



Dean A. Shepherd
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Joakim Wincent

Entrepreneurial Responses to Chronic Adversity

The Bright, the Dark,
and the in Between

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ISBN 978-3-031-04883-8 ISBN 978-3-031-04884-5 (eBook)
<http://doi.org/10.1007/978-3-031-04884-5>

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PREFACE

Throughout their lives, people face adversity and have to respond. Whether this adversity comes as a natural disaster, an organizational crisis, or a disruptive technology, for those facing adversity, the changed conditions are generally characterized by high uncertainty and time constraints and tend to be highly consequential. These contextual attributes are also common with entrepreneurial action. Indeed, entrepreneurial responses to challenging situations appear to facilitate individuals' resilience or recovery and often help those confronting adverse events. While adversity is often thought of in terms of an *event* that captures people's attention (both that of those affected and of scholars), it can also be chronic. Chronic adversity refers to negative conditions that began long ago, continue in the present, and are unlikely to end passively (or even with modest effort) in the future. For example, chronic adversity includes enduring poverty for many people living in developing countries throughout the world, groups of people who face ongoing discrimination and prejudice, and individuals without a homeland. While the chronic nature of such adversity does not mean it cannot be resolved, many people who face chronic adversity attempt to improve their lives within their adverse contexts rather than overcoming the underlying (and, many times, institutional) constraints. In such cases, individuals can harness entrepreneurial action as a tool to improve their lives despite facing chronic adversity.

As with any tool, however, entrepreneurial action can be harnessed for both good and evil. Indeed, a person can take entrepreneurial action to overcome the chronic adversity in his or her own life but at the expense of others. Thus, in this book, we examine both the bright and dark sides of entrepreneurship in the context of chronic adversity to better capture the inherent complexity. In particular, we present and reflect on the experiences of individuals living under chronic adversity and their use of entrepreneurship as a means to deal with such adversity. We note that our choice of “bright” and “dark” indicates our normative evaluation of the outcomes of entrepreneurial action. Yes, we believe that the entrepreneurial process of trafficking women and girls into the sex industry against their wishes is bad (Chapter 6). However, our goal is not to equivocate on this “badness” but to explain how entrepreneurship’s bright and dark sides arise and unfold. Suppose we (as scholars and people) cannot fully clarify the reasoning and activities behind the bright and dark sides of entrepreneurial action. If so, we have little (or no) basis for a prescription of what can be done to improve the lives of those facing chronic adversity.

Although all the members of the authorship team have faced some difficulties in life, we have not experienced anything like the chronic adversity faced by the individuals we discuss throughout this book. This lack of direct experience may make us seem less qualified to write the current book; however, we argue that our lack of such experience offers a number of research advantages. Namely, each chapter of this book is based on a peer-reviewed inductive research study. The goal of such inductive research is to allow the data to “speak” to reveal participants’ lived experiences while minimizing researchers’ application of their personal knowledge. As such, this book does not tell our story of entrepreneurial responses to chronic adversity; rather, it is the aggregation of the entrepreneurial decisions and activities of individuals living in various contexts characterized by chronic adversity.

While each chapter of this book is based on an inductive study, we realize that most readers will be more interested in the details of these individuals’ entrepreneurial responses to chronic adversity than in the research processes used to garner these details. Thus, we do not include much information about the research methods used throughout the book. However, we do provide the source article for each chapter for readers who want additional information about sample selection, coding, analysis, and other aspects of the research method and findings. Moreover,

three chapters have additional co-authors other than the co-authors of this book. These additional co-authors contributed significantly to the original studies, and the corresponding chapters would not have been possible without them.

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Acknowledgments Dean, Vinit, and Joakim would like to thank Ali Ferguson for helping to construct the book and Marcus Ballinger for helping to publish the book.

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CHAPTER 1

Making Do with the Resources at Hand to Improve One's Life and Others' Lives

INTRODUCTION

Creative individuals can help both organizations and communities improve their performance. While Western theories of individuals' creativity in organizations tend to stress the importance of access to resources for such improvement (Bradley et al., 2011), the other side of this effect is that individuals without adequate resources are unlikely to realize the creativity needed to develop solutions and are thus destined to achieve poor performance. As an extension of this logic, people in resource-poor environments are the least able to mobilize the resources needed to formulate creative solutions, which is troublesome since these individuals are most in need of creative solutions to problems (to improve their lives). Contrasting this emphasis on resources for generating creative solutions, bricolage refers to individuals' actions to develop creative solutions in environments with resource constraints (Baker & Nelson, 2005). Indeed, as the old saying goes, "necessity is the mother of invention," but despite evidence that such actions generate creative solutions, researchers question how beneficial bricolage and the resulting solutions are for firms.

This chapter is based on Shepherd et al. (2020). For more details about this chapter's literature, methods, and analyses, we direct the reader to the source article.

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D. A. Shepherd et al., *Entrepreneurial Responses to Chronic Adversity*,
https://doi.org/10.1007/978-3-031-04884-5_1

However, in the context of resource-poor environments, the firm level of analysis may be less suitable for elucidating the benefits of individual creative problem solving. Along these lines, instead of focusing on firm growth as a beneficial outcome of creative activities, scholars investigating resource-poor areas in the East have started to call for more research on inclusive growth. These scholars argue that exclusively focusing on firm performance is not inclusive enough to capture the benefits of creative problem solving for improving the social and economic well-being of marginalized members of society (George et al., 2012). Thus, in this chapter, we go beyond traditional Western theories of firms' competitive advantage to explore how creative problem solving in resource-poor environments affects other types of performance.

To do so, we investigate outcomes of creative problem solving in the highly resource-poor context of rural India. In particular, we theorize on the outcomes stemming from an Indian cultural source of creative problem solving known as *jugaad*. *Jugaad* is a process relying on individuals' assertive defiance to engage in trial-and-error *experiential learning* so they can *recombine* at-hand resources for new purposes to devise frugal quick-fix solutions. Based on an inductive interpretive case study of individuals engaged in *jugaad*—called *jugaadus*—we build a model of how *jugaad* impacts firm and inclusive growth. While we show that *jugaad* entails a behavioral component consistent with the concept of bricolage (i.e., “making do by applying combinations of the resources at hand to new problems and opportunities” [Baker & Nelson, 2005]), we also demonstrate that *jugaad* is a broader concept in that it also comprises an attitudinal dimension (assertive defiance) and an experiential dimension.

From our investigation of the antecedents and consequences of *jugaad*, we offer two main insights into creative problem solving under resource scarcity and poverty. First, we demonstrate that *jugaad* generates a duality of outcomes—namely, *low firm growth* (i.e., minimal [if any] sustainable competitive advantage for a firm) and *high inclusive growth* (i.e., improved well-being for marginalized members of society). This insight has implications for the literature on creativity, entrepreneurship, and regional development. In particular, while scholars have recognized that solutions can be and are developed in spite of (or because of) resource constraints, many have also questioned the usefulness of these solutions for firms (Baker & Nelson, 2005). We show that although the solutions generated through *jugaad* tend to be challenging to market, scale, and protect (and are therefore unlikely to create sustainable competitive advantage

for firm growth), they do typically have a positive impact on the individuals who develop them (i.e., the *jugaadus*) and their communities. These varying outcome attributes help explain the “mixed findings” in prior research on solutions developed in resource-poor environments and stress the value of going beyond the firm level of analysis to explain this impact. Thus, by providing a deeper understanding of the East’s focus on problem solving and the subsequent effects on individual and community growth, this chapter provides a counterweight to the West’s focus on sustainable competitive advantage and its effects on firm growth. In other words, we offer a broader and more inclusive view of the impact of solutions.

Second, studies exploring inclusive growth have mainly focused on the roles multinationals, governments, and non-governmental organizations play in delivering solutions to help people living in resource-poor regions overcome their problems (Ansari et al., 2012; Khavul & Bruton, 2013). Extending this earlier, more Western line of research, in this chapter, we specifically explore *local* sources of inclusive growth and the associated implications for growth at the individual and community levels instead of exclusively (or primarily) at the firm level. Even though the creative problem-solving process of *jugaad* does not typically result in commercializable solutions, the panacea for *firm* growth, it does often lead to creative solutions that ultimately enhance community members’ lives, the basis for *inclusive* growth.

Inclusive Growth

An emerging stream of research has started to explore the notion of inclusive growth. Emphasizing the question of who benefits from innovations, this research stream investigates the extent to which innovations “improve the social and economic well-being of communities that have structurally been denied access to resources, capabilities, and opportunities” (George et al., 2012: 661)—inclusive innovations. Such inclusive innovations can include policy changes implemented by governments as well as new products, services, processes, and/or business models (typically) implemented by large, established organizations (e.g., Halme et al., 2012). When inclusive innovations like these are implemented, not only can the respective innovative organizations grow markets and generate profits (Prahalad, 2006), but the poor also become “enfranchised as customers, employees,

owners, and community members” (George et al., 2012: 662). Thus, previous research on inclusive growth has increased understanding of the intra-organizational processes driving the development of inclusive innovations and how organizations can achieve both firm growth and inclusive growth. However, we know less about how local individuals create solutions that, although not necessarily commercializable, still contribute to inclusive growth. We discuss such processes later in the chapter.

Creative Problem Solving Under Resource Scarcity

Instead of highlighting the role abundant resources play in facilitating creativity (at least for low to moderate levels of slack resources [Bradley et al., 2011]), research on bricolage has typically focused on the *behaviors* individuals undertake to overcome their environmental constraints. Bricolage refers to “making do by applying combinations of the resources at hand to new problems and opportunities” (Baker & Nelson, 2005: 333). While there are undoubtedly many benefits to bricolage, it appears that engaging in more of such behaviors may not be unambiguously positive. For instance, Baker and Nelson (2005) found that individuals who engage in bricolage for most aspects of their business operations (i.e., parallel bricolage) tend to face substantial obstacles to firm growth. Moreover, many researchers believe bricolage results in poor firm performance because it entails “making do,” which implies the resulting innovations are “second-best solutions” that are barely (or not quite) good enough to solve the corresponding problems (Lanzara, 1999: 347). Indeed, bricolage may even negatively influence firms due to (1) wasted effort from implementing a series of temporary solutions to handle complex problems, (2) lack of focus on developing more permanent (or at least more durable) solutions to problems, and (3) opportunity costs from not developing relationships with stakeholders and suppliers who could help improve firm performance (Senyard et al., 2013).

Along with bricolage, scholars have also offered *jugaad* as another source of creative problem solving in resource-constrained environments, predominately at the individual level. Since *jugaad* is both a term in a common language and an increasingly popular concept in scholarship (largely in commentaries), many definitions for the concept have arisen. Although these definitions vary slightly, they all indicate that *jugaad* entails making do with whatever resources are at hand to devise

frugal quick-fix solutions to overcome constraints (Prabhu & Jain, 2015; Rangaswamy & Densmore, 2013). In addition, scholars have argued that jugaad produces a broad set of benefits for jugaadus (e.g., customized machines and vehicles to meet their individual needs) as well as cost-efficient solutions for critical problems, including healthcare, power, and infrastructure problems (Sekhsaria, 2013).

