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Minority Entrepreneurship

Distance learning study materials

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Subject: Management, Entrepreneurship, Economics

Key words: Minority Entrepreneurship, gender stereotypes, women entrepreneurship, public policy, support, success, key minorities, self-employment, freelancers

Annotation: The structure of the study material is built around several core objectives. By the end of your study, you should be able to define and understand minority entrepreneurship and explain the philosophical and theoretical bases of minority. You will understand the legal, historical social, and political factors that help explain different behaviour of minorities within the roles of sexism, racism, xenophobia and poverty in minority entrepreneurship.



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INTRODUCTION

Study material “Minority entrepreneurship” aims to introduce students of bachelor's programs basic concepts of minority groups problems, roots of entrepreneurship and necessary prerequisites for minority enterprise operation.

The acquired knowledge will be checked after through questions or individual tasks. You will always find answers at the end of the chapters that also have a basic summary of the main ideas. For better orientation in the text, you can use continuous summaries or other informational sources.

We recommend you using time-consuming tags or a study guide to help you to find the continuity of the subject matter with other topics contained in the relevant chapters.

This text is prepared to support the motivation for minority entrepreneurship as an alternative to ordinary business, and therefore only basic knowledge of business, law and economics is assumed.

The text itself is supplemented with sections that can help in deeper study to more detailed issues, both in terms of examples and in terms of appropriate literary sources.

We wish you much success in your studies and minority business!

The authors thank prof. Thomas Cooney for his consultation in the phase of preparation of this text.

Authors

QUICK OVERVIEW OF STUDY TEXT

This text is divided into six chapters, which explain the issue of the subject of minority entrepreneurship, its development and current conditions. The study material is structured as follows:

1. Definition of Minority Entrepreneurship

Background and historical roots of Minority entrepreneurship. Key minority communities (Young, Aged 50+, refugees, ethnic, people with disabilities, prisoners).

2. Gender and minority Issues in Entrepreneurship

Explores role of women and minority entrepreneurs in society and economic development; changes of entrepreneurship in different economic and cultural contexts; research on why women and other groups still are a minority or entrepreneurs; gender differences in patterns of entrepreneurship; related policy challenges.

3. The Role of Policy and Regulations

The role of government in entrepreneurship is the issue here. Based on your insights and outside research is government intervention necessary to level the playing field for minority and women's entrepreneurship, or should we let the entrepreneurial processes determine which businesses survive, thrive, and grow.

4. Minority Entry into Self Employment

Barriers Restricting the Size and Scope of the Business within Community. Factors influencing start-up - Access to Financial Capital, Access to Product Markets and Access to Education and Training Corporations' strategies and incentives for foreign direct investments.

5. Measuring Success Among Minority Entrepreneurs

Entrepreneurship Versus Wage-and-Salary Work. Impacts of Employment Opportunities Generated by Minority-owned Businesses. Business Success measurement by Analysing its Converse.

6. Social Entrepreneurship and the challenges of scale

Defining social change agenda, mission and career in social entrepreneurship as alternative way to minority entrepreneurship. Building a network is a non-negotiable skill for change agents.

1 DEFINITION OF MINORITY ENTREPRENEURSHIP

QUICK OVERVIEW OF THE CHAPTER



The main goal of this chapter is to explain the terms and definitions of entrepreneurship. The background and historical roots of minority entrepreneurship will then be discussed and explained. Finally, key minority communities (young, aged 50+, refugees, ethnic, people with disabilities, prisoners, etc) will be defined as disadvantaged groups relative to the labour market and explanation will be given why they are the focus of minority entrepreneurship in context of this textbook.

GOALS OF THE CHAPTER



- Student will understand definition of entrepreneurship and an entrepreneur.
 - Student will be able to explain differences between minority entrepreneurship and entrepreneurship in general.
 - Student will be able to define minority groups in the labour market.
-

STUDY TIME



70 minutes.

KEY WORDS OF THE CHAPTER



Entrepreneur, entrepreneurship, entrepreneurship typology, minority groups, communities.

Much is now being written and spoken about entrepreneurs. Just open any newspaper, magazine or internet site and you will likely find at least one story about an entrepreneur. Entrepreneurs have existed throughout the history as individuals who spotted an opportunity and set up a structure to exploit it.

They mobilised resources and traded or manufactured something for a profit (Rwigema, 2008). However, what is entrepreneurship and how does it relate to minority entrepreneurship?

1.1 DEFINITION OF AN ENTREPRENEURSHIP

The word “entrepreneur” came to business world and literature from the French verb “*entreprendre*”, which means “to undertake” (also to start, to begin or to initiate some activity). Entrepreneurship could be described as a process, whereby an individual (or a group of individuals) uses organized effort to pursue opportunities to create value and the enterprise grows by fulfilling needs through the uniqueness of its products or services.

Entrepreneurship is based on observing business environment trends / changes that no one else has seen or developed and then finding a gap in the market that can be exploited.



DEFINITION

Hisrich and Peters (2002) define entrepreneurship as: “...*a process of creating something new, with value, by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.*”

Their definition pays attention to **four basic characteristics** of entrepreneurship which are:

- ***Entrepreneurship involves the creative process***; creating a new value. The creation must have value to the entrepreneur, but it must also be valuable to the audience / customers for which it was developed.
- Entrepreneurship ***requires necessary time and effort*** to create something new and make it happened.
- ***Entrepreneurship relates to the risk***. These risks concentrate on financial, psychological and social areas.
- ***Entrepreneurship brings rewards to being an entrepreneur***. The most important advantages are independence, personal satisfaction and monetary rewards.

Following that, Pinchot and Pellman (1999) recognized two other forms of entrepreneurial activities which are discussed in literature:

INTRAPRENEURSHIP

Intrapreneurship describes innovative processes within the context of existing organizations (they could be private or public). The definition of intrapreneurship is like entrepreneurship in general, but intrapreneurship takes place within an organization that has already been established. The major value is to create or develop the entrepreneurial spirit within corporate boundaries, supporting an atmosphere of innovation to prosper. The need for intrapreneurship has arisen in response to the rapidly growing number of problems in organizations, including new and sophisticated competitors, or the departure of some of the best and brightest people who are leaving corporations to become entrepreneurs.

*Understanding
Intrapreneurship*

Finally, intrapreneurs are employees who are willing to take risk, innovate and provide open opportunities for others. It is often more difficult to be an intrapreneur within an existing organization than an entrepreneur who may develop his or her own small business. The intrapreneur is seen as not risking his or her own resources, but those belonging to his company or firm.

EXTRAPRENEURSHIP

This is a venturing process where employees of a company spin-off from their former employing company or place of work to establish a supplementary business. The business is often in the same type of business as their former place of work, since that individual has already acquired some experience in this business from the former place of work.

1.1.1 DEFINITION OF AN ENTREPRENEUR

Filion (2011) investigates the origin and development of the term 'entrepreneur', revealing its meaning to come from the 18th century, when Richard Cantillon was the first to offer a clear conception of the entrepreneurial function and its relationship to innovation.

DEFINITION



An entrepreneur is an actor who innovates by recognizing opportunities; he or she makes moderately risky decisions that lead into actions requiring the efficient use of resources and contributing a benefit.

Definition of Minority Entrepreneurship

An entrepreneur can be defined from many points of view. Stokes and Wilson (2010) explained how different groups of scientists could define an entrepreneur:

- **Economists** define an entrepreneur as one who brings resources, labour, raw material and other assets into combinations that increase their value.
- **Psychologists** define an entrepreneur as a person, who is driven by some forces, which create a desire to obtain or attain something.
- **Sociologists** define ‘entrepreneur’ as a person whose actions would determine his social status and who contributes to the development of society.
- **Management experts** define ‘entrepreneur’ as a person who has a vision and generates an action plan to achieve it.

entrepreneurial types

Gupta and Khanka (2010) work with other categories which are based on innovation and they describe four entrepreneurial categories as follows (Fig. 1):

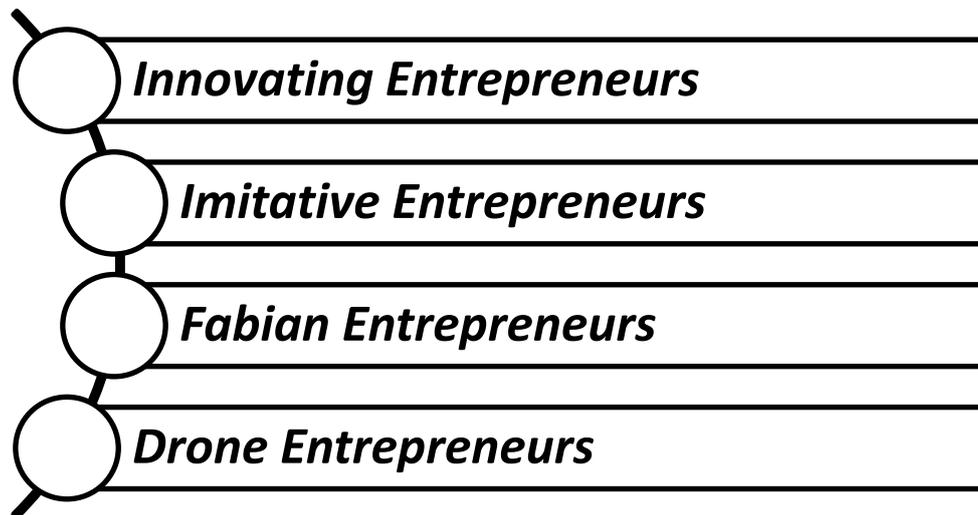


Figure 1 Entrepreneurial categories

Innovating Entrepreneurs present new goods and services, develop new methods of production, make experiments with new processes, are looking for new markets or to restructure the enterprise. These entrepreneurs can work only in innovation-friendly business environments and they work with people who look forward to change.

Imitative Entrepreneurship

Imitative Entrepreneurs are characterized by their readiness to adopt successful innovations worldwide. They use existing innovations to imitate techniques and technology presented previously by others.

Fabian Entrepreneurs are those who do not care to adopt new methods and innovations. They prefer only to imitate, when they are sure that a product and process is successful, and the investment is not risky.

Drone Entrepreneurs refuse any opportunity to adopt changes and innovations. They do not plan any growth in their business but prefer a conventional way of business.

1.1.2 ENTREPRENEURIAL TYPOLOGY

Socio-cultural	Motivational	Technical	Entrepreneurial	<i>Entrepreneurial Typology</i>
<ul style="list-style-type: none"> •Immigrant •Ethnic •Women •Minority 	<ul style="list-style-type: none"> •First-generation •Self-actualizer •Discontented •Family business 	<ul style="list-style-type: none"> •Research Technical •Producer technical •User technical •Opportunist technical 	<ul style="list-style-type: none"> •Novice •Habitual 	

Figure 2 Entrepreneurial Typology

Source: Naidu and Rao (2008)

Naidu and Rao (2008) have classified entrepreneurial activities into four dimensions based on different point of view (Fig. 2).

SOCIO CULTURAL CLASSIFICATION

Those entrepreneurs can be divided into four categories.

- **Immigrant Entrepreneur** is an individual who has a recent arrival in a country and starts a business as a way of living in the “host” country.
- **Ethnic entrepreneurs** have a set of common connections and regular patterns of interaction among people sharing common national backgrounds or migration experiences.
- **Minority entrepreneurs** are the ones who do not belong to majority population.
- **Women Entrepreneurs** are females who start their own business.

MOTIVATIONAL CLASSIFICATION

Those focus on motivation to start a new business venture:

- **First-generation entrepreneur** is the one who starts a new business, without any prior family business roots.
- **Self-actualized entrepreneur** occurs when the main motivation is self-actualization; people want to they achieve something of which they are capable, to feel independence and autonomous.
- **Discontented entrepreneurs** are those who are unhappy with the current organization and they decide to start a new venture.
- **Family business entrepreneurs** are those who are involved in their family business.

TECHNICAL EXPERIENCE CLASSIFICATION

This venture is based on the founder experience of technology-based business.

- **Research** entrepreneur has a prior experience of technological research before starting their own technical business.
- **Producer** entrepreneur is someone who has a commercial production prior to starting his own venture
- **User** technical entrepreneur is a person who had been involved as an end user of the specific product/technology.
- **Opportunist** technical entrepreneur has identified and visualized a technology-based opportunity and set up their own technology-based venture.

ENTREPRENEURIAL EXPERIENCE CLASSIFICATION

This classification deals with previous entrepreneurial experience:

- **Novice entrepreneurs** are people who do not have any business experience in the past, but now own their own business.
- **Habitual Entrepreneurs** are entrepreneurs who have established at least two or more different companies, one at a time (Serial Entrepreneurs) or simultaneously (Portfolio entrepreneur).



INDEPENDENT TASK

Try to find out an example of companies who comply previous definitions. Give a one example for each category. (according Figure 2). Do not forget that some companies could meet more than one criterion (e.g. below).

	Criteria/company name	Bata shoe company	Arcelor Mittal	Kaufland
sociocultural	Immigrant	√		
	Ethnic			
	Women			
	Minority			
motivation	First-generation			
	Self-actualizer	√		
	Discontented			√
	Family business	√	√	
experience	Novice			
	Habitual	√	√	√
technical	“Research”	√		
	“Producer”		√	
	“User”			
	Opportunist”	√	√	

Your examples will be discussed during the lecture or by on-line conversation with the lecturer.

TEXT GUIDE



Once it is clear what entrepreneurship means, we can move our attention to several groups in the labour market who are involved into entrepreneurship, but who face additional and distinctive challenges that mainstream entrepreneurs do not experience.

1.2 Minority entrepreneurship and key minority communities

When we want define minority entrepreneurship, it must be highlighted that this definition will include business, economics, and sociology points of view. The literature analysing minority entrepreneurship lacks a single focus and it is quite diverse in methodological approaches (Richtermeyer, 2002). Despite that, Bates (2011) mentioned that it is very important to define terms properly and how they relate to other entrepreneurial groups on the market. The following table (table 1) compares some of the key definitions.

Key communities

Table 1: Key Definitions

Type of entrepreneurial activity	Definition used
Immigrant Entrepreneur	An individual who as a recent arrival in the country, starts a business to find a way of surviving in the host country. This group contains a network linking migrants, former migrants and non-migrants with a common origin and destination.
Ethnic Entrepreneur	This group has a set of connections and regular patterns of interaction among people sharing common national background or migration experiences
Minority Entrepreneur	Business ownership by any individual who is not a member of the majority population. This group occasionally includes women.

Source: Butler and Greene, 1997, Richtermeyer, 2002

Unfortunately, those definitions are closely connected with sociocultural issues (like social status, race, ethnic group), not with an economical point of view. The study of minority entrepreneurship is closely connected with last definition (“the owner is not a member of majority population”), but this definition must be explored further to be clear to the reader.

MINORITY ENTREPRENEURSHIP VERSUS INCLUSIVE ENTREPRENEURSHIP

The OECD (2017) report ‘Missing Entrepreneurs’ studied minority entrepreneurship and connect it with inclusive entrepreneurship. Why?

Inclusive entrepreneurship contributes to social inclusion to give all people an equal opportunity to start-up and operate businesses. Target groups are those people who are disadvantaged

Definition of Minority Entrepreneurship

and under-represented in entrepreneurship and self-employment, including youth, women, seniors, ethnic minorities, immigrants, disabled people and many other groups.

Those target **groups are minorities on the labour market**, so it is preferable that they supported by government and other public and private organizations. *It could suggest that minority entrepreneurship is quite like inclusive entrepreneurship as defined by the OECD.*



DEFINITION

Minority (Inclusive) entrepreneurship involves people from disadvantaged groups on the labour market, especially youth, seniors (aged 50+), women, ethnic minorities, ex-prisoners and others to create a sustainable job in the form of enterprising activity such as self-employment, social enterprise, or micro / small business.

Main groups

According to the OECD (2017) report, the main minority groups which are closely connected with entrepreneurship education and entrepreneurship support are:

- Women,
- Young people,
- Senior (Aged 50+),
- Immigrants,
- People with disabilities,
- Long-term Unemployed.

Each of these groups had major challenges in securing a job through normal labour market activity and so they require support either through active labour policy or support of independent entrepreneurship.

1.2.1 LABOUR INCLUSION OF DISADVANTAGED GROUPS – ACTIVE LABOUR POLICY

Main groups

Active labour market policies (ALMPs) are a collection of measures financed from the state budget, aiming for the maximum possible level of employment, especially in minority groups. It is managed by Ministry of Labour and Social Affairs and labour offices with potential cooperation from different private and public subjects within the Czech Republic. They use a different portfolio of supporting tools, namely:

- **Retraining** – gaining new employment qualifications or the extension of existing qualifications of an applicant. It solves a situation when the structure of demand on the labour market is not equivalent to the structure of supply and potential retraining enables new or further employment. Retraining can be carried out by an employer as a way of furthering the employment potential of his/her employees. An applicant can choose retraining for himself/herself and the labour office will pay for the retraining, as well as travel and meal allowances.

- **Investment incentives** – supports a new job vacancy, retraining or education of new employees. It is primarily targeted at employers in the form of decreasing taxes, building infrastructure, getting accommodation for employees, areas for building, etc. It is provided only in localities where there are above average unemployment rates.
- **Community service** - short-term work subsidized by labour offices for temporary employment of the long-term unemployed and those with hard-to-place applicants. Usually it is used for cleaning work on public places and buildings. The Labour Office can contribute up to 100% of real gross wage (including insurance).
- **Socially beneficial jobs** - these are work places established with respect to local conditions for applicants for whom it is impossible to find a job in any other way. The Labour Office provides contributions directly to an employer for establishing these places. The contribution for creating socially beneficial jobs is possible to provide to both employers and directly to a person who stops being unemployed and become a self-employed person.
- **Contribution to start-up training** – this is offered when an employer takes on applicants to whom the Labour Office devotes special attention (youth, 50+, disabled people, etc). It is available for a maximum of three months with up to 50% of minimum wage provided.
- **Contribution upon a switch to a new business programme** is provided at the start of new production or structural changes when an employer does not need so many employees. If an employer preserves the work places, the Labour Office contributes a payment to the amount of half the minimal wage for up to six months.

Those tools could help to give a job to people from minority groups. What is also required is tailored support for people from minority communities who wish to create their own job through self-employment.

1.2.2 MINORITY GROUPS AND THEIR NEEDS

Ensuring equal access to employment for all groups is one the main priorities of both social and economic state policies. As the problem of unemployment stems from the current situation on the labour market, two fundamental issues are identified:

Minority groups

- **Insufficient job creation** to find employment for all those who want to work, including regional disparities between supply and demand of work.

- **Restricted access to employment** for the most disadvantaged groups, such as the elderly people in pre-retirement age, young persons, persons caring for a person close to them (especially a child), the low-skilled, the disabled and others, especially those who are socially disadvantaged.

WOMEN

One of the largest groups of people at risk in the labour market is currently in the labour market both in the world and in the Czech economy, are women. This may undoubtedly have its roots in the historical view of the social mission of women. However, the division of roles in society and family life is undoubtedly not the only cause increased female unemployment. After all, the unfavourable position of women in the labour market is caused by employers favouring a male workforce for greater territorial mobility (Buchtová, 2002, more in Chapter 2)

YOUNG PEOPLE

One of the major economic problems facing countries in the European Union is the high rate of youth unemployment. Young people are considered in the age group 18-25 years and high percentages now have limited work experience. Although the situation is not as critical in the Czech Republic as in other EU countries, the unemployment rate of young people (up to 25 years) has increased significantly in recent years in the Czech Republic. The problem of young people entering the labour market lies in their inappropriate qualifications and a lack of practical experience.

This deficiency primarily results from their initial education and a lack of practical training on courses they have taken, including co-operation with employers and the acquisition of competencies that are necessary for the labour market. However, the rising unemployment rate of young people causes young people to have inappropriate ideas about the market situation and requirement for their own skills in the labour market. Among other things, these problems are based on insufficient career counselling, both at school level and in cooperation with information and counselling centres



TO REMEMBER

The difficulty of employment for young people in the labour market is mostly caused by insufficient career counselling and career guidance in relation to pupils and school students. Their knowledge and skills do not meet the needs of the labour market, especially in different branch structures. Graduates have insufficient practical experience of entering the labour market and inadequate ideas of the functioning of the labour market and their own possibilities.

SENIORS (PEOPLE AGED 50+)

One of the groups of persons most at risk on the labour market is seniors those aged between 50-65. Seniors are a group of people who may have lower levels of education, health disadvantage and a lack of adaptability to changing conditions (both conditions due to the development of the economy or the profession, as well as the lack of adaptability to changing one's own performance). These causes are both objective (obsolescence, reduction of work performance in some professions) and subjective (based on the character of themselves and their employers). Declining work performance can be caused by a reluctance to strengthen their own expertise and the reluctance of employers to invest in older workers, but it can be addressed by moving to another job or by enhancing professional mobility (in the case of obsolete qualifications). It cannot be forgotten either that the impact of the care of close persons (grandchildren, their own parents) can also difficulty in accessing the labour market.

The position of older workers in the labour market regarding changing work performance and the provision of alternative forms of care for people close to them exacerbates the lack of supply, especially for short-time work. The situation will need to be addressed given the increasing size of this group in the overall population as a result of demographic developments and the need to keep older people in the labour market. Departures to early or disability pensions need to become lower and the increased vulnerability of this group to the labour market must be addressed. Expectations regarding seniors are based on the anticipation of lower job performance and the lower willingness of employers to invest their resources to the development of older workers. As a result, an employer, considering this uncertainty, does not prefer an employment relationship with people with such problems.

Seniors

TO REMEMBER



The main problem of low participation of older people in the labour market is based on insufficient professional mobility in changing conditions (technological, health etc.) caused by both inadequate career counselling throughout the professional life and insufficient participation in further training. Those people could have lower or inadequate qualifications and reduced work capacity depending on the type of work performed.

Opposite to that, companies are not prepared for those types of workers, employers' prejudices (e.g. lowering of work performance), insufficient preparation for aging on the part of the employee (interest in own professional development, healthy lifestyle) and reduced employer investment in human resources development for seniors are the main barriers identified. Other factors such as insufficient offers of flexible work or insufficient capacity, availability and quality of care facilities for people close to them helps motivate senior people to start their own business.

IMMIGRANTS AND ETHNIC MINORITIES

If we are talking about a minority, here is the definition of this concept according to Schaefer (2011) which characterizes the minority as a “subordinate group whose members have significantly less control or power over their own lives than members of a dominant or majority group.” A minority is, according to this author, characterized by the following features:

- the existence of physical and cultural characteristics that distinguish members of the minority from members of the majority group,
- experience of disadvantages and prejudices,
- involuntary membership of a minority group,
- solidarity among members of the minority,
- high probability that possible marriages will be made between members of the same group.

