1. Introduction: minorities in entrepreneurship – an international review

Entrepreneurship is the engine fuelling innovation, employment generation and economic growth. Only by creating an environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others can we ensure that many of the world’s issues will not go unaddressed.

(Klaus Schwab, Founder and Executive Chairman, World Economic Forum, 2009, p. 6)

INTRODUCTION

It is widely acknowledged that national economies as well as local communities benefit enormously from the introduction of new business ventures (De Clercq and Arenius, 2006; Anderson et al., 2009). Entrepreneurial activities provide more than economic advantages; they are also capable of providing significant social changes (Bosma et al., 2008). Because of the recognition of the importance of entrepreneurial activities, particularly in the industrialized economies of Western societies (Peredo et al., 2004), the field of entrepreneurial research has enjoyed prominence over the previous two decades. This literature has furnished researchers with an awareness of the general characteristics, strategies and motivations of those who take up a business venture, as well as underscoring the importance of the entrepreneur’s contribution to the economic development of the country.

From this knowledge base, we have been able to draw together a clear picture of the entrepreneur. According to Frederick et al. (2007), an entrepreneur is ‘a person who habitually creates and innovates to build something of recognized value around perceived opportunities’ (p. 76). A typical entrepreneur is considered to be male, native born, usually between 35 and 55 years old who operates a business venture in Western developed countries such as Europe, the US, UK and Australia. The set of characteristics that are generally attributed to the ‘entrepreneur’ include: total commitment, determination and perseverance; calculated risk-taking and risk-seeking; drive to achieve and grow; opportunity orientation and goal
orientation and persistent problem-solving (Frederick et al., 2007). These characteristics describe an individual who is capable of working long hours, with high levels of commitment and an ability to persevere against all odds. Furthermore, this group have the confidence in themselves to make the differences they want to achieve in their lives and in their communities (ibid.).

There has long been an awareness that entrepreneurial activity is influenced by culture and customs, which, amongst other things, will impact on the proportions of people who feel it is acceptable to start up a business venture of their own (e.g., Rafiq, 1992). The Global Entrepreneurship Monitor (GEM) recognizes the impact of cultural attitudes toward entrepreneurial activity on the way various populations will view the suitability of taking up business ventures or entering into self-employment. Such attitudes can be entrenched and difficult to change: ‘National attitudes towards entrepreneurship in general are unlikely to change dramatically. Such attitudes include the degree to which people view entrepreneurship as a good career choice, and the degree to which the media pays attention to entrepreneurship’ (Bosma et al., 2008, p. 29).

Despite the awareness of cross-cultural variations in entrepreneurial activity, to date, the vast majority of entrepreneurial literature has focused on the typical or ‘mainstream’ entrepreneur. It is clear, however, that some segments of the population do not participate in new business ventures to the same extent as the mainstream population, with many minority groups facing particular obstacles and difficulties. For example, female entrepreneurs do not participate in creating or owning new businesses as frequently as men in the vast majority of 41 GEM countries (Allen et al., 2007) or in the UK (Fielden and Davidson, 2005, 2010), the US (Bosma et al., 2008) or Australia (Wood, 2010), suggesting some additional barriers to women taking up an entrepreneurial business venture.

Other minority groups, such as Indigenous people, may also have unique barriers that prevent them participating in entrepreneurial activities to the same extent as mainstream entrepreneurs (Anderson, 2004; Anderson et al., 2006; Peredo and Anderson, 2006). For example, they may experience discrimination, prejudice and stereotypical views held by the wider community, as well as the negative views of their own communities (e.g., Foley, 2006; Foley and Pio, 2009). Possibly a greater obstacle for some Indigenous minorities is that entrepreneurial attitudes may no longer be prevalent in their culture, making the perception of an entrepreneurial venture even more remote (see Frederick et al., 2007). In Australia, Indigenous people have been described as ‘a dispossessed and disadvantaged minority living under a hegemony, which has much dissimilarity to their own social,
economic and cultural traditions’ (Hindle and Moroz, 2009, p. 7). Obviously, such a reality is not seen as conducive to participating in entrepreneurial ventures (Frederick and Foley, 2006).

While we are aware that Indigenous individuals have different experiences in entrepreneurship compared to mainstream entrepreneurs, there has been a relatively small amount of research that has considered the applicability of established knowledge to a wider range of minority groups taking up entrepreneurial ventures. For example, we do not know definitively whether the motivators and barriers that are now recognized for the mainstream entrepreneur are experienced similarly by different minority groups who set up their own businesses. Indeed, indications are that generalizations drawn from mainstream research may not be applicable to all minority groups; according to Peredo et al. (2004) this is very much the case for Indigenous entrepreneurs.