Scholars have investigated jugaad to more fully understand “the Indian” way of solving problems, the accomplishments of prominent Indian organizations, and the leadership approaches of top management in Indian firms like Infosys and Wipro (e.g., Gulati, 2010; Hammonds, 2003). In these investigations, jugaad is often described as a native cultural asset rooted in a unique, complex, and genius approach of doing more with less in a society characterized by scarcity and is seen as an asset that could potentially be exported to other countries (Lamont, 2010). As with bricolage, many laud the benefits of jugaad; however, it too may have negative consequences. In particular, jugaad has been linked to systematic risk, dangerous solutions that breach international standards, digital piracy, and other illicit activities (Birtchnell, 2011; Rangaswamy & Densmore, 2013; Sundaram, 2010). In the areas of transportation and machinery, for example, jugaad has led to injuries and death (Husain et al., 2009) as individuals alter vehicle engines (i.e., *jugaad gadi*) to increase mileage and use kerosene in vehicles instead of gasoline, resulting in higher pollution. In addition, farmers have been accused of applying beverages like Pepsi and Coke to crops instead of pesticides. Some people even create make-shift pistols (i.e., *katta*) out of the steering bores of cars for illegal activities (Kumar, 2011). Thus, against this background, we examine how the process of jugaad and the resulting creative solutions to problems in resource-poor environments affect both firm growth and inclusive growth.

OUR CONTEXT—JUGAAD IN RURAL INDIA

This chapter is based on our study of the impact of jugaad in resource-poor environments. We decided to explore this topic in rural India because this region represents an extremely resource-poor environment. Rural India is “home to roughly one-quarter of the world’s poor (those living on less than \$1.25/day)” (Jacoby, 2016: 159), and approximately 70% of India’s total population resides there. For additional details of the sample, research method, and analysis, we refer readers to the source

article by Shepherd et al. (2020). Based on the findings of our study, in this chapter (and in the article), we present the dual-outcome model of jugaad that emerged from the data. As illustrated in Fig. 1.1, the individuals we studied lived in resource-poor environments that necessitated creative solutions. They were able to recognize salient problems in their environments, and they had in-depth knowledge of technologies but not of markets. As explained earlier, jugaad entails individuals' *assertive defiance* to engage in trial-and-error *experiential learning* so they can *recombine* available resources for new purposes to devise frugal quick-fix solutions. In our study, these jugaad solutions resulted in a duality of outcomes—namely outcomes related to both firm growth and inclusive growth. Regarding *firm growth*, the jugaad solutions created little value for the jugaadus' firms, at least when generating a sustainable competitive advantage for firm growth. Specifically, while these solutions did typically lower users' costs (a valuable outcome), the jugaadus' firms could not capture that value. Value capture was challenging mainly because the

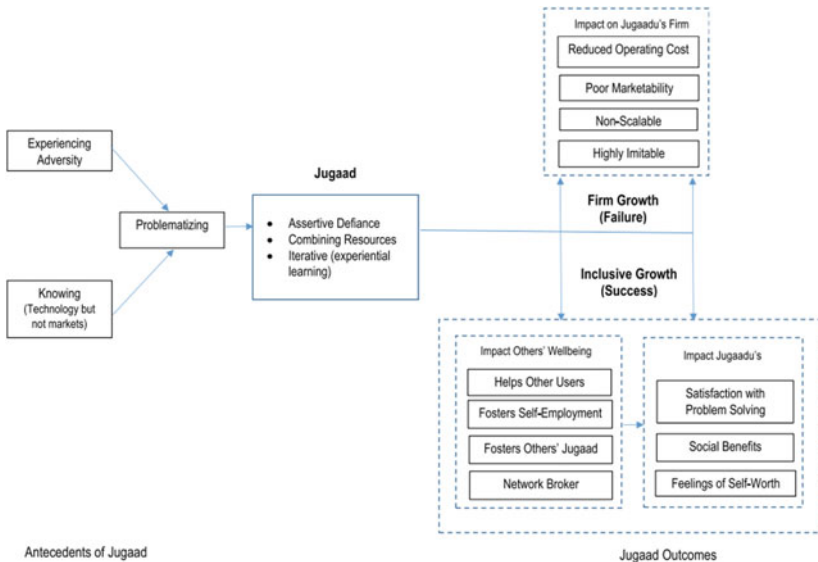


Fig. 1.1 Jugaad model of creative problem solving under resource constraints (Figure is from Shepherd et al., 2020)

jugaad solutions were difficult to commercialize: They were difficult to market, scale in terms of production, and safeguard against imitation.

Regarding inclusive growth, other individuals often benefited from imitating solutions developed by other jugaadus, including starting new businesses. These benefits for other individuals and businesses provided further value to the local community, and as a result, the community came to respect the jugaadus. In turn, the jugaadus benefited from their activities in the form of improved psychological well-being from fulfilling their intrinsic need to solve challenging problems, the ability to “do good” for others, and increased feelings of self-worth.

Stimulating Creativity: Experiencing Adversity

According to our findings, the jugaadus were embedded in an adverse environment. As explained above, rural India is characterized by significant resource constraints, which directly contribute to jugaad as a form of creative problem solving. Indeed, many of the individuals we interviewed mentioned the notion of necessity being the mother of invention. For instance, Malik, who invented an electric compost machine to cultivate mushrooms, indicated this popular belief about necessity when talking to us:

People who have money cannot make new things because they don't feel the need; they have money to satisfy their needs. People who don't have money will keep trying to fulfill their needs. The thinking of a rich man is different from us. I am a common man and not so rich. My thinking is different.

Similarly, Kotari explained, “Only if the person faces trouble sometimes... then he would learn the necessity of such things.” Verma likewise discussed his motivation for engaging in jugaad to make a production process more efficient:

In the village, people form a cooperative society. About 50 to 60 villagers are members and run such factories. The manual process was very complex—the material needed to be in 20 kg bundles, which is labor oriented. The process was tedious and long, transporting from one city to another. The ginning process, being long, used to last until the end of June when the rainy season started. This was leading to material wastage.

Drying use to take lot of time, and it was a wasteful process. For all these reasons, a speedy process was required. This is how I started the project. Money making was not the motive behind it. It should make life easy for everyone.

The jugaadus had also faced other personal hardships that seemed to push them into jugaad. For example, Sharma had health-related issues that required him to take action to remedy his situation and ultimately pushed him to develop a gas-powered three-wheel vehicle, as one of his family members explained:

First thing is he has a hearing disability. He used to drive a three-wheel rickshaw. He used to transport nine to 10 cylinders at a time, one weighing a minimum 30 kg. It used to pressure his knees tremendously. So, it was absolutely necessary to make something that will work as buying a new vehicle was not affordable.

Although we found evidence that adversity triggered jugaad, our findings do not indicate that this adversity hindered the creative problem-solving process. Indeed, only one jugaadu lamented his resource-poor environment. Singh, who developed organic fertilizers and adapted vegetable varieties, told us, “I did some experiments with cow dung fertilizers. It was successful, but due to space constraints, I could not continue it.”

From a Knowing Perspective

While the jugaadus had developed in-depth knowledge of the problems that people in their region faced and how technologies worked, they knew little about up-to-date business practices and processes. For instance, Sharma had extensive knowledge about machines and gas stoves and was thus able to solve a problem innovatively:

I used to supply gas at Prem Gas Agency. I made a vehicle, a three wheeler. I did not need to go to the petrol pump for 20 years. People used to look curiously at it. Now there are many like it, but at the time of my invention, there were none. I tried to run it on gas, and I succeeded ... in just two months. I used a domestic regulator. I can show you the photo. I used to repair gas stoves. I was a mechanic looking at the instruments to run an engine, the air and fuel it uses. I made some assumptions and tried to use

gas for it.... It worked, as in the engine started, but it did not last. I found a solution for it in one to two months. I made a knitted part, so when the engine is raised, the knitted part is adjusted accordingly.

While the jugaadus had deep knowledge about certain technologies, processes, and problems (that they either personally faced or observed), they generally lacked business knowledge, particularly of markets and marketing. For example, Saini created a remote device for operating fire-crackers, but as one of his family members noted, he was “somehow lacking business skills to make a finished product. He had done a series of innovations during his days.” Notably, most jugaadus distinguished between a person who develops a solution and a person who markets a solution. They tended to emphasize the former over the latter, believing that over time, people will realize the value of a solution, as captured by Patel: “You will use [it], and only then will you know it.” Indeed, the jugaadus’ mindset reflected the old adage that if you build a better mousetrap, the world will beat a path to your door. Patel, for instance, shared the following:

If the machine makes life easier, for example, before washing machines came, clothes were hand washed, but when you know the convenience of using a machine, you do not have to sell it. Same with this machine [Patel’s invention]; when people saw its efficiency, my business started growing.

Similarly, Kotari proudly explained,

I have not done any publicity. But, when nearby villagers saw it, two more farmers approached me and asked me to make the machine for them. After that, another four people approached me to make the machine for them. Like this, the word was spread around. People saw that it works well ... so they started approaching me.

Some of the other jugaadus continued searching for solutions that others would ultimately purchase. For instance, after some of his previous solutions failed to gain market acceptance, Panchal developed numerous additional solutions: “I made an electrical machine, which was not accepted. Then I prepared a hand-operated model, which is accepted.” Nevertheless, our findings reveal that the jugaadus cared little about markets or marketing.

To Problematize the Situation

Based on their deep knowledge of different domains, the jugaadus searched for and identified problems in various spheres. First, they sometimes identified problems from their own experiences. For example, Kataria was inspired to develop a rain-protection system due to a problem he repeatedly experienced, as one of his family members explained: “It was seen and noticed many times that our clothes get wet when it rains when we are not home. So he thought something like this should be made so that the clothes don’t get wet from the rain.” Second, the jugaadus sometimes identified problems from their family members’ or co-workers’ experiences. Jagani’s novel multi-purpose farming vehicle, for instance, was inspired by a problem he noticed for his workers in an earlier agricultural process: “See, earlier, we used to sow the groundnut, and the laborers had to carry the pump on their shoulders. So, their shoulders used to ache.” Third, the jugaadus sometimes identified problems from strangers. Gajjar exemplified this third path well—he developed numerous solutions based on strangers’ problems, including an electrical rotating drum, a cultivation machine, and a basic tong tool for home cooking. For example, when telling us about the electrical drum, he explained,

I make *nagada* [a kettle drum and bell], which people use to worship God in the temple.... Actually the kettle drum gets fixed in one place and two sticks come from the upper side and beat the drum and create sound. After two to four years, the stick beats the same area of the drum, and it becomes weak on that side. Then, they said to turn the drum, but who will go to the temple to change the location of the drum? Then, I felt that instead of turning the drum manually, it should turn automatically.... It should turn every day, so then I decided to make a drum that rotates every day.

According to our findings, the jugaadus were driven by intrinsic motivation as they seemed to enjoy identifying problems and finding solutions to them. However, prosocial motivation—“the desire to expend effort to benefit other people” regardless of whether one personally benefits or not (Grant, 2008: 50)—also seemed to drive their endeavors. Accordingly, some jugaadus were inspired to identify (and eventually solve) problems that caused substantial difficulty in others’ lives. For example, Patel was motivated to keep children from working in fields so they could go to school, so he developed a cotton-stripping machine:

I am proud that I could improve the studies of the kids in this area. The manual process that I explained to you, each kid had to do it, 2 kg, 5 kg, 7 kg. Even if he [or she] had an exam, it was compulsory. That is the reason that the education level was very poor in our area. Only one or two kids could become engineers and become successful. Otherwise, most of the kids were working in the field. Now the kids do not have to do the manual labor.... Now kids can focus on studies and become doctors, engineers, go abroad for studies. I feel proud.