A very large group of people at risk in the labour market are also persons of another ethnicity, in the Czech conditions especially people of Roma ethnicity. The above-mentioned fact is undoubtedly grounded in the fact that "*Roma belong to the most visible minority in the Czech Republic*" (Ševčíková,2003).

In addition, the minorities are still influenced by their own culture, their charts of values, their behavioural patterns today.



CASE STUDY

The project of *Ethnocatering*¹ is based on the concept of social business *Inbáze*, the cooks working in Ethnocatering are migrants aged over 50 who, for various reasons (political, social, economic) have come, often with a lot of turmoil, to find a new home in the Czech Republic. These women are in a difficult life situation, and their integration is more gradual. It comes practically with zero material wealth, but with enormous mental wealth - the perfect knowledge of its homemade cuisine.

This natural know-how is used by Ethnocatering, while at the same time providing a fair work that is close to them. These women could further educate and expand their qualifications. They offer more than 70 dishes from Georgia, Armenia, Afghanistan, Iran and others). *Yes, willingness to change their life was so strong!*

¹ <https://www.ethnocatering.cz/o-nas>

PEOPLE WITH DISABILITIES

People with disabilities are one of the most vulnerable groups in the labour market as they experience high rates of unemployment and low rates of pay. During economic recessions, the threat to disabled workers is further deepened by optimization of employers' manufacturing processes and the inability of disabled people to keep pace as there is still a prejudice in Czech society that disabled people are less effective workers. The low participation of people with disabilities in the labour market and their difficulty in accessing employment is primarily due to the perceived or real effect that their disabilities has on their working capacity.

*Work with
disable pe-
ople*

This is intensified by the increased demands on the employer in the area of assistance, control of work and the possible modification of the workplace. Factors affecting their success in the labour market lie also within the group itself as lack of self-confidence, resignation to not finding employment and reliance on the welfare system all magnify the challenge of securing employment. The system of employment support is insufficient for their transition to the free labour market and their integration into the majority society.

LONG TERM UNEMPLOYED PERSONS

Long-term unemployment is considered to be a period of no more than one year, half of which is 6 months for graduates. With longer unemployment, work habits are lost, work knowledge and skills and the art of work communication disappear quickly.

CASE STUDY



The **SDZP Cooperative**² was established in the summer of 2003. The cooperative was formed by a group of doctors, people with experience with working with disabled people and several IT professionals. SDZP is an organization that primarily focuses on securing and creating jobs for our disabled people, with more than 90% of the total number of people in the organisation employed. Currently, they employ 126 employees, several permanent external collaborators and occasionally specialists from individual fields such as:

- shops (mainly computer and communication technology, office supplies and consumables, clothing with the option printing, air purifiers, hygienic and cleaning products, including cleaning and industrial chemistry)
- services (marketing and advertising, data, voice and SMS services, advertising and marketing campaigns)
- manufacture (sewing and metalworking)

² http://www.1sdzp.cz/?page_id=931

Definition of Minority Entrepreneurship

- security agency services (physical security objects, reception services, remote surveillance of buildings, projection, assembly, electrical inspection, provision technical services for the protection of persons and property)
- education and agency employment (Accredited Training Courses: Basic Operations personal computer, personal computer, Marketing agent, Accounting using computer technology)

What do you think of this initiative? How is helping people to become self-employed?



TEXT GUIDE: OTHER MINORITIES TO BE CONSIDERED

Refugees

Those people are eligible for the grant international protection and it done also in the Czech Republic in two ways: granted asylum (so-called asylum seekers) or supplementary protection (so-called supplementary holders protection)

Refugees

A refugee is a person outside country and has legitimate concerns about persecution for reasons of race, religion or nationality, or for reasons belonging to certain social strata or even the holding of certain political opinions, is incapable of accepting or considering fears above, refuses to protect her. (Convention Relating to the Status of Refugees of 1951).

Asylum seekers and recognized refugees can be employed in the Czech Republic, they follow the condition depending on their legal status. Persons with international protection have, in terms of employment, equal status as citizens of the Czech Republic. The only limitation: they cannot be employed in jobs, when Czech citizenship is required (e.g. Public service). Most of them have problems with a “new” society in terms of:

- Czech language (or other language in other “host” country)
- Psychological services and help (due to their current situation)
- Legal advice on employment or other civil matters (support in the following cases: wage retention, unlawful dismissal, non-compliance with health and safety at work legislation, discrimination in the selection process, discrimination when searching for accommodation, discrimination when dealing with authorities and more).

Prisoners and Ex-Prisoners

Work with prisoners

In the case of persons returning from imprisonment, this is in another way a specific group of people at risk in the labour market. It is a group of socially unadaptable people who have not been willing to accept the basic social norms in the past. If convicted, due to

their age, individual abilities and length of punishment, assumptions are made during the period of imprisonment to obtain some higher education or retraining, which would make it easier for them to return to the normal life. However, as has already been outlined above, in many cases these people are concerned with persons who have repeatedly lost their trust in their illegal behaviour.

Employing prisoners is a traditional priority for the Prison Service of the Czech Republic in the area of professional treatment of convicts. The Prison Service prepares a whole range of new methods and procedures to reinforce the prisoners' employment and restart the issue. (Blanda and Štegl, 2016). The numbers and qualifications of prisoners who are currently available in the prisons for employment, are listed on the Prison Service website, in each organizational the unit is additionally an employment coordinator who is ready to add to the candidates about the workforce needed information or to agree on specific conditions.

Work for prisoners and motives for their work are different. But in the first place, this factor predominates: money, the means to buy so many desirable things in prison, like coffee, cigarettes or tobacco. Additionally, financial income in prison allows a certain economic self-sufficiency. They could work in those ways:

- **Internal work.** Convictions of placement at the workplace in internal overheads carry out work related to ensuring the normal running of the prison (meals, cleaning, basic maintenance of buildings and inventory, laundry). Working hours are determined by the amount of work done. In addition to working activities, education is an integral part of re-socialization programs. Educating or teaching convicts to gain the necessary working habits is due to their steadily declining qualification assumptions at present necessities. It is mainly realized within the framework of the education and training centre of the Prison Service of the Czech Republic.
 - **Business entities.** Another form of employment of imprisoned persons is the work of business entities. The assignment of a person sentenced to work with a business entity is carried out based on an employment contract between the business entity and the prison. In the case of business subjects, it is mainly manually less demanding work, such as product assembly, packing of promotional materials, enveloping envelopes, production of simple glassware or machine tools.
 - **Centres of Economic Activity of the Czech Republic.** Employment of convicted prisoners is carried out in prisons and remand prisons, where centres of economic activity are established. It means an extra-budgetary resource, e.g. for repairs and maintenance property, purchases of machinery and equipment or computer technology. Operational centres of the economic activity centre produce, for example, furniture that often finds use in the state administration.
-

Definition of Minority Entrepreneurship

Need for
special ap-
proach

Minority entrepreneurship is based on the personal qualities which are essential for success in the knowledge economy – whether this is in the private or public sectors. It can be applied to self-employment, starting or growing micro or small enterprises and to social enterprises using business-based approaches which are driven by a social mission. It goes beyond business ownership as it benefits everyone by fostering a fundamental understanding of businesses, community stakeholders, community collaboration and the skills and confidence needed for personal and community success.



PROPOSAL FOR THE TUTORIAL

1. Prepare a story of a minority entrepreneur from secondary sources and detail distinctive traits about his/her entrepreneurial journey.
2. Name various initiatives of your entrepreneur and identify the reasons for their involvement into minority projects.
3. Identify an organisation in your neighbourhood that works with minority groups. What impact it has on your local community?



CHECK QUESTION

- 1) **Entrepreneurship means:**
 - a) “to undertake”, to start
 - b) to support an activity
 - c) to finance the project
- 2) **Entrepreneurship is:**
 - a) Creative process
 - b) Innovative process
 - c) Not risky process
- 3) **Entrepreneur who adopts new technologies and processes is:**
 - a) Imitative entrepreneur
 - b) Drone entrepreneur
 - c) Fabian entrepreneur
- 4) **Ethnic entrepreneurs:**
 - a) are not able to start up
 - b) are starting business without financial support
 - c) have a set of common connections and regular patterns of interaction among people sharing common national backgrounds or migration experiences.

5) Novice entrepreneurs:

- a) are those, who are unhappy with the current organization and they decide to start a new venture
- b) are those, who decide to start a new venture with family members
- c) are people who don't have any business experience in the past but now they own their own business

6) First-generation entrepreneur:

- a) are starting business without financial support
- b) is the one who starts a new business, without any family business roots.
- c) are entrepreneurs, who have the experience at least two or more different companies

7) Minority entrepreneurs:

- a) don't belong to majority population
- b) are those, who decide to start a new venture with family members
- c) are those, who are unhappy with the current organization and they decide to start a new venture

8) Extrapreneurship is:

- a) are entrepreneurs, who have the experience at least two or more different companies
- b) are those, who decide to start a new venture with family members
- c) It is a venturing process where employees of a company spin-off from their former employing company or place of work to establish a supplementary business.

9) Fabian Entrepreneurs:

- a) are starting business without financial support
- b) doesn't care to adopt new methods and innovations
- c) are people who don't have any business experience in the past but now they own their own business

10) Opportunist" technical entrepreneur:

- a) are people who don't have any business experience in the past but now they own their own business
- b) are starting business without financial support
- c) who has identified and visualized a technology-based opportunity and grabbed it to set up his technology-based venture.



SUMMARY OF THE CHAPTER

While this chapter has focused on the six minority entrepreneur groups identified by the OECD, it is also possible to discuss other minority groups such as gay, refugees, NEETs, ex-offenders, indigenous, gypsies, Roma and veterans. Minority entrepreneurship is about supporting entrepreneurs from all background who would like to start their own business, to manage risks, find innovative solutions and collaborate with others in order to prosper in their daily lives.

Minority entrepreneurship implies understanding the additional and distinctive challenges faced by different people in different places, helping them to use their creative potential to overcome barriers and create a sustainable future for all.



ANSWERS

1) a, 2) c, 3) a, 4) c, 5) c, 6) b, 7) a, 8) c, 9) b, 10) c

2 GENDER AND MINORITY ISSUES IN ENTREPRENEURSHIP

QUICK OVERVIEW OF THE CHAPTER



This chapter explores role of women and minority entrepreneurs in society and economic development and their impacts of entrepreneurship in different economic and cultural contexts; research on why women and other groups still represent a minority or entrepreneurs. Women represent an opportunity to develop untapped potential for business and may contribute to increased economic performance of human society.

GOALS OF THE CHAPTER



- Student will understand a definition of a women entrepreneurship.
- Student will be able to explain women entrepreneurship challenges.
- Student will be able to discuss about some problems e.g. women entrepreneurship.

STUDY TIME



90 – 120 minutes.

KEY WORDS OF THE CHAPTER



Minorities; women; opportunities; gender issues; main barriers

Minorities are looking to create practical business ventures. They traditionally face to higher barriers than other groups to exploit market opportunities, raise financing, and penetrate mainstream networks.

Their entrepreneurial dynamics depends on specific contexts in which firms are being set up by prevailing opportunity structures. Their progress depends not only on minority-

owned businesses, but also on opportunities. Bates (2011) defines key ingredients of have a workable small-business in minority society:

- having skilled and capable entrepreneurs owning appropriate human capital for operating the business venture,
- enough financial capital to develop business opportunities,
- be able to identification an access to markets in which to sell the firm's products.

The uniqueness of minority entrepreneurship is highlighted by viewing these venture prerequisites as barriers to be overcome before successful firm creation and operation is achieved.

IMPORTANCE OF MINORITY ENTREPRENEURSHIP FOR REGIONAL ECONOMY

Pahuja and Sanjeev (2015) mentioned that entrepreneurial development is the most important input in the economic development of any country, especially when minorities at the labour market exist. The aims of country and industrial development, balanced regional growth, and job creation is closely connected with entrepreneurial development.

Entrepreneurs are at the core of employment opportunities to the unemployed youth, minorities and increasing higher standard of living and increased revenue to the government. They sustain the process of economic development in the following ways:

- They improve generation of incomes and wealth in selected regions.
- They generate employment opportunities.
- They inspire others to start-up.
- They help to remove regional disparities.
- They increase number of companies in the region
- They support specialization and diversity.
- They support economic independence and self-reliance for a country

WOMEN POTENTIAL IN ENTREPRENEURSHIP

Potential

The main reason why the role of female entrepreneurs is still underestimated for society is that women still do not have a significant role in business, which is largely due to gender stereotypes. The pitfalls of female entrepreneurship stem from upbringing and are already formed in childhood - girls are generally not encouraged to develop skills that will enable them to become successful businesswomen in the future.

In doing so, it offers women the opportunity to push through their plans, to launch their own career ideas, and to avoid hierarchized - especially male-oriented - career growth in already operating companies.

The company itself allows a woman to set her own rules and, moreover, can be an interesting starting point in case of unemployment or dissatisfaction in an existing profession.

STUDY GUIDE



When the major group of minority entrepreneurs are women, the main focus of this chapter will be dedicated on women entrepreneurship. Finally, some general problems and barriers will be discussed for all groups, mentioned in the chapter 1.

2.1 Gender stereotypes in the society

The labour market is structured by gender so that there is a concentration of men and women in different sectors, occupations or jobs. Specifics of the concentration of women in certain sectors (education, health, services) and lower positions and men in the fields of other (industry, agriculture) and jobs with higher competencies and managerial responsibilities is referred as "gender segregation".

The roots of the segregation of the labour market by gender and division of work between women and men into different fields and positions, extends to early childhood education in the family.

A pressure on choosing a gender - appropriate working field or profession exists in various forms of formal education and education at all levels. (Křížková and Pavlica, 2004, p. 71). Sokáčová et al. (2005, pp. 16-17) confirmed that minorities, especially women are disadvantaged in particular in cases when they apply for employment. If this is not a profession in a feminized field, priority is given to male candidates.

Discriminatory advertising persists, which directly invites men or women candidates to report positions. The most common positions are the head, secretary, technician, clerk, manager, etc.

Gender stereotypes based on the ability to replenish male and female roles play the key role to inequality in the work and family. If we want to remove and overcome them, we must try not only to challenge their objective on rational basis, but also to make real changes in the division of labour by gender. While the family supports this direction, many managers "arrange" this education since childhood. (Křížková 2004, p. 77).

Stereotypes

Putnová (2003, p. 11) describes the characteristics associated with the gender stereotypes according to the traditional roles - woman is a housewife, the man is the creator of the society and the breadwinner. Modern society counts with a woman like the labour force, the growing material demands of today's families need the employment of both spouses outside the home.

The second half of the 20th century is characterized by the increasing level of education and qualification of women seeking self-realization outside the family. Is it clear, that is

one of the main socio-psychological barriers, to the present "typical" woman, which must deal with the dilemma of the family versus the profession?

Gender stereotypes are a clear social barrier and an obstacle to the individual development of human personality. It is necessary to ensure that people have been treated more like humans since birth individually rather to divide their roles to men or women.

It means that children should be educated and judged according to their own choices, abilities, preferences and merits, and not based on biological prerequisites to be or become the "right" man or woman. Hand in hands with this approach is necessary to instil children as the obvious idea that the fact of gender difference is mainly a biological significance that has nothing to do with by what and / or who they can become in the future, especially in entrepreneurship.

FEMALE AND MALE ROLES

Based on the above-mentioned gender stereotypes and the capabilities, characteristics and roles of women and men supports the typical division of labour in households. Women perform the majority of homework such as cooking, laundry, shopping, cleaning, men focusing on minor repairs, gardening, car and home maintenance.

So-called female work can generally be described as routine, constantly repetitive, quite common activities that never end. On the other hand, "male" domestic work is characterized by irregularity, a certain amount of creativity and, in particular, it can be postponed to a "convenient" time (Křížková and Pavlica 2004, p. 70).

Roles

Both men and women are part of the labour market and households, their roles and meanings of these roles are derived from their dominance, main responsibilities in one of them, respectively. This is related to the already mentioned division of areas of employment into female or male differences in rewarding men and women.

Significant influence here is, the lower status of female work opposite to stereotypical male role in the role of breadwinner, which "legitimizes" higher earnings for men. The roles of men and women in both work and family, as they are stereotypically defined, complement each other, creating the dependence of one role on the other and vice versa.

Role of parenting it becomes a shared responsibility, not a reality that is predominantly a "woman" matter and complicates a career. This logic of socializing and educational activity should then be reflected in the sphere of work and organizational life (Křížková and Pavlica 2004, p. 76).

2.2 Women entrepreneurship

If a woman is a businesswoman and runs her business, she changes a role in the family. Man helps in households with so-called "female" work and tries to help and support the woman in all its aspects so that she can rest for a while with children.

Start-up businesswomen, therefore, they must show much greater determination than their male counterparts because their starting point for doing business because of stereotypes is not the same.

For a woman determined to start a business it is very important to remove the negative aspects that prevent successful business activity. Very unpleasant barrier to women's entrepreneurship gender prejudices, lack of finance, complex legislation, lack of knowledge about business, unfavourable market environment with high competition and probably the biggest obstacle is reconciling work and family life.

The most common strategy of businesswomen and the reason why they decide to do business is the effort to reconcile family and work life. There is a need for self-realization and independence, and a good opportunity and coincidence also plays its part. Simply put, if the woman is at the right moment at the right place, she can create a well-off business. Women's professional lives also influence their men's decisions.

Predicted opinions based on gender can really have a major impact on motivating women to enter the business world. The woman is still regarded as a carer for a family hearth in today's advanced society, not as a breadwinner.

2.2.1 MAIN PROBLEMS OF WOMEN ENTREPRENEURSHIP

Choice of start-up business may also be influenced by less start-up capital, and the need for flexibility (Marlow and McAdam, 2013) and limitation in hours, which woman need for family care (fig. 3).

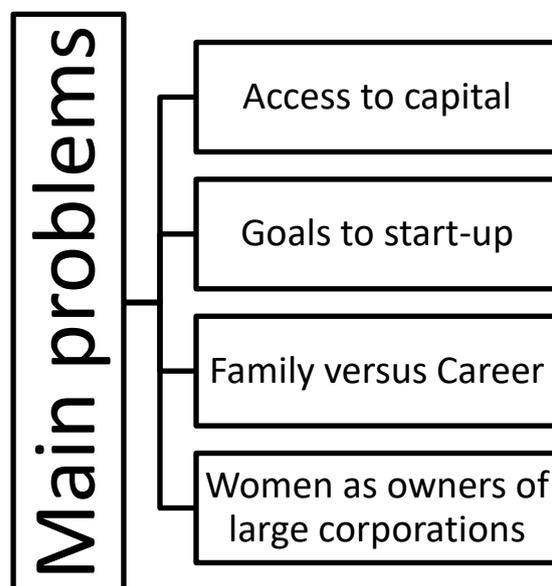


Figure 3 Main problems

ACCESS TO CAPITAL

Women entrepreneurs are more dependent on self-finance and less likely to have outside investors for start-up and for growth. It means that less amount of capital could cause slower growth and development. Limited capital sources lead to small number of employees also.

GOALS TO START-UP

Women entrepreneurs seem to have different performance expectations than men for their businesses, expecting lower sales and employment. Women motivation to start-up, in many cases is affected by their current social situation – caring about the family or a need for flexibility to balance their family and work life.

Goals

The women entrepreneurs mostly measure their success in terms of self-fulfilment and goal achievement. On other hand generating profit and business growth are in many cases less important measures of their success. When men measured their success alternatively in concrete goals achievement, women were satisfied with a feeling of having control over their own destiny or flexibility in their work and building relationships (Office on the Economic Status of Women, 2016).

CASE STUDY



The global environment for Female Entrepreneurs

results of the 2015 Female Entrepreneurship Index by GEDI

61%
of countries
still score below 50 out of 100



What can we do?

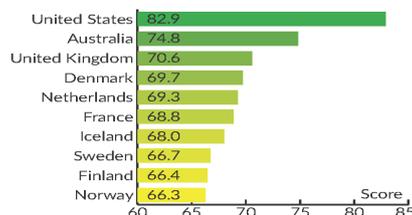
Europe can improve
Opportunity Recognition
whether women recognize good opportunities to start a business in the area where they live

Latin America can improve
Export Focus
female entrepreneurs that have at least some customers outside the country

Sub-Saharan Africa can improve
Access to Finance
women's access to bank accounts and finance programs

East Asia can improve
Skill Perception
whether women believe they have the required knowledge and skills to start a business

Top ten countries for female entrepreneurs



Global trends

13% Among female businesses
Innovativeness
has decreased 13%

The percentage of female businesses that are in the
Tech sector
has decreased 19%

7% The percentage of
Business Gazelles
has increased 7% (those who intend to grow their businesses by 50% and employ 10 people within 5 years)

The percentage of female entrepreneurs who are
Highly Educated
has increased 9%

GEDI www.thegedi.org

@feindex

What do you think about this statistical data? Try to evaluate women entrepreneurship potential.

Source: <https://i.pinimg.com/originals/52/3d/6e/523d6e96da87d6068f6e65829095174d.png>

FAMILY VERSUS CAREER

Family and career are closely connected this time. A career is a special word that is predominantly associated with the word of man, even though it has a female genus. Women more often talk about "success" than about their career. A woman has the same dreams in entrepreneurship as a man, but she is more disadvantaged than the opposite sex. He rather chooses small steps for development.

Caring for a family could be an aggravating circumstance for an employed woman. The stereotype explains that the successful man always belongs to a functioning family, whereas a successful woman is often an obstacle. Employers should not care what their employee is doing after working hours. A successful woman is who able to combine work and family can, unlike a man, organize and plan everything to handle both. And these organizational skills can apply in employment (Němcová 2006, p. 66).

WOMEN AS OWNERS OF LARGE CORPORATIONS

The predominance of men over women in the business world is much higher, especially in spheres where there is not a small business but a business activity where the turnover starts counting for millions.

But when women start doing business, they have success. And not just in purely female disciplines such as cosmetics, fashion, services related to babysitting etc. Here, of course, we will find the majority of female entrepreneurs.

As the previous lines show, the business world is open to women, and those in the world they can be very successful. Nowadays we are most often encountered with women who carry out business under a trade license.



CASE STUDY: ZÁSILKOVNA.CZ

Zásilkovna.cz³. Simona Kijonková - Founder and owner of Zásilkovna s.r.o. She was named as the first lady of Czech e-commerce and, according to the Forbes magazine, she has been continuously among the most influential women in the Czech Republic since 2016. In 2016, Forbes chose her for the title of the November issue. In 2018 she was awarded the EY Entrepreneur of the Year of the Capital City of Prague. “Hospodářské noviny” newspapers regularly ranked her in the Top Women List in the Czech Republic.

