

Under-represented entrepreneurs: A literature review

Maria Wishart

Enterprise Research Centre and Warwick Business School

Maria.Wishart@wbs.ac.uk

Overview

Some groups of individuals are less likely than others to start and grow a business they own because they experience systemic barriers of some kind. These groups include migrants, ethnic minorities, women, people who identify as having a disability, and those with low educational attainment. The entrepreneurship route – essentially becoming self-employed or starting their own businesses - is often suggested as a way into work for these people. However, fewer individuals from these groups engage in entrepreneurial activity of this kind, and those that do succeed in starting their own businesses experience lower turnover and higher failure rates than their mainstream counterparts. These groups of individuals are thus under-represented in entrepreneurship, and this paper reviews published research from both academic and non-academic sources that investigates why this might be.

Key findings

- The review finds that these under-represented groups all experience barriers to entrepreneurship which can be attributed to their characteristics or status.
- Some barriers are common to all groups, for example, discrimination, access to finance and to relevant business advice, and lack of business skills and experience. In addition to this, there are barriers that are specific to certain groups of aspirant entrepreneurs.
- Migrants often face language barriers, and are often unfamiliar with their host country society and culture, which can make setting up a business challenging. Migrant entrepreneurs are often stereotypically seen as strongly linked to their own ethnic groups, and operating in relatively low-skill and low-profit businesses such as retail and catering. In fact, research shows that this is a group which runs a much more diverse range of businesses with a wide variety of clientele.
- There is some overlap between migrant and ethnic minority entrepreneurship research, and the two groups have been found to experience barriers in a similar way. Research with an ethnic minority focus has additionally examined the entrepreneurial activities of second and subsequent generations of migrants, often considering the so-called assimilation effects, the ethnic and mainstream networks of these individuals and their education and skills levels. Findings have been diverse, and more remains to be done if the impacts of social and human capital for ethnic minority entrepreneurs are to be better understood.
- Research indicates that the barriers to entrepreneurship that women experience appear to vary depending upon their life stage and levels of

human and social capital. Overly simplistic comparisons with male entrepreneurs evident in early research have done little to drive forward the agenda of women entrepreneurs. A more nuanced understanding of this group is emergent, and future research could deliver much to expand this knowledge.

- Entrepreneurs who identify as having a disability face the so-called benefits trap, where the fear of losing benefits can discourage them from becoming self-employed. Research shows that these people can often lack social networks and role models to encourage them to become entrepreneurs.
- Relatively little published research considers the entrepreneurial experiences of the less-educated as a distinct group, which is a gap in the literature. Although this is an emergent and fragmented stream of research, a positive association has been found between education and entrepreneurial success, particularly for task-related skill-focused educational interventions.
- The idea of the double or even triple-disadvantage that some individuals face, due to combinations of characteristics and factors, has been largely ignored in research to date. Low educational attainment, for example, is often cited as one of a number of barriers faced by other under-represented groups, but the way that this combination of factors works is not well understood. This is an area which merits further research focus.
- Also worthy of further focus is the idea, as advanced by some researchers, that being part of an under-represented group may itself foster skills and resilience in individuals which could actively help them in their entrepreneurial ventures.
- Some attention has been paid to interventions which may help entrepreneurs to overcome the barriers that they face, as well as to reduce the failure rate of their businesses. These include specialist training for advisers to help them to better understand the circumstances of these groups, and business skills training for would-be entrepreneurs, but more focus is needed in this area.

These findings inform the next phase of this project, during which fieldwork in London will explore and benchmark resilience among entrepreneurs, with a focus on those from under-represented groups, with the ultimate aim of developing flexible and relevant toolkits to support resilience in these individuals and their organisations.

Policy and practice implications

- Under-represented entrepreneurs are diverse, and the variety of systemic barriers and disadvantage that many under-represented groups experience make this a complex area.
- Stereotypical characterisations of the under-represented groups are unhelpful, and it is clear that a 'one size fits all' solution is inappropriate.
- A more detailed understanding of these groups is needed, in order that flexible and adaptable policies and approaches can be developed to support these under-represented groups in their entrepreneurial ventures.

Access the full paper here:

Find out more about Building Better Business Resilience study here:

<https://www.enterpriseresearch.ac.uk/sme-resilience-project-jpmorgan/>