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ENTREPRENEURSHIP IN THE UNDERSERVED POPULATION

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While entrepreneurs may come from every demographic and situational background, each economy around the world has its own distinct entrepreneurship profile. This profile reveals who in a society most frequently starts a business—and who doesn't. Those who are less likely to become entrepreneurs may be dissuaded in some way. This typically includes women, younger or older age groups, and those with lower income or less education. Besides these demographic characteristics, there may be those who have challenges due to their particular situations, such as veterans, migrants and refugees, and ex-convicts.

These populations may be underrepresented among the entrepreneurship ranks in an economy, yet they may otherwise benefit highly from this activity, particularly if they have few other work options, or if they have particular needs that

entrepreneurship can accommodate. Additionally, society benefits from their participation when they pursue opportunities that others do not see and when they are generators rather than consumers of income. Entrepreneurship helps a society make the best use of its human capital and avoid negative consequences of idleness and frustration.

In many economies, policy makers, educators and the business community have recognized the advantages of promoting entrepreneurship in underserved groups. This may take the form of providing training and mentoring to women or youth, for example. By identifying these gaps in entrepreneurship, an economy can target its policies and programs toward a goal of making entrepreneurship accessible to everyone, and in so doing, boosting the health and development of its economy and the wellbeing of its people.

Women

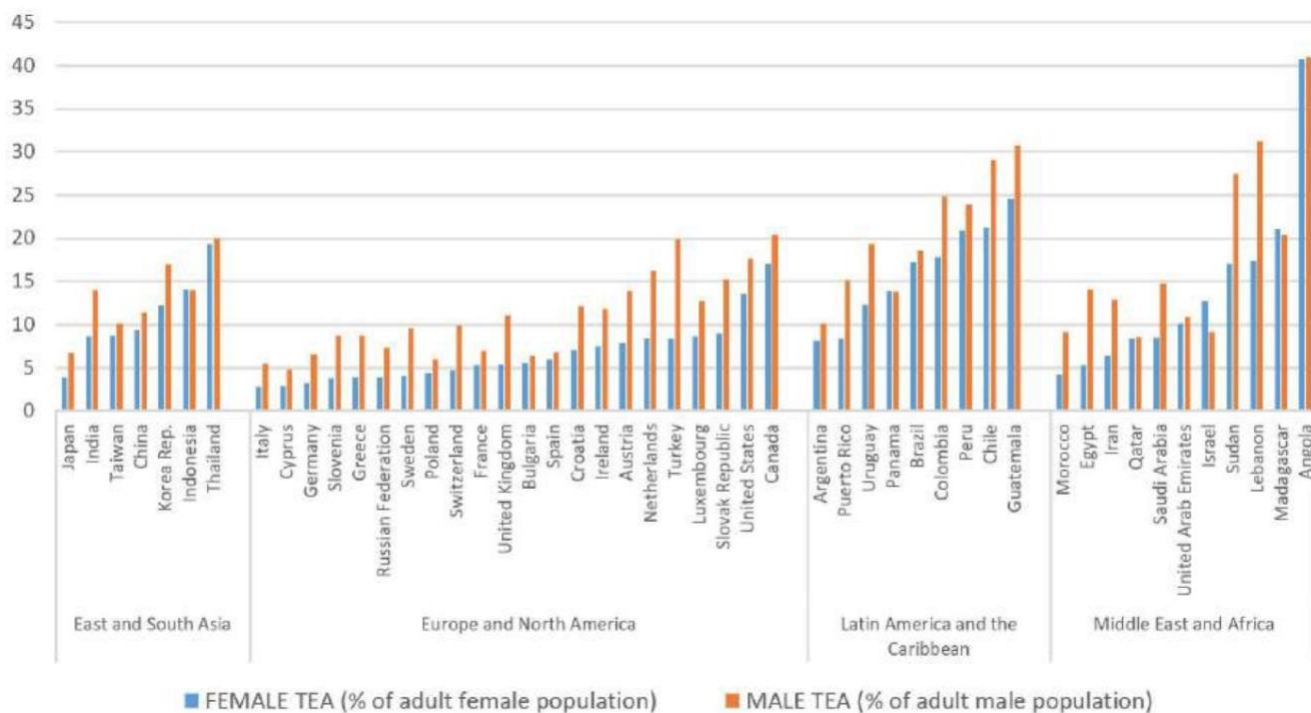
Women rarely participate in entrepreneurship as frequently as men, as Figure 1 shows. According to the Global Entrepreneurship Monitor (GEM), out of the 49 economies participating in the 2018 adult population survey, only 6 showed as many women as men entrepreneurs. The remainder

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showed lower female rates— in fact, in 13 of the economies, men were about twice as likely as women to be starting and running new businesses.

