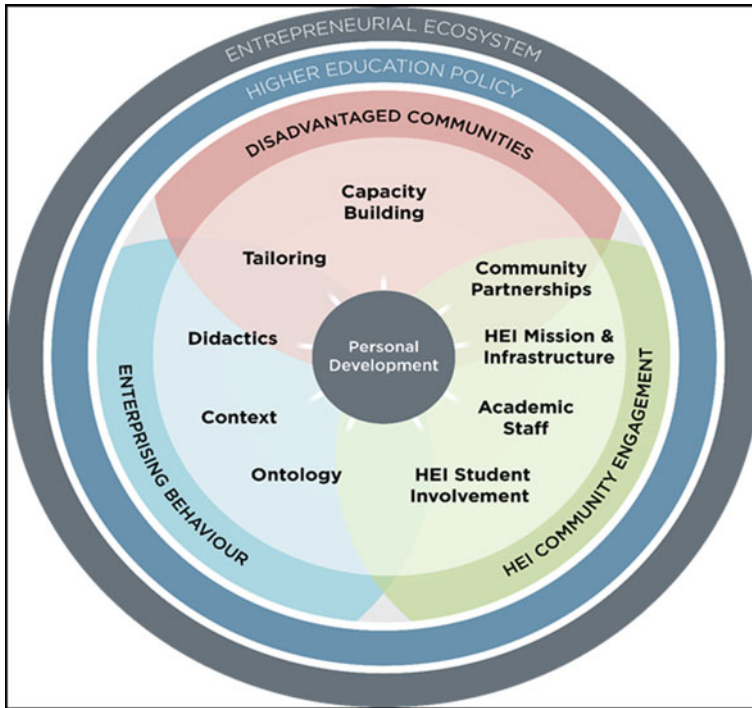
A central tenet of community education in marginalised and minority communities is to build capacity through learning (Connolly 2010). Effective HEI community engagement with minority communities is premised on the co-enquiry or co-production of knowledge (Robinson and Hudson 2013). This values knowledge production both in the academy and the community (Rawsthorne and de Pree 2019; Preece 2017; Gidley et al. 2010) and moves away from deficit-based models of engagement. The inclusive nature of enterprising behaviour recognises that entrepreneurial capacity and potential resides more broadly in society. Adopting a Freirean perspective (Critical pedagogy) in the development of inclusive entrepreneurial training and support in minority communities has supported the mobilising of entrepreneurial potential (Berglund and Johansson 2007).

- **Tailoring**

It is now widely acknowledged that due to the additional and distinctive challenges experienced by minority communities, they require tailored and customised support in developing their entrepreneurial potential (Cooney and Licciardi 2019). The cross-disciplinary expertise that resides on an HEI campus is considered a critical component of inclusive community entrepreneurial provision and a differentiating factor from traditional and mainstream provision within an entrepreneurial ecosystem (Haynie and Shaheen 2011). In addition to the expertise across disciplines, HEIs may utilise support offices (e.g. Technology Transfer Office, Community Engagement Office, Alumni Office, etc.) to generate unique offerings for communities (Quillinan et al. 2018). By engaging authentically with communities in a co-creation process, HEIs are suitably positioned to develop tailored and flexible inclusive entrepreneurial education programmes for these communities (Allahwala et al. 2013).

Based upon a meticulous review of the literature and the identification of the key constructs highlighted above, a new conceptual framework is illustrated in Fig. 1 as a visual representation and organisation of the study's major theoretical constructs (Ravitch and Riggan 2016).

The framework acknowledges that supporting the learning of enterprising behaviour takes place within the broader context of the entrepreneurial



**Fig. 1** Conceptual framework supporting inclusive HEI community enterprising behaviour initiatives

ecosystem and HEI education policy (macro level) which is illustrated in the outer two circles. However, the theoretical contribution of this chapter resides within the next three overlapping circles. These three overlapping circles identify the gap in knowledge that exists regarding the intersectionality between HEI community engagement, learning enterprising behaviour and minority communities. The nine foundational constructs as outlined above represent key considerations for the actors in an HEI to consider in supporting minority communities in the learning of enterprising behaviour. The anticipated outcome of supporting the learning of enterprising behaviour in minority communities is identified as personal development, which may be linked to self-efficacy and growth. The anticipated outcome is placed in the centre of the framework and may be evaluated through holistic approaches (Pittaway and Cope 2007; Jensen 2014). In the longer term, building capacity through enterprising behaviour programmes may contribute positively to social and economic development. From the perspective of minority communities, having broader access to HEI entrepreneurial education may support the development of human and social capital. Simultaneously, such

engagement activities will ensure that HEIs are more inclusive, equitable and accessible to their local communities.

## Conclusion

Entrepreneurial activity is widely considered to be a key element in the growth of national economies. The growth of entrepreneurship/enterprise policies and supporting entrepreneurial ecosystems in many countries across the globe stand testimony to this development. There is an underlying assumption within entrepreneurial ecosystems frameworks that all in society have equal access to resources and supports within an ecosystem, but evidence suggests that this may not always be true (Brush et al. 2019). Many social groups are disadvantaged and under-represented in terms of entrepreneurial activity. Minority communities are defined as those that experience additional and distinctive challenges in participating in entrepreneurial activity and are under-represented in entrepreneurial ecosystems. These communities include: women, youth, seniors, ethnic minorities and immigrants, unemployed and disabled people (OECD 2013, 2014, 2015, 2017, 2019). It has been suggested that through tailored training and support, minority communities could be better equipped to overcome the challenges they experience in engaging in entrepreneurial activity which differs from those experienced by mainstream society (Cooney and Licciardi 2019).

HEIs are one of the key stakeholders in entrepreneurial ecosystems and in recent times, HEIs have expanded their role within entrepreneurial ecosystems through the development of tailored entrepreneurial education programmes for minority communities that support the learning of entrepreneurial behaviour (Haynie and Shaheen 2011; Shaheen 2016). In contemporary academic literature there is a move towards conceptualising entrepreneurship as enterprising behaviour, which has a wider relevance to more people in society. The outcomes of engaging in enterprising behaviour are focused on personal development and growth prior to any potential start-up or new venture creation. Contemporary entrepreneurial education approaches now recognise that entrepreneurial education is not just about new venture creation, but developing enterprising behaviour for personal, societal and economic impact. Despite the potential benefits to minority communities in engaging in enterprising behaviour, there is an absence of academic literature available to support HEIs who may wish to progress this agenda. Identifying this gap in academic knowledge, this chapter sought to address the situation through the development of an evidence-based framework. The conceptual framework presented was drawn from a vast amount of

literature to synthesise how HEIs might support the learning of enterprising behaviour in minority communities and it offers a unique contribution to existing theoretical knowledge about the provision of tailored entrepreneurial education and training for minority communities supporting the learning of enterprising behaviour.

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