At present, she holds the position of CEO of the Packet Holding, which also includes the Zasilkovna, which Simona founded as a start-up eight years ago. There are currently 11 companies in the holding, 500 employees in many European countries. In addition to that, she is also involved with other start-ups, she is the co-owner of MYPS s.r.o , the start-up of SizeID.com, and in 2017 he decides to co-build and devote his energy to the P2P online platform for Robeeto.com.

The Triple Mother takes on the role of women in the business world and the stereotypes which they could encounter here.

³ <https://www.zasilkovna.cz/media/pro-media/simona-kijonkova>

FOR INTERESTED PERSONS



Did you ask the question why are women-owned businesses mostly smaller than men-owned businesses? Research by the U.S. Department of Commerce (2016) found that:

- Women-owned businesses are concentrated in industry sectors characterized by companies that they generate smaller sales in general, especially in services, such as in health care, education, and personal or retail services.
 - They dominate in businesses that require little capital for start-up and operation.
 - Their choice of business is usually closely linked to her education and professional experience. Women tend to choose careers in female-dominated, lower-paying occupations.
 - About half of self-employed women work part-time and they prefer to provide it from their home.
 - Women tend to be more risk averse than men, especially in terms of financial risk.
-

2.2.2 DISADVANTAGES OF WOMEN

Pytlíková et al. (2012, p.1) states that the twentieth century showed a dramatic improvement in female economic status due to changes in social standards, reducing segregation of men and women and increasing access to higher education for women. New technological processes and changes make life easier for women in households.

The development of home appliances - washing machines, refrigerators, dishwashers, etc. helped women break out of traditional roles in households and allowed them to join labour force in large numbers.

Disadvantages

Recent statistics has shown that women tend to be more educated than men and therefore represent a significant source of qualified workforce. The gender diversity in companies is positively related to the creativity and innovation. Educated women represent a valuable

part of the workforce and reducing inequalities between women and men should benefit employers, employees and society as a whole (fig. 4).

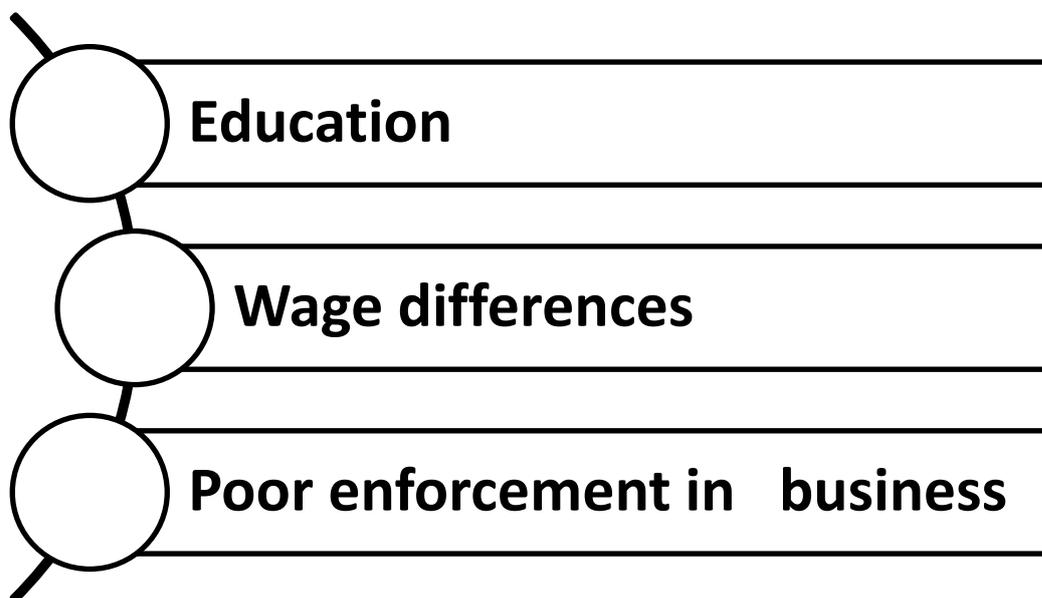


Figure 4 Main disadvantage

EDUCATION

Nowadays, employers and society are counting on the loss of educational capital for women as a result of their husband's investments, while in men they expect it to increase. A few women, however, choose education at secondary level so that they can develop their education at university. Women with higher education postpone the birth of a child to a higher age than women with low education because they want to consolidate their position in given to the company.

Profesio- nal growth

Women nowadays use the possibility of studying at the college. They form themselves for their jobs and employers, but also for their future family life. Higher-school students mostly manage their work commitments without harming the employer, because any downtime in the care of children resolves within their free time. Employers' fears of the inability of women to combine family and work, most women can experience, at least for their own experience, maternity rather than being discriminatory (Janebová 2006, p. 38).

Professional growth is proportional to the increase in qualifications. Without it, we can hardly achieve success. In order to take the next step, we need to gain new knowledge; otherwise we would live from substance. Expenditures should be understood as investments, not costs. Self-support should also be supported by the firms themselves (Němcová 2006, p. 78). Some women, however, cannot afford these self-education reasons of lower wage conditions, especially single women.

The most popular and most common form of women self-education is the study of languages. The biggest motivation is to improve the employment. The will to informal education is also closely related to leisure activities. The higher education, the greater the interest in cultural events, reading newspapers or books are closely connected with the women development.

WAGE DIFFERENCES

The same reward for the same work and work of equal value should be a matter of course regardless of gender. Labour Code (in the Czech republic) in the current wording states: *"Employers are obliged to ensure equal treatment of all employees in terms of their working conditions, remuneration for work and the provision of other cash benefits and cash benefits, training and the opportunity to achieve a functional or other procedure in employment."*

Wage discrimination, or socially rooted inequalities in rewarding men and women is a problem every time. Average difference in a wage evaluation of men and women has been around 25% for a long time, it is not possible to explain only the differences in the choice of job, field and position. Employed women, as mentioned above, do not often have the same education opportunity as men, and their salary is also lower. Women are in the average of up to one third are worse rated, hold lower positions and are considered to be secondary employees (men), so their work is associated with higher uncertainty (Janebová 2006, p. 36).

POOR ENFORCEMENT IN BUSINESS

Most women have more difficult access to leadership positions, decision positions and so on business itself. When caring for children, they are offered limited opportunities for career advancement, education and gaining further professional qualifications. Women in leadership positions are more difficult to prove their ability to work than men. They often have a higher workload and require higher qualifications than is common for men in a similar position (Sokáčová et al 2005, p. 16).

*Support
equality*

The issue of creating equal opportunities for men and women in organizations deals with the management of gender relations in the sense of relatively independent discipline. The term "creation" suggests that the question of changes in the area is not only to implement progressively, but also to maintain and support equality. It is necessary to count with errors and mistakes - changes in the field of gender relations is a systemic intervention in the wider culture of the whole nation, and it is hard to foresee all their practical implications and "by-products" (Křížková and Pavlica 2004, p. 24).



TO REMEMBER

Businesswomen can also meet with a problem with the lack of finance and little knowledge needed to start a business. The discriminatory idea that men's unemployment is a problem above the level of women's unemployment can be supported. This assumption can lead to the growth of women's poverty both within families and in general. (Janebová 2006, p. 36).

We can say that the positions of our women do not differ fundamentally. Women are quite determined to stand on their own feet and take advantage of professional opportunities, which is a prerequisite for further entrepreneurship for women in business (Putnová et al., 2003, p. 49). The most important handicaps that worsen the position of women in the labour market:

- children under 6 years of age,
- low education,
- seniority,
- break in work (especially maternity leave, parental leave),
- healthy problems.

Some of these disadvantages can be more or less influenced (not having children, attaining the highest level of education, etc.), others will not, but if this combination is achieved, we can say that the problem is the family burden and these other handicaps that we can roughly sum up as a problem of the combination family and work and the life cycle problem, which this is related (Křížková 2007, pp. 41, 53).



CASE STUDY: WOMEN'S SUPPORT IN THE CZECH REPUBLIC

Support

The Czech Republic has many business associations, associations, chambers, associations, etc. Some organizations associate entrepreneurs and tradesmen regardless of the field of activity, others are profiled in the field or are exclusively dedicated to women (eg Association of Entrepreneurs and Managers of the Czech Republic, Moravian Association of Entrepreneurs and managers). In addition, projects, mostly funded by the European resources, can integrate into the world of entrepreneurship or further education.

Membership in specialized associations, associations and other organizations brings undeniable benefits to women. Entrepreneurs in the beginning have the opportunity to get information from experienced managers and entrepreneurs in the field, as well as from other areas and they can expand their knowledge of business. *Association of women* with similar thinking and problems crystallizes new stimuli and themes, which has a positive effect on the development of other women's businesses.

Association of Entrepreneurs and Managers. The mission of the Moravian Association of Entrepreneurs and Managers is to support the development of women's small and medium-sized businesses. The need to bring together entrepreneurs and managers is a need to improve business and managerial activities, to promote mutual support and to create conditions for the successful professional use of women in society, the development of business ethics, the creation of consultation networks and the overall development of the under-utilized potential of women.

The advantages of membership in the Moravian Association of Entrepreneurs and Managers are reflected in the mediation of contacts, the transfer of experience, the access to business and professional information, or the participation in training and other meetings of the Association.

2.3 Challenges for other minorities

Main obstacles and barriers for minorities to start up and to market entry are based on different concepts of values. Those entrepreneurs face five big challenges:

- disadvantages in education and training,
- lack of personal qualifications,
- lack of access to resources,
- poor business knowledge
- sociocultural challenges.

DISADVANTAGES IN EDUCATION AND TRAINING

The most profitable enterprises are operating in the knowledge and high-tech sectors and they require a special package of knowledge and education. In many cases, minorities are poorly represented in these fields. Many don't have the opportunities to achieve this education due to their sociocultural or other handicaps. In the specific case of immigrant minorities, language barriers and loss of their own homeland make their life very difficult to find jobs or to start-up (Gonul, 2018).

Key challenge

LACK OF PERSONAL QUALIFICATIONS

The lack of appropriate education is connected with practical issues like acquiring the personal skills and abilities to provide own business. It is not problem for minorities only. There is a common problem of people who were working for others without any higher level of responsibility or without any opportunity for personal development.

LACK OF ACCESS TO RESOURCES

Resources

Entrepreneur in the beginning may expect problems in form of financial problems to enter into business. Small loans in the range of several tens or hundreds of thousands of crowns (CZK, equal to 5 000 to 10 000 euros) are not really interesting for banks. On the other hand, a huge amount of loans is often unachievable for novice entrepreneurs, as they do not have assets that could guarantee banks. Business minorities so often have to deal with their savings financial support or get a loan from family and friends. Another possible way to get finance for starting a business is to apply for business support or financial contributions from the Labour Office.

They mainly suffer from discrimination in lending policies, because they don't have the credit history necessary to get a credit, as usual start-up entrepreneurs. Financing is also connected with networking and with the possibility to get credit from business partners outside their community.

POOR BUSINESS KNOWLEDGE

The big problem in the start of business would be represented with a lack of business knowledge and experience. Weaknesses can occur in the form of a poor business plan, investment return calculation, financial analysis, costing, product pricing, but also in communication skills, poor presentation and lack of self-confidence. This is problem not only connected with minorities. On the other hand, start-up entrepreneurs without the necessary experience may not give up their dream of doing business, there is the opportunity to attend a training course of entrepreneurial skills in which you can increase qualifications, to consult your business plan or to consult specialists (lawyers, accountants, tax advisers).

SOCIOCULTURAL CHALLENGES

Minority businesses are disadvantaged by stereotyping. They are hindered by socioeconomic stratification and negative views regarding minorities, especially about their ability to complete a task or to be able to provide the business. Those stereotypes are based on racial, ethnic or religious or other social assumptions and they create discriminatory treatment upon these groups.

2.4 Supporting Minority Entrepreneurs

Business support for minority entrepreneurs is an issue closely connected with policy makers, regional and local authorities, non-governmental organizations, universities and practitioners. The main focus is to create motivation for start-ups led by minorities.

ROLE OF INCUBATORS AND ACCELERATORS

Incubators and accelerators could help with resources and opportunities to build a capable background for minority entrepreneurs. Those organizations could help to increase number of minority start-ups and provide the space, professional consulting. They offer also a network of their business partners. They often use social networks and business assistance. They also care about personnel growth by workshops, seminars, personal mentoring and training to the entrepreneurs, equipping them with the necessary skills and competencies. Local organizations and universities should invite successful minority entrepreneurs into their programs to provide role models for potential minority entrepreneurs. Individuals need to see examples and they could benefit from experience and mentoring programmes.

FOR INTERESTED PERSONS



The Minority Business Development Agency (MBDA) (<https://www.mbda.gov/>) is an agency of the US Department of Commerce promoting the growth of minority-owned businesses through its public and private sector programs, policy and research. The main goal of this organization is to network minority businesses, help them with the capital and promotion of their products and services. This organization offers programmes in form of Business Centres, Grant Competitions, Inclusive Innovation Initiative, training programs and consultation services.

NON-PROFIT COMMUNITY ORGANIZATIONS

In minority entrepreneurship would plays significant roles local community networks which affect local business environment. They are in form of social businesses, non-for-profit organizations or association. One example would be a chamber of commerce. A **chamber of commerce** is a local organization with the mission to support the local business owners' interests. They could offer, in cooperation with the local authorities and incubators many programs for their communities. They also offer advanced training for more established minority companies.

Networks

PROPOSAL FOR THE TUTORIAL



Try to find out some organizations which could help minority entrepreneurs in your region. We will discuss this topic on our meeting.

SOCIAL CAPITAL AND COMMUNITY NETWORK

Human capital

A social capital and community support are used as to overcome the challenges for minority entrepreneurs. Social capital community network is mostly used within ethnic minorities e.g. Asian to support entrepreneurship activities in their community. Communities need to build trust and strong ties to increase their social capital. Minority communities need to develop ways to leverage social capital through building new social networks and gaining access to the existing ones.

UNIVERSITIES, COLLEGES AND FOUNDATIONS

Colleges and universities are the most natural environments to support mostly the youngest generation of entrepreneurs. They offer several courses, coworking spaces or competitions to present business ideas. Several foundations also support the growth of minority entrepreneurship, when the Kauffman is probably the best-known foundation specializing in entrepreneurship programs.



CASE STUDY: PRISONERS EMPLOYMENT

Blanda and Štegl (2016) described some basic information for potential employers to support minority of prisoners to get a job to help them in return to society. They see, that the work of prisoners helps to reduce their recidivism and it help them to increase their financial literacy due to their sharing costs in the prison and they are able to pay for damages caused by crime and it support their positive working habits.

Forms of employment:

- indoor operation e.g. cleaning, kitchen, maintenance, workshop, car workshop;
 - Operational centres of economic activity like laundry, metalworking, printing, building activities;
 - own production in prison building e.g. furniture, metalworking;
- outside the prison e.g. metal production, waste disposal, promotional materials packaging, assembly of electrical products, packaging of products, glassware and jewellery production, furniture production, laundry.



TASK TO BE CONSIDERED

Interview an entrepreneur, study his entrepreneurial start up and prepare the main barrier he/she faced in establishing the minority business. What did you learn?

QUESTIONS



- 1) **Gender stereotypes based on:**
 - a) the ability to replenish male and female roles play the key role to inequality in the work and family
 - b) specific contexts in which firms are being set up by prevailing opportunity structures.
 - c) core of employment opportunities
 - 2) **Main problem of women entrepreneurship is:**
 - a) Family versus capital,
 - b) Goals and strategy
 - c) innovativeness
 - 3) **Main disadvantage in women entrepreneurship could be:**
 - a) innovativeness
 - b) poor enforcement in business
 - c) goals and strategy
 - 4) **Disadvantage of women on the labour market is not:**
 - a) Having children
 - b) Break in work
 - c) University degree
 - 5) **Incubators and Accelerators help with:**
 - a) Carrier planning
 - b) Labour market problems
 - c) increase number of minority start-ups and provide the space, professional consulting
 - 6) **A chamber of commerce:**
 - a) increase number of minority start-ups
 - b) support the local business owners' interests
 - c) solve problems with loans
-

SUMMARY OF THE CHAPTER



Gender stereotypes and minority presumptions play significant role how people would accept minority entrepreneurs in real life. We explained some main barriers, which could cause difficulties in start-up such as education, low skills, language barriers or lack of social networks. When minority entrepreneur is active and have to look after local community to be accepted.

ANSWERS



1) a, 2) a, 3) b, 4) c, 5) c, 6) b

3 ROLE OF THE POLICY AND REGULATIONS



QUICK OVERVIEW OF THE CHAPTER

In the first part of this chapter you will learn more about the role of the policy in relation to support of minority entrepreneurship. You get acquainted with policy makers to support minority business. Then you learn what forms of minority business there are, and you know the component of an inclusive entrepreneurship programme. You can distinguish between direct and indirect support for minority business. At the end of the first part you will get acquainted with the policy to support minority business in the USA and the Czech Republic. The second part deals with regulations.



GOALS OF THE CHAPTER

- Student knows the role of the policy in relation to support of minority entrepreneurship.
 - Student knows who the policy maker is.
 - Student can distinguish between direct and indirect support for minority business.
 - Student knows the components of an inclusive entrepreneurship programme.
 - Student knows the basic regulation to start business.
-



STUDY TIME

100 minutes



KEY WORDS OF THE CHAPTER

Role of policy, Policy makers, Direct and indirect support, Inclusive entrepreneurship programme, Regulation, Self-employed, Business company.

3.1 The Role of policy

Based on the OECD report (2017), it is appropriate for economic growth to further support entrepreneurs, especially those who are considered to be disadvantaged in the labor market. Such groups have been identified in previous chapters as:

- Women,
- Youth,
- Seniors (50+),
- Disabled people,
- Long-term unemployed,
- Immigrants.

For better involvement of these groups in the labor market, there needs to be increased training, coaching, mentoring and support towards creating their own businesses. Greater involvement of these groups in the labor market through entrepreneurial activity can lead to an increase in their standard of living and to the activation of unused economic resources.

3.1.1 POLICY MAKERS

Policy makers are involved in making policies and policy decisions. Policy makers address different problems that arises in a country's economy, mainly as a result of market failures. Policy makers who wish to support minority entrepreneurship are special group as the needs of minority communities are quite distinctive. *Policy*

Business supports have the potential to increase value-added enterprise, but unfortunately, they do not always succeed and so policy makers must design policies very carefully as self-employment is not suitable for everyone. Failure in business has a major impact on the financial and mental health of any individual who experienced such a situation.

In European Union countries, the European Commission has a major role to play in the creation of policies regarding entrepreneurship for minority communities. However, policy supports for minority entrepreneurship can also be addressed at national, regional and local level.

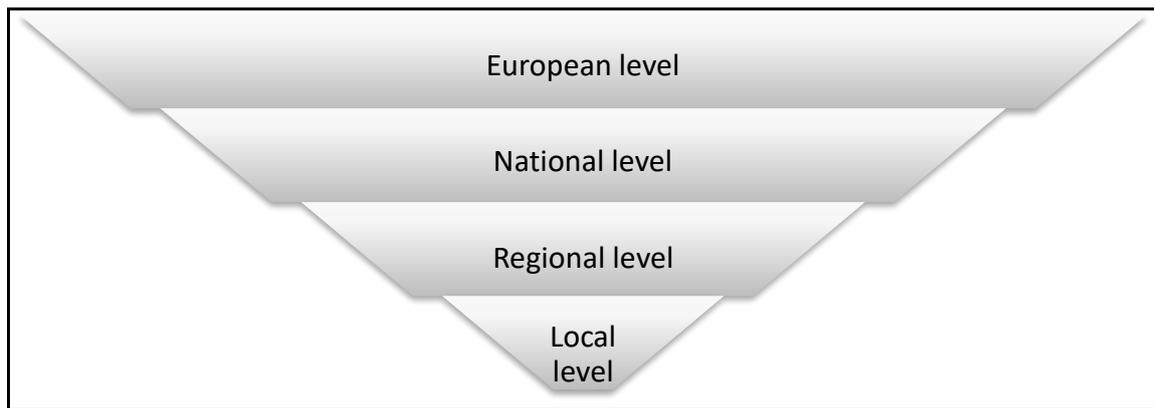


Figure 5 Different level of policy for support of minority entrepreneurship.

The issue of unequal employment exists, not only between regions but also between selected groups. Young people and immigrants generally have worse conditions than others. Their percentage of employment is below the European Union average.

Women's employment has been steadily improving over the past 10 years but remain as issue as only 65.3% of women are employed and the EU average employment rate is 71%. These results (according to OECD, 2017) point to the need for an active employment policy, both by the European Union and by individual countries, regions and local policy makers.



CASE STUDY – EUROPEAN LEVEL

Text

The European Commission supports training and mentoring program for potential entrepreneurs from immigrant communities. One of the supported projects is ME4Change - Migrants Empowerment for Change.

This project tries to create, improve and provide wider dissemination of support schemes for young immigrant entrepreneurs to help them to become self-employed and create a successful enterprise (for profit or a not-for profit with social objectives).

The idea for this project came from organizations from different countries where migration is high and together, they have developed innovative solutions for greater inclusion of immigrants. It is mainly targeted at young immigrants as a good way to move from a poor living situation to start their own business.

Their goal is to create a vital eco-system where young migrants can use their opportunities, grow and build business skills to improve as entrepreneurs.

This project has already generated successful stories such as Malakeh Jazmati who opened her own kitchen in Sharehaus Refugio, Berlin.

- Look at interesting stories from this project on the link: <http://me4change.eu/stories/>
- Which project could be applied in your country and to which group of people?

Every country has many other target groups that require tailored support. While target groups of women, young entrepreneurs and entrepreneurs with disabilities are cross-sectional groups across the world, immigrants or ethnic minorities are different in each country. Western Europe is currently facing problems of integrating refugees from Syria and African countries into the labor market.

In the USA, minority entrepreneurship support is directed towards African, Latin American and Mexican communities. On the other hand, immigrants in the Central Europe are not a problem in the labor market, but rather ethnic minorities such as Roma / Gypsies are facing disadvantage in the labor markets.