Panchal, who developed a mechanical incense stick maker, went out of his way to seek contexts in which he could apply his observation skills to identify new problems that required solutions:

We get a lot of time to think like this. We wander every day to see new things. It is also about passion, which forces me to do new things. I always travel by road for this. I don't take the train usually. By road, the journey gives me a chance [to observe]. Just now, I visited Bhubaneswar by car, around 2000 km. We stop anywhere in a small village and meet different people.

Jugaad: Creative Problem Solving

Our findings of creative problem solving—jugaad—in the resource-poor environment of rural India reveal not only a behavioral dimension that is somewhat in line with the notion of bricolage but also attitudinal. Namely, the jugaadus demonstrated a particular attitude, what we labeled assertive defiance, and an orientation toward experiential learning, both of which are interlinked with and complement the behavioral dimension.

As discussed earlier, jugaad comprises a **behavioral dimension** related to *combining and recombining* readily available resources in new ways to generate solutions. In particular, our findings show that the jugaadus acted by “making do.” For example, when defining jugaad, Patel explained, “You take different ideas and make it work.” Similarly, Kataria described how the jugaadus used resources at hand: “If we need any dimension and it is not available, we have to gather that from the garbage and other places; we adjust that thing to make it work.” Moreover, the jugaadus could modify and adjust resources by combining them in new ways, as Patel indicated: “In my opinion, it's a combination of ideas” (Patel). These and similar findings about the jugaadus' behaviors align with the concept of bricolage—“making do by applying combinations of

resources at hand to new problems and opportunities” (Baker & Nelson, 2005: 333). Overall, these behaviors highlight the jugaadus’ deliberate propensity to disregard the limitations of agreed-upon definitions of resources and constraints (Baker & Nelson, 2005: 334). While the behavioral dimension of combining and recombining available resources reflects the actions involved in developing creative solutions, it does not fully capture the attitude among the jugaadus that was connected to these actions and tendencies, to which we now turn.

We called this attitudinal dimension of jugaad *assertive defiance*. As we were the first to explore and document this dimension formally, prior literature has not discussed this concept. The closest construct we were able to find was *chutzpah*, a Yiddish term used in the United States, meaning “boldness, assertiveness, to defy tradition, a willingness to demand what is due, to challenge authority, to raise eyebrows” (Dershowitz, 1992: 18). For the jugaadus, assertive defiance entailed substantial “confidence that by trying certain things you will receive desired results” (Patel) and the beliefs that “nothing is impossible.... Whatever challenges you face, you can find a way” (Singh) and that a person can “do work [find solutions] that others can’t do” (Gajjar). Thus, we define assertive defiance *as an attitude of boldness; self-belief; and disregard for tradition, conventions, rules, and regulations*.

Assertive defiance corresponds with the idea of proactiveness, which has mainly been conceptualized as a dimension of a firm’s entrepreneurial orientation (in addition to the dimensions of innovativeness and risk-taking) (Covin & Slevin, 1989) but has also been applied at the individual level (e.g., Crant, 2000). However, the assertive defiance of jugaad appears to go beyond proactiveness. Specifically, jugaadus’ propensity to defy tradition, undertake the impossible, and find a means no matter what difficulties they face all signal a mindset that is disdainful of constraints—thus, the defiance. This mindset of overlooking, sidestepping, or otherwise disregarding socially constructed constraints serves as the foundation for a different notion of resources “at hand” that enables individuals to combine and recombine available resources into unique configurations. In other words, with assertive defiance, individuals are less restricted in their thinking about what a resource is and what resources are available. Accordingly, assertive defiance helps individuals reconceptualize the amount and/or nature of at-hand resources that can be reconfigured into a new solution. Therefore, assertive defiance is an important part of jugaad because the underlying mindset facilitates a broader perspective

of existing resources and decreases (or removes) constraints on how those resources can be (re)combined and used. For these reasons, assertive defiance appears to be particularly important in resource-poor environments; however, it may not be needed (or at least not as much) in munificent environments where resources are “laying around,” and few (if any) constraints restrict how those resources can be combined and/or applied.

Along with the *behavior* of configuring available resources and the *attitude* of assertive defiance, our findings also reveal an **experiential dimension** of jugaad related to trial-and-error *learning*. Namely, the creative problem-solving process from which the jugaadus’ solutions emerged was experiential and iterative. As an example, Dharamveer, who developed a multi-purpose processing machine for small-scale farms, told us the following about his problem-solving process:

When we started making products, we came across problems.... In the first machine, there was no heater, but we used to light a fire. After that, we felt the need for a heater. I made another machine like this, and when I made a third machine, I realized that the product is still burning in the bottom. When that happens, the entire product gets ruined. After that, we started thinking on that. There was one person in Jaipur heating milk, but he was boiling water in the other. I started thinking on that. His milk was not burning, but our product was getting burnt. I started thinking about indirect heat. We were using direct heat.... Yes, and if you use indirect heat, your product will not get burnt. We made the fourth machine along these lines.

As Dharamveer’s comment illustrates, the jugaadus engaged in trial and error to learn what did and did not work so they could improve on their ideas in subsequent attempts. Indeed, prior research has recognized trial and error as a means to explore uncertain environments, but the jugaadus’ trial and error was much more local. Moreover, the jugaadus’ process added depth to their understanding of problems but did not always reveal information about the scope of these problems (i.e., how much other people also experienced problems). In other words, the jugaadus deemed the problem-solving process complete when a solution was good enough to satisfy the needs of the specific individual who inspired it, which was frequently the jugaadu him- or herself.

Furthermore, our findings show that the jugaadus’ experiential learning was enabled by their assertive defiance. That is, assertive defiance drove the jugaadus to invest the time and energy needed to engage in

the numerous rounds of trial and error essential for generating a satisfactory solution. While the assertive attitudinal aspect provided the jugaadus (over-) confidence in their ability to come up with solutions, the defiance attitudinal aspect motivated them to perform trials that tested (and went beyond) constraints imposed by others and to persevere in the face of failure (i.e., failure in terms of resource combinations that did not generate a suitable solution). Indeed, the jugaadus' assertive defiance appeared to protect them from fear of failure, which may have otherwise constrained or even ended their experiential learning activities (to minimize errors from their experiential learning). Therefore, assertive defiance drove the activities most essential for experiential learning, and experiential learning generated the feeling of personal progress, which strengthened the jugaadus' motivation and perseverance.

Our findings also reveal that experiential learning facilitated the jugaadus' ability to combine available resources. Namely, the jugaadus' trial-and-error activities led to experiential learning, which informed their subsequent attempts to combine at-hand resources to generate possible solutions to problems. By experimenting with different resource configurations, the jugaadus came to more fully understand the potential value of the resources available to them and the advantages and disadvantages of the varying solutions they developed. The deeper understanding resulting from this experiential learning helped them formulate new ideas for combining the available resources into satisfactory solutions to their problems. These findings thus indicate that people who are less able or willing to undertake experiential learning are less effective at combining resources in ways that generate satisfactory solutions.

Dual Impact of Jugaad

Firm Growth. Because jugaad leads to solutions that are economical and highly focused on current problems, it tends to benefit firms through lower production costs. For instance, Patel's jugaad solution—a cotton-stripping machine—helped him save on labor costs and time: “Today my machine has a production capacity of two tons. This machine replaces 1,000 laborers. Due to this machine, the production is over by [the] end of April, and it does not drag out until monsoon. Each ginning factory has four to five machines.” Malik and Dharamveer also told us their solutions resulted in reduced labor costs, and Jagani mentioned reduced costs associated with keeping bullocks.

While jugaad does typically reduce production costs, it does not seem to result in products (or services or processes) that can be sold in a way that benefits firms in the long term. Thus, it is not a source of sustainable competitive advantage for several reasons. First, the solutions generated from jugaad are typically not easy to market. Because jugaadus' terminate the creative problem-solving process once they generate a satisfactory solution for the focal problem (consistent with satisficing [Simon, 1955, 1956]), jugaadu solutions are typically rudimentary and incomplete. They tend to be seen as temporary and lacking durability. For example, when we asked Saini about the lack of market acceptance of his jugaad, he reported, "We tried and people also liked it, but we could not improve the product shape."

Second, jugaad solutions are not easy to scale. This issue is so universal that it seems to be linked to the notion of jugaad itself. Kataria explained, for example, "If we want to do jugaad on a larger scale and for the long term, jugaad is not successful in that case." Illustrating this scalability limitation and his belief that others have negative attitudes toward jugaad, he concluded,

Some people are against me. They say I always do jugaad, and I don't know things. Sometimes I argue with them. I tell them to make something if they have the guts. If I get financial support, I want to bring things to the market on a large scale!

Due to its experiential nature, this creative problem-solving process focuses on solving an immediate problem faced by a particular individual without concern for developing a solution for a larger group of people, not to mention a mass market (i.e., the process does not involve design thinking from the start [Dym et al., 2005]). Although these "good enough" solutions tend to solve current problems, they typically cannot be scaled efficiently.

Finally, jugaad solutions can often be imitated easily, and firms typically cannot achieve a sustainable advantage from a solution others can easily imitate. As Patel noted, for instance, his "product's design is not very complicated; they can make it after seeing it." Others believed this ease of imitation stemmed from the observable workings of the unfinished product (Kataria), problems related to filing patents (Sharma and Singh), and inadequate intellectual property protection in India (Saini). Some of the jugaadus were not particularly troubled about users imitating

their solutions. For instance, Jagani told us, “If some farmer makes such a device, I would not mind it because I am also a farmer.... How can I ask for my share from him?” However, such imitation was devastating for others. In our field notes, for instance, we noted that Sharma had “destroyed most of his work and is not very interested in jugaad anymore because his work was stolen after the NIF had filed for a patent for him. It hurt him a great deal.” Similarly, when talking about his first creative solution—a battery-operated kite reel—Panchal noted how his product had been copied soon after he first developed it. Whereas he sold the kite reel for 350 rupees, the imitators “were selling it for 200 rupees. So at first, we got [a positive market] response, but afterward, demand decreased. Approximately 10,000 pieces were in the stock that didn’t sell. We had to bear a loss.” Indeed, excluding Patel, who said he held both an American and an Indian patent, all the jugaadus described how their solutions could easily be imitated.

Overall, the jugaad solutions often resulted in an immediate (but typically temporary) reduction in production costs, but the firms did not benefit significantly from these solutions because they were not easy to market or scale, and most were easy to copy. However, although jugaad did not seem to provide clear or sustainable competitive advantages to the jugaadus’ firms, it did seem to enhance the social and economic well-being of marginalized members of society—that is, it facilitated inclusive growth.

Inclusive Growth. While (and largely because) jugaad did not lead to sustainable competitive advantages for the jugaadus’ firms, the resulting solutions did seem to help other businesses and people interested in self-employment. For instance, Sharma told us how one of his jugaad solutions helped others after a flood:

There were floods in 1985, so the candles used to cost 25–30 rupees each, and there was no food, no vegetables, no electricity due to the floods. So I opened the last nut bolt of the stove, and attached one metal pipe here, and it worked [providing light], costing only 10 rupees. I can show it to you; it’s still on my stove.

