

Chapter 1

Gender and Entrepreneurship in Developing Economies: Exploring of the Drivers, Challenges, and Opportunities for Women Entrepreneurs and Stakeholders

Rob Kim Marjerison
Wenzhou-Kean University, China

ABSTRACT

This chapter begins with a brief exploration of the importance of entrepreneurial activity as a driver of global economic growth. The importance of entrepreneurship in developing economies is examined as are the traits, motivations, and drivers of entrepreneurs and the economic, social, cultural, legislative, and regulatory circumstances that encourage and in some cases discourage entrepreneurial activity. The impact of entrepreneurship training and education on encouraging women entrepreneurs is examined, the relative importance of women entrepreneurs is examined, and emphasis is placed on the relatively greater difficulties that are faced by women entrepreneurs particularly in regards to obtaining funding for starting new ventures. Opportunities are identified that may useful for policy makers, investors, and those that may seek to promote social entrepreneurship and economic growth in developing economies.

INTRODUCTION

The importance of entrepreneurial activity in economic growth is well researched and documented as is the more specific importance of entrepreneurial activity in developing economies. There is a sentiment that increased emphasis should be placed on researching entrepreneurship in developing markets as expressed by Smallbone et al. (2014), who stated that “most of the conceptual development in the field of entrepreneurship has occurred in, or assumed mature market conditions.” Moreover, who then went on to explain the need to study within other contexts such as emerging and developing markets. Laizans and Lace (2007) among others found the reason to assert that while entrepreneurial activity is

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an essential part of economic development worldwide, it is of particular importance in the developing economies (Anton & Onofrei, 2016; Baručić & Umihanić, 2016; Huggins & Thompson, 2014; Ozioma-Eleodinmuo, 2015).

Likewise, the role of women as entrepreneurs is relatively well researched, specifically women entrepreneurs in developing economies is a research topic that has received ample attention in recent years. However, much of that research is of a precise nature and only when considered as part of a much larger body of research can it be used as a basis for generalizable findings. This chapter seeks to advance the understanding of the role of women entrepreneurs, to identify opportunities for women entrepreneurs, investors as well as NGOs and governmental agencies that are involved in promoting economic growth through the support and encouragement of entrepreneurial activity.

The exploration of women as entrepreneurs begins with a brief reaffirmation of the emphasis and importance of entrepreneurship as an economic driver, specifically in developing economies, motivational factors of entrepreneurs, patterns in the characteristics and traits of entrepreneurs, concludes with identifying challenges and opportunities for those who may be interested in encouraging women entrepreneurs and entrepreneurship driven economic development.

The findings indicate that while women entrepreneurs tend to be motivated by different factors than their male counterparts (Kirkwood, 2009; Laure-Humbert & Drew, 2010; Orhan & Scott, 2001). Also, while women tend to favor different types of ventures, their odds of success are similar to those of men (Hechavarría, 2016; Lee & Marvel, 2014). Much of the literature indicates that women are less likely to have access to investment or start-up capital, one of the key ingredients necessary for new ventures and that women may find it more challenging to obtain investment based funding (Aidis & Schillo, 2017; Blake, 2006). It also seems that women entrepreneurs tend to require smaller initial investment than male-driven ventures (Blake, 2006; Carter, Brush, Greene, Gatewood, & Hart, 2003). The opportunity for inventors and those in both private and public sector who are engaging in promoting entrepreneurial based growth may be to consider gender in the opportunity assessment phase because new ventures that are driven by women entrepreneurs may offer different and possibly more advantageous investment opportunities than their male counterparts individually when it comes to diversification of venture investments, and return on investment.

ENTREPRENEURSHIP

Since the term Entrepreneur was coined in France over a century ago, it has undergone many revisions and interpretations most of which are part of a generally accepted understanding of the meaning. As originally used, Entrepreneur refers to someone who undertakes a significant endeavor, explicitly referring to those “individuals who stimulated economic progress by finding new and better ways of doing things” (Dees, 1998). The French Economist, Jean Baptiste Say (1953), generally credited for the coining this usage the term, explained that entrepreneurs are those who create value. Another well-known Economist, Joseph Schumpeter, added that entrepreneurs are one of the change agents in a given economy and that they do so by creating new ways of doing things or by serving new markets which in turn, advances an economy (Hagedoorn, 1996). An important component of the most contemporary definitions of entrepreneurship includes consideration of the acceptance of risk. An entrepreneur is “an individual who takes the initiative to bundle resources in innovative ways and is willing to bear the risk and uncertainty to act” (Hisrich, Peters, & Shepherd, 2013).

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