3.1.2 OPENING ENTREPRENEURSHIP FOR ALL

Business plays an important role in the economy, as a creator of innovation and job opportunities. It also has a great importance for social integration, bringing more people into society who can generate income for themselves and their families. All people do not have the same input conditions for building a successful business. Many of the social groups highlighted are represented less frequently in business because of additional and distinctive barriers to self-employment. Therefore, the main goal of any inclusive policy should be creating the same business conditions for everyone. Such enterprises can take many forms:

*Open
business*

- Incorporated and unincorporated business,
- For-profit and not-for-profit businesses as well as social enterprises,
- Full-time and part-time businesses.

Each of these alternatives can be established by an individual or a group.

Incorporated business is a type of business (usually known as a corporation) that offers many benefits over being a sole proprietor or partnership, including liability insurance and additional tax deductions.

Unincorporated business is a commercial enterprise that is owned privately by one or more people. The basic disadvantage of owning an unincorporated enterprise is that it results in unlimited liability for its owners since it has not been formally registered as a corporation.

For-profit business exists primarily to generate a profit (to take in more money than it spends). The owners can decide to keep all the profit for themselves, or they can reinvest some or all of it on their business. They can also decide to share some of it with employees using various types of compensation plans (e.g. employee profit sharing).

Not-for-profit business exists to provide a service to the society. They are very often called an NGO (non-governmental organization). If NGOs achieve some profit, they must reinvest in order to fulfill the mission of the organization.

Social Enterprise is an organization that applies commercial strategies to maximize improvement in financial, social and environmental well-being. Social enterprises can have a legal form as a for-profit or non-profit.

Part-time business is a form of self-employment/own business that carries fewer hours per week than a full-time job.

Full-time business is a self-employment/own business in which a person works usually from 30 to 40 hours per week (depending on the average working hours in a week in a country).

3.1.3 INCLUSIVE BUSINESS POLICY

inclusive

An inclusive business policy aims to give everyone the same opportunity to start a business or start a self-employed activity regardless of their social background. It also must improve the labor market outcomes for people who are under-represented or disadvantaged in business or self-employment. This happens in direct and in indirect ways. A direct way is when there is an increase in new business entities or self-employed persons from under-represented group. An indirect way of inclusive business policy occurs through the creation of enterprises that employ these target groups, wholly or partly. This kind of enterprise is usually called a social enterprise.



DEFINITION – INCLUSIVE ENTREPRENEURSHIP

What is inclusive entrepreneurship?

It is a business that contributes to social inclusion and gives all people an equal opportunity to set up and run own business. Target groups for inclusive entrepreneurs includes:

- youth,
- women,
- seniors,
- ethnic minorities and immigrants,
- people with disabilities
- and many other groups (OECD, 2019).

3.1.4 THE COMPONENTS OF AN INCLUSIVE ENTREPRENEURSHIP PROGRAM

The European Union uses usually four basic instruments for inclusive entrepreneurship policy. They are:

- finance,
- training,
- coaching
- mentoring and strengthening institutions (OECD, 2017a).

FINANCE

Through this instrument the policy makers fund the creation of new business entities, whether partially or fully. With this tool it is necessary to act very carefully, to avoid unfair competition and to ensure that certain types of businesses are not disadvantaged. This financial support is often granted to start-ups under the de-minimis aid.

TRAINING

This instrument should help new entrepreneurs to expand their knowledge in different areas such as management, business skills, marketing etc. The providers of this tool for start-ups are most often labor offices and non-governmental organizations that focus on supporting start-ups for people from disadvantaged groups. This tool is funded mostly by the active labor market policy program or by the Ministry of Trade and Industry.

COACHING AND MENTORING

This instrument provides tailored individual support to help improve entrepreneurship skills, networks and motivation. Coaching entrepreneurs is for people who are committed to creating a successful business. A coach should focus on where the business is currently, evaluate what is working and what is not, determine goals and create an action plan. The coach seeks to help new entrepreneurs to build their business. Mentoring is a process that involves communication and is relationship-based, where a more experienced or more knowledgeable person helps to guide a less experienced or less knowledgeable person.

Instruments

STRENGTHENING INSTITUTIONS

The last tool includes assistance in accessing social insurance at the start of business and simplifying business regulations for small enterprises.



CASE STUDY - MENTORING FOR PEOPLE WITH DISABILITIES

EXAMPLE OF MENTORING FOR PEOPLE WITH DISABILITIES WHO WANT TO BE SELF-EMPLOYMENT

The NGO 'Enterprise Mentoring' is a specialist self-employment organization in the UK which supports individuals with disabilities into self-employment. They were founded in 2004 and they have now supported more than 2,000 people to start their own business.

The process of supporting is that their expert Enterprise Mentors support each person throughout the journey, covering: developing their business idea, market research, completing a Business Plan, accessing specialist disability support, sourcing funding, registering with HMRC and claiming any benefits they are entitled to, support after they have started their business.

More information you can found on their website: <https://www.enterprisementoring.com/>



FOR INTERESTED PERSONS

Text

De-minimis aid is a small amount of support which is unlikely to distort competition, a useful approved EU mechanism for State Aid in the industrial de minimis regulations. This aid must be less than 200,000 EUR over 3 consecutive fiscal years, to a single undertaking, for a wide range of purposes.

The de minimis rule has been updated to exempt from the requirement to notify the European Commission in advance (EC No 1998/2006).



SOLVED TASK

Choose from the target groups: women, youth, seniors, disabled people, unemployed, immigrants or migrants.

Start thinking which legal form your selected person might take and the advantages / disadvantages of this legal form:

- incorporate or unincorporated business,
- for-profit or not for profit businesses as well as social enterprises,
- full-time or part-time businesses.

All the options are right, but you must be able to defend it. Your choice will be consulted at the seminar.

EXAMPLE HOW TO PROCEED WITH THIS TASK

Target group: women

Form of business: not-for-profit and part-time business or full-time

A woman is on maternity leave with her new baby. She found that in her region there is a lack of swimming activities for small children. She starts exercising in a swimming pool and she then starts exercising with her baby after that. After some time, other mothers contact her and say that they also want to do exercising with her. She agrees and creates an NGO for developing babies and starts doing this course for some money. She does not want a full-time job due to her little baby and she starts working for some hours per week. She takes only a small salary and rest of the profit she reinvests back into the NGO. Therefore, this is a not-for-profit, part-time business.

Task

After some years, the little baby grows up and the woman has more time. In the NGO she starts doing more activities as singing, teaching and other support programs for families with little children. Her part-time job changes into a full-time job. All profit she still reinvests back into the NGO.

Based on the above example, it is possible to show which tools can help women to enter into the business market. We can proceed using the next image. A woman with a little baby has some NEEDS. In this case the NEEDS are lack of suitable activities for small babies. She must do it alone. She paid for NEW EDUCATION. With NEW EDUCATION the NEW POSSIBILITIES come. She has two possibilities:

1. With new education she can do exercising in the swimming pool only with her baby without any profit.
2. With new education she can do exercising in swimming pool with her baby and with other mothers with their babies for profit.

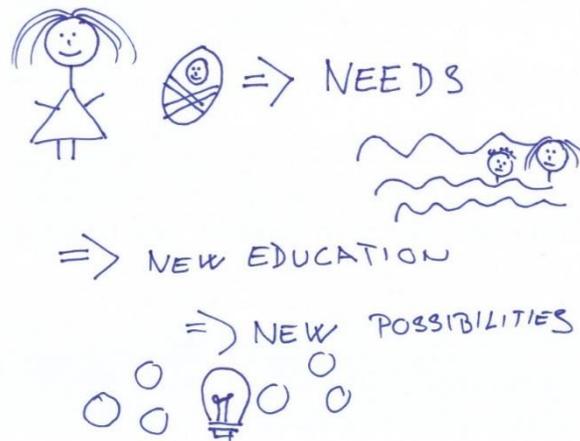


Figure 6: Possibilities when starting one's own minority business

If she decides to start her own business, it will have a positive impact for a lot of target groups. The next picture shows an example of the target groups.



Figure 7 Target Groups

MUNICIPALITY

Target groups

If in the region there is lack of activities for families, it is usually a municipality problem and the municipality should deal with this problem.

HEALTH LIFESTYLE

The health life style is very important, developing the early stages of an individual's life. The healthy lifestyle brings considerable savings to the state regarding the cost of providing health care to the population.

COMMUNITY

This business will have a positive impact regarding the regional development of families, especially women with little children. Due to the creation of this community, they share their experiences and needs.

NON-PROFIT SECTOR

Every new non-profit organizations can develop the non-profit sector which has an important role for society.

LABOUR MARKET/ BUSINESS MARKET

The development of this enterprise will contribute to reducing the number of unemployed women with little children (when they cannot find suitable work) and will increase the number of businesses established by women.

HOW CAN LOCAL POLICY MAKERS UTILIZE INCLUSIVE ENTREPRENEURSHIP POLICY IN THIS CASE?

Local policy makers want to support new businesses which are created by women so they can prepare special programs which are focused on women on maternity leave.

The tailored support could consist of:

- Education activities – women can choose special training courses which can help them to develop their career skills.
- Find some mentor or coach – the policy makers can offer women a mentor or coach who can help them to start own business
- Help with legal issues when creating a business – the policy makers can set-up an organization or find a person who will help women to register their business as a legal form.
- Offer places for offices – the local policy makers can take advantage of free urban areas to offer discounted rent for start-ups.

Local policy makers

3.1.5 THE BETTER ENTREPRENEURSHIP POLICY TOOL

This instrument was jointly developed by the OECD and the European Commission; it is based on the lessons learned jointly by the OECD and the EC on Inclusive and Social Entrepreneurship. This tool was design for policy makers and other interested parties at local, regional and national levels. This tool will explore how public policy could be done.

- **direct support** of women, youth, migrants and long-term unemployed who wish to start their own enterprises and self-employment,
- **indirect support** through the development of social enterprises.

The Better Entrepreneurship tool includes modules for supporting women, youth, migrants and the unemployed in setting up businesses. Resources include 30 case studies on inclusive businesses.



FOR INTERESTED PERSONS

Go to the www.betterentrepreneurship.eu and read all modules.

Figure 8 Modules / Resources for Better Entrepreneurship (online). Available from <https://www.betterentrepreneurship.eu/en/node/add/women-quiz>



3.2 Policy for supporting Minority Entrepreneurs in USA

USA

In 2015 there were 8 million minority-owned businesses in the United States (according to the U.S. Census). Minority businesses in the USA have their own certification “*the Minority Business Enterprise*” or “*MBE*”. Corporations, the federal government and state agencies usually prefer to do business with minority entrepreneurs. For example, the Department of Transportation wants that beneficiaries of its funding to award a percentage of contracts to minority entrepreneurs. Many corporations have goals for buying from minority entrepreneurs’ suppliers.

In USA, the Minority Business Development Agency (MBDA) plays an important role in the area of minority entrepreneurship. The MBDA promotes growth and competitiveness of minority-own businesses, which including Hispanic, Latino American, Asian Pacific American, African American and Native American businesses. The agency wants to help

minority-own businesses by providing access to capital, contracts and market opportunities – on a local and global level. This organization helps minority-own businesses with their advisory services.

If a minority-own company wants to find a subscriber from the private-sector, the National Minority Supplier Development Council's (NBSDC) certification could be a real asset. This agency has a list of corporate members and the agency helps these corporations connect with more than 17,000 minority-owned suppliers from its database. Every minority-owned business must undertake formal certification processes. If the minority-own business is not certified, it can lose the marketing opportunity to reduced-competition access to a public contract.

More information you can find on this website: <http://www.chicagomsdc.org/about/mbda>

3.3 Inclusive entrepreneurship policies and programs in the Czech Republic

The basic framework for enterprise policy is set out in the SME Support Strategy 2014-2020, which falls under the competence of the Ministry of Industry and Trade. While it is an overarching SME development strategy for the Czech Republic, it does not mention measures related to inclusive business. The problem of support for minority business is then dealt with by the Ministry of Labor and Social Affairs. The support can be divided into direct and indirect. The direct support is through financing of the creation of new minority enterprises (own business, self-employment, social enterprises). The indirect government support is through buying products or services from the minority enterprises.

DIRECT FINANCIAL SUPPORT

The most commonly used financial mechanism to support entrepreneurs from under-represented and disadvantaged groups is direct grants. There are three possibilities for financing. The first is through sub-programs of the Operational Programme Enterprise and Innovation for Competitiveness. However, these grants are open to everyone and there are no special provisions for people from any of the key target groups. The second is through the Operational Programme Employment which has better support for minority target groups. The last is through the Labor Office which has better support for minority target groups. The last is through the Labor Office which supports unemployed from minority groups to start their own business.

Direct support

INDIRECT FINANCIAL SUPPORT

Indirect financial support for minority entrepreneurs is linked to matters such as responsible announcements of public procurement. In the Czech Republic, public procurement is

not directly targeted at minority enterprises but at social enterprises. As a result, social enterprises can more easily become suppliers to the state or state-owned enterprises in public procurement, which may lead to an increase in their services or products.

Responsible procurement does not have a separate legal form in the Czech Republic. The Ministry of Labor and Social Affairs in its Responsible Public Procurement methodology states that “*responsible public procurement is the process whereby the contracting authority purchases the products, services and works it needs, maximizing value for money by generating benefits for society and the economy, and minimizing negative impacts on the environment*” (MPSV, p. 6, 2017).

Indirect support

Public procurers are thus able to help solve problems (and spend additional resources on them), such as employing disadvantaged people on the labor market, through strategic and smart purchases, promoting innovation and other aspects of circular economies. Due to responsible public procurement, it is also possible to direct the development of the region, where local entrepreneurs can be encouraged towards green technologies. Responsible public procurement can address issues such as:

- Promoting the employment of disadvantaged persons in the labor market.
- Support for education, practice and retraining.
- Promoting decent working conditions and work safety.
- Support for social enterprise.
- Support for small and medium-sized enterprises and supply relations.
- Ethical shopping.
- Eco-friendly solutions.

3.4 Regulation

The business of self-employed and self-employed persons is governed by the basic laws of the state in which the entrepreneur operates. Minority business and business in general are governed by uniform regulations. Regulation does not favor any group and are the same for all.

3.4.1 BUSINESS PRINCIPLES IN THE CZECH REPUBLIC

The concepts of enterprise and entrepreneur are defined by Act No. 89/2012 Coll., the Civil Code. Entrepreneurship is a self-employed activity carried out on its own account with responsibility in a trade or similar manner with the intention of doing so consistently for profit. The entrepreneur is a person registered in the Commercial Register and has a business license or another authorization under another law. Start-up entrepreneurs have several options to get started. The two most common forms of business in the Czech Republic include self-employment and business company.

SELF-EMPLOYMENT

A person who is a tradesperson carries out a self-sustaining activity on his/her own behalf, on his/her own responsibility, for the purpose of making a profit. It is important to realize that a tradesperson is responsible for all his/her assets for the obligations of his/her business.

For some trades, there is no requirement for professional competence, and it is possible to start doing business in these fields right now. Conversely, in other trades, applicants must meet the conditions of professional competence (usually a requirement for education or practice in a given field).

Start-up

BUSINESS COMPANY

A business company acts in its own name and on its own account. Owners are not necessarily guarantors of the company's entire obligations, depending on the type of company they set up. Some companies are required to deposit money when they are set up (so-called core capital).

If an entrepreneur decides to start a business through a company, he/she has a choice of several options:

- Limited Liability Company
- Joint Stock Company
- Limited partnership
- Public company

COMBINING ADVANTAGES AND DISADVANTAGES OF SELF-EMPLOYMENT AND COMPANY

The table below summarizes the basic advantages and disadvantages of a business to self-employment or a company. These benefits can be found in one country. The table summarizes the advantages and disadvantages of Czech legislation.

Table 1: Advantages and disadvantages

Self-employment	Company
<p>Advantage</p> <ul style="list-style-type: none"> • a simple way of setting up • one owner • charges related to the establishment are low • it does not need to have much money to start • all profits flow directly to the sole owner • the sole owner has absolute freedom of decision • less demanding administration • simple process interrupts trade, if necessary 	<p>Advantage</p> <ul style="list-style-type: none"> • owners (partners) guarantee the company's liabilities only up to the amount of the registered capital • mostly multiple owners (shareholders); more ideas, intentions; complementary knowledge • multiple owners can provide greater flexibility (in case of illness, injuries, etc.) • multiple owners can combine their experiences, knowledge, visions • the profits flow to the company and can then be divided among the owners (shareholders)
<p>Disadvantage</p> <ul style="list-style-type: none"> • for the obligations of its business entrepreneur is liable with all its property • all decisions are on the sole owner • the question of ensuring the running of a company in case of illness, injury of a single owner • the profit enters the sole owner's tax base 	<p>Disadvantage</p> <ul style="list-style-type: none"> • a more complicated way of setting up • mostly multiple owners (shareholders); different views and plans (e.g. leadership, company development) • fees associated with the establishment are higher than for self-employment • profit is taxed at the rate for legal entities



CASE STUDY

How to start own business as migrant the Czech Republic?

Start in the CZ

You can read this true love story. A Czech man Jan fell in love with a woman Fatima from Iran during his travels around the world. Because they wanted to be together, they got married. They wanted live in Prague where he had the job and she wanted work there as graphic designer. Remember, Fatima would find it easier in the labor market than other migrants because she was married to a Czech citizen. Indeed, many things were easier for her than for foreigners who come to the Czech Republic themselves who must start really from the beginning.

Before she arrived into the Czech Republic, she had a marriage certificate from Turkey, on the basis of which she received a 3-month tourist visa. Upon arrival in the Czech Republic she had to register with her husband with the Alien Police. There they were asked many questions, such as how they met, etc. Then the police compared whether their answers matched (as in American films). In the first year when the newlyweds lived in the Czech Republic, they had more checks to see if they were really living together.

Immediately upon her arrival, the wife had to apply for a temporary stay. A temporary stay was granted to her after five months. The tourist visa had long since expired and she could not leave the Czech Republic. Since she arrived into the Czech Republic, she had to

pay commercial insurance until she obtained permanent residence (foreigners are not part of public insurance). Two years after she received a temporary stay, she could apply for a permanent stay as her partner is a Czech citizen. She applied and the Ministry of the Interior took 6 months to process her application. She was given a permanent residence permit.

After three years of arriving in the Czech Republic, she is not at a disadvantage compared to Czech citizens. Only she does not have a Czech citizenship and a passport. She can apply for a Czech Citizenship after 5 years from the Permanent Residence Permit (for foreigners who do not have as partners a citizen of the Czech Republic, the periods are longer).

Getting the trade license was fortunately not so complicated. Since she has obtained a temporary stay, she could work on a business license as self-employed. The difference between her and citizens of the Czech Republic was only administrative. However, there was a little confusion in the social administration office. The social administration office had prescribed advance payments for social and health insurance, but health insurance could not be reimbursed because she was not part of public health insurance.

**Getting a
licence**

The second little misunderstanding was with her surname. Iran does not allow women to take over the surname of a man after the wedding. They had a wedding in Turkey, where she already got her husband's surname in her marriage certificate. Currently, she still has no proof of her new surname. She arrived in the Czech Republic with her original Iranian passport. The first document with a new surname she will receive when she will get Czech citizenship. Most of the officials were, and still are, confused by it!



SUMMARY OF THE CHAPTER



The role of policy to support minority businesses is primarily to involve minority groups in the labour market. Involving minority groups in the labour market in the form of starting a business promotes economic growth and is therefore highly desirable. Policy makers have the task of preparing support programs to help minority groups start their own business. An inclusive business policy aims to give everyone the same opportunity to start a business or start a self-employed activity regardless of their social background. Regulations are very important to starting business. Minority business and business in general are governed by uniform regulations. Regulations do not favour any group and are the same for all. In this chapter were introduced regulations according Czech law. There it is possible to start own business as self-employed or establish a company.





QUESTIONS

- 1) **What forms of minority business can be?**
 - a) Only non-profit
 - b) Only corporate
 - c) Incorporated and unincorporated business, For-profit and not-for-profit businesses or Full-time and part-time businesses
- 2) **What is a social enterprise?**
 - a) Non-profit organization providing social services
 - b) Non-profit organization that does business
 - c) It is an instrument of inclusive policy. The employees of the social enterprise are mainly people from minority groups.
- 3) **What is the goal of the inclusive business policy?**
 - a) The aim is to give everyone the same opportunity to start a business or start a self-employed activity regardless of their social background.
 - b) Saving public finances
 - c) Distribution of subsidies to minority groups.
- 4) **What is indirect support for minority business?**
 - a) Finance support.
 - b) Counseling.
 - c) The creation of enterprises that employ these target groups, wholly or partly
- 5) **What are the components of the components of an inclusive entrepreneurship programme?**
 - a) Subsidy and counselling,
 - b) Finance, training, coaching, mentoring and strengthening institutions,
 - c) Training and mentoring.
- 6) **Regulation for minority entrepreneurship ...**
 - a) is different than for business company
 - b) is the same as for business in general
 - c) is regulated by a special law
- 7) **The benefits of self-employment do not belong**
 - a) a simple way of setting up,
 - b) one owner
 - c) the question of ensuring the running of a company in case of illness
- 8) **Who is self-employed?**
 - a) A person who is a tradesperson carries out a self-sustaining activity on his/her own behalf, on his/her own responsibility, for the purpose of making a profit
 - b) A person who is employed in their company
 - c) A person who is owner of business company
- 9) **The disadvantages of business company belong**
 - a) a more complicated way of setting up
 - b) a simple way of setting up
 - c) multiple owners can combine their experiences, knowledge, visions

10) The entrepreneur ...

- a) is a person registered in the Commercial Register and has a business license or another authorization under another law?
 - b) must not be a stranger
 - c) can own only one business
-

ANSWERS



1 c, 2 c, 3 a, 4c, 5 b, 6 b, 7 c, 8 a, 9 b, 10 a

4 MINORITY ENTRY INTO SELF EMPLOYMENT



QUICK OVERVIEW OF THE CHAPTER

This chapter introduces you to the basic barriers to doing business, and so access to finance, markets and management skills. In addition, you will find out what are the most common barriers for sub-minority groups. In the next section you will get to know the term start-up. You will know the start-up process and the opportunity for its financing. You will learn what it is Community based business support model and what is the lean start-up method. In the end there will be mentioned organizations which helps to minority start-ups.



GOALS OF THE CHAPTER

- Student knows basic barriers to doing business.
 - Student knows barriers for start business according to minority groups.
 - Student knows what it is start-up and its process of funding.
 - Student learn about Community based business support model and about lean start-up method.
-



STUDY TIME

120 minutes.



KEY WORDS OF THE CHAPTER

Barriers in business, Start-up, Community based business support model, Lean start-up model, Freelancing, Business Accelerator and Incubator

One way to solve unemployment among minority groups is self-employment. It is a solution to the lack of suitable jobs available for minority communities who often require different working conditions.