Singh also explained how his solution enabled people to “gain maximum yield with minimum water and with limited land” and how he believed he had helped “many millions [of people]; farmers, laborers.”

Furthermore, some jugaad solutions provided opportunities for other individuals to become self-employed. For instance, in our field notes, we recorded that Dharamveer “was very positive toward how his machine was empowering women and enabling them to get employment.” Similarly, Marun Mishrani, a user of Panchal’s solution, explained, “This machine provides the lower level of people with the daily bread, you know because this is their earning source.” Thus, jugaad has an indirect positive impact on communities by helping others and promoting self-employment.

Through the jugaad solutions they developed and the benefits that arose from those solutions, the jugaadus facilitated others’ engagement in jugaad and served as network brokers to develop additional solutions, perhaps even some solutions that could be commercializable. The most direct way the jugaadus helped others engage in jugaad was by teaching students, including high school students, as in the case of Jagani:

See, some boys had come to me; they had made an electronic crane. It would lift goods from one spot and place it at another spot. But it was not working. So, they approached me. I had informed the high school that any child can approach me if they require my support. So, these boys came to me. I helped them make the device operational. And then their project won the award—they also got a recognition letter. They thanked me. I said if your problem is solved, it is a good thing. See, they had made the crane all right, but the balance was missing. Other aspects were all right, but the balance was missing. So, I helped in solving the problem.

Similarly, Patel opened his workshops to teach locals with a particular focus on university students:

I’m an honorary professor at GTU [Gujarat Technical University]. I’ve been to the technology center of Baroda two times to see the projects or prototypes of engineering students.... So I find them perfect in theory ... [but] in applying that theory into practice, they need to have the eye of an innovator who sees the mechanisms and not the product. So whenever I see any product, I understand its mechanisms, and I don’t forget it. When I get an opportunity to use it, then we think of how to design it. Which mechanism can we use for this? We can combine eight to 10 types of mechanisms that are in my mind and choose the best of them.

This enabler role also went beyond helping students, with the jugaadus (e.g., Singh) also inspiring others through their actions. For example, in our field notes, we described how Dharamveer played a mentoring role and was

vocal about how his drive for innovation has also been rubbing off on others in the village. He provided many examples during the talk. When we met his friend, he [Dharamveer] acted more like a superior innovator, and the other person was very much trying to impress him.

Both the director and the operations manager of the NIF also reported that the jugaadus benefitted their communities by motivating others to develop creative solutions and linking nascent jugaadus and resource providers, such as those offering expertise, possible funding, and competition awards. Indeed, through the NIF, several more experienced jugaadus team up with novice jugaadus to help the novices reach a higher potential. Panchal, for instance, explained how he tried to help community members:

So I help such people. For their ideas, I sometimes suggest a new design. For example, there was one machine of Batis [wrapped cotton for lighting oil lamps for God] that was very big in size.... I was asked to give some advice. I suggested a compact design that can be placed on a table. So, if I find an innovative attempt that I like, I help them free of cost. I don't take credit either. It is his machine and his idea. So that person has around 2,000 such machines. So that is my nature.

In addition to providing expertise themselves, the experienced jugaadus also helped connect community members to other people who could help them. Take the case of Jagani, who helped a community member with a jugaad solution through his network: "I helped him by sending his invention to the right place.... I introduced him to the right people.... I went along with him to meet the people." Dharambeer also applied his knowledge and network to improve another person's jugaad solution:

There is one girl who had the idea that there should be a bell that rings automatically. I told her that this is a very good idea. I clicked a photo and made video of that [of the prototype]. I started discussing [it] in [the nearby] college.... I told them to make that and take expenses from me.

They made it. The bell we installed at the school, and we thought of converting it to solar power.... I told people that this girl should get a reward for that [her automatic bell]. The Minister of Haryana respected her [by acknowledging the creativity of her invention].

These examples demonstrate how the jugaad solutions helped enhance other individuals' well-being. However, the jugaadus were marginalized members of society themselves, and their solutions often improved their own well-being as well. As discussed, the jugaadus were mainly driven to undertake jugaad because they wanted to solve a problem. In line with the idea of intrinsic motivation, our findings reveal that the jugaadus experienced high levels of satisfaction from engaging in the problem-solving process, particularly—it seems—because they were embedded in a resource-poor environment. For example, Gajjar explained how the creative decision-making process offered a challenge he enjoyed solving, and Panchal told us that jugaad could consume his mind, keeping him awake at night. All of the jugaadus exhibited an obsession with generating solutions to the problems they identified, which is reflected particularly well in a statement from Patel's son about his father: "He is always in an analytical mode, reflecting on what he did right or wrong. Even when I was a child, he was not very interested in my activities but focused on his work.... He is very loyal toward his work." As these examples highlight, the jugaadus appeared to be committed to the creative problem-solving process. Moreover, jugaad helped the jugaadus achieve and maintain high levels of self-worth, as Gajjar reflected:

If we want to prove our self-superiority and want to feel proud, we should show something that others can't do, and we want to show our ability. Everybody has that ability, but they don't want to use their ability. I have so many ideas in my mind.... We need to motivate ourselves.... We have an ego.

The jugaadus also accrued social benefits from their work. Indeed, many were put in the limelight because of their creative solutions, some even being featured in the media. Our field notes revealed many instances of such reputation among the jugaadus, as the following example highlights well:

[The jugaadu] was a well-known personality in the village, and almost everyone we asked about the location of his house could tell us where it was. Also, they were not surprised to see that people from another place were visiting him. Clearly, he had many people visiting him on a regular basis.

Not only were the jugaadus well known, but they were also popular (e.g., “Everyone wants to be his friend” [a member of Malik’s village]) and well respected. As Gajjar explained, with this respect came power:

And now everyone gives me respect as I am doing well. Then we get the feeling of responsibility, and when you think about others, you get power too.... You get the power that gets transmitted from others, and it happens when others have less power of responsibility in them. They can’t do anything, and that is why they transmit their power to us.

While the jugaadus seemed to gain many social benefits from their work, they also hinted at social costs. For example, Jagani faced some doubters early on, but their doubt was eventually overcome:

See, in the beginning, they used to say that I had gone mad, but later on, when they faced a problem and I solved their problems, they came to realize the importance of my work. Today, if you ask anybody, they would say that I can solve any problem. Now, I have made a good name in Babara, in Dhasa.

Saini told us that people have different reactions to jugaadus and that an individual’s reaction,

depends on the position of the person in society. They consider them [jugaadus] different than common people. If the person is rich, they consider it [creative problem solving and its outcomes] good. If he is of the same status, they will feel jealous. And if he is poor, they will think he is mad.

Overall, our findings reveal that jugaad has a dual impact: It may not benefit firm growth, but it does provide a source of inclusive growth.

DISCUSSION

Most agree that firms need creative individuals to establish and maintain a competitive advantage (Mumford, 2000). While slack resources are frequently linked to employee creativity (Woodman et al., 1993), individuals in resource-poor environments likely need to have the highest levels of creativity in their problem solving. Indeed, this possibility has even been captured in sayings like “necessity is the mother of invention.” Although research has recognized that creative behaviors can arise under adversity, some have questioned the value of such activities (Baker & Nelson, 2005; Lanzara, 1999). Thus, the main goal of the study presented in this chapter was to clarify how the creative problem-solving process of *jugaad* in resource-poor environments impacts both the growth of *jugaadus*’ firms and inclusive growth—a duality of outcomes. While research on problem solving in resource-poor environments and on inclusive growth is rare, a deeper understanding of these topics is needed considering their importance for improving the lives of people facing chronic poverty. The findings presented in this chapter provide a basis for such a deeper understanding by revealing why *jugaad* solutions generate value beyond firms—namely, supporting inclusive growth. With this *jugaad* model of creative problem solving under resource scarcity as a foundation, future research can investigate the dual impact of creative solutions—namely, their impact on firm growth and inclusive growth.

Implications

With these findings, we make a number of contributions to the literature. To begin, the effects of *jugaad* are currently debated. Some argue that *jugaad* could itself be the solution to many of the problems in developing countries (Mantri, 2010), while others claim that not only does *jugaad* have few benefits but that the resulting solutions can be harmful (Rangaswamy & Densmore, 2013). We outlined why *jugaad* provides few benefits to firms in terms of competitive advantage for growth and how the generated solutions offer benefits for marginalized members of society in the form of inclusive growth. More specifically, we found that *jugaad* solutions contribute little toward firm growth. While they generally lower production costs (an important outcome), they lack other solution features that firms can capture and exploit to gain a competitive advantage. Indeed, for a solution to provide a sustainable competitive

advantage to a firm, it must be rare and inimitable, marketable, and scalable (Barney, 1991). However, we found that jugaad solutions are typically difficult for firms to commercialize because they are usually easy to imitate and are difficult to both market and scale.

Some have argued the need for scholars to take a more inclusive view of growth (George et al., 2012); however, we lack a strong understanding of how individuals living in resource-poor environments (locals) can contribute to inclusive growth themselves. Most management research on alleviating poverty has explored how large established firms develop innovations that benefit both the firms themselves and marginalized others (e.g., Halme et al., 2012)—namely firm growth and inclusive growth. In turn, these innovations open up markets for organizations (e.g., multi-national enterprises) and tend to benefit local entrepreneurs, local customers, and local suppliers. Similarly, solutions to eliminate poverty are said to entail both benefits to the innovative organizations that develop them and benefits to the poor (Prahalad, 2006). However, we found that although jugaad solutions often fail to contribute to firm growth (for the jugaadus), they can still substantially affect inclusive growth. In other words, firm growth and inclusive growth do not have to go hand in hand.

Likewise, research on inclusive growth has emphasized the importance of generated products and/or services being commercializable, including their design, scalability, and scope (Basu et al., 2013). However, we discovered that the creative problem-solving process of jugaad is less intentional, less “polished,” and less top down than the processes of inclusive growth described in the literature. Indeed, jugaad is often prompted by the humble desire to solve a problem in everyday life (one’s own problem or that of someone “close by”) without much consideration for the broader implications of the process. Our findings demonstrate that the jugaadus were not overly worried about the design, scale, or scope issues (for production, distribution, and so on) vital for successful commercialization. Consequently, their jugaad solutions added little (or nothing) to firm growth. However, many of the characteristics that reduced the jugaadus’ potential to grow their firms also increased inclusive growth.

Thus, while both academics and policymakers (particularly those with a Western perspective) may discount jugaad because it fails to produce a competitive advantage for firms (and thereby has little to no effect on firm growth), this scholarly view is likely overly narrow. In our study, we found that jugaad helped other businesses, created new businesses,

enabled the jugaadus to play meaningful roles in developing their communities, and improved the jugaadus' lives (at least psychologically and socially, if not financially). As such, jugaad contributed to inclusive growth by enhancing the well-being of marginalized members of society (i.e., community members [including the jugaadus] in resource-poor rural India). While our findings are exploratory and thus necessitate further theorizing and empirical testing, they illustrate the potential contributions that will emerge from future research on the creative problem-solving processes used in resource-poor regions throughout the world and their dual impact—namely their impact on both competitive growth and inclusive growth.

