



Equality, Diversity and Inclusion at Work

A RESEARCH COMPANION



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8. Exclusion, inclusion and women entrepreneurs

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INTRODUCTION

Women constitute one of the groups most susceptible to poverty (Pearce, 1990). Owning a business is one way for women, as well as other marginalized groups, to climb out of poverty (Izyumov and Razumnova, 2000). Through starting a small business, women can not only improve economically and socially, but also actualize themselves and improve their psychological well-being (Crossby, 1991; Barnett and Hyde, 2000). Self-employment is especially important for women who have difficulty finding employment because of limitations imposed by education, age, social marginality or language. In many countries in recent years, there has been a growing recognition of the economic potential in women's entrepreneurship, and as a result, the relative weight of women among business owners has grown (Acs et al., 2004; Moore, 2004). The establishment of independent businesses has been shown to increase the rate of development of the national economy in countries that were smart enough to encourage it (Minniti et al., 2004). In India, women entrepreneurs have been described as a ray of hope for economic development (Canesan et al., 2002). Nevertheless, the growth in the number and influence of women entrepreneurs is only at its early stages and the potential of this economic channel is enormous.

In the extensive literature on entrepreneurs (for example, Cooper and Gimeno 1992; Kets de Vries, 1996; Brandstaetter, 1997; Miner, 1997, 2000; Nicholson, 1998; Zimmerer and Scarborough, 2001) it is only in recent years that a growing number of studies have started focusing on women entrepreneurs (for example, Belcourt, 1990; Mulholland, 1996; Bruni et al., 2004; Boyd, 2005; Forson, 2006; Minniti and Nardone, 2007; Wagner, 2007).

The Global Entrepreneurship Monitor (GEM), which monitors the entrepreneurial activity in 40 countries, suggests that in all these countries the percentage of women entrepreneurs is lower than the percentage

of male entrepreneurs (Minniti et al., 2004). Interestingly, the percentage of women entrepreneurs is higher in countries in which the general income per capita is small and in which women have no other option for making a living. This fact has been explained as a result of the difference between 'necessity' and 'opportunity' entrepreneurship, with necessity entrepreneurship more prevalent among women (Reynolds et al., 2003; Allen et al., 2006). This chapter proposes a conceptual framework of social inclusion and exclusion for understanding these different types of female entrepreneurship.

SOCIAL EXCLUSION AND INCLUSION

Social exclusion refers to ways in which individuals may become cut off from full involvement in the wider society (Giddens, 2006). While people may exclude themselves from aspects of mainstream society by turning down a job opportunity or becoming economically inactive, there are instances in which individuals are excluded through decisions which lie outside their own control. Thus, it is best to view social exclusion as the result of an interaction between human agency and responsibility and the role of social forces and circumstances.

Social exclusion and inclusion are about having access to critical assets and resources (Room, 1995). People and groups gain access to these assets and resources in many ways. The processes are organized through cultural systems of habits, rights, and entitlements that give priority to some over others, coordinate required activities, and condition the conflicts that emerge. One can be excluded from different institutions, social groups, special benefits or even particular events. Social exclusion is multidimensional and dynamic because it is a process that is highly conditional on time, place and circumstance.

Gordon et al. (2000) distinguished four dimensions of social exclusion including: poverty or exclusion from adequate income or resources; labor market exclusion; service exclusion; and exclusion from social relations. Labor market exclusion can lead to the other forms of social exclusion – poverty, service exclusion and exclusion from social relations (Giddens, 2006). Marginalized groups that are inactive in the labor market include women in domestic and caring activities. Labor market inactivity is not necessarily a sign of social exclusion in itself, because of the high proportion of the population that this involves, but exclusion from the labor market significantly increases the risk of social exclusion (*ibid.*).

Social exclusion is also multileveled since inclusion within a small

group can imply exclusion from the perspective of a larger group. Social exclusion includes both distributional and relational aspects. On the one hand it implies that some marginalized people or groups may be excluded from access to resources or services that are available to others. From this point of view the analysis of exclusion tends to focus on outcomes such as poverty, lack of access to services and stratification of various forms. On the other hand, exclusion implies that some people or groups may not be integrated into social networks or institutions that are available to others. From this point of view, analysis focuses on social relations, entry and exit into poverty and participation in various types of social institutions (Reimer, 2004).

Thus, processes of inclusion and exclusion must be analyzed in relation to institutions, in particular 'the decisive situations in which processes of exclusion are speeded or stopped. People do not face institutions directly, but interact with persons who function as gatekeepers representing institutionalized standards, such as civil servants who control access to social assistance' (Vobruba, 2000, p. 605), using policies that do not address women's needs (for example, maternity leave or a day off to care for a sick child).

WOMEN ENTREPRENEURS: A RESPONSE TO SOCIAL EXCLUSION

Research indicates that ventures owned by women tend to underperform in financial/growth terms compared to male-owned firms (Srinivasan et al., 1994). Many studies have focused on the barriers women face as business owners, such as difficulties in balancing family life with the management of their ventures, difficulties in gaining access to capital and lack of information and assistance (Brush, 1990; Moore and Buttner, 1997).