This chapter explains the barriers restricting the size and scope of businesses within minority groups, the factors influencing their start-ups and the organizations that help them start their own business.

4.1 Barriers Restricting the Size and Scope of the Business within Minority Communities

The possibility of an entrepreneur being successful will depend on many factors. Barriers in business according to Veber and Srpová (2012, p. 17) are divided into internal and external, according to whether they are factors on the part of the entrepreneur (internal) or caused by external conditions (external).

The first barrier that can be mentioned is the lack of capital (finance). Many authors define this factor as the largest barrier to starting a business for an entrepreneur from any background but it is more difficult for minority entrepreneurs as they are less likely to have saved income (due to low rates of pay or unemployment) and are less likely to have a strong credit history. Access to capital is usually easier during an economic boom than in a recession but that trend is not as noticeable for minority entrepreneurs.

Size and scope

Another barrier is the lack of skills of future entrepreneurs to be self-employed and poor levels of business ideas. The business supporting centers could help them with the first problem. They can help them to start business in accordance with the law (legal form, necessary permits, etc.), but generating and validating business ideas, a special coach could help, but only sometimes.

Another barrier is the inability of the future entrepreneur to reconcile their business with family commitments. Other barriers include the risk of failure, compliance with all statutory standards and the resulting possible social consequences. Many entrepreneurs discourage the administrative difficulties that are associated with business.

Different population groups often face different barriers in business creations. There are three most common barriers for doing business:

- finance
- markets
- management skills

These barriers are not the same for every target group and each will have their own unique challenges.

4.1.1 FINANCE

Finance has historically been cited as one of the most significant barriers for starting entrepreneurs, especially in case of minority groups (Bates, 2011). The problem could be the availability of capital to the business, not only at the beginning of the company but also at the time of its expansion. This could include the availability of credit or the functionality of capital markets.

Access to finance is the ability of individuals or businesses to obtain financial services, including loans, deposits, payments, insurance and other financial services. It has been proven that access to credit for businesses help them to grow, whether emerging or existing businesses.

Finance Good access to finance helps the economy in general by accelerating economic growth, intensifying competition and increasing demand for work. Lack of financial access restricts the scope of services and loans for households and businesses. Poor people and small businesses must rely on their personal wealth or internal resources to invest in their education and entrepreneurship, which limits their full potential and leads to a cycle of persistent inequality and reduced growth. Access to finance varies greatly between countries.

4.1.2 MARKETS

Obvious but easily overlooked is the simple fact that without a viable volume of customers, an enterprise is unable to succeed. The market for a product / service can international, national, regional or local but choice will be dependent on the barriers to entry for SMEs. The purchasing power and decision-making of customers are also important factors. Market access is the ability to sell goods or services across borders.

Market access does not mean the free trade. The ability to sell in a market is often made worse by tariffs, duties or even quotas. The role of the international trade is to conclude complex negotiation between two or more governments. Due to these negotiations, companies typically push for market access that favors their export industries while also attempting to limit market access to import their products.

4.1.3 MANAGEMENT SKILLS

Management skills and other entrepreneurial skills are among the important building stones for a living involving a small business. Access to education and business-related experience has been identified as a significant barrier for nascent entrepreneurs (Bates et al., 2007).

It is possible to notice that there is a lengthy and persistent history of mismatch between qualifications and occupations in the field of self-employment, with highly qualified individuals in activities completely unrelated to their specialized expertise (Aldrich et al., 1981; Jones et al., 1994; Ram et al., 2002).

THE BASIC MANAGEMENT SKILLS FOR ENTREPRENEURS

Every entrepreneur must have some capability of the following managements skills. Without this knowledge, his/her business has little chance of succeeding.

Managing budgets

Every entrepreneur, even the smallest, must be able to control the costs and revenues of its business. They also need to be able to set the price of their products or services properly. Poor financial management can frequently lead to the liquidation of a business.

Planning and holding effective meetings

The entrepreneur should plan all their appointments and know exactly the objective of each meeting. If this is not the case, they are an unnecessary waste of time and an opportunity cost. **Skills**

Leadership

One of the most important skills in a small business with more than one employee is leadership skill. Leading a company is more than just administration as effective and timely decisions are an important part of leadership. Leaders of companies must collect information, consider alternatives and set a proper course of action.

Managing R&D (research and development)

It may seem that research and development is only important for manufacturing companies or IT. Keeping track of new R&D trends may be important even for small entrepreneurs. For example:

- The owner of the restaurant follows the latest trends in the field of gastronomy and so uses a steam oven instead of a hot air oven before its competitors.
- The hairdresser will replace the older type of hair color for a newer type. Thanks to new technologies that are included in the color, the hairdresser will save 15 minutes and can serve more clients.

Upholding personal integrity

Personal integrity is crucial to retain the respect and trust of an entrepreneur's staff and customers. Entrepreneurs are often confronted with legal and moral choices to tackle a business issue.

Learning new skills

Even small business owners should try to constantly educate themselves. Capacity building is a continuous trend and they must improve their soft skills constantly.

4.1.4 BARRIERS ACCORDING TARGET GROUPS

In the following part, the main barriers will be introduced relative to the different minority groups. These barriers have been defined based on OECD surveys in the countries of the European Union (2017). It is interesting to note that *fear of failure* is highlighted as a key barrier to nascent entrepreneurs in minority communities.

BARRIERS FOR BUSINESS CREATION FOR WOMEN

Women are clearly under-represented in self-employment and entrepreneurship and the available evidence suggests that they tend to operate smaller and less dynamic businesses than men. However, the reason for this gender gap is not so clear. Some of the gender differences can be explained by the institutional barriers that constrain women in entrepreneurship, including family and tax policies that discourage female business creation and self-employment.

A considerable problem in the beginning of a business for women is the perceived lack of business skills. These skills refer to business management skills (business and finance planning), personal skills and traits (sense of initiative, risk management) and technical skills (problem solving). Although these skills will increase the chances of business survival and growth, formal education and training in these areas does not guarantee success.

Women A fear of failure is another important barrier to entrepreneurship because it can prevent people from even considering entrepreneurship as a career or part-time activity. Women in OECD countries are less likely to report that fear of failure is a barrier to business creation than is happening.

Prejudices and rooted social roles can be an important barrier that reduces motivation for starting a business. A woman in today's advanced society is still seen as a home-keeper, not as a breadwinner for their families. Nascent women entrepreneurs must show much greater determination than their male counterparts because their starting point for doing business is not the same due to societal stereotyping.

As the last barrier we can mention reconciling family and work. The woman, as a potential mother, is associated with the care role and responsibilities that this role entails. Assigned parental care therefore often complicates the professional development of women and often brings a considerable barrier to their business. Since reconciling family and work is often one of the biggest barriers to entry into business, great family support and understanding is needed.

Fortunately, there are potential barriers to women's entry into business, and they are offered the opportunity to use the services of support organizations and other organizations associating entrepreneurs who have already been able to settle in the business world and can thus benefit from their experience starting a business startup.

BARRIERS FOR BUSINESS CREATION FOR YOUTH

Youth express a great interest in entrepreneurship with some surveys suggesting that almost half of youth would prefer to work self-employed rather than employed. However, few youths become self-employed because they face many barriers including a lack of experience and entrepreneurship skills. Other key barriers include a lack of a business model, little entrepreneurship and work experience, limited financial resources, limited business networks and market barriers such as low creditability with protentional customers.

Entrepreneurship skills are one of the most frequently cited barriers to successful business creation and this is particularly true for youth since they have had little time to acquire skills in the labor market, either in employment or self-employment. Another important barrier for youth entrepreneurs is a fear of failure.

BARRIERS FOR BUSINESS CREATION FOR SENIORS

Seniors are more active than the adult population in self-employment and senior entrepreneurs are an extremely diverse group. They include people who have spent their entire career in self-employment, those transitioning into retirement by starting a part-time business and those who had have to start business to earn income due to lack of retirement savings.

Fear of failure can also be an important barrier to entrepreneurship for people from groups that are under-represented or disadvantaged in the labor market. However, this barrier does not appear to be exceptionally strong for seniors as the proportion that was cited as a barrier was below the average for the population in period 2012-2016. Generally, the fear of failure appears to be a greater barrier for protentional seniors' entrepreneurs in southern and eastern European Union member states.

Seniors

A lack of entrepreneurship skills is also frequently cited as one of the most important barriers to business creation for people from under-represented and disadvantaged groups. However, seniors appear to be as likely as adults to report that they have the knowledge and skills needed to start a business.

BARRIERS FOR BUSINESS CREATION FOR PEOPLE AGED 50+

People aged 50+ in comparison with younger entrepreneurs have the benefits of work experience, higher level of technical and managerial competencies, and more financial resources (Kautonen et al., 2008).

They have barriers especially in terms of lower levels of health, energy and productivity (Weber and Shaper 2004, p. 147). These entrepreneurs face similar barriers to younger entrepreneurs, such as access to finance (Roper and Scott 2009) and access to human and social capital (Kessler and Frank 2009). The last barrier could be age discrimination.

BARRIERS FOR BUSINESS CREATION FOR MIGRANTS AND REFUGES

The barriers to doing business with migrants and refugees are limited rights to work and start a business, language and cultural barriers, limited access to finance and lack of support networks can hamper the success of migrants' and refugees' entrepreneurial activities.

Barriers that affect migrant or refugee with starting business can include (United Nations, 2018):

- Rights to work and self-employment.
- Recognition of prior qualifications and experience.
- Residence permits and entry visas.
- Restrictions on property ownership.
- Foreign ownership or diaspora investment.
- Restrictions on remittances.
- Limitations for return migrants.
- Other legislation that discriminates against migrants and refugees.

BARRIERS FOR BUSINESS CREATION FOR ETHNIC MINORITIES

Ethnic

The barriers for business creation for ethnic minorities include access to finance from local banks, regulatory complexity, fear of debt, lack of business support, loss of security, access to the customers, hiring staff and lack of business start-up finance (Levie, 2011). Many of these barriers are faced by entrepreneurs in general but a reliance on coethnic labour markets and perceived bias in the finance sector (Carter et al., 2015) are more specific to ethnic minority entrepreneurs.

BARRIERS FOR BUSINESS CREATION FOR PEOPLE WITH DISABILITIES

People with disabilities face specific barriers to entering and sustaining entrepreneurship. These barriers were summarized on (OECD, 2014):

- **Access to start-up capital** – people with disabilities have problems to financing new start-ups due to limited financial resources (Foster, 2010). This is primarily due to low level of education, lower employment rates and the concentration of

people with disabilities employees in low-paid workplaces, poor credit rating after long-term benefit receipt, lack of accessible information on sources of grants and loans.

- **Benefits trap** – when people with disabilities when they start own business often lose the security of regular benefit income (Boylan and Burchardt, 2002).
- **Lack of relevant business knowledge and skills** – people with disabilities are not usually specialist business management, legal and financial expert due to their lower level of education.
- **Lack of confidence** – they do not have self-belief that they can start and operate business successfully, particularly among those with mental health issues (EMDA, 2009).
- **Consumer discrimination** – consumers think that the goods or services are not the same quality as if it were produced by entrepreneurs without disabilities.
- **Absence of appropriated and sensitive business support** – for example lack of adviser, training, policy support etc., which are designed for entrepreneurs with disabilities.

BARRIERS FOR BUSINESS CREATION FOR PRISONERS AND EX-PRISONERS

Returning prisoners and ex-prisoners may be especially may be problematic because of neighborhood social isolation because they already face considerable labor market barriers, including lack of human capital, stigma from employers, and legal exclusion from some occupations and public benefits. *Prisoners*

One of the biggest barriers to entry into business is the loss of family support. The next barrier can be lack of capital when they have insufficient material equipment and resources to start a business (Bareš and Mertl, 2016).

4.2 Start-up

Start-up is a business entity, typically described as a newly established or emerging company in a rapidly evolving and changing society. There is currently no single, internationally recognized start-up definition. The term ‘start-up’ first appeared in connection with newly-built companies in 1976, when it was used in an article by the American magazine Forbes. Popularization of this term came during the Internet fever in the second half of the 1990s (1996-2001). In this period there originated many companies in the United States during the Internet boom.

Silicon Valley was an important place for the development of startups, but technology start-ups are now successfully happening around the world, not only the Silicon Valley, but also in places such as New York, Los Angeles, Boston, Tel Aviv, London, Chicago, Seattle, Berlin, Singapore and others.

4.2.1 REQUIREMENTS FOR FAST-GROWTH START-UPS

Fast-growth start-ups should have the following characteristics:

- newly established company,
- fast growth,
- high scalability,
- technology company,
- low initial costs,
- higher business risk (than for standard companies)

The goal of the start-up is to grow as soon as possible into a profitable, viable and stable company.

4.2.2 THE START-UP PHASE

Start-up

As well as the definition of the concept, the view of the start-up phase is problematic. Probably the easiest way is to divide it into three basic phases.

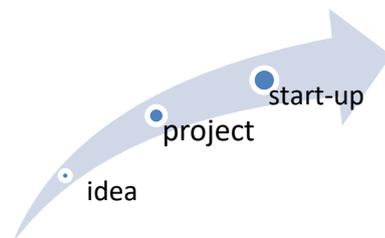


Figure 9 Start-up phases

IDEA

A nascent entrepreneur comes up with a business idea. For now, only the idea. Before the idea comes into implementation, it is still only an idea. The idea is therefore the initial phase of the start-up life. The idea itself without a project and business plan has little potential for investors.

PROJECT

The moment when the nascent entrepreneur begins to work intensively on the idea, it becomes a project. The nascent entrepreneur must prepare a business plan. It is the first step before the implementation of the idea. Thanks to the business plan, the project is already beginning to be interesting for first investors, yet it does not have much value.

START-UP

At the time when the company is so stable that the project can be implemented, it is a start-up. Start-up companies are flexible as they need to be adaptable to their potential market, plus the manner in which they design their structure and strategy.

4.2.3 SUCCESSFUL START-UPS

Many start-ups have emerged from starting life as a business that was established by someone from a minority community.

IN THE WORLD

The most successful startups are called "*unicorns*". These are labels for startup companies that have at least a billion-dollar rating (at least \$ 1 billion). Among former start-ups are world-renowned companies like:

Success

- Facebook
- Google
- Apple
- Instagram

CASE STUDY – UNICORN FACEBOOK



Facebook was founded by entrepreneurs from minority groups, and it was young Mark Zuckerberg. It is an extensive social web system mainly used to create social networks, communicate between users, share multimedia data, maintain relationships and entertain.

IN THE CZECH REPUBLIC

Although only a small portion of start-ups will succeed, it is certainly possible to find several Czech successes. Some of them are known more abroad than at home.

THEY ARE FOR EXAMPLE:

- Kiwi.com (before Skypicker) - searching cheap airline tickets.
- Strv (before uLikeIT) – mobile application and mobile strategy.
- Spendee - managing personal and family finances.
- Ušetřeno.cz - web application, compares energy prices, mobile tariffs, bank products.
- Zásilkovna.cz.



CASE STUDY – ZÁSILKOVNA.CZ

Simona Kijonková in 2010 founded Zásilkovna.cz as a start-up. Zásilkovna provides e-shops with a low-cost and efficient way of transporting goods. This is an example of a minority business founded by a woman.

More information you can find on their website <https://www.zasilkovna.cz/media/pro-media>.

4.2.4 FINANCING OF START-UPS

There are different ways to fund start-ups. The easiest way is if the founder has their own money (owner equity). If the founder does not have enough of their own capital, they can use some of these possibilities:

- The investor's entry into the ownership structure of the company (a trading company, an investment fund, or angel investor)
- Investor investment and profit share (business company, investment fund, angel investor)
- Crowdfunding (Classical and Equity crowdfunding)
- Start-up accelerators and incubators (acceleration programs for faster and easier start-up)

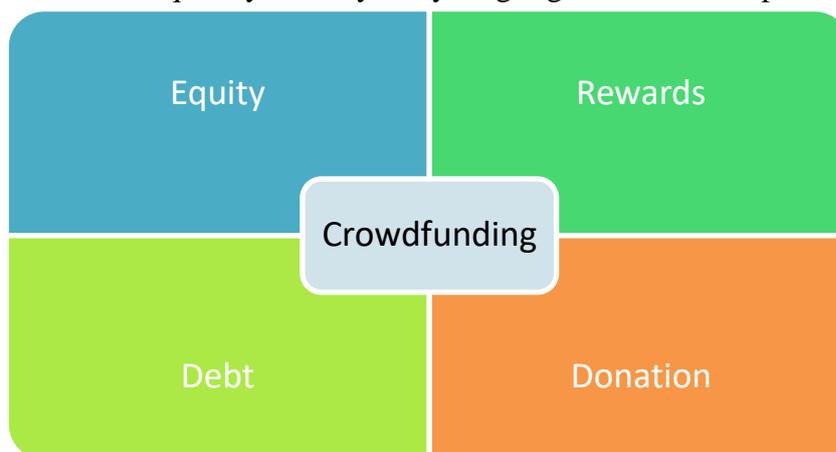
TO REMEMBER



CROWDFUNDING

Crowdfunding is a way of financing where a large number of individuals contribute small amounts of money to reach the target amount required to implement projects, products, companies, or for example political campaigns. The entire collection of funds is done via the Internet and is frequently used by the younger generation. It is possible to distin-

*Crowdfun-
ding*



guish between several types of crowdfunding, which differentiate the rewards that contributors receive for their finances: equity, rewards, debt and donation (Figure 10)

Figure 10 Type of crowdfunding

Reward

Reward-based crowdfunding has been used for a wide range of purposes, which include promotion, software development, inventions development, scientific research and civic projects (Hollow, 2013.)

Equity

Equity crowdfunding is the collective effort of individuals to support efforts initiated by other people or organizations through the provision of finance in the form of equity (Ordanini et al, 2011). Equity crowdfunding, unlike donations and reward crowdfunding, involves the offer of securities with the potential for a return on investment.

Debt

Debt-based crowdfunding is known as “peer-to-peer” or “P2P, “marketplace lending” or “crowdlending”. On one side there are borrowers who apply online and their application is reviewed and verified by an automated system, which also determines the borrower's

credit risk and interest rate. On the other side there are investors who buy securities in a fund which makes the loans to individual borrowers or bundles of borrowers. Investors make money from interest on the unsecured loans; the system operators make money by taking a percentage of the loan and a loan servicing fee (Freedman and Nutting, 2015).

Donation

Donation crowdfunding is the collective effort of individuals to help charitable projects. In charity crowdfunding, funds are raised for social or environmental projects. The major difference to other types is that there is no reward for donating, rather it is based on a donor's altruistic reasoning (Belleflame et al, 2015).



CORRESPONDENCE TASK

KICKSTARTER PLATFORM

Kickstarter is the world's largest funding platform for creative projects. The projects are very various from film, music, art, theater, games, comics, design, photography and more.

Go on the website of ***Kickstarter*** <https://www.kickstarter.com/projects/1910075194/the-oasis-of-missed-connections> and find some project that is related to minority entrepreneurship.

We will talk about the projects you have identified on Kickstarter at the seminars.



TO REMEMBER

START-UP INCUBATOR AND ACCELERATOR

Accelerators

Business Incubators are a popular tool to help start-ups. Business incubators can offer expert advice, technical support and a network of contacts. The list of services provided also usually includes the cheap rent of office space. The mission of business incubators is to produce successful and viable businesses.

The main goal of business incubators is not just the survival of startups. Startups that go through an incubation program should create new jobs, commercialize new technologies and contribute to improving the economic conditions of the region. Thus, business incubators receive both tangible and intangible resources to help overcome the critical start-up period (Rice, 2002).

Accelerators, unlike business incubators, provide start-ups with funds in exchange for a share in the ownership structure of the start-up. Accelerators, in a regular cycle, choose the most talented entrepreneurs, in addition to financial incentives, support mentoring and valuable contacts.

4.3 Services for start-up of minority entrepreneurs

Business advisors play an important role in supporting minority entrepreneurs. Business consultant services mostly take the form of personal consultations where methods such as coaching and mentoring are used. Business advice takes the form of a process comprising the following phases:

- The analysis and definition of the problem.
- Draft of changes in plan.
- Implementing changes.
- Evaluation of changes.

A specific type of business counseling is counseling for people at risk of social exclusion. Business advice for this target group is an effective tool for preventing social exclusion - establishing a functioning business stabilizes the person both financially and their value to society.

4.3.1 COMMUNITY BASED BUSINESS SUPPORT MODEL (CBBS)

The CBBS model introduces innovative business supports and counseling practices for groups at risk of social exclusion such as ethnic minorities, women, people with disabilities or people living in excluded communities. The model considers the share of non-governmental non-profit organizations in activities aimed at meeting the needs of excluded communities.

CBBS

Community NGOs have a high level of knowledge of cultural and linguistic specificity and have a high level of confidence, which allows them to provide services in a way that meets clients' needs far beyond those of wider public service providers.

CBBS builds on the experience of NGOs and helps them in the area of entrepreneurial consultancy and business support. The objectives of a CBBS are as follows:

- CBBS help to provide high-quality consulting and assistance services for needs of clients who run their own businesses or want to become self-employed.
- CBBS stimulates the growth and effort of businesses.

- CBBS provides new job opportunities for people at risk of social exclusion. They are provided with business consulting services and assistance in obtaining common forms of support (e.g. grants, subsidies, preferential loans for business development, etc.).
- The final objective is to build an infrastructure of business advisers within specific communities (community network of business consultants, training, etc.).

The core of the model is the "*community-based business adviser*" (CBBA). CBBAs are members of the communities in question and represent the link between socially vulnerable communities and professional services of professional business consultants. Community business consultants can effectively deliver services through knowledge of the community, their language, culture and way of thinking.

4.3.2 LEAN START-UP

Model

Lean start-up is a launching methodology for developing companies and products, which aims to shorten product development cycles and rapidly discover if a proposed business model is viable. This aim is achieved by adopting a combination of business-hypothesis-driven experimentation, iterative product releases and validated learning.