Figure 1: Total early-stage Entrepreneurial Activity (TEA) Rates by Gender among Adults (ages 18-64) in 49 Economies, in Four Geographic Regions



Source: *Global Entrepreneurship Monitor 2018*

The International Labor Organization reports many countries with female unemployment rates that are high overall, and higher than the male rates. These include Greece, Egypt, Sudan, Saudi Arabia, Iran, Spain, Brazil and Turkey (ILO, 2017). With few work alternatives, entrepreneurship should present a viable option for women in such circumstances.

Interestingly, according to GEM, women are, on average, as likely as men to believe there are good opportunities for starting businesses around them. Additionally, the gender gap in intentions is narrower than it is for entrepreneurship. This means that women’s intentions to start a business are closer to men’s intentions, compared to the difference between the genders in actual startup efforts. Are women then not translating their intentions into actions as often as men, and if so, why is this the case?

GEM data provide a few clues. While women in the 49 economies are, on average, more likely than men to have at least a college degree, they are only three fourths as likely to state they have the capabilities for entrepreneurship. This could reflect their experience and the disciplines they studied in school or college. But it also might indicate less confidence, perhaps relative to what one believes they are up against in starting a business.

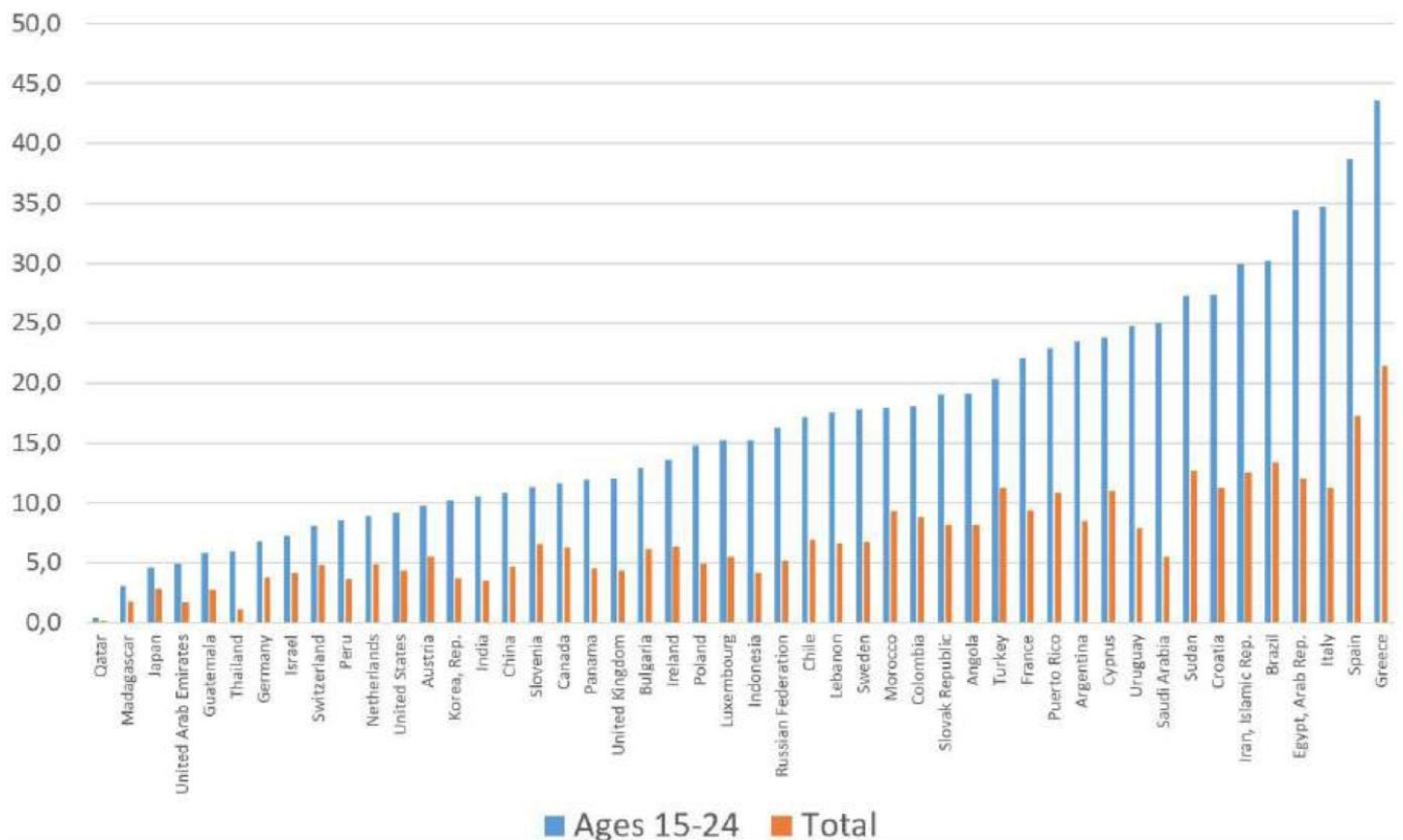
Researchers have also pointed to lower access to financial capital (banks, venture capital, angels and other private investors) for women entrepreneurs. An examination of startup capital, based on a GEM special topic focus on finance in 2015, shows that men raise more money from institutional sources compared to women, particularly when they have innovations or growth-oriented businesses. In addition, individual countries