Certainly, evidence suggests that in the new millennium minority entrepreneurship is an important phenomenon as the number of minorities entering small business ownership, for example, women, black, black Asian minority ethnic, disabled people, third age/retired people, gay people, migrants and Indigenous populations, has increased significantly across the world (Dana, 2007). These groups make a crucial contribution to the economic growth and development of local, national and global economies. Yet, despite their increasing numbers, they have received little attention from the academic community, and to date, there have been limited research publications on the experiences of business ventures operated by minority groups drawn from a wide range of demographic, cultural, social, economic and educational backgrounds.

It is our view that widening the field of our knowledge into the drivers of entrepreneurial activity amongst minority groups can be very beneficial. Studies into entrepreneurial minority groups will provide ‘a richer understanding of individual segments [and this] can lead to development of sound theory regarding the larger population’ (Schindehutte et al., 2005, pp. 27–8). Apart from the capacity to build on theoretical frameworks, expanding our knowledge on the characteristics, motivations and obstacles faced by entrepreneurs who operate on the fringes of mainstream society may facilitate government strategies to address the barriers the minority entrepreneurs may uniquely face. Such a focus would provide the necessary structures and processes to assist minority groups who engage in entrepreneurial ventures to reach their full potential.

The aim of this book, therefore, is to present a comparative, up-to-date, international review of eight minority groups of entrepreneurs within one book. The focus is on drawing together the available literature on the characteristics, aspirations and motivations of each minority group of
entrepreneurs reviewed. The Global Entrepreneurship Monitor (Bosma et al., 2008), reports that when there is ‘opportunity recognition’, people may be ‘pulled’ into a business venture as their main motivator. However, others who feel that they may be unemployed in the near future, or who believe that they are unable to earn a living in any other way, may be ‘pushed’ into taking up an entrepreneurial venture. This group of entrepreneurs can be described as ‘necessity-motivated’ (ibid.), and the book aims to investigate the degrees of ‘push’ versus ‘pull’ motivational factors in developing business enterprises in these different minority groups. Furthermore, we have aimed to pull together the available literature on what specific challenges and barriers may have been experienced in either the early stage of the business venture set-up or at a later stage of business development. In addition, we have showcased stories of success in each specific minority group and finally focused on future projections and developments (including research initiatives) for each of the entrepreneurial groups.

While it is recognized that the selection of minority groups included in this book is not comprehensive, it is a selection that has been possible to review because of the available accessible research and literature. We are aware of other minority groups who are becoming engaged in entrepreneurial activities, such as war veterans and ex-offenders. However, the lack of available literature in these areas has meant that to date there is only very limited published material and much of it concentrates on small business training and initiatives for veterans and ex-offenders, rather than on in-depth research of the experiences, barriers and profiles of these entrepreneurs (US Census Bureau Online, 2007; Smith, 2009).

The literature that is available on veterans’ and ex-offenders’ entrepreneurial activities suggests these would certainly be fruitful areas of research in the future. In 2007 in the US for example, veteran-owned firms accounted for 9 per cent of all non-family businesses, with California having the most veteran-owned businesses (9.8 per cent of all such firms) (US Census Bureau Online, 2007). In fact, we include as one of our case studies in Chapter 8 on ‘Disabled Entrepreneurs’, a highly successful UK veteran business owner who suffered war injuries in Iraq. Furthermore, in relation to ex-offender entrepreneurs, studies in the UK carried out by Rieple and her associates in the late 1990s, for example, revealed that prisoners appeared to be more entrepreneurial than other occupational groups, that many had worked in their own businesses in the past and that an even higher proportion intended to do so in the future (Rieple et al., 1996; Rieple, 1998). These authors advocated the development of taught business skills in the prison population and Rieple (1998, p. 254) concluded:
Although individual prisons or probation areas may have a relatively small number of individuals within their remit, in total there are possibly some six or seven thousand current offenders (that is, those who are serving community orders or who are on post-sentence licences) who are running their own businesses in the UK alone. This figure could be multiplied several times if those indicated by our survey who intend to start their own businesses in the future actually do so. There is therefore a potentially large population of offenders who might benefit from training in small business skills, and who if sufficiently encouraged may become the successful entrepreneurs of the future.

With the prison population in England and Wales having doubled since the mid-1990s to record numbers of over 85,000 in 2010 (Verkaik, 2010), Rieple’s comments above regarding this group of minority entrepreneurs would seem even more relevant today. Therefore, this group of entrepreneurs may well form an important minority group worthy of further study.

STRUCTURE OF THE BOOK

The layout of this book has been informed by the degree of marginalization and discrimination that may be experienced by various groups of people who fall outside mainstream entrepreneurial activity. In terms of the sequence of the chapters, we have subjectively placed the groups we consider to be the least disadvantaged first – through either marginalization or discrimination and prejudice – through to those groups who may experience more severe barriers to them taking up entrepreneurial activities. It is recognized that there will be significant variability within each of these minority entrepreneurial groups, both within and between countries throughout the world.