Eric Ries is its creator, who described the basics of this methodology in his book *The Lean Startup* (2011). The whole method is based on the development cycle Build-Measure-Learn which is used to test the main hypotheses of the business model (Figure 11)

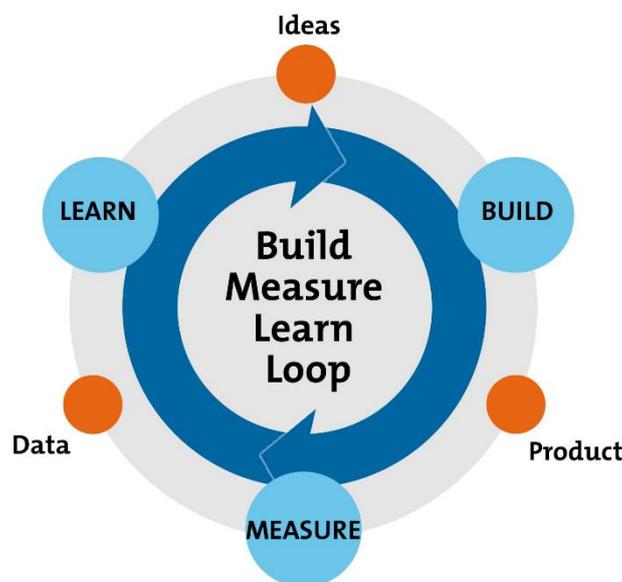


Figure 11 Lean Start-up Model. Source: Adapted from Ries (2011).

At the beginning of the cycle, it is necessary to determine the hypothesis that an entrepreneur wants to test for this cycle. There are two basic types of hypotheses: they test product value or product growth potential.

According to Ries, it is necessary to develop a Minimum Viable Product which needs to spend as little effort and time as possible, but at the same time it must enable the hypothesis to be tested and its impact (so it must reach such a usability stage that it can be tested by customers).

In the phase of measurement, an entrepreneur needs to verify how much product development leads to a real shift in quality. Ries recommends measuring by metrics that clearly define the cause and effect of specific changes in a product or service. The entire cycle is closed by thinking about the fact, whether the created product is beneficial, or whether it needs to be modified in some way. This is achieved by verifying the hypothesis that was initially established

The main advantage of lean start-up versus classic product development methodologies lies in the speed of its development. Lean start-up allows an entrepreneur to quickly build new versions of the product, measure their success more quickly and enable customers to quickly get feedback regarding the new product.

Advantage

This will allow entrepreneurs to recognize when it is time to change the product and avoid wasting time and money. At the same time, they will be able to check whether their vision has a chance to succeed, or what they need to change on the product or service to be successful. Lean start-up includes a set of principles and tools to start a business. It is based on continuous experimentation which can reduce the largest risks. These experiments are not performed in an enclosed laboratory, but directly between customers.

USING THE LEAN STARTUP MODEL

If using the lean start-up model, it is necessary to use the model below and follow the four steps (Figure 12).

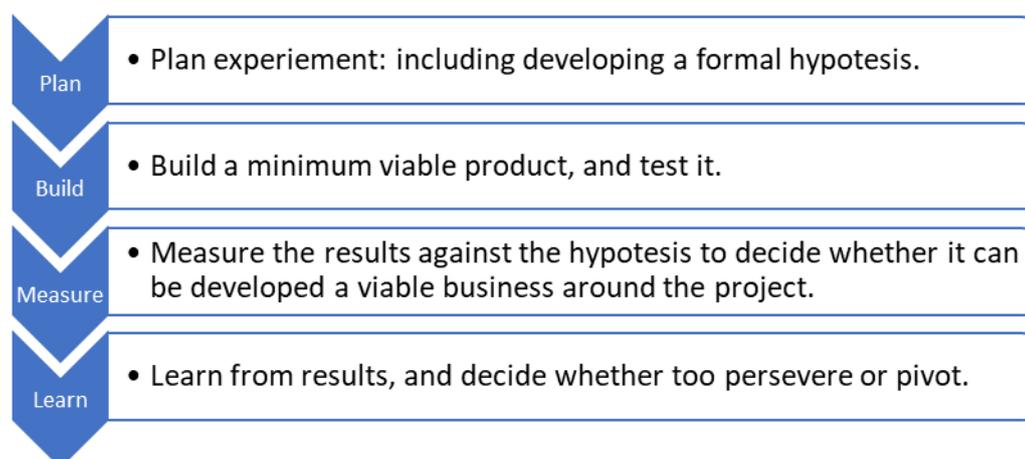


Figure 12 Steps for using the Lean Startup model

Plan experiment

An entrepreneur must first define the idea that they need to test and the information that they want to learn. This is accomplished by developing a hypothesis – the prediction of what will happen during the experiment. The hypothesis may be arbitrary, whether it focuses on product features or on finding the best pricing strategies or distribution channels. Common methods of gathering data are interviews, surveys, website analytics and specialized software programs.

Build MVP

In this step it is necessary to create a Minimum Viable Product (MVP) – the smallest possible product that allows testing of the hypothesis. The Minimum Viable Product could be a working prototype or a basic advertisement or landing page. The forms may be different from a presentation slideshow, brochure, storyboard to video, which illustrates an offer etc. After the creation of an MVP, an entrepreneur can start collecting data about the product.

Measure the results

In this part is time to measure the results which were obtained from the second step. How do the results compare with the hypothesis? Does it make sense to further develop the idea? Does the data show an entrepreneur that they can build a sustainable business around their product or service?

Learn from the results

At this stage, an entrepreneur may already have enough information to decide what to do next. There are then two ways which they can follow up:

- Persevere - the first option is that the hypothesis was correct, so an entrepreneur decides to maintain the same goals. An entrepreneur should repeat the feedback loop to continuously improve and refine the first idea.
- Pivot - the second option is that the analysis disproved the hypothesis. Even though they have gained valuable knowledge about what does not work, it is necessary to correct errors and perform further experiments with new hypotheses.

The lean start-up model is a learning and feedback loop for establishing how effective a product, service or idea is, and doing this as quickly and cheaply as possible. The basic advantage of this method is that it minimizes the risk and cost of creating products or services that no one wants and helps an entrepreneur to "zero in" on something that customers will embrace.

OTHER SOURCES



For a better understanding of this method, look at the following short videos:

- <https://www.youtube.com/watch?v=jBlrLqsjIDw>
- <https://www.youtube.com/watch?v=X2YoHFuWkqs>
- and read a book *The Lean Startup* (Ries, 2011).

4.4 Freelancing

One method of undertaking minority entrepreneurship is freelancing. The freelancer is an independent professional without a permanent job. Typically, these independent entrepreneurs do not have their own employees or so few customers that it can manage their business without any help.

The independent professionals also include self-employed artists, craftsmen, farmers, experts and other professions. Freelance labels can also be used for non-specialized workers who alternate between gainful employment and fixed-term employment (employment agreement, employment agreement, various brigades, illegal undated work, etc.).

In democratic and economically advanced countries, freelancers are one of the pillars of the market economy and civil society. Their business lies in the free and unlimited choice of business opportunities through market supply and demand. Because of their atypical position and individual view, they are highly prized in the media as commentators or participants in discussions.

Freelancing

Their expertise and impartiality are often used in the roles of independent experts and consultants. The advantages of freelancers consist mainly in the fact that they do not usually need high entry capital to start a business.

CASE STUDY



Dominika Špačková is a typical freelancer from a minority group. She is a mother of little children. Dominika Špačková proved what many women on maternity dream about – to be on maternity leave and having their own business.

Her business helps women with children to start their own business and develop their contentment. She also founded a Mother-Business Club and a follow-up Club of Courageous Women. Her basic business activities are mainly professional counseling and education.

4.5 Support organizations for minority entrepreneurship

In this part you can find examples of organizations that help minority groups to start own businesses.

TECHSTARS FOUNDATION

Organizations

The Techstars International Accelerator takes unique approaches to increasing the representation of minority entrepreneurs in the technology community. The Techstars Foundation was established by the Techstars founders (David Cohen, David Brown and Brad Feld).

The founders wanted to foster inclusion and diversity throughout entrepreneurial ecosystems. They like to break down barriers to entrepreneurship worldwide by collaborating with non-profit organizations, corporations and individuals in a variety of ways.

More information you can find on their website: <http://diversity.techstars.com/foundation>

CODE2040

The mission of NGO Code2040 is to activate, connect and mobilize the largest racial equity community in tech to dismantle the structural barriers that prevent the full participation and leadership of Black and Latino people in the innovation economy. This NGO is primarily active in the United States.

Their program is focused on supporting early-career tech talent, from college and graduate-level computer science students to Black and Latino technologists navigating their first jobs.

More information you can find on their website: <http://www.code2040.org/>

500 STARTUPS

500 Startups is a venture capital company from the United States. Its mission is to discover the world's most talented entrepreneurs, help them create successful business and build thriving global ecosystems. 500 Startups has invested in over 2,000 companies.

It has 4 global funds and 14 thematic funds dedicated to either specific geographic markets or verticals. 500 Startups' global portfolio of investments includes over 60 countries.

More information you can find on their website: <https://500.co/press/>

NEWME

NewME supports accelerating entrepreneurs through their online platform, residential “boot-camp” accelerators and equity portfolio. Their programs have led founders to more than \$47 million in funding, including venture capital.

NewME

Their accelerator programs are hosted in cities such as Cincinnati, Columbus, Chicago, Indianapolis and Miami. Their program is a combination of 5 days of intensive knowledge sharing and structure training with accommodation and meals, so the experience is comprehensive and comfortable. The groups are small, between 8-10 founders, so that business ideas can be kept confidential.

More information you can on their website: <http://www.newme.in/>

CASE STUDY – HELPING ORGANIZATIONS



HELPING ORGANIZATIONS FOR MINORITY ENTREPRENEURSHIP IN THE CZECH REPUBLIC

The startup ecosystem has been growing in the Czech Republic in recent years. In the Czech Republic there are Czech and foreign organizations that help start minority groups start a business.

CzechStartups.org

CzechStartups.org is the first official online center for start-ups in the Czech Republic. This center was created as a partner project of CzechInvest, in cooperation with IBM Czech Republic, Czech ICT Alliance, Association of Small and Medium Enterprises and Traders of the Czech Republic and Rockaway Capital.

Helping organizations

The aim of this center is to offer a comprehensive overview of the Czech startup ecosystem, not just to start-up entrepreneurs, but also to start-up enthusiasts and the general public. On the website one can find information about current government and private start-up programs, small and medium businesses, or information about support providers who can help start or accelerate a business through mentoring, networking, or providing investment.

Impact Hub

Impact Hub creates a community that shares co-working space. Impact Hub creates a good working environment for individuals, start-ups and small businesses. Impact Hub is part of the global network, it has 8 Acceleration Programs for smart ideas and several exciting events.

In the Czech Republic, the network of Impact Hub is represented in three cities, namely Prague, Brno and Ostrava, where each representation offers its regional and common national acceleration programs.



SUMMARY OF THE CHAPTER

Barriers in business may affect the possibility of entrepreneur being successful. The basic barriers to doing business are finance, market and management skills. These barriers are not the same for every minority group and each will have their own unique challenges. One way to solve unemployment among minority groups is self-employment. It is a solution to the lack of suitable jobs available for minority communities who often require different working conditions.

Start-up is a business entity, typically described as a newly established or emerging company in a rapidly evolving and changing society. In order for a minority entrepreneur to be successful with his start-up, it is advisable to use the lean start-up method. Another important model for promoting minority entrepreneurship is Community based business support model. Minority entrepreneurs can use also special business incubators and accelerators.



QUESTIONS

- 1) **What are the basic barriers in business creation?**
 - a) Finance, markets, management skills
 - b) Finance and self-confidence
 - c) Management skills, self-confidence and fear of failure
- 2) **What is the most common barrier to start business for minority entrepreneurs in the European Union?**
 - a) Finance
 - b) Management skills
 - c) Fear of failure
- 3) **What is not a basic characteristic of fact-growth start-ups?**
 - a) New established company
 - b) Slow growth
 - c) Higher business risk

4) What are the start-up phases?

- a) Idea, project, start-up
- b) Idea, finance, project
- c) Finance, project, start-up

5) What it is CBBS?

- a) It is model which introduces innovative business supports and counselling practices for groups at risk of social exclusion such as ethnic minorities, women, people with disabilities or people living in excluded communities.
- b) It is model to increase consumption of products from minority entrepreneurs.
- c) It is model for cost calculation.

6) What is advantage of model lean start-up?

- a) It minimizes the risk and cost of creating products or services that no one wants and helps an entrepreneur to "zero in" on something that customers will embrace.
- b) Due to the entrepreneur does not need any finance.
- c) It is the perfect marketing tool.

7) What is the basic steps of the lean start-up?

- a) Plan – build – measure – learn
- b) Plan – build – sell – measure
- c) Build – sell – learn

8) Freelancer ...

- a) is owner of a company
- b) can be only self-employed
- c) the freelancer is an independent professional without a permanent job

9) Business incubators do not usually offer

- a) expert advice,
- b) technical support,
- c) finance.

10) Crowdfunding is

- a) a kind of cost,
- b) a way of financing where many individuals contribute small amounts of money to reach the target amount required to implement projects,
- c) a kind of loan.

ANSWERS



1 a, 2 c, 3 b, 4 a, 5 a, 6 a, 7 a, 8 c, 9 c, 10 b

5 MEASURING SUCCESS AMONG MINORITY ENTREPRENEURS



QUICK OVERVIEW OF THE CHAPTER

This chapter explores entrepreneurship business success and how would be measured by analysing its converse. There are many examples, how deal with that problem and how support a decision about continuing in business or closing up.



GOALS OF THE CHAPTER

- Student will understand a definition of success.
 - Student will be able to explain factors which affect business success.
 - Student will be able to discuss about reasons, why many minority entrepreneurs gave up their business.
-



STUDY TIME

90-120 minutes.



KEY WORDS OF THE CHAPTER

Success, performance, motivation, evaluation.

Success is a key criterion for performance evaluation of an entrepreneur. In words of business economics, the role of each business is to maximize profits. It means also that minority entrepreneurs when want to be successful therefore, a successful business is one that is profitable. The financial rewards could be a motivating entrepreneur to work hard and take on risks (Tyler, 2017).

Being successful as a minority business owner needs more than coming up with an innovative idea to the market and working hard. You need to learn how to manage and grow your minority business. In that process, you will face many challenges, and your ability

will be a major factor which could affect your success (or failure). To support your success, you should do the following (Collins, 2008):

KNOW YOUR MINORITY BUSINESS

Successful businesspeople know what they are doing. They have a deep knowledge about the industry in which they run (both as it stands today and where it is headed), and they know who their competitors are. They know how to attract their customers and who the best suppliers and distributors are, and they understand the impact of technology on their business.

**Support
success**

KNOW THE BASICS OF BUSINESS MANAGEMENT

You might be able to understand the functional areas of business—accounting, finance management, marketing, and production. You need to be a salesperson, as well as a decision maker and a planner, in the start.

HAVE THE PROPER ATTITUDE

When you own a business, **you are** the business. If you have given the time and energy needed to transform an idea into a successful venture, you need to have a passion for your work. You should believe in what you are doing and make a strong personal commitment to your business.

GET ADEQUATE FUNDING

It takes a lot of money to start a business and guide it through the start-up phase (which can last for over a year). If you run out of cash, your career as a business owner could be brief. Plan for the long term and work with lenders and investors to ensure that you will have enough funds to get open, stay open during the start-up phase, and, ultimately, expand.

MANAGE YOUR MONEY EFFECTIVELY

You will be under constant pressure to produce the money to meet payroll and pay your other bills. You need to control costs and collect money that has owed you, and, generally, you need to know how to gather the financial information that you need to run your business.

MANAGE YOUR TIME EFFICIENTLY

If you want to grow a business and have some type of no work life at the same time, you will have to give up some control—to let others take over some of the work. Thus, you must develop time-management skills and learn how to delegate responsibility.

KNOW HOW TO MANAGE PEOPLE

Hiring, keeping, and managing good people are crucial to business success. You need to develop a positive working relationship with them, train them properly, and motivate them to supply quality goods or services.

SATISFY YOUR CUSTOMERS

You might attract customers through impressive advertising campaigns, but you will keep them only by supplying quality goods or services. Commit yourself to satisfying—or even exceeding—customer needs.

KNOW HOW TO COMPETE

Find your niche in the marketplace, keep an eye on your competitors, and be prepared to react to changes in the marketplace. The history of business (and much of life) can be summed up in three words: “Adapt or perish”.

Successful minority businesses earn planned return on investment for their stakeholders who have invested their capital into that start-up. For a business owner, return on investment (ROI) is an important basic metric to find whether the company is successful. Investors that take on the risk of a new venture are equally concerned with the level of success the business achieves. This is closely connected with the entrepreneur’s vision and business plan and quarterly and yearly performance reviews.

Opposite to that, the founder of the company, who is generally an investor him or herself, can create wealth for their families, live a comfortable or even a lavish lifestyle, and supply security for their future. They invest their time and energy into the start-up, with the expectation that they will receive financial benefits from their efforts. In that case, many entrepreneurs measure success by being able to supply a comfortable lifestyle through financial gains (Tyler 2017).



TO REMEMBER

For minority entrepreneur’s success, however, can be defined as the feelings of satisfaction and completion or it has other dimensions, which are more important than financial gains.

SOCIAL BENEFITS AS FORM OF SUCCESS

Benefits

Minority entrepreneurs can also measure their success by the social benefit that they are able to carry out for society. Some businesses have specific goals, such as improving the

environment, supplying educational opportunities for underrepresented children, or helping the homeless through a product or service. While the focus of most companies has not strayed away from their financial goals there has been a heavier emphasis placed on social responsibility. Entrepreneurs are beginning to consider their positive social impact as a part of their success. These companies have a social mission; they are committed to charitable giving.

CASE STUDY: PRAGULIC



Pragulic⁴ is a social enterprise that allows the public to get to know and experience the world of homeless people, changing the stereotypes of homelessness. We are a social enterprise, because we can earn money for our activities. And only thanks to you paying customers. Grants and subsidies, we do not go in those.

We believe that combining business and a socially beneficial goal has a future. Thanks to you, we can give a second chance to people and to change the prejudice. By buying a tour, you give the guide new hope. We will train, employ and help homeless people to restart their lives. In addition to working with us, they will find support and confidence.

What is the social benefit of Pragulic?

PERSONAL SATISFACTION

Great satisfaction comes from the process of creation – starting with a vision and creating something that is sustainable. The owner takes pride from the result. The owner can experience a sense of satisfaction from successfully overcoming difficult challenges that uncover his/her unlocked potential. The entrepreneur uses his or her business as a platform to develop business competencies. they will have the ability to be motivated to find the next innovative idea.

Satisfaction

FOR INTERESTED PERSONS



Write one paragraph about you and your source of satisfaction when you be in a role of minority entrepreneur. What will be on the first place?

Share your exercise with your classmates.

⁴ <https://pragulic.cz/>

CUSTOMER SATISFACTION

**Sources of
satis-
faction**

Providing the customer with a product that is interesting or that solves a problem also creates value to entrepreneurs. The need to fulfil customer desires and being useful for the community also leads the entrepreneur to continually grow their product or service. This helps to identify gaps in the market by the new or improved product.

Minority entrepreneurs are dependent on customer feedback because they use this information to improve their business model. Many entrepreneurs create their company's customer relations around their main business idea to help them to develop that.



CASE STUDY

Every year since 2001, the Association of Czech Consumers has been awarded the "Satisfied Customer" award in the following regions: South Bohemia, South Moravia, Hradec Kralove region, Moravian-Silesian region and Usti nad Labem Region.

Within the Moravian-Silesian Region, it is held under the auspices of the Regional Governor. The project is implemented with financial support from the Moravian-Silesian Region. The contest is open to all businesses in the region. Its winners will receive a certificate guaranteeing that when it was awarded, the commission of the Association of Czech Consumers also considered the image of the company both among consumers and local business self-governments and whether it also fulfils the requirements of the applicable binding legal regulations. The award is given for two years.

The prize is awarded on the basis of a proposal made by a member of the Association of Czech Consumers, a proposal presented by a representative of local or business self-governments and, last but not least, a proposal submitted by the consumer public. More information is available at www.konzument.cz.

EMPLOYEE SATISFACTION

Many magazines publish an annual list of what it considers the best companies to work for, but thousands of business owners do not need national recognition to know that they have made taking good care of their employees a high priority. This measure of their success is connected when the entrepreneur adopts his/her employees as a part of their family. The business is often built on family value principles such as love, faith, goodwill.

This relationship between the employer and employee creates a working environment healthier, work-balanced lifestyle. Given that family values to the minority business model and vision, employee loyalty and retention is very useful. The employees value their jobs and they will support the entrepreneur during the business process.

CASE STUDY



The Sodexo Employer of the Year Award is part of the Employers' Club Annual Awards.⁵

Since 2003, the Employer of the Year has been focusing on companies in the Czech Republic from a human resources perspective. The purpose of the competition is to bring people closer to society with excellent access to their employees, not only nationally but also in individual regions.

The visibility competition of these companies helps to develop human resources in the Czech Republic, regardless of their history, size, and even the industry. The evaluation is conducted by the worldwide recognized Saratoga methodology from PricewaterhouseCoopers Czech Republic. Among other advantages, Saratoga first compares the companies in their sector and the resulting industry score brings the overall ranking.

The general partner of the competition has been Sodexo for ten years. The collaboration of a leading provider of employee services and benefits with the best employers in the country is a versatile benefit combination. Mafra, which has since 2013 issued the MF DNES supplement to the Employers' Club Annual Awards, has been providing media support as well, providing all the information on current events in the competition.

5.1 The Entrepreneur's Success Model

Minority entrepreneurs cannot expect that they achieve success immediately when they start their business. Their business will go through a longer process, which differ individually. The model, presented in figure 13 explains several steps, which could lead to success and affect minority entrepreneur's behaviour (Tyler, 2017)

Success model

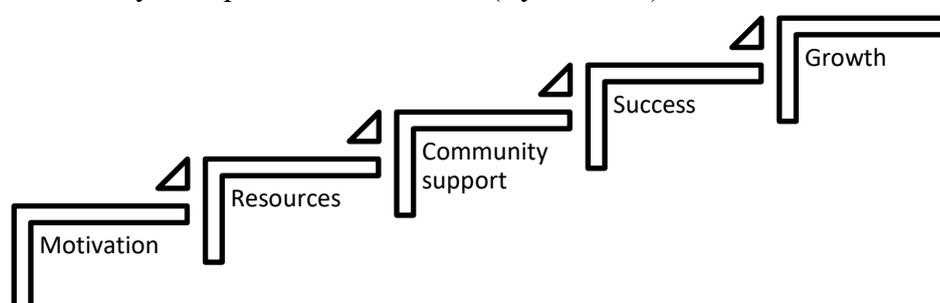


Figure 13: Success model source: Tyler, 2017

⁵ <https://zamestnavatelroku.klubzamestnavatelu.cz/#!/o-soutezi>

STEP 1: MOTIVATION

A motivation under minority entrepreneurship can be explained in words of the significance of the entrepreneur's family background. This component of motivation helps also entrepreneurs of all kind. In addition to that, support and encouragement from family at a young age to motivate the entrepreneur also help to be good at business.