may have their own particular constraints for women: for example, social expectations, employment practices, or economic conditions. These may point to areas for consideration in efforts to promote women’s entrepreneurship.

Young and Older Age Groups

Many countries around the world exhibit very high youth unemployment rates, as Figure 2 demonstrates. As this figure shows, over a third of 15-24-year olds in Greece, Spain, Italy and Egypt are unemployed. In Spain, despite high unemployment rates, few young people are starting businesses, at only half the level of the overall entrepreneurship rate in the country, suggesting constraints or a lack of support for this age group. Conversely in Greece, the youth entrepreneurship rate is approaching double the overall entrepreneurship level. In this case, starting a business may be seen as a viable income-generating solution for many young people in an economy where few jobs are available.

Figure 2: Unemployment Among Youth (15-24 years of age) and the Total Labor Force in 48 economies, 2017 (modeled ILO estimate)



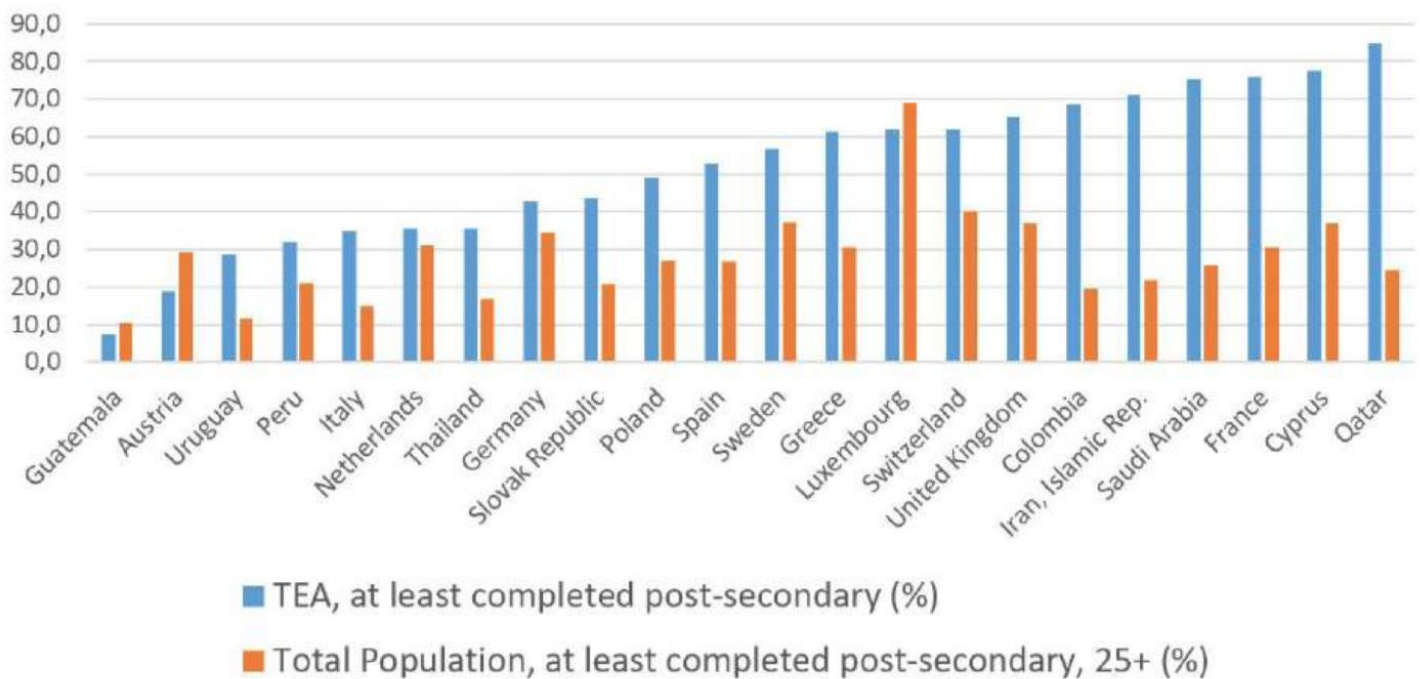
In other economies, high entrepreneurship rates among the older age groups (for example, Saudi Arabia and the Republic of Korea) may suggest an opportunity or need among this age group. On the other hand, very low rates, especially compared to overall entrepreneurship levels, could indicate little opportunity or interest in this endeavor. Entrepreneurship can serve as a promising alternative for those who need to generate income in their late careers. This may include those facing issues such as age bias relative to employment, and for those who see an opportunity to pursue a particular interest of theirs in their later careers. While youth may have the energy, cutting edge ideas, and the rest of their careers to make up for