Chapter 2 on ‘Younger Entrepreneurs’ and Chapter 3 on ‘Older Entrepreneurs’ will explore the factors that motivate these ‘minority’ entrepreneurs to take up business ventures in various countries, as well as examine the particular barriers and obstacles that hinder their potential success. In particular cultures, age exerts an impact on people’s attitudes about whether it is acceptable, appropriate, or perhaps possible to take up entrepreneurial ventures. This is evident in the data on early-stage entrepreneurial activity from all three economy classifications of the GEM, that is, factor-driven, efficiency-driven and innovative-driven economies (Bosma et al., 2008). In some cultures, age can also exert an influence on the proportion of individuals who take up training prior to starting a business, as this activity appears to decrease with age (ibid.). For example, in India and Germany, training was most frequently taken up by the 25–34-year-old age group, while in Turkey, only 10 per cent of this age group took up
training, while the proportion was 60 per cent in Chile and Finland (ibid.). For older entrepreneurs aged between 55 and 64 years of age, 33 per cent of nascent entrepreneurs took up training in Finland, compared to only 4 per cent in Egypt (ibid.). These chapters examine the influences of age on those who operate as entrepreneurs at either end of the age spectrum.

Chapter 4 reviews the situation of ‘Women Entrepreneurs’ who appear to face particular obstacles. The barriers female entrepreneurs face are embedded in the culture and social mores that exist in any given country. Obviously, such differences in the experiences of men and women in these various countries will reflect differing educational levels, workforce participation, economic development of the country, and attitudes toward entrepreneurship from both the culture of the country, and the individual (ibid.). This chapter also explores the motivators for women wanting to pursue an entrepreneurial career, while examining the particular barriers they may face. These factors, in particular, are of great importance, as there is clearly an economic case for encouraging more women to start their own business.

In the US, there has been recognition for more than three decades of the importance of this segment of the population in taking up entrepreneurial ventures (Prowess, 2011). However, in the UK, a similar level of government support has not been achieved. In fact, it has been estimated that Britain would add 750 000 more businesses if female entrepreneurship was at the same level as has been achieved in the US (ibid.).

In Chapter 5, we turn our attention to ‘Ethnic Minority Entrepreneurs’. In this book, we have defined ethnic minority entrepreneurs as being those who retain a strong association and personal involvement with their country and culture of origin, but who were born in the country of their current residence (Chaganti and Greene, 2002). The distinction between ethnic minority entrepreneurs and immigrant entrepreneurs is based on the country of birth. For example, Rath (2010) has concluded that ethnic entrepreneurship occurs when first-generation immigrants set up businesses to meet the needs of their own ethnic communities, and in so doing, create ethnic markets. However, in the literature reviewed, it is acknowledged that there are examples of a considerable overlap in some studies where participants may have been termed ‘ethnic’, ‘immigrant’ (e.g., Peredo et al., 2004), and on some occasions ‘Indigenous’ populations have been likened to ‘ethnic outsiders to the dominant culture’ (Foley, 2003, p. 135). There is clearly a need for a commonly agreed definition within these areas of potential overlap.

In Chapter 6, we focus on ‘Immigrant Entrepreneurs’, which we define as individuals who have entered the host country to pursue work opportunities but who were born outside that country. This group often become involved in business ventures shortly after their arrival in the host country,
and their businesses may fall outside the areas that have been traditionally seen as 'ethnic minority businesses'. That is, this group of entrepreneurs may be involved in the development of innovative areas of business, and be delivering their product or ideas across a wide range of sectors in the community at large (e.g., Desiderio and Salt, 2010). This minority group of entrepreneurs is of particular interest, as currently they become involved in entrepreneurial activities at a slightly higher rate than do native-born citizens in most OECD countries (12.7 per cent compared to 12 per cent respectively), however, it does appear that survival rates may be lower than those experienced by native entrepreneurs (ibid.). Nevertheless, immigrant entrepreneurs are contributing significantly to the employment creation of many countries. Therefore, this chapter endeavours to draw a picture of some of the characteristics of immigrant entrepreneurs in various countries, and to deepen understanding of what may facilitate or hinder their entry into business ventures.