In particular, we found that jugaad improved the jugaadus' well-being. Due to the adverse conditions they faced, the jugaadus were especially driven to use their in-depth knowledge of technology (e.g., engines) and processes to solve the problems identified. They greatly enjoyed the challenge of solving difficult problems without having access to abundant resources. Moreover, jugaad enhanced these individuals' psychological well-being by meeting their psychological needs. Jugaad also led to increased business growth, but not necessarily of the jugaadus' own businesses. Namely, jugaad facilitated other businesses in overcoming problems and becoming more efficient, and it also contributed to how new businesses were created. Thus, while protecting intellectual property is important to attain competitive firm growth, the jugaadus' inability or reluctance to protect the intellectual property of generated solutions served as a basis for inclusive growth (rather than commercializable solutions for firm growth). In addition, we found that jugaad positively impacted communities. In a place where most individuals (if not all) lived under some form of adversity, the jugaadus were a source of community pride, of knowledge and skills that could be shared and nurtured, and of social connections. Overall, jugaad was a prosocial mechanism whereby the jugaadus could aid other community members.

Based on our findings, we argue that combining and recombining available resources is a key dimension of jugaad. Thus, it is useful to clarify the ways jugaad appears to be both similar to and different from current descriptions of bricolage. Namely, jugaad comprises more than the behavior of bricolage—it also includes an attitudinal and an experiential dimension. Indeed, in adverse environments, bricolage requires that individuals question or disregard preconceived constraints (Baker &

Nelson, 2005; Senyard et al., 2014). Thus, it stands to reason that individuals who challenge established rules and constraints (i.e., the status quo) are seen by others and themselves as having an attitude of assertive defiance. With jugaad, the behavior of combining and recombining at-hand resources and the attitude of assertive defiance are mutually reinforcing. Therefore, future research at the individual level of analysis can explore whether the assertive defiance dimension of jugaad also underlies bricolage. Furthermore, jugaad appears to be more social than current conceptualizations of bricolage. In our study, the social aspect of jugaad was evident in the jugaadus' desires to help others by providing solutions to their problems, positively impact other businesses, enhancing interpersonal learning, and facilitating connections to aid others' jugaad. Thus, in resource-poor rural India, a context characterized by adversity, jugaad is driven by and has social (including prosocial) implications.

Organizations that provide developmental support and non-governmental organizations, such as the NIF, aim to promote innovation—namely creative solutions that can be converted into competitive products or services to contribute to firm growth. For the reasons outlined throughout this chapter, these organizations have realized that jugaad leads to poor results in developing commercially viable products. However, the findings from our study imply that jugaad solutions should be evaluated in terms of their contributions to inclusive growth as opposed to firm growth. Thus, we encourage these organizations to consider redirecting their efforts toward helping individuals focus on local social problems and develop jugaad solutions that help themselves, other firms, and community members without requiring them to also generate commercially viable products or services. Indeed, the jugaadus in this study were eager to help others through their creative endeavors and mentor and teach others. Thus, while jugaad has minimal (if any) impact on firm growth, government, and non-governmental organizations have the chance to promote jugaad by encouraging locals to develop creative solutions to local problems with the limited resources at hand, which can, in turn, result in positive, although often under-appreciated, outcomes.

Accordingly, we recommend that these government and non-governmental organizations expand their notion of what characterizes successful creative solutions to problems to incorporate dimensions of inclusive growth and avoid devaluing (or stigmatizing) people who engage in jugaad because these individuals contribute to their communities in important ways. These organizations can even promote and

legitimize jugaad by sharing stories of how jugaadus have solved local problems in their communities with limited means. By celebrating individuals' jugaad solutions in this way, organizations can build a culture founded on understanding others' problems, acting to generate solutions to these problems, and creating a stronger sense of community. More generally, focusing on how jugaad solutions support inclusive growth could also increase expectations that other innovations (including commercializable products and services) should also contribute to inclusive growth.

Moreover, research has discussed governments' attempts to "force" Western organizations to contribute to community development in India by mandating larger companies to engage in corporate social responsibility (CSR) activities (under the Company Act 2013) (McWilliams & Siegel, 2001). In particular, Western organizations in India must legally invest 2% of their profits in CSR activities to support the country's development, which means that Western companies are substantial investors in CSR in India. As such, our findings could have an important implication by highlighting the potential of a new type of CSR program focusing on individuals who engage jugaad to improve local conditions for their communities. These organizations' financial and business knowledge could serve as a new set of "at-hand" resources for jugaad and/or provide a foundation for creative problem-solving processes resulting in commercializable outcomes. If CSR can facilitate "local" creative problem solving, investments in such programs could help India (and the communities therein) benefit more from jugaad by enabling individuals to develop disruptive innovations that directly or indirectly help overcome poverty and improve people's living conditions. On the other side of this scenario, by interacting more with people who engage in jugaad, large Western organizations can learn more about being innovative and creative with limited resources. While beyond the scope of our study, we expect that most companies would be very interested in learning about frugal innovation as they confront increased competition and shrinking research and development budgets.

Conclusion

Due to the pervasiveness of and the adversity from poverty and the barriers outsiders face to solve this problem, understanding how locals can operate in their environments to change them has become critical.

This chapter highlights that jugaad is one way for locals to creatively solve problems in resource-poor environments. Our findings and inducted jugaad model shed light on the nature, mechanisms, and dual impact (inclusive growth versus competitive growth) of jugaad as a creative problem-solving process under resource scarcity, thereby providing a basis for understanding creative problem solving in resource-poor environments in general and jugaad in rural India more specifically.

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Entrepreneurs Alleviating Poverty Through Educating Their Children

INTRODUCTION

Across the world, people are increasingly living in highly adverse environments. For instance, in 2000, around 760 million people lived in slums. Now, more than 863 million people are estimated to live in slums—neighborhoods that are so poor that residents lack access to safe water, sanitation, and other infrastructure and endure poorly constructed housing, overcrowding, and insecure residential status (United Nations Human Settlements Programme, 2003). Based on current reports, between 24 and 26.7% of India’s urban population lives in these impoverished communities, representing the largest population living in slums worldwide (Agarwal, 2011). In Delhi alone, 9.84 million people—approximately half the city’s population—lived in slums as of 2011 (Agarwal, 2011). Those living in Indian slums generally make less than USD 16 per month, are illiterate or semi-literate, and are employed in low-skilled (and typically stigmatized) work (Banerjee et al., 2016; Subbaraman et al., 2014).

This chapter is based on Shepherd et al. (2021). Readers interested in more detail about the source literature, research method, and analyses are directed to this research article.

Such poverty often manifests in an individual's (or a group's) income, living standards, and education. Impoverished individuals are likely to experience cognitive difficulties, socio-emotional problems, and poor health, and their children are also likely to suffer psychological, social, and physical problems (Hair et al., 2015; Pillay-van Wyk & Bradshaw, 2017). People living in poverty also tend to reside in disadvantaged neighborhoods, which can lower their well-being even more, including worsening their health outcomes (Andersen et al., 2018; Pendall et al., 2016). The self-reinforcing nature of this context—namely, low income embedded in disadvantaged neighborhoods—sets a grim scene as there seems to be minimal potential for a person to escape poverty.

A recent stream of research has begun to explore the role of entrepreneurial action in alleviating poverty. In a comprehensive review, Sutter et al. (2019) outlined three underlying perspectives of this research: (1) entrepreneurship as remediation to alleviate poverty, capturing studies exploring individuals' entrepreneurial action to deal with immediate resource issues; (2) entrepreneurship as reform to alleviate poverty, capturing studies focusing on "actions leading to substantial and institutional change" that enables inclusion; and (3) entrepreneurship as a revolution to alleviate poverty, capturing studies investigating entrepreneurial action that challenges broken systems to institute new means of organizing to create more equitable societies.

Sutter and colleagues' (2019) review of entrepreneurship research on alleviating poverty reveals what is known about the topic and the gaps in current understanding. In particular, there is a gap between the short-term outcomes at the individual level from entrepreneurship as *remediation* and the large-scale impact of institutional change in the *reform* perspective and the system change in the *revolution* perspective. For people living in slums who find it onerous to realize remediation for themselves and deem institutional change beyond their means, this gap in knowledge about alleviating poverty represents a possible "sweet spot" for the agentic behaviors they need to undertake to "lift" the next generation of their families out of poverty.

Moreover, research on status attainment by immigrants provides an additional perspective for understanding the approaches individuals take to achieve economic mobility. According to Feliciano and Lanuza's (2017) status-attainment model, many immigrant parents teach their children the importance of educational aspirations for improving one's socio-economic status. While the economic mobility of individuals living

in a new country (immigrants) and that of individuals living in extreme poverty are different (e.g., immigrant parents are typically very educated and thus serve as positive role models for their children, whereas parents who live and work in slums do not have such education), parental expectations regarding the importance of their children's education for socio-economic mobility may be similar among these two groups. Therefore, in this chapter, we explore the outcomes of entrepreneurial action taken by individuals who live in extreme poverty and, in particular, their opinions about how entrepreneurial action can alleviate poverty and their expectations for their children's educational attainment (if any).

Due to our interest in both entrepreneurial action and poverty alleviation, in the study underlying this chapter, we interviewed entrepreneurs (and employees) of businesses located in the slums of India, their customers, and their adult family members, as well as employees of non-governmental organizations (NGOs) working to improve the living conditions in urban slums. In addition, we interviewed entrepreneurial parents living in slums, their children's teachers, and business people who have hired people living in slums. All of these interviews were conducted in and around the slums of Mumbai and Delhi. For further details on sample selection, research method, and analysis, see Shepherd et al. (2021).

In reporting on this study, the current chapter provides three primary insights into entrepreneurship under conditions of chronic adversity. First, entrepreneurship research on poverty alleviation has focused on entrepreneurial action as either individuals' responses to *immediate* resource issues (i.e., remediation perspective [Sutter et al., 2019]) or the enactment of longer-term change in the surrounding institutions (i.e., reform perspective [Sutter et al., 2019]) and/or in the "underlying capitalist-based assumptions of business" (i.e., revolution perspective [Sutter et al., 2019]). In this chapter, we present a model of slum entrepreneurs' poverty alleviation centering around their children's education. Compared to the three entrepreneurship perspectives highlighted above, the slum entrepreneurs' approach entailed a longer-term horizon for poverty alleviation than the remediation perspective, and its scale of change was less extreme than both the reform and revolution perspectives. These entrepreneurs believed that business success would alleviate extreme poverty for future generations of their families by enabling their children to obtain an education and recognizing the

challenges of doing so. For example, the slum context is a double-edged sword for entrepreneurs' aspirations: on one side, it produces a strong community that enables business success, yet on the other side, it increases the risk of health problems that hinder business success.

Second, the notion of necessity entrepreneurship refers to how people are pushed into entrepreneurship due to a lack of resources to pursue other employment and/or opportunities (Hessels et al., 2008). People who live in poverty usually lack an education, making them particularly likely to engage in necessity-based entrepreneurship (Acs, 2006). Indeed, based on their review of this literature, Dencker and colleagues (2019: 6) concluded that the "vast majority of research in this realm has focused on the antecedents of necessity entrepreneurship." Hence, there is scant "research on outcomes of necessity entrepreneurship in impoverished settings—where individuals are in dire need of employment opportunities and sustainable livelihoods." The current chapter extends the limited research on the direct outcomes of necessity entrepreneurship by reporting how individuals who engage in necessity entrepreneurship seek outcomes not for themselves but their future generations. These entrepreneurs appear to believe that overcoming poverty will take extended effort (i.e., across family generations). Thus, although necessity entrepreneurship is frequently disparaged for not producing substantial benefits (Welter et al., 2017), we show that—at least from entrepreneurs' point of view—a longer time horizon needs to be considered to fully capture the benefits of these individuals' entrepreneurial endeavors for others. In other words, researchers should begin to measure the success of entrepreneurial endeavors in adverse contexts (e.g., those with extreme poverty) using metrics that are important to the entrepreneurs in these contexts.