Family background plays an integral role in the motivation and longevity of entrepreneurship. When the family do not support minority entrepreneur in the start, it causes lack of resources and inspiration. Too often family members play significant roles as mentors in attracting investors or first customers.

STEP 2: RESOURCES

Entrepreneurs rely on a variety of financial resources ranging from grants, to business loans. Most of them use actively more personal or family savings than business loans or other support. Several entrepreneurs connect their financial sources with their own risk and confidence in business idea. As being explained before, minority entrepreneurs have less access to financial capital, sometimes they are not treated equally to non-minority.

They need to apply for project for inclusive entrepreneurship or try other possibilities how to get money for their start-up. Several programs have been adopted around the world to assist with financing minority-owned start-up ventures.

STEP 3: COMMUNITY SUPPORT

The third component highlights the necessity to get support of community as an effect on the entrepreneur and his or her decision to continue in their business. This support could be on different levels and it has connection with socioeconomic resources and strategic decision-making.

Steps

Type 1: The Affluent Community. The affluent community stands for minorities with significant resources including financial institutions, potential customers of higher socioeconomic status, strong self-help networks, and many high performing entrepreneurs who mentor and develop businesses. This community is ideal to begin their venture. It would be safe start with their support and they also could attract customers from those that may live outside of this community.

Type 2: The Moderate Community. It has an intermediate level of resources with fewer lending institutions, a lower number of potential customers in the middle to higher socioeconomic level, weaker self-help networks and fewer high-performing entrepreneurs available to advise smaller business owners.

Type 3: The Impoverished Community. The impoverished community is often the most unsuccessful place to build their venture. The third type may have a large population

of lower socioeconomic individuals, limited community resources, few high-performance entrepreneurs. If the entrepreneur wants to be successful, they must be willing to accept marginal success according to low socioeconomic community.

STEP 4 AND 5 SUCCESS AND GROWTH

In conclusion, when the minority entrepreneur achieves success, he or she must be able to reach goals and succeed in barriers which could affect their sources for motivation, family support systems, access to financial capital, and the type of communities supporting the venture.

5.2 Quick metric to measure success

There are several ways how to measure success in some simple indicators. We are presenting seven of them to help you to answer the question of success. There is a combination of financial and non-financial evaluations.

THE BREAK-EVEN POINT

This is the number you need to get to in a given period (generally monthly or quarterly) in order for the company to cover its own costs and sustain itself even if it is not making a profit during a slow time.

LEADS GENERATED AND LEADS CONVERTED

You need to keep track of where your leads come from (direct mail, email, ads, etc.) to help you decide, where to distribute your marketing investments. Likewise, you should also know how many of these leads become customers, which helps track growth.

SALES INDICATORS

A volume and frequency of sales can provide information on overall business success. You can break this down by sales to new customers, sales to existing customers, profit per sale, which products/services are making the most money, or any other categories that might be important to your business. Keeping track of these numbers can supply valuable insight for other actions. For example, if you see sales to existing customers suddenly drop, you can investigate why.

NET INCOME RATIO/PROFIT

Your profit – the money left over after operating expenses are subtracted from revenue – is a pretty important one. After all, you need to make sure your business still makes money after you pay your expenses. A business just starting out, or one experiencing a bit of a

Ratios

slowdown, may have a bottom line in the red at some points, but you should aim to always be growing your profit. If you are losing money, it is time to look at ways you can trim expenses or reconfigure your operations.

CUSTOMERS (NEW, REPEAT AND REFERRALS)

**Satis-
faction**

A growing customer base is a sure sign that your business is reaching its target audience's needs. Businesses thrive because customers count on them as a go-to, but also because happy customers will refer others. Consider offering a referral incentive, which will pay off by helping attract new customers and help you gauge your current customers' satisfaction. Keep all your customer information in one place and be sure to have a way to track where they come from.

EMPLOYEE SATISFACTION

As the face of your business, your staff is a critical part of your company, and helping ensure they have a positive work environment that lets them do their jobs with pride and efficiency will in turn help your business succeed. If your employees feel appreciated, they are more likely to go the extra mile for the customer, which will increase customer satisfaction and therefore lead to referrals and new customers – the business circle of life.

YOUR SATISFACTION

Not to be discounted is your own satisfaction with your business and the direction it's going. If you are not happy, it can trickle down to your employees and then to your customers. Make sure to sit down every now and again to ensure you are satisfied with where the business is heading and make any changes if not.



OTHER SOURCES

Ismail, Z. (2018) also defined a set of business performance indicators, which could help to measure success in entrepreneurship, especially when it is supported by training or grants.

First group is dedicated to economic indicators, which have to grow up in observed time in comparison to sales or profit:

- Income and profits.
- Sales
- Number of wage workers
- Size of inventory

- Productivity
- Increased hours of work or increased employment
- Reduced inactivity
- Loans
- Savings

A Second group covers mostly psychological indicators:

- Growth of Women's agency or decision-making capacity
- Confidence
- Self-confidence and teamwork

As minority business owner, someone like you, to make sure that the operations involved in preparing and selling notes were performed in both an effective and an efficient manner. You would make the process effective by ensuring that the right things were done and that they all contributed to the success of the enterprise.

Efficiency

You would make the process efficient by ensuring that activities were performed in the right way and used the fewest possible resources. As you can see from Figure, “Managerial Efficiency and Effectiveness”, that is the job that you perform as a manager: making a group of people more effective and efficient with you than they would be without you (Collins, 2008).



Figure 14 Managerial Efficiency and Effectiveness. Source: Collins, 2008

You will carry out this task through management: the process of planning, organizing, directing, and controlling resources to achieve specific goals.

Achieving social and financial performance has long been linked to financial results measured by credit portfolio quality, cost recovery and profitability. With a significant investment or donation, the pressure to implement financial performance measures increases so that they are standardized for social or minority enterprises. Most minority enterprises strive to achieve interconnected financial and social goals, where financial performance facilitates the fulfilment of the social mission and impact.

The European Union has put in place a system for evaluating projects from Structural Funds. Four indicators are set for monitoring (Boukal and Vávrová, 2007):

- input indicator - the amount determined for the activity and operation of the project,
- output indicator - volume of planned activities
- result indicator - positive effects, i.e. activities that the project has been able to implement,
- impact indicator - long-term effect on the target group, the sustainability of the positive impacts is assessed.

For the proper functioning of the social enterprise, its performance, success and effectiveness, the motivation of all workers is important so that the goals are met.

5.3 Social Performance management

Wardle (2014) introduced a method of social performance management using six dimensions:

1. **Defining and tracking social goals.** Entrepreneurs know who they are focusing on, what their goals are and how their products and services help to achieve those goals.
2. **Ensure leadership and staff support for social goals.** Managers actively monitor social goals; support institutions and employees understand the strategy and measure how they contribute to achieving social and financial goals.
3. Assessing products, services, and distribution channels that meet the needs and preferences of users by creating or enhancing their ability to cope with their disabilities.
4. **Responsible handling with the client.** It includes client protection mechanisms in every aspect of the job - from goals that determine how it integrates, including products and services that it offers to meet its real needs.
5. **Responsible treatment of employees.** The pressure is to create a favorable working environment that ensures that employees are protected, trained and motivated to achieve social goals.
6. **Financial and social performance.** The entrepreneur strives for financial sustainability and social performance.

To ensure these dimensions, proper scales and methods of evaluation need to be set correctly.

Each performance assessment is carried out in several steps and is dependent on the information it can obtain and evaluate (Berman and Knight, 2006; Poznanski, Sadownik and Gannitsos, 2013b). Determining what performance assessment information is useful is a big task, but it can be simplified by looking at what you're doing in the business from three different perspectives:

As-
essment

- Organizational Sustainability Perspective - What information can help you understand whether you are developing and maintaining resources that will meet your goal in the long term?
- Community Impact Perspective - What information will successfully contribute to the social, cultural, economic and environmental goals set out in the company's mission?
- Business Performance Perspective - What information do you need in terms of financial or business success?

It is also helpful to consider carefully how and by whom performance information will be used, considering three levels of audience:

- Operational Level. What information do you need to support day-to-day management decisions? For example, tracking costs, quality, and mission fulfilment.
- Strategic Level. What information do you need to support strategic decisions that are often made by the owner? This information includes key trends and events that occurred during the reporting period.
- Level of commitment and responsibility. What information do you need to support and sustain business support? This includes support for investors, community members, employees and others. This audience can have very limited knowledge of who you are and what you are trying to achieve, so the story must be very clear and engaging.

5.3.1 PERFORMANCE MEASUREMENT

Sustainable business and mission require effective planning and financial management. Efficiency analysis is a useful business management tool that improves the understanding of financial results and trends over time and provides key performance indicators.

Managers use analysis to identify strengths and weaknesses from which strategies and initiatives can be created. Funding providers can use analysis to measure results against other organizations or to assess management effectiveness and impact on a business mission. To be useful and meaningful, Poznanski, Sadownik and Gannitsos (2013) they have to be:

- Calculated with reliable and accurate financial information (does the financial information reflect the actual cost?).

- They must be calculated consistently from one period to the other.
- Compare with internal benchmarks and goals.
- Compare with other businesses in their field.
- They are displayed at the same time as an indicator of general trends and problems over time.
- They are carefully interpreted in the right context, as there are many other important factors and indicators involved in performance evaluation.

A financial analysis is used to assess effectiveness. It is based on accounting data that is assessed based on historical data. The ratios represent some of the standard performance assessment options that are taken from business enterprises and some of them are adjusted for social enterprises.

Not all of these indicators provide the information that is needed to support concrete decisions and strategies. In general, you can create your own indicators and indicators based on what you consider important and meaningful in the social enterprise process and will be indicative of the work efficiency for the stakeholder.



PROPOSAL FOR THE TUTORIAL

Prepare your set of proper indicators to measure success. Your proposals will be discussed at our session.

5.3.2 SOCIAL RETURN OF INVESTMENT

SROI

Social Return on Investment (SROI) is a method of measuring values that are not traditionally reflected in financial statements, including social, economic and environmental factors. They can determine how effectively an enterprise uses its capital and other resources to create value for the community, thus achieving its public benefit goal. While traditional cost-benefit analysis is used to compare different investments or projects, SROI uses multiple items to evaluate the overall impact, showing both the financial and social impact that a business can have.

In particular, SROI analysis is useful for improving program management through better planning and evaluation. It can also raise society's awareness of how it interacts with the community and enable better communication about the value of the social enterprise's work (both inside and outside). Philanthropists, foundations and other non-profit organizations can use SROI analysis to "monetize" their social impact in a financial sense. The general formula used to calculate the SROI in percent is therefore as follows:

$$SROI = \frac{\text{social impact value} - \text{initial investment amount}}{\text{initial investment amount}} \times 100 \quad (1)$$

Assigning value to societal impact can pose problems and different methodologies have been developed to quantify the results. While access varies depending on the program being evaluated, there are four main elements that are needed to measure SROI:

- Inputs or sources of investment in a social enterprise (for example, operating costs, such as a readiness program)
- Outputs or direct and tangible products of activity (for example, the number of people trained in the program)
- Outcome or change of activity resulting from the activity (i.e. new jobs, better income, improved quality of life for individuals, increased taxes and reduced government support)
- Impact or result without estimating what would happen (For example, if 20 people were recruited but five were in any case, the impact is based on 15 people who got the job directly as a result of a readiness program to work.)

In the SROI analysis, we calculate one aggregate benefit-cost ratio (SROI indicator), or we can quantify separately the benefit-cost ratio for different stakeholders. We will find out what help a particular stakeholder has gained from the project in relation to the inputs it has put into the project. While the cost-benefit ratio is a top-of-the-line analysis, when presenting the results in the final report, we should also devote sufficient time to describing the impacts we have not transferred to money.

In particular, the growth attitude and success are considered to be strictly linked to three factors:

NETWORKING

Minority enterprises have to share a strong attitude to sustain growth with partnerships and collaborations with non-profit partners, companies and public actors. The reasons that justify this behaviour are diverse. They can tend both to eliminate duplicative costs and excess capacity through shared facilities, services or activities, or can be pushed by critical input combinations. In fact, no single entity has all the inputs necessary to address effectively an identified social need.

Network

Other reasons that explain partnership-orientation are to be found in the necessity to increase impact by bringing together complementary capabilities or, on the other hand, to enlarge market or client base and also to acquire new expertise or enhance contractual power towards funding institutions.

FLEXIBILITY

Most of the organizational structures are extremely flexible, participatory and transparent. This characteristic can be explained by the newness that characterizes the phenomenon. In such a situation, where the scarcity of models of reference and acknowledged best practices makes the links among growth, innovation and the unpredictability of outcomes and impacts considerably strong, it becomes critical to share information and let it flow easily at each level of the organization in order to stimulate creativity.

BALANCING THE LOCAL DIMENSION WITH THE GLOBAL DIMENSION

This last growth specificity has been noticed to be quite a constant of their behaviour. To be sure, of not losing out in quality, minority enterprises tend to maximize impact at each site through a sort of tied-up diversification. In other words, they add new sites through a targeted new site development plan, often helping communities to independently replicate a community-built model.

This can be read as an attempt to support a constant level of personality in the provision of social services and avoid the proved ineffectiveness of improving social conditions through standardized services.

In generalizing, we can say that SEs aim at creating an overall vision that embraces both non-profit and business culture. They constantly look for synergy, using transferable skills and best practices, and business or social partners in order to enhance the general impact. They are based on a learning and participatory organizational structure, to promote innovative solutions. As a result, entrepreneurs emerge as an extremely adaptive culture.

Be balanced

This aim is often supported by technology with a process of progressive dissemination and adaptation of technological progress to the different communities. Finally, a general consideration: as innovation, social change is anything but a one-dimensional construct. SEs tends to pursue voluntarily and involuntarily simultaneously, different social outcomes.

Considering the argument developed so far in the shift from theory to practice, we can now suggest a tentative framework for the minority or social enterprise process, as follows (fig.15).

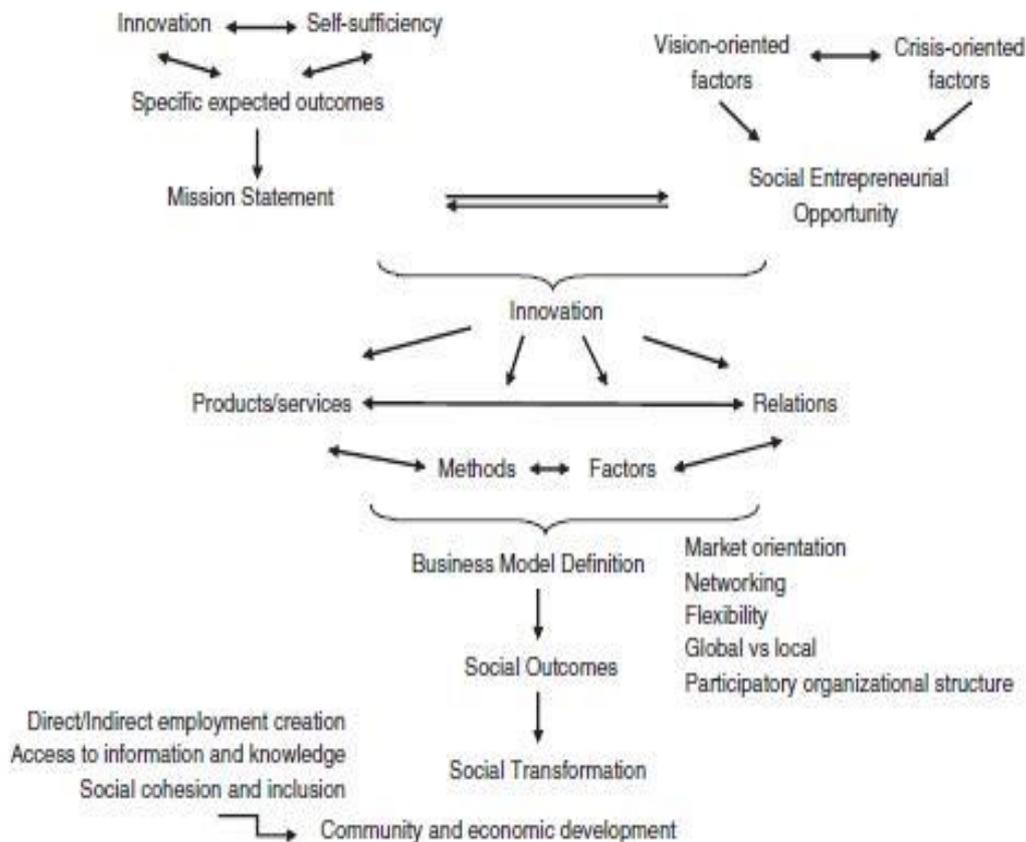


Figure 15 Outcomes of Entrepreneurship Source: Perrini and Vurro, 2006, p.78

QUESTIONS



- 1) **A success is:**
 - a) Feeling of an entrepreneur
 - b) a key criterion for performance evaluation
 - c) customer feedback
- 2) **When you want to support your business, you do don't have to do (for your success):**
 - a) Manage your time
 - b) Plan your holiday
 - c) plan your work

3) Social benefit means:

- a) improving the environment, supplying educational opportunities for underrepresented children, or helping the homeless through a product or service
- b) financing my hobbies
- c) satisfaction of government

4) Personal satisfaction from entrepreneurship means:

- a) satisfaction of government
- b) customer satisfaction
- c) owner takes pride from the result

5) What does the employee satisfaction mean?

- a) When the owner takes pride from the result
- b) The employees value their jobs and they will support the entrepreneur during the business process.
- c) improvement the environment, supplying educational opportunities for underrepresented children, or helping the homeless through a product or service.
- d) se muselo transformovat na spolek podle zákona č. 79/2012 Sb., občanský zákoník

6) How many steps has “success model”?

- a) 5 - Motivation, Resources, Community support, Success, Growth
- b) 6 - Motivation, Resources, Community support, Success, Growth, Crisis
- c) 4 - Motivation, Resources, Community support, Success

7) Which type of supporting community would be the best for minority start-up?

- a) The Impoverished Community
- b) The Moderate Community
- c) The Affluent Community

8) The break-even point means:

- a) A number of customers per year
- b) This number informs you that your company covers its own costs and sustain itself even if it is not making a profit during this time.
- c) A volume of sales per month.

9) Economic indicators do not include:

- a) Teamwork
- b) Savings
- c) Loans

10) Psychological indicators do not cover:

- a) confidence
- b) sales
- c) self-confidence and team work

A key issue for assessing the success of entrepreneurship is estimating the long-term benefits of minority entrepreneurship support. Patel (2014, p. 3) explained indicators for short-term and long-term indicators to be able to measure success in more global way as

Intermediate outcomes (More start-ups, investment, business skills improvement) and final outcomes (like entrepreneurship growth, profit growth, growth in number of employees).

SUMMARY OF THE CHAPTER



The most important prerequisite for the development of a start-up minority company is the motivation of the future entrepreneur. It is based on personal plans, intentions, wishes and business goals. As very important prerequisite for success is also the meaningfulness, quality and feasibility of these goals. A support from family, relatives, friends or investors cannot be ignored, especially in minority entrepreneurship. The prerequisite for business success is the real viability of this business idea and its potential market presence. We have to mention, that in minority entrepreneurship the success has a different way to be measured.

ANSWERS



1) b, 2) b, 3) a, 4) c, 5) b, 6) a, 7) c, 8) b, 9) a, 10) b

6 SOCIAL ENTREPRENEURSHIP AND THE CHALLENGES OF SCALE



QUICK OVERVIEW OF THE CHAPTER

In this chapter you will learn about social entrepreneurship as a tool for the involvement of minority groups into the labour market. You will find that a social enterprise is a business created to further a social purpose in a financially sustainable way. You will learn more about concept of social economy. In the second part of this chapter you will get to know the major international organizations which supports the social entrepreneurship. At the end you will learn about social entrepreneurship in the Czech Republic.



GOALS OF THE CHAPTER

- Student knows social economy, social entrepreneurship and social enterprise.
 - Student knows the difference between social entrepreneurship and minority entrepreneurship.
 - Student knows the major international organizations which support development of social entrepreneurship.
 - Student understand how social enterprises work in the Czech Republic.
-



STUDY TIME

100 minutes



KEY WORDS OF THE CHAPTER

Social entrepreneurship, Social enterprise, Social economy, Permanent and Temporary job.

As we mentioned earlier, not everybody is suitable for business. Some people prefer to be employees and leave business responsibilities to others. "Social enterprise" is one of the ways how to involve minority groups in the labor market when they do not want to be

entrepreneurs. Currently interest in the creation of social enterprises is growing, and especially by non-profit organizations and public administration.

6.1 Social entrepreneurship – Introduction and History

Social enterprises have a long history, but in recent years there has been an increasing need for them in society. Political representation, the media and the non-profit sector have turned their attention to social enterprises with expectation of finding solutions for the current environmental and social problems in civil society (Christie and Honig, 2006).

6.1.1 SOCIAL ECONOMY

The term “*social economy*” first appeared in France in 1830 and it is associated with the name of Charles Dunoyer. The importance of this concept at the time of its creation was understood in a broader sense than it is today. Any economic phenomenon with a social dimension or any social phenomenon with an economic dimension could be considered as a part of the social economy (Defourny et al., 1999).

**Social
economy**

During the 19th century, the key principles of the modern concept of the social economy were formed, which are the principles of democratic association, reciprocity and cooperation. After France, the concept of social economy quickly spread to other European countries.

In the first half of the 20th century, the concept of social economy developed rapidly. However, from the 1950s to the 1970s, it declined due to development of the private sector, where the growth model of Europe was mainly supported (Dohnalová and Průša, 2011).

Determining the direction of the social economy in its current concept was formed in the 1970s in France, where the National Liaison Committee for the activities of mutual societies, cooperatives and associations was created. Between 1977 and 1979, European conferences of cooperatives, mutual societies and associations were held under the auspices of the European Economic and Social Committee. On its 10th anniversary, the CNLAMCA (the National Liaison Committee on the Activities of Peer Societies, Cooperatives and Associations) published the ***Social Economy Charter***, which defined the social economy as: “... a group of non-governmental organizations, democratic and with a special income redistribution regime for the purposes of their further development and improvement for their members and for society (Dohnalová, 2009).

Common principles and rights of social policy were defined in the Charter of the Social Economy (Dohnalová, 2009) as follows:

- the democratic principle is promoted as an essential element of governance
- principle of one person one voice is the rule of decision

- the principle of the free involvement of members in the organization
- the principle based on education and information as a means of strengthening relations between members
- the right of development of each subject
- the right of a positive surplus, which must not be used for personal gain, but must serve for society
- and the principle of the common interest of the members or the interest of the organization.