Chapter 7 looks at ‘Lesbian, Gay and Bisexual (LGB) Entrepreneurs’ from a global and international perspective. This is the only group of entrepreneurs featured in the book who in many countries throughout the world could face criminal proceedings, imprisonment or even the death penalty (in at least seven countries), if they were ‘open’ about their sexual orientation (IDAHO-UK, 2009). This degree of persecution is not restricted to developing or Muslim countries, but is still found in developed Western countries such as the US where in more than half the states LGBs still have no legal protection against homophobic discrimination (Herek et al., 2009). It is therefore not surprising that research in this area has only really emerged in the past decade or so (Davies, 2010). Indeed, LGB business owners have often remained hidden, as unlike ethnicity, gender, some disabilities and age, sexual orientation is easier to conceal. Nevertheless, as with the other featured minority entrepreneurs, this chapter highlights the potential economic importance of LGB business owners as well as evidence of their outstanding entrepreneurial successes in countries in which they feel safe from legal persecution (Galloway, 2007). Even so, the chapter clearly emphasizes that throughout the world, LGB business owners continue to face varying degrees of homophobic discrimination and prejudice (Davidson, 2011). Furthermore, in parallel to their other minority entrepreneurial counterparts, LGBs are made up of different individuals in relation to factors such as age, gender, ethnicity, nationality, personalities and disabilities and can face potentially different oppressive layers of discrimination (Iwasaki and Ristock, 2007).

Chapter 8 focuses on ‘Disabled Entrepreneurs’ and it has been estimated that between 10 per cent and 20 per cent of the world’s population has some kind of disability (De Klerk, 2008; Disabled World, 2010). This chapter
explores the plight of entrepreneurs with disabilities ranging from cognitive, physical, sensory and intellectual impairments to those with various types of chronic disease and mental illness. What is evident is that similar to other minority entrepreneurs, the available research literature on this group of individuals is very sparse and tends to constitute predominantly US and European (including UK) studies (e.g., Holub, 2001; Jones and Latrielle, 2006; Larsson, 2006). Like all other disabled and non-disabled entrepreneurs, females in this group are in a minority compared to their disabled male counterparts (Larsson, 2006). However, unlike other entrepreneurial minorities, both male and female disabled business owners are much more likely to work part-time (due to health issues etc.). In addition, their self-employment rates decrease with age and often in parallel with the severity of their disabilities (Boylan and Burchardt, 2002).

In Chapter 9, ‘Indigenous Entrepreneurship’ is considered. Along with the conventions adopted in the Global Entrepreneurship Monitor (Hindle and Rushworth, 2002), in this book Indigenous (with a capital ‘I’) will be the convention adopted as a mark of respect for Indigenous peoples of all nations. Indigenous peoples, in contrast to immigrant populations, ‘almost always involve individuals that have a close attachment to ancestral territories and the natural resources in them’ (Peredo et al., 2004, p. 14). There is a growing awareness of the significant role Indigenous entrepreneurship can take in the areas of economic and social development (Hindle and Rushworth, 2002). This area of entrepreneurial activity is increasingly being seen as the way forward for Indigenous people to achieve more equity in the development of their countries of birth. For example:

Stimulation of Indigenous entrepreneurship has the potential to repair much of the damage through creation of an enterprise culture, which fully respects Indigenous traditions but empowers Indigenous people as economic agents in a globally competitive modern world. There is growing world-wide awareness that policies directed to developing Indigenous entrepreneurship have the ‘win-win’ potential of enhancing Indigenous self-determination, while reducing welfare costs. (Hindle and Rushworth, 2002, p. 41)

In Australia, while there has been a recognition of the potential that may exist in Indigenous entrepreneurship (Wood and Davidson, 2011), efforts to facilitate the development of entrepreneurial business ventures amongst the Indigenous population have not enjoyed universal success (Hindle and Rushworth, 2002). In contrast, there are increasing levels of Indigenous entrepreneurship in other countries, such as the US and Canada. In Canada, the numbers of Indigenous people involved in their own businesses has grown at twice the national average – for men and women alike (ibid.).
However, many Indigenous groups worldwide continue to suffer severe social disadvantage, including very poor health, inadequate education and poverty (Peredo et al., 2004). Although a focus on Indigenous entrepreneurship has begun to generate a body of literature (Peredo and Anderson, 2006), further research in this area is required (Frederick and Foley, 2006). Possibly, entrepreneurial enterprises will provide a mechanism for Indigenous people to become economically independent and improve their living conditions. This chapter will analyse what we know of the facilitators for small business operation in the Indigenous communities, with a particular focus on the barriers that may impede their success.

Finally, Chapter 10 concludes the book, by pulling together the themes that have emerged in the various chapters. It starts off by comparing the similarities and differences that may exist in the mainstream entrepreneurial populations across the various countries compared to the different minority group business owners reviewed throughout the book. It then compares and contrasts the push and pull factors that motivate entrepreneurs from the various minority groups, as well as the barriers and challenges that face those who set up business ventures outside the acceptable boundaries of mainstream entrepreneurship. Finally, constructive recommendations for ways forward in terms of future research and business support and development are offered. Given the potential of successful entrepreneurial ventures to positively influence the quality, and in fact quantity, of life for many of the minority groups reviewed in the forthcoming chapters, we believe this book makes an important contribution to the extant knowledge of non-mainstream entrepreneurs.

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