any losses, the older population can leverage such as advantages as their experience, network, and access to resources.

Education and Income

Figure 3 shows the percentage of entrepreneurs who completed at least a college (post-secondary) degree, drawing on GEM data, and the percentage of the population with this level of education, based on the World Bank’s World Development Indicators. This graph displays the high education levels of entrepreneurs, which is notable because this group should also have good employment prospects. But it also suggests that entrepreneurship is less often being pursued by those without this level of education. Similarly, those living in low income households are often less likely to pursue entrepreneurship (particularly in Slovenia, UAE, Russia and Turkey). Entrepreneurship is often seen as a means for lifting families out of poverty, and therefore critical for those needing to generate their own source of income.

Figure 3: Education levels of Entrepreneurs (TEA—Total Entrepreneurial Activity) vs. the General Population in 22 countries



Source: Global Entrepreneurship Monitor and World Bank

Situational Restrictions

People may find themselves in situations where employment is restricted or challenging for various reasons. Those who have migrated to another country, perhaps in search of a better life, or refugees escaping violence, persecution or war, face an unfamiliar environment in their adopted homeland. They likely have no social network that can provide support, and racial discrimination can limit their integration into society and their job prospects. As a result, they may find that their only employment alternatives are low skilled jobs. Entrepreneurship offers promise for this population in adjusting and settling in their new country, a means for generating income and a livelihood.

Veterans are another group that may find traditional employment less attractive or not feasible. On the other hand, starting a new business may allow them to leverage the skills they developed in the military: for example, their discipline, teamwork and leadership. The United States government has encouraged veteran entrepreneurship with such initiatives as the Small Business Administration's Boots to Business program and services such as the Veterans Business Outreach Center. Targeted policies include the Veterans Entrepreneurship and Small Business Development Act, where federal agencies are required to spend at least 3% of their budget with service-disabled veterans, and the Veterans Entrepreneurs Act, offering a tax credit of up to 25% of franchise fees for veterans purchasing a franchise.

Ex-convicts are highly likely to reoffend. A 2014 Department of Justice study tracked more than 400,000 prisoners after their releases in 2005. Nearly 68 percent were rearrested within three years. Perhaps this is no surprise when considering that criminal records often prevent one from getting a job or a loan or going to school. In addition, one's social network is likely to pull an ex-convict back into a prior way of life. Some programs have sought to counter this threat. The Prison Entrepreneurship Program (PEP) in Houston Texas offers business skills training, mentoring, and other forms of support. Recidivism among those graduating from the program was reported at less than 10%. Considering the harm to society of a repeat crime, in terms of safety and the cost of handling and housing convicts, it's clear that entrepreneurship can provide, not only a source of income for the ex-convicts, but cost savings and greater security for an economy.

Concluding Remarks

While the focus on entrepreneurship is often on those who are starting businesses, there needs to be equal attention paid to those groups in society who aren't starting businesses. This is particularly critical when these individuals and those around them can benefit from such efforts, and when policies and practices can facilitate and support them. Policymakers, researchers, businesses and other interested parties can examine their nation's entrepreneurship profile, identify gaps, engage in dialogue with other countries on experiences and best practices, and design initiatives and policies that will address underserved populations and equalize participation in entrepreneurship. Making entrepreneurship accessible to all is not just the right thing to do, it's good for society; it promotes peace, contributes to economic development and stability, and enhances the wellbeing of people in multiple ways.



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