Third, people who live in poverty are at high risk of suffering poor health outcomes, as are their children (Morris et al., 2017; Pillayvan Wyk & Bradshaw, 2017). Indeed, health was a common theme in our model of slum entrepreneurs' poverty alleviation. Most of the entrepreneurs we studied were pushed into entrepreneurship due to their parents' poor health, reflecting the reality that if a slum entrepreneur's health declines too far before his or her children have been sufficiently educated, the children will have no choice but to leave school to earn money for the family, thereby ending the entrepreneur's aspirations. However, we also highlight a paradox for slum entrepreneurs: one reason these individuals want their families to leave slums (including the sources

of health problems in slums) may be the very thing (poor health) that keeps their children there. Thus, our research demonstrates how health is a salient aspect of escaping poverty.

Finally, while parents can act as role models who increase their children's intentions to become entrepreneurs, we highlight the other side of this role-model effect. Namely, parent entrepreneurs who live in slums act as counterfactual role models: they become entrepreneurs to ensure their children do not have to become entrepreneurs and to realize their aspiration for their children to leave the slum. In turn, the children of slum entrepreneurs mirror the effectiveness of this counterfactual role-model approach via their expressed motivation to become educated so they do not have to engage in entrepreneurship (like their parents) and can move away from the slum (where their parents live) to build a better life (than their parents' lives).

Poverty as Context

Individuals who live in poverty have severely limited “access to material and social resources and goods” as well as diminished “rank or prestige in relation to others” (Matthews & Gallo, 2011: 504). Moreover, poverty can lead to decreased cognitive attainment, reduced social capital, and various health issues (Hackman & Farah, 2009; Pillay-van Wyk & Bradshaw, 2017). Poverty among parents can also bring about a host of problems for their children, including low academic achievement, psychological problems, and physical complications (Matthews & Gallo, 2011). These negative consequences of poverty emerge through various mechanisms, including inadequate access to health care, lack of cognitively stimulating materials and experiences, insufficient parental role models, ineffectual teaching processes, and role models with unhealthy lifestyles (Bradley & Corwyn, 2002; Phillips & Shonkoff, 2000; Sood et al., 2014).

Furthermore, impoverished neighborhoods influence those living within them beyond these individuals' level of poverty. In particular, “poor” neighborhoods generally consist of dilapidated, crowded housing (Marmot, 1999), which has been associated with decreased cognitive performance and diminished mental and physical health (Evans et al., 1999; Martens et al., 2014). Furthermore, these neighborhoods are typically characterized by high levels of violence and environmental hazards and residents who engage in harmful lifestyle behaviors, such as smoking, drinking, and using drugs (Bradley & Corwyn, 2002; Harrell et al.,

1998). Moreover, the social capital in these neighborhoods is usually low, manifesting as weakened trust among community members, decreased social support at the community level, and communities with low collective efficacy (Chen & Miller, 2013; Matthews & Gallo, 2011). Due to these influences, impoverished neighborhoods often have weak communities such that community members are unwilling to aid others and provide opportunities, reluctant to support shared community goals, and disinclined to reinforce social order (Chen & Miller, 2013; Sampson et al., 1997). While this literature paints a bleak picture for low-income individuals who have few opportunities to reside anywhere but in such neighborhoods, we offer some hope for entrepreneurs who face poverty and live in these disadvantaged areas (as discussed below).

Entrepreneurship and Poverty Alleviation

A growing research stream has explored the connection between entrepreneurship and poverty alleviation. In their recent review of more than 200 articles on this topic, Sutter et al. (2019) broke this literature into three categories reflecting different perspectives: remediation, reform, and revolutionary. Somewhere between the remediation perspective's shorter-term approach and the more extreme changes proposed in the reformative and revolutionary perspectives, we propose a less radical medium-term approach to alleviating poverty through entrepreneurship.

Moreover, research has frequently explored entrepreneurship in the poverty context through the lens of necessity entrepreneurship. Necessity entrepreneurship refers to when people start a new business because they "lack alternative employment opportunities" (Block et al., 2015: 38)—that is, they are essentially pushed into entrepreneurship. The converse type of entrepreneurship is opportunity-based entrepreneurship, or when individuals are pulled into entrepreneurship and make "an active choice to start a new enterprise based on the perception that an unexpected and under-exploited opportunity exists" (Acs, 2006: 97).

The research on necessity entrepreneurship has provided a deeper understanding of a widespread form of entrepreneurship, particularly in developing areas of the world; however, it has several limitations. First, a substantial body of research exists on the antecedents of necessity-based entrepreneurship, but little work has explored the outcomes of this type of entrepreneurship (Dencker et al., 2019). Of the few studies

focusing on these outcomes, none have directly explored poverty alleviation as an outcome (because they did not intend to). For instance, Tobias et al. (2013) investigated necessity entrepreneurs' quality of life. Second, scholars have frequently disparaged necessity entrepreneurship for not having a substantial impact even though it can be a step toward creating a high-impact business (Welter et al., 2017). Finally, a significant amount of research in this area has explored the dichotomy between necessity-based and opportunity-based entrepreneurship, thereby focusing scholarly attention on the push factors of the former and the pull factors of the latter (van der Zwan et al., 2016). However, some individuals may be both pulled and pushed into entrepreneurship.

Therefore, in this chapter, we focus on the outcomes of entrepreneurial action taken by individuals living in extreme poverty. In particular, we explore these entrepreneurs' beliefs about how their entrepreneurial action can alleviate poverty and the role of their expectations for their children's educational attainment in doing so. Our research setting is founders who run their own businesses in Indian slums. We justify the sample and explain the method and analysis in Shepherd et al. (2021).

A Slum Entrepreneurship Approach to Alleviating Poverty

Figure 2.1 outlines the slum entrepreneurship approach we identified in our study. Our model of slum entrepreneurs suggests that these individuals are extremely driven to achieve business success as a way to alleviate poverty. Their goal is not to alleviate poverty for themselves, however, but to do so for their future family generations by enabling their children to obtain an education (Shepherd et al., 2021). For slum entrepreneurs, business success is defined as their children's success at school, emphasizing these entrepreneurs' strong conviction that their children's ability to obtain a high-quality education is key to enabling them to move out of the slum and into a better neighborhood. In particular, with a good education, slum entrepreneurs' children are more likely to get a stable job (i.e., unlike their parents' entrepreneurial endeavors) and potentially marry into a higher-status family, ultimately enabling them (and thus future family generations) to improve their lives (i.e., by moving out of the slum where they and their parents live and avoiding the same difficulties as their parents). While the adverse conditions in slums can hinder business success by negatively impacting entrepreneurs' health, these conditions can facilitate business success by building a strong slum community. We now develop each aspect of this model.

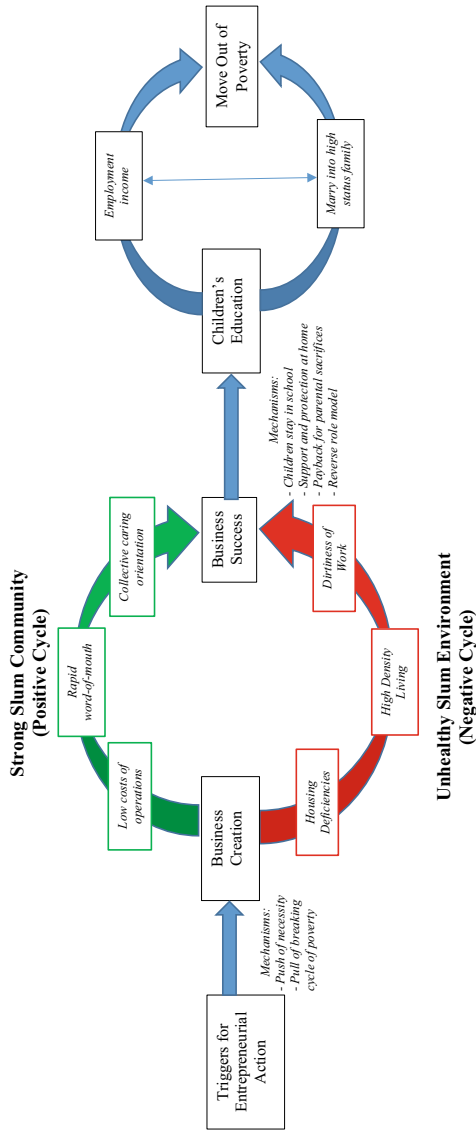


Fig. 2.1 A model of slum entrepreneurs' alleviation of poverty (this figure is from Shepherd et al. [2021])

The Purpose of Slum Entrepreneurship: Sacrificing the Self for One's Children

All of the slum entrepreneurs in our study were facing challenging conditions and circumstances in their lives when they started their businesses. For instance, Vadekar reported, “Many were farmers but came here [the slum] because they were not obtaining sufficient food, and they were not able to earn money in their villages. They come to the city in search of earning a living.” After settling in the slum, many of these individuals had trouble finding traditional employment and instead started businesses relying on skills they learned from family members. These entrepreneurs appeared to put little consideration into the future of their businesses but rather focused on the immediate need to keep operations going. For example, reflecting on his plans for the future, Punja told us, “Right now, I am involved in this business, and I have not planned anything apart from this.” We then asked where he saw himself in five years, to which he responded, “I have not thought about it yet.” When these entrepreneurs did reflect on the future, they tended to talk about specific business needs (e.g., how to open the shop earlier [Goyal]) or general aspirations about one day residing in a building (e.g., an apartment outside the slum [Sarkar, Gopal]). These entrepreneurs only tangentially referenced one personal benefit from running a successful business—positive relationships within the slum community.

However, we soon realized that for these entrepreneurs, deriving personal benefits from business success was secondary to providing a basis for their children’s future success. For instance, Aditya’s reply to our questions about the future of his business is indicative of the entrepreneurs’ focus on their children: “I want my kids to have a good education, and after providing them that, I want to marry them [off]. That’s it. Then retirement.” Similarly, in our field notes from our visit and interview with Bajpai, we recorded that “he wants to give his children a good education. He thinks that everything will fall into place when they [his children] grow.” Panda explained that he told his children, “Whatever you want, I can give you. Just study,” and our field notes on Vadekar noted that “he wants to give a good education to his children.... He [stated with pride and some envy] that his brother’s kids are software engineers.” Likewise, Vadekar was thankful for his position in life and hopeful about his children’s future: “I was illiterate. But now we have come to this society, and from God’s grace, we have started educating our children... and

move forward toward a better life.... I have given them a better way of life, so they are in love with books.” Additionally, Kumar explained that he wanted “a reputable job for him [his son] because in this work [in Kumar’s business], there are lots of risk factors and tensions.”

As these quotes illustrate, for all the slum entrepreneurs in our study, business success meant providing an education for their children to secure a good job and move away from the slum. There appear to be four primary sources of the entrepreneurs’ motivation to educate their children, which we refer to as slum entrepreneurs’ motivational mechanisms for entrepreneurial action.