Social exclusion provides a conceptual framework for understanding these barriers and helps explain the prevalence of women's necessity entrepreneurship. It suggests that social exclusion of women in the labor market pushes some women to become entrepreneurs. This also includes women in the corporate world. Studies show that some of these women became entrepreneurs due to feelings of exclusion from the male-dominated corporate organizations. Rosener (1989) reported, for example, that 70 percent of her women respondents had worked in a corporation prior to becoming entrepreneurs. Of these women entrepreneurs, 80 percent reported that in their prior positions, they had to work harder than men to advance. Similar findings were reported by Moore and Buttner (1997) in their study of women entrepreneurs. They found evidence of discrimination against

women in decisions concerning selection, promotion, performance, evolution, access to training opportunities and salary assignments. Salary discrimination was the most frequently reported form of discrimination, followed by bias in promotion and assignment of job responsibilities, selection, and hiring. These barriers and discrimination drove one of every five women out of the corporate world and into entrepreneurship.

Moore and Buttner conclude that entrepreneurship was women's way of moving beyond the glass ceiling imposed by the 'good old boys' system'. Since they felt excluded from the corporate culture in which they could not fit, these women were propelled into entrepreneurship. This process can be viewed as imposed by necessity rather than by seeing an opportunity.

Similarly, Moulton and Anderson (2005), who classify the motivation to start a business in terms of push and pull factors, suggest that push factors, such as flexibility to accommodate domestic roles, are more important to women.

According to GEM 2006 (Allen et al., 2006), prevalence rates of opportunity and necessity entrepreneurship vary across countries, but opportunity is the dominant motivation for most entrepreneurs. More than a third of all people involved in entrepreneurial activity are women, but low-income countries show the highest rates of female early-stage entrepreneurial activity, while high-income countries reported the lowest. Specifically: in low-middle-income countries, 35.8 percent of women, but only 28.5 percent of men, are necessity entrepreneurs. In contrast, in high-income countries, necessity entrepreneurship accounts for 14.7 percent of female and 13.4 percent of male activity. The work of women necessity entrepreneurs is characterized by lack of security and benefits, and by low income. This helps explain why despite entrepreneurship representing an important means to circumvent unemployment, the number of women who pursue an entrepreneurial opportunity, when other income-producing activities are available, is very low. An additional explanation is the difficulties women encounter in accessing information and sources of capital because they are unable to penetrate the relevant networks (Marlow and Patton, 2005; Abor and Biekoe, 2006; Alsos and Isaksen, 2006). In many countries women are excluded from social networks or informal networks of information (Brush, 1990, 1997; Lerner et al., 1997). In addition, money is of crucial importance in all aspects of exclusion/inclusion. A certain degree of income security is not a sufficient but a necessary condition for successful inclusion in society (Vobruba, 2000).

From the perspective of diversity – the focus of this volume – entrepreneurship can be viewed as a means of social inclusion for women and other marginalized groups in countries (especially in low-income countries) in which they suffer from social exclusion. According to the

GEM 2006 *Report on Women and Entrepreneurship*, globally, entrepreneurial activity is highest among women who are also employed in a wage job (whether full- or part-time). This suggests that work provides access to resources, social capital, and ideas that may aid in establishing an entrepreneurial venture. For the poorest and less educated, having some type of work experience provides a valuable platform toward starting a business (Allen et al., 2006). Entrepreneurship can offer such a platform for the poor and unemployed.

Three studies were conducted in recent years at Ben-Gurion University in Israel on women and entrepreneurship (Pines and Schwartz, 2007). Findings of the three studies combined show few consistent gender differences in entrepreneurial traits, values and abilities. In the first study, which involved a national survey of traits and attitudes related to entrepreneurship, a factor analysis performed on 17 entrepreneurial traits, revealed four factors. The first – entrepreneur – loaded highest on: risk taker, loves challenges, entrepreneurial, creative, has initiative, and wants self-actualization at work; it explained 25 percent of the variance, and showed no overall gender difference. Gender comparisons on the 17 traits showed few gender differences: men had greater self-confidence and emphasized status more, whereas women were more motivated by self-actualization and by security. These findings can be explained by evolutionary forces that select men who are self-confident, competitive and motivated by status (Buss and Schmitt, 1993) or by socialization forces (Henning and Jardim, 1978).

The second study involved 311 management students. It showed that about twice as many men than women either had a business or intended to start a business, men viewed themselves as more suitable to be and expressed greater preference for being business owners, and men described themselves as more entrepreneurial and as having greater business understanding than women. All these gender differences disappeared in the group of the students who either owned a business or intended to start a business.

The third study involved 101 Israeli small business owners. Gender comparison revealed far more similarities than differences: in work characteristics (for example, both were most often owners and managers of their business and worked primarily with people), the characteristics of their business (for example, similar age, similar percentage ownership, and a similar level of market penetration), their motivation for starting their business, the sense of significance it provided and the similarity in entrepreneurial traits.

The fact that the majority of the findings of the three studies showed no gender differences reinforces the explanation offered in this chapter for women's entrepreneurial inferiority as resulting from social and economic exclusion.

Finally, finding the explanations for women's entrepreneurial inferiority has global implications for three reasons: first, women constitute one of the marginalized groups that are most susceptible to poverty (Pearce, 1990); second, starting an independent business is an occupational channel through which women and other marginalized groups can advance economically (Izyumov and Razumnova, 2000), and third, women's entrepreneurship can be a route for national economic growth for low-income countries that encourage it (Minniti et al., 2004).

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