Although the Social Economy Charter was published 40 years ago, the principles and values of social economy entities have remained almost unchanged. The social economy was recognized by the European Commission in 1989, when its first definition was also drawn up. The social economy is often defined as the third sector between the public and private sectors (Dohnalová et al., 2009).

Charter Entities of the social economy there are social enterprises, supportive financial, advisory and educational institutions for social entrepreneurship, and non-governmental non-profit organizations. Entities of the social economy share common features such as the achievement of a public benefit goal, democratic decision-making, support for citizens' initiatives, independence from public or private institutions, other ways of dealing with profits, taking environmental considerations into account, meeting local needs as a priority, and using local preferences resources (TESSEA, 2019).

6.1.2 SOCIAL ENTREPRENEURSHIP AND ENTERPRISES

Social entrepreneurship is sometimes referred to as a hybrid combination of non-profit sector and business activity. Battilana and Lee (2014) point out the differences between traditional entrepreneurs, social entrepreneurs and non-profit organizations, where traditional non-profit organizations are usually funded by external sources (state or donors) and do not carry business risk and typically do not procure financial resources for their own activities. Non-profit organizations are primarily focused on the social sphere. Profit-oriented businesses have long been trying to make a profit. If one connects solving social problems with business, the one gets social enterprise (Figure 16).

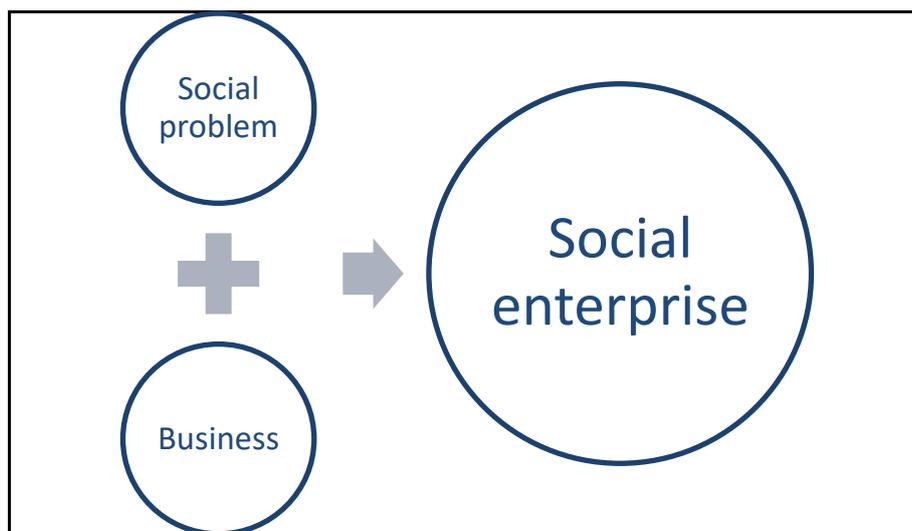


Figure 16 Social enterprises

Social enterprises can acquire both non-profit and commercial legal forms. It is up to the founder to choose which form they prefer, and which is more suitable for their business.

DEFINITION – SOCIAL ENTERPRISE



Social enterprise

Social enterprises can be defined as organizations with an explicit goal of helping the community, are founded by a group of citizens and their resources are limited. They are based on independence and are subject to economic risks due to the subject of their socio-economic activities (EMES, 2016).

“A *social enterprise* is a business created to further a social purpose in a financially sustainable way.” (NESsT, 2019)

DEFINITION – SOCIAL ENTREPRENEURSHIP



Social entrepreneurship is entrepreneurship thriving society and the environment. (TESSEA, 2019)

OBJECTIVES OF SOCIAL ENTERPRISES

The goals of social enterprises can be divided into two groups, where the first group is represented by the creation of social value (public good), which is characteristic of the non-profit sector, while the second group is created by economic value (Austin et al., 2006).

Objectives

Both values are largely influenced by the values of a social entrepreneur. Most of the profit is reinvested back into the social enterprise to achieve social performance goals. Thus, a social enterprise should generate profits like any other enterprise, but the difference is in the distribution of profit.

In the commercial world, the owner would gain everything. However, in the world of social enterprises, most of the profits, or even all, are either reinvested in the social enterprise or used for activities with social goals (Figure 17).

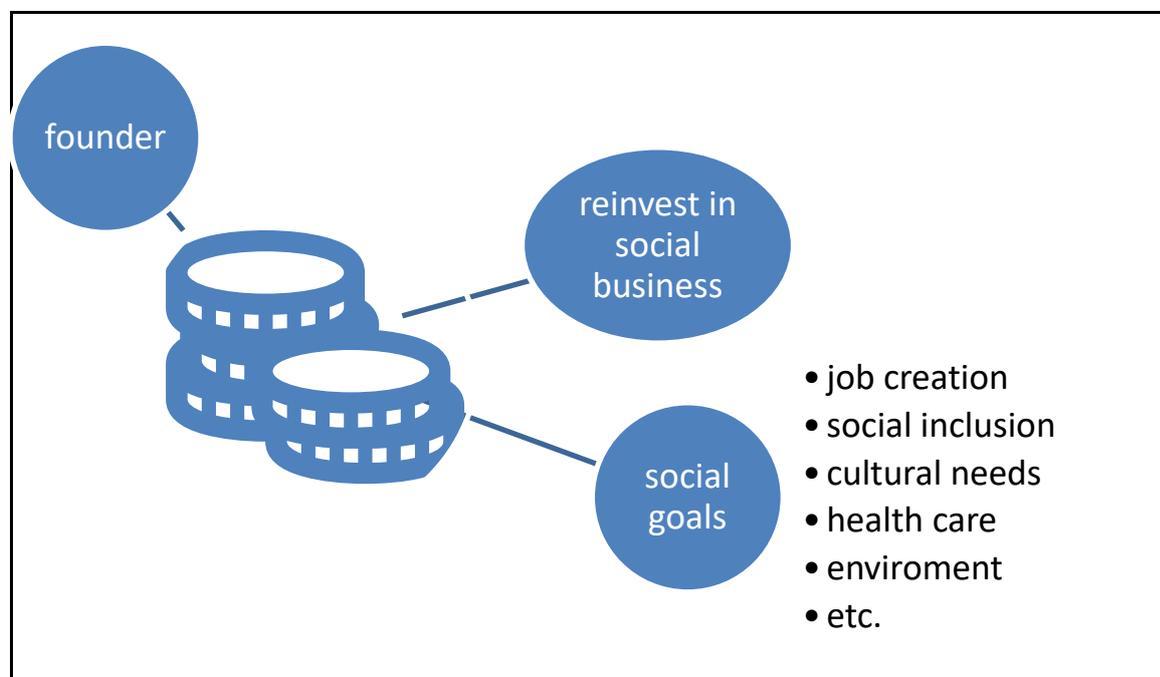


Figure 17 Way of profit used

Individual social enterprises can have different socially beneficial goals and each country may have a slightly different approach to social enterprises. For example, in the Czech Republic they are targeted at social integration and environmental social enterprises. Both must reinvest at least 51% of profit back into the social enterprise or use the profit to realize social goals. Both must employ people from minority groups, but here they differ in the percentage of employees from the target group. In this way, environmental businesses must achieve significant environmental benefits compared to social enterprises targeted at social integration which must only be environmentally friendly (TESSEA, 2019).

Furthermore, it can be stated that in the Czech Republic all social enterprises are also minority enterprises. In one social enterprise, people from different minority groups can be employed.

THE IMPORTANCE OF SOCIAL ENTERPRISES FOR MINORITY GROUPS

The importance of social enterprises for minority groups lies in the fact that it offers them a decent job that reflects their inability to secure employment in the open labor market. These jobs can be both permanent and temporary. Temporary jobs help them to gain enough work experience to help them find their way into the open labor market. Permanent jobs are then focused primarily on target groups such as the elderly or disabled. Temporary jobs are mostly for groups like young or long-term unemployed. Of course, this division is not binding and always depends on the social entrepreneur and the cultural habits and problems of the region / country.

In social enterprises that mainly have permanent jobs for employees from minority groups, the process of their career development within the company should be clearly established and they should be involved in the management or decision-making and development of the social enterprise. In contrast, temporary or transit jobs should lead to the development of the career of minority group employees in the open labor market, not within the social enterprise (Figure 18).

Job creation

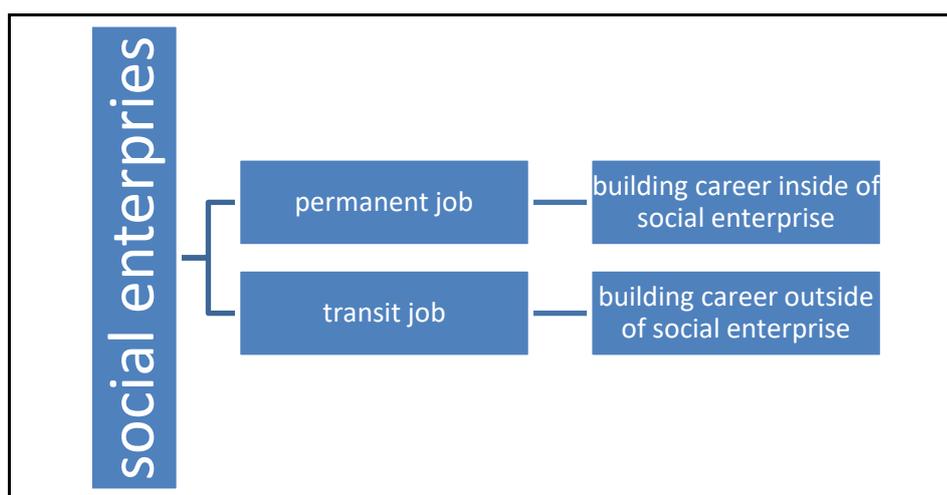


Figure 18 Career Growth for Minority Groups

One of the goals relating to social enterprises is to support the career development of employees from minority groups, unless of course it is not possible. For some minority groups, their career growth is better directed to companies in the open labor market.

TO REMEMBER



THE DIFFERENCE BETWEEN MINORITY ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP

Minority business is any business run by a person or person from a minority group. All profit is directed to the business owner. These businesses do not fill any other social goals.

In contrast, social entrepreneurship does business where at least some of the employees are from minority groups, and moreover, this business declares that it fulfills certain socially beneficial goals. Most of the profit then is put back into the business for the performance of socially beneficial objectives.

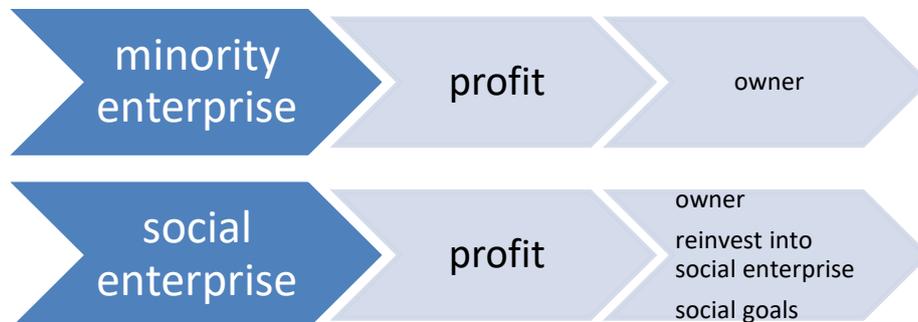


Figure 19: Difference between Minority and Social Enterprise



CASE STUDY – TRANSIT WORKPLACES

TRANSIT WORKPLACES IN SOCIAL ENTERPRISES IN THE MORAVIAN-SILESIAN REGION

Transit places

At the beginning of January 2019, the Moravian-Silesian Pact began to implement the project “Transit Workplaces in Social Enterprises in the Moravian-Silesian Region”. The project addresses the issue of employing the target group of people with disabilities in the labor market, focusing on intensive individual and group counseling, identifying and gradually removing barriers to the target group to succeed in the labor market.

On the one hand, social enterprises are involved in this project, offering transit jobs to the target group. On the other hand, non-profit organizations are also involved who provide the necessary accompanying social services for people from the target group.

Through work in the social enterprise, people from the target group gradually gain work experience, skills and intensively prepare for the transition to a free labor market. Using targeted psychosocial support, people from target group should get a job with an employer in the open labor market having completed the program (Figure 20).

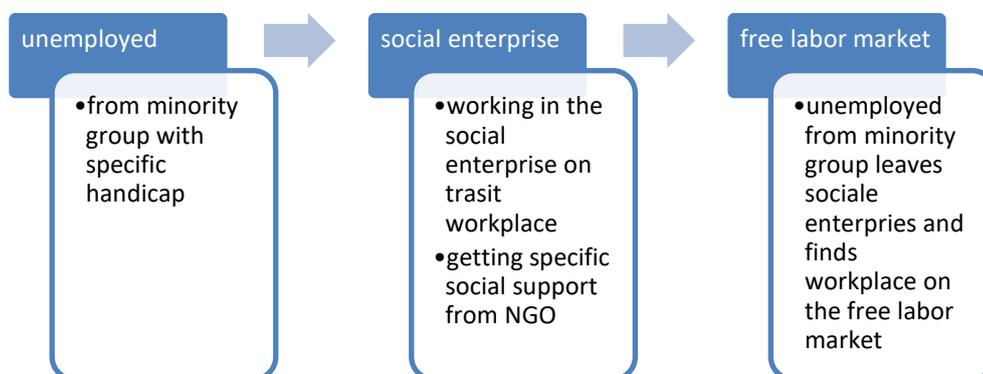


Figure 20: Process of Transit Workplaces

More information about project can be found on the website: <http://mspakt.cz/projekty/tranzitni-mista-v-socialnich-podnicich-v-moravskoslezskem-kraji/>

6.2 Social entrepreneurship in the world and their networking

There are many support and networking organizations for expanding social entrepreneurship. Some directly support the activities of individual businesses, while others support research and development in this area. This section will be devoted to several major organizations that promote social entrepreneurship in the world.

ASHOKA

Ashoka is an organization that currently networks social entrepreneurs from 93 countries from all continents and was founded by Bill Drayton in 1980. This organizations supports social innovators.

Networks

They understand social entrepreneurs as: “*individuals with innovative solutions to society’s most pressing social, cultural and environmental challenges. They are ambitious and persistent – tackling major issues and offering new ideas for systems-level change.*” (Ashoka, 2019).

THE SCHWAB FOUNDATION FOR SOCIAL ENTREPRENEURSHIP

The Schwab Foundation for Social Entrepreneurship works closely with the World Economic Forum. It was founded by the same founder, as the Forum, Klaus Schwab in 1998. Like Ashoka, it allows organizations to search by region, sector and organization type.

More information about this NGO you can find on their website: www.schwabfound.org

EMES INTERNATIONAL RESEARCH NETWORK

EMES is an international research network that brings together researchers and experts on the social economy, social business and the economy of solidarity. EMES was founded in 1996 with European ambitions. In 2019, it brought together 13 institutions and 468 researchers from around the world. In collaboration with research institutions, it also leads master's programs specializing in social entrepreneurship.

More information about this NGO can be found on their website: www.emes.net

6.3 Social entrepreneurship in the Czech Republic

At present, a social enterprise can be established in the Czech Republic as a self-employed person, a limited liability company, a joint-stock company, a cooperative, a social cooperative, an association, an institution, a foundation, a church organization or as an association of legal entities. In the Czech Republic, so far there is no legislation for social enterprises. NGOs and businesses can voluntarily apply the principles of social entrepreneurship. NGOs and businesses which fulfill these principles can be found in one of the following databases: Czech Social Entrepreneurship, TESSEA, SINEC Cluster of Social Enterprises and Innovations or P3 (People, Planet, Profit).

Czech Republic

All these organizations and databases network social enterprises from the Czech Republic that meet the principles of a common definition: “A *social enterprise is a legal entity incorporated under private law (or a part of it) or a self-employed person who meets the principles of a social enterprise. A social enterprise fulfills public benefit goals formulated in the founding documents. It emerges and develops on the concept of the so-called three-fold benefit - economic, social and environmental.*” (TESSEA, 2019). This definition was subsequently adopted by the Ministry of Labor and Social Affairs of the Czech Republic, which uses it for calls of support for social entrepreneurship.

6.3.1 PRINCIPLES OF SOCIAL ENTERPRISE

Businesses that want to be considered as social enterprises must fulfill three principles - economic, social and environmental. Further characteristics of these principles is given in the table below.

Table 2 : Principles of Social Enterprise According to TESSEA (2019)

PRINCIPLES OF SOCIAL ENTERPRISE	Social benefit	Economic benefit	Environmental and local benefits
General definition: A public benefit goal is formulated in the founding documents and implemented through specific activities.	Running an activity beneficial to a society or a specific group of (disadvantaged) people.	Profit is used preferentially for the development of a social enterprise and / or for the fulfillment of public benefit objectives.	Priority satisfaction of local community needs and local demand
	Participation of employees and members in the direction of the company	Independence (autonomy) in managerial decision-making and management by external founders or founders.	Use of local resources preferentially.
		At least the minimum share of sales of products and services in total revenues.	Taking environmental aspects of production and consumption into account.
		Ability to manage economic risks.	Social enterprise cooperation with local actors.
		Asset lock	
		Performing continuous economic activity.	
		The trend towards paid work.	

CASE STUDY – EXAMPLES OF SOCIAL ENTERPRISES



UNIKA MORAVA – PEOPLE WITH DISABILITIES

This social enterprise was founded in 2012 by the non-profit organization UnikaCentrum, whose mission is to help people with disabilities. Because one of the most valuable things for people with disabilities is to find a decent job, they decided to start this social enterprise. It is accounting company where are all employees people with disabilities.

Unika

Mission of Unika Morava

Unika Morava offers comprehensive and quality accounting services and promotes the job integration of people with disabilities, improves their position in the labor market and in society, and supports the development of the social economy.

A generally beneficial goal of Unika Morava

To create suitable and dignified jobs for people with disabilities, to develop their professional potential, to increase the prestige of people with disabilities, to fulfill the principles of social enterprise and to raise public awareness of the benefits of the social economy.

More information you can found on their website: www.unikamorava.cz

STŘECHA (THE ROOF) - HOMELESS AND PEOPLE RELEASED FROM PRISON

This is a vegan bistro and café, which is operated in Prague by the social cooperative Střecha. This business is based on three pillars. The first is social business – The people working in this business have experience of homelessness and / or persons released from prisons. In addition to employment, the company is also trying to help them in housing solutions, debt relief, etc.

Another pillar is co-operative ownership - they decide collectively on the running of the company and according to the principle of equality. Every employee could enter the cooperative after half a year in the bistro.

Example

The last pillar is veganism, which they regard as a sustainable and ecological way of eating without cruelty to animals. At the same time, they try to prove that vegan food can be done cheaply and so that it is available to everyone.

More information you can found on their website: <https://bistrostrecha.cz/>



SUMMARY OF THE CHAPTER

Social entrepreneurship is tool how to involve minority groups in the labour market when they do not want to be entrepreneurs. Social enterprises are part of the social economy along with supportive financial, advisory and educational institutions for social entrepreneurship, and non-governmental non-profit organizations. Social enterprise creates social and economic value. The difference between a social and a minority business lies primarily in the distribution of profit. There are many support and networking organizations for expanding social entrepreneurship. They are supporting individual business or research and development social entrepreneurship or social economy. In the Czech Republic, so far there is no legislation for social enterprises. NGOs and businesses can voluntarily apply the principles of social entrepreneurship. It emerges and develops on the concept of the so-called three-fold benefit – economic, social and environmental.

QUESTIONS



- 1) **Where was first definition of the social economy published?**
 - a) In the Social Economy Charter
 - b) Charter of Fundamental Rights and Freedoms
 - c) Commercial Code
- 2) **Part of the social economy are...**
 - a) Only social enterprises
 - b) Only NGOs
 - c) Social enterprises, supportive financial, advisory and educational institutions for social entrepreneurship, and non-governmental non-profit organizations
- 3) **Social entrepreneurship is ...**
 - a) Sometimes refers to as a hybrid combination of non-profit sector and business activity
 - b) When people with disabilities do business
 - c) When women do business
- 4) **Social enterprise can be defined as...**
 - a) Organizations with an explicit goal of helping the community.
 - b) NGO which do a business.
 - c) Business which do social service.
- 5) **The social enterprises create...**
 - a) Only social value
 - b) Only economic value
 - c) Social and economic value.
- 6) **The importance of social enterprises for minority groups**
 - a) Lies in the fact that it offers them a decent job that reflects their inability to secure employment in the open labour market.
 - b) Lies in the fact that social enterprises offer social services for minority groups.
 - c) Lies in the fact that social enterprises get financial support for unemployed people from minority groups.
- 7) **Workplaces in the social enterprises are**
 - a) Only permanent
 - b) Only temporary
 - c) Temporary or permanent
- 8) **What is the difference between minority and social business?**
 - a) Difference does not exist. It is same
 - b) Minority business does not fill any other social goals.
 - c) Minority business must fill social goals and must have employees from minority group.

9) In the Czech Republic ...

- a) Social Business Act exists
- b) Social enterprises should be
- c) Should fulfil three principles - economic, social and environmental.

10) What does not belong to the social principle?

- a) Running an activity beneficial to a society or a specific group.
 - b) Participation of employees and member in the direction of the company.
 - c) Dissemination of social entrepreneurship awareness
-



ANSWERS

1 a, 2 c, 3 a, 4 a, 5 c, 6 a, 7 c, 8 b, 9 c, 10 c

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SUMMARY OF THE STUDY TEXT

In this study support you have learned the basics of minority entrepreneurship and social entrepreneurship.

You have learned the basic concepts; you can define the position of minority enterprises in the economy. You have realized that minority enterprises are subjects that operate on similar principles to profitable businesses, just pursuing other goals to help disadvantaged groups on the labour market.

You have found that, like any business, it must draw up its plan, be able to present its vision and its results. You also know how to evaluate the performance of minority enterprises and are able to use your knowledge from previous business economics or accounting courses.

You are able to name the types of funding available and can, based on the examples you have in the support, build a simple business model as a starting line.

We wish you much success in your next effort!

OVERVIEW OF AVAILABLE ICONS



Study time



Key words



Study guide



Quick preview



Tutorials



To remember



Solved task



Check question



Answers



Independent task



For interested persons



Goals of the chapter



Don't forget to rest



Text guide



Summary



Definition



Case study



Theorem



Correspondence task



Questions



Other sources



Task to be considered

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