First, *slum entrepreneurs tend to be uneducated themselves, largely due to their parent’s death or injury and/or a lack of parental emphasis on education*. For instance, Vadekar described his own education and his desire for a better path for his children: “I completed my 10th grade at a municipality school. But the main reason for attending school was that they gave us free food.” Our field notes on Vadekar also noted that “he left school because they [his parents] were unaware of the importance of education, and they were not educated.”

Second, *because they are relatively uneducated, people who live in slums have few alternatives to becoming entrepreneurs (or finding low-paying employment)*. For example, Kumar told us the following:

[My] financial condition was not that good. We lived in a small slum, and we didn’t have much money. I completed my studies from a government school, and at that time, government school children were not good enough [for many employers]. And after the completion of my study, I didn’t get any good employment opportunities. So, I started my own business because, from my point of view, it’s better than being unemployed.

The slum entrepreneurs did not complain about their lives, but they did convey they had faced many hardships, which drove them to ensure their children would not have to do the same (e.g., Sarkar, Vadekar, Bajpai, Gopal). Indeed, they hoped their children could escape such hardships by obtaining a good education. For instance, when we asked Venkata whether his son would join him in his business, he vehemently replied,

No! I do not want him to join this work with me. I have never even imagined getting him into this line of work. I always wanted him to study well and become a better person than me. He should also work on computers as well because nothing can be done without education and computers.

Third, *although living and working in a slum does provide some personal benefits, slum entrepreneurs aspire for their children to live outside such neighborhoods when they are adults*. For example, Sarkar believed that a strong education would provide a promising pathway for her children to secure a higher-status marriage and thus transition out of the slum: “[I do not give much thought] about getting them [her daughters] married. Making them well educated means that this [a good marriage] will not be a problem. It is better to spend on their education [than a dowry]; their future will be better.”

Finally, *slum entrepreneurs believe their children’s education is key to breaking the cycle of family poverty*. Harish, for instance, explained that her son was studying at an international school and living in a hostel nearby, which was allowing him to

get [access and exposure] to the best society. He gets high status and interacts with high-class people. There is no future for him in this slum; people are not well educated or well behaved here. If he lives here, then he will only interact with such kinds of people. This is why I decided to send him to the hostel so now he can interact with high-class people, and he will get good health.... [The problem is that] his school fees are 5.5 Lak Rs [USD 8,525] per annum, so I can’t send all my three children there.

Thus, the slum entrepreneurs harnessed their business success to achieve their primary goal of educating their children, enabling them to secure employment or marry, move out of the slum, and ultimately live better lives (*vis-à-vis* if they had stayed in the slum). In other words, for these entrepreneurs, education is the first step toward alleviating poverty for the next family generation (and hopefully beyond).

Slum Conditions Creating Strong (Not Weak) Communities

The slum entrepreneurs relied heavily on the local community to help their businesses and increase their children’s likelihood of obtaining a good education. In other words, although living in a slum presented some challenges, such as noise (e.g., Kumar) and perhaps crime and anti-social behavior, operating a business in a slum seemed to be advantageous. Indeed, a common theme in our findings underlying successful slum

entrepreneurship was the strength of the community. Perhaps surprisingly, this community strength appeared to be developed, nurtured, and maintained by the slum's harsh living conditions. We uncovered three mechanisms that help clarify how slum conditions facilitate the development of a strong community.

First, *the poor-quality housing and infrastructure in slums encourage interaction and cooperation among residents, which help develop a strong community*. For instance, some of the slum entrepreneurs mentioned problems with the water supply (e.g., one tap per five dwellings [Malik] or water delivery at a specific location and time each day [Bajpai]) and with access to toilets in their slums. Indeed, an NGO worker, Efraha, told us that people living in slums typically

have difficulties, like they don't have washrooms for taking a bath, and there are no toilets; there is a pit. And at the same place, men are taking a bath, women are getting water from a tap, and [other women] are taking a bath, all at the same place.

Although some slums do have toilets, they are shared by many individuals and are insufficiently maintained (e.g., Punja, Adhya). Thus, sharing water and toilets (or pits instead of toilets) essentially forces slum residents to interact and cooperate daily, thereby building and maintaining a strong sense of community.

Second, *the small-size, high-density housing in slums necessitates interaction, information transfer, and cooperation among residents, which help build a strong community*. For instance, NGO worker Efraha explained these conditions and the resulting information transfer in a rather graphic way:

There was a newly married woman at home, and a 14-year-old girl [who also lives in the home] is watching the newlywed couple spend their first night together. Even the people living in the surrounding homes know [about the married couple's first night] as a lot of people are in a small place.

However, the entrepreneurs we talked to seemed to find comfort in their living conditions compared to wealthier neighborhoods. For instance, Ayyar reported,

In a slum, if anyone has an accident, then everyone will get to know about it. People in buildings [outside the slum] mind their own business. It is very joyful to live in a slum. If you want to live joyfully, then you should live in a slum.

Finally, *for the reasons outlined above, slum entrepreneurs believe their fellow residents care about them.* Limbu, for instance, was thinking about moving to a building (outside the slum) but seemed to be hesitant about the possible move due to the caring nature of the slum:

The environment of my slum is very friendly. If you open the door of your house, you will see that the doors of all the other houses are open all the time. In a flat [an apartment outside the slum], everybody prefers to close the door, and children play inside, and wives work inside. But in the slum, we have the toilet and everything outside the house. In our neighborhood, there are South Indian and Gujarati families. If we need to go somewhere in the middle of the night, we leave our children in the house alone, and I ask my neighbors to take care of my children. Then I don't have tension, and they will come and sit in my house or their children will come and play with my children. Their door will be open until we come back home. When we say we are back, then they will go to sleep.

Likewise, Kumar remarked that “the atmosphere in the slum is a friendly atmosphere.” Overall, the people residing in slums generally seem to live in harmony and support each other, as indicated by Sirasikar’s response when asked whether his community would help if he had a problem: “Yes, they will come and help you.” Moreover, the slum entrepreneurs frequently contrasted their communities with the lack of communities in wealthier neighborhoods (e.g., in apartment buildings), highlighting the connection and caring among those living in slums. Harish explained, for instance,

If you were living in a building, other people around you will not bother you, but here [in the slum], if other people don't see you for some time, they enquire about you. You get to know about the surrounding area, which is not possible in a building [outside the slum].

Raj similarly reflected on how in his neighborhood, “everyone meets to share their happiness and sadness... [and] neighbors cooperate a lot.”

Therefore, the adverse conditions in slums appear to promote a strong sense of community, stable and far-reaching connections (at least between people in a neighborhood), and a caring community orientation. While the slum entrepreneurs we studied felt the adverse conditions in their neighborhoods constrained their business growth to an extent, they also believed that the strong sense of community and other attributes of their slums had a largely positive impact on their businesses, to which we now turn.

Slum Communities Facilitating Entrepreneurial Success

Our findings shed light on how harsh slum conditions can help entrepreneurs build and maintain successful businesses. First, *slum conditions reduce business costs for entrepreneurs operating within their bounds*. Several of the slum entrepreneurs we interviewed outlined how their businesses were interconnected with both their communities and their housing situations. For example, although their dwellings were small (e.g., 10 × 10 m [Vaknis], 10 × 12 m [Kumar], 10 × 15 m [Kayal]), the entrepreneurs' homes served as places to both live and work. Reflecting this dual purpose, in our field notes, we noted that Chetti “had a slum [dwelling] with two floors, so those girls [workers] used to sit on the ground floor and work.” Similarly, while touring Vaknis's house, we remarked, “So you have divided the place—half of it is for ironing the clothes, and half of it is for living there,” to which Vaknis responded, “Yes.” Using their homes for both work and home life was especially convenient for the entrepreneurs as they typically worked long hours (more than 14 h per day in most cases). Living and operating a business in a slum also lessened other business costs. Narayan, for instance, told us the following:

It is very easy to start businesses in a slum because the electric cost is at a minimum there. If you set up a business somewhere else, you have to get a commercial meter first. In the slums, you can also get cheap laborers. So, there are lots of differences [between running a business inside and outside a slum].

Second, *the extensive and deep social networks in slum communities enable word-of-mouth recommendations and rapid information sharing, thereby facilitating business success*. For the entrepreneurs we studied,

rapid information dissemination between slum residents seemed to eliminate the need for more formal—and typically more expensive—communication strategies. Namely, if a business in a slum is viewed positively, people will know about it and will want to buy from and/or work for it. The slum entrepreneurs appeared to highly regard this respect from their communities. For instance, Raj explained the importance of reputation within his slum well:

Everyone was very supportive. When we are good and honest, everyone is good and honest. When we are bad, the whole world seems to be bad to us. If I give respect when I am talking to you, you will also give me respect, but if I don't, you will also not respect me.

In sum, due to this rapid word of mouth in slums, businesses do not have to put much effort into marketing their products/services. The community support offered within neighborhoods decreases the costs of running a business.

Slums and Entrepreneurs' Health

While running a business in a slum appears to facilitate business success through a strong community, lower operating costs and rapid information sharing, the harsh conditions of slums also have downsides. In particular, living and working in a slum can negatively impact entrepreneurs' health, preventing them from realizing business success and achieving the underlying goal of that success—namely, enabling their children to obtain a good education. Indeed, we found that poor health affected the slum entrepreneurs' lives in a number of ways.

First, others' poor health hampered the slum entrepreneurs' own education in their younger years as many of them were forced to leave school early due to their fathers' failed health and the subsequent need to provide for their families. Second, while the high-density housing in the slums helped build a strong community, it also added to the entrepreneurs' risk of developing health problems from unhygienic living conditions (e.g., limited access to both toilets and clean water); exposure to harmful behaviors, such as smoking and drinking; hazardous working conditions (e.g., cleaning hospital waste, including needles [Vadekar]); violence (Sirasikar); and so on.

Interestingly, although the slum entrepreneurs recognized how their own fathers' poor health contributed to their lower education and necessity to live in a slum, they did not discuss how their own health problems could impede their ability to provide their children a means to escape extreme poverty. We note that recent changes in Indian slums have improved access to electrical power, toilets, and clean water, which may have lessened the likelihood of health problems for those living in these areas, including the entrepreneurs in our study. Nevertheless, when individuals face health problems, the outcomes are often severe. For example, one informant explained, "If you are from a slum and need medical support, governmental support is not present. Some NGOs visit us and give vaccinations, but it's common that people get sick and need to be in the hospital." Indeed, as an NGO worker, Accion, indicated, many of the problems families face in slums start with health issues: "Medicine costs a lot, and getting treatment for diseases can be very expensive. Many families have suffered because the earning person gets sick, and then the family can't pay the bills." If and when health problems arise, slum entrepreneurs tend to deplete their meager savings, making it more challenging to afford their children's education.

Slum Entrepreneurs and Their Children's Educational Attainment

The slum entrepreneurs consistently expressed that success meant their children becoming educated as a path to securing a good job, moving out of the slum, and living a good life. The many teachers we spoke with agreed that the most critical criteria in explaining these children's educational success are their own motivation and parental support at home. Teacher Vijan, for instance, explained that for students to be successful, they need to have discipline and understand the value of education for their lives so they can be prompt, attentive, and knowledgeable. The teachers also explained that students need to have a competitive spirit because they must pass entrance exams to study in most fields. Regarding parental support, a teacher named Masand discussed the importance of the "home atmosphere—how the child feels at home and what he sees at home because he is here [school] only for a few hours. Most of the time, he is at home, so it is the total atmosphere of the house."

We identified three mechanisms explaining how the slum entrepreneurs' desires influenced their children's aspirations to succeed in school.

First, *by observing their parents' working and living conditions, the children of slum entrepreneurs realize they do not want the same conditions for themselves.* Indeed, like their parents, the children we spoke to believed that a good education would provide them the opportunity to create a life better than that of their parents. For instance, Karishma stated that she did not want a job like her father's and replied with the following way when we asked her why: "No, I don't want to do [a] job. I want to do something where I get money, and I am also relaxed, and life should pass easily [unlike for her father]." We similarly asked Jitesh whether he wanted to follow in his father's footsteps, to which he unequivocally responded, "No. They [parents] want me to become someone huge, who could be above them all, who should not suffer like them." Likewise, when we asked Anu, "So you do not want to do that [your father's] business? Why?" he responded, "I want to become someone when I grow up. My father is wishing the same."

Second, *the slum entrepreneurs' expectations for their children's educational attainment are reflected in what the children view as a supportive educational environment at home* (as best as can be achieved under the harsh slum conditions). For instance, Pranshu described the importance of his education for his father: "It is really very important because he had a dream, and his goals were not accomplished due to financial problems. He thinks that I will accomplish my dreams. He wants me to study hard." Similarly, Shaikh shared what his father told him: "Papa said it [studying and working] is not a problem in commerce. You can do many things and become something. Papa said that I will be able to do it, and I will make you do it." Amitabh, another student, told us, "It is quiet in the house because they [the family] know it is board exam time. They have a lot of hope in me because I am in 10th [grade]. So they wish [me well] and remain silent."

Finally, *the slum entrepreneurs' children believe that obtaining a good education can repay their parents' sacrifices.* For example, student Amit described this repayment well: "Because my father has not studied so much. So that is why he is doing that. I am getting educated. I am getting an education, I am studying, and I wish to score well in life and want to glorify my father and mother's name." Similarly another student, Harjyot, explained, "Helping my family firstly means not disobeying them but completing my work. I want a good job and to earn good money so that they understand I that I know what they have been through in past

years, and I know what they have suffered from.” Narayana also reflected on the obligation he feels toward his slum entrepreneur parents:

College also is necessary because our parents do so much for us. We should also do something for them. We have to fulfill their dreams.... Yes definitely. Firstly, I get my parent’s picture in front of me. I have to do it [education] for them.... Our life has to be made better. We have faced too much; now it is time to do things properly.

A Model of Slum Entrepreneurs’ Poverty Alleviation

As a starting point, we suggest that slum entrepreneur parents believe their children’s educational attainment is the critical first step in lifting future generations of their families out of poverty (i.e., a step toward their children securing higher income from employment and moving into a better neighborhood). These entrepreneurs also believe that their own business success is the key to their children obtaining a good education. The findings discussed throughout this chapter offer several unique insights into the relationship between entrepreneurship and education in the context of poverty alleviation.

First, the unique aspects of running a business in a slum act as a double-edged sword in facilitating slum entrepreneurs’ business success to educate their children. Namely, while working in a slum can indirectly impede business success by diminishing entrepreneurs’ health, on the other hand, working in a slum can indirectly improve business success due to the strong communities in slums.

Second, slum entrepreneurs serve as counterfactual role models for their children in two ways. Specifically, slum entrepreneurs’ low income and negligible savings highlight the importance of high employment income (via educational attainment) for their children. The entrepreneurs’ impoverished living conditions highlight the importance of living in a better neighborhood (via educational attainment and high-income employment) for their children.

Finally, our findings reveal several somewhat paradoxical relationships: (1) The sources of the disadvantages for businesses operating in slums (e.g., detrimental conditions for entrepreneurs’ health) are also the sources of the advantages for businesses operating in slums (e.g., cooperative conditions for a strong slum community). (2) Slum entrepreneurs understand the drawbacks of living and working in a slum such that they

desire their children to live elsewhere. Still, they are reluctant to relocate themselves (even if they could). (3) Slum entrepreneurs realize that their parents' failing health impeded their own educational attainment but fail to realize that their own health might decline to such an extent that it impedes their children's educational attainment.

IMPLICATIONS

In this chapter, we provide a model of slum entrepreneurs' poverty alleviation, demonstrating how slum entrepreneurs believe their entrepreneurial action can enable their children to escape extreme poverty via educational attainment. The findings and model presented herein have several implications for the entrepreneurship literature. First, most entrepreneurship research focusing on poverty alleviation has explored either short-term resource gains for individual actors or more significant changes to institutions or society (Sutter et al., 2019). Our findings add to the current categorized perspectives, providing evidence of an additional perspective of entrepreneurship for poverty alleviation. Specifically, instead of addressing immediate resource losses, as indicated by the remediation perspective of entrepreneurship, the slum entrepreneurs in our study (who needed the most basic necessities) took a longer-term approach to alleviate poverty. In other words, these entrepreneurs sacrificed immediate financial gratification from their entrepreneurial endeavors so they could invest in their children's education under the strong belief that doing so would alleviate poverty for future generations of their families (but not for themselves). Moreover, our findings did not evidence that the slum entrepreneurs engaged in entrepreneurial action to alter institutions or the capitalist system, as the reform or revolution perspectives imply, respectively. Instead, they believed that facilitating their children's education via their entrepreneurial action would eventually alleviate their families' poverty within the rules of the current institutions and system in which they were embedded. Indeed, perhaps once they are educated, the slum entrepreneurs' children might be able to take on the large changes needed for reform or revolution.

Second, poor education and low income can push people into entrepreneurship (Block et al., 2015) and into living in poor neighborhoods. Most scholars argue that the environments of financially poor neighborhoods lead either to a lack of community or to the development of dysfunctional communities characterized by low trust between

community members, low levels of community support, and an aversion to helping others (Chen & Miller, 2013; Matthews & Gallo, 2011). Consequently, these financially poor neighborhoods have often been characterized as weak communities (Sampson et al., 1997) that inhibit the performance of local businesses. However, in our study, the extremely financially poor neighborhoods of slums had strong communities, and the businesses of the entrepreneurs we studied benefited from operating in a slum. Indeed, there could be a difference between community development and business success in the slums of the developing world (as in our study) and the low socio-economic status of neighborhoods in developed countries (where much of the research on communities with low socio-economic status has been conducted).

Slums represent a more complex problem of informal settlements going beyond low income to include deficient infrastructure and conditions that are unsuitable for people to live in, as evidenced by the lack of basic services, such as sanitation and waste management (Ferguson & Navarrete, 2003). While the overcrowding and need to share bathrooms due to this situation can lead to infections and other health issues, the resulting closeness and cooperation can also facilitate social capital (Ellis & Roberts, 2016). Prior research has proposed that the strong social capital in slums stems from slum residents' short-term survival and resilience in the face of crises. However, research has also argued that this social capital has a drawback in that it impedes these residents' long-term development and inhibits future generations from moving out of slums (Aßheuer et al., 2013). On the contrary, our findings reveal that by facilitating business success, the strong social capital found in slums provides a foundation for the expectation (of both slum entrepreneurs and their children) that children's educational attainment will enable future generations to move out of slums. Future research can more deeply explore the pros and cons of these poor neighborhoods for entrepreneurial action.

Third, research has acknowledged the prevalence of necessity entrepreneurship in the developing world but has focused on the antecedents of this type of entrepreneurship, largely (but not entirely) ignoring the underlying processes and outcomes (Dencker et al., 2019). Our findings complement this previous research stream on the antecedents of necessity entrepreneurship by highlighting the outcomes desired from this form of entrepreneurial action. Although we did not determine whether the slum entrepreneurs' beliefs about their children's educational attainment (i.e., that it would alleviate their families' poverty)

came true (e.g., via a longitudinal study), we uncovered evidence consistent with their beliefs. In particular, in line with the notion of role expectations, the parent's expectations for their children's educational attainment were often mirrored in their children's self-expectations and aspirations. Moreover, teachers frequently reported that students with parents who had high expectations for their children's educational attainment performed better. These findings offer initial evidence that the status-attainment model developed and tested in the immigrant context (e.g., Feliciano & Lanuza, 2017) is at least somewhat relevant to the children of slum entrepreneurs. As such, our model details the contextual settings underpinning the formation of entrepreneurs' expectations from business success, a relatively neglected topic in the general literature (Welter et al., 2017). We hope future research builds on our model of slum entrepreneurship by conducting longitudinal studies to explore the relationship between entrepreneurial action and poverty alleviation for future generations mediated by the educational attainment of entrepreneurs' children.

Fourth, while research on the antecedents of necessity entrepreneurship has investigated the factors that push people into entrepreneurship (Block et al., 2015), it has largely been silent on the impacts of these efforts (Welter et al., 2017). Our findings challenge the assumptions underlying this prior research by showing that the slum entrepreneurs in our study were pulled into entrepreneurship (at least partly) by the prospect of future generations of their families escaping poverty. Thus, the opportunity for these entrepreneurs was not one of personal gain but one that could potentially generate benefits for their descendants. With this finding, we answer the call to explore heterogeneity in necessity entrepreneurship to more deeply understand these entrepreneurs' motivation and action, demonstrating that slum entrepreneurs are not only pushed into entrepreneurship but are also pulled into entrepreneurial action by the potential opportunity to break the cycle of poverty in their families. Future research can expand on our findings by investigating necessity entrepreneurship in other contexts to understand different pull factors and their relationships with push factors.

Fifth, entrepreneurship research has demonstrated that parents serve as role models who facilitate their children's entry into self-employment. For example, having self-employed parents increases children's perceptions of the desirability and feasibility of entrepreneurship as a career choice.

In other words, parents' entrepreneurial experience heightens their children's intentions to become self-employed themselves (Matthews & Moser, 1996). In contrast to this more positive role model, our findings provide two insights into a counterfactual role model in this context: (1) Parents who live in slums become entrepreneurs to stop their children from also having to become entrepreneurs, to offer their children educational support that their own parents did not offer them, and to satisfy their desire for their children to live in a better neighborhood despite not wanting to themselves. (2) Slum entrepreneurs' children mirror this counterfactual role-model approach in their motivation to gain a good education so they do not need to enter entrepreneurship (like their parents) and can move away from the slum (where their parents live) for a better life.

Finally, a growing stream of research on necessity entrepreneurs' education has indicated that entrepreneurial training positively affects business creation (Gielnik et al., 2017) and business progress, including firm profits (Campos et al., 2017). Rather than focusing on training as an antecedent to business success, we explored traditional education (for children) as a proximal outcome of business success. Nevertheless, findings from both our study and the research stream on entrepreneurship training help clarify the myriad paths that can be taken to alleviate poverty. Indeed, perhaps increased training for entrepreneurs who live in slums could have a flow-through effect on their children's educational attainment (i.e., traditional education). We hope future research further investigates the inter-relationship between entrepreneurship training for slum entrepreneurs and their children's attainment of traditional education as a step toward poverty alleviation.

For groups or organizations interested in enhancing the lives of slum entrepreneurs, our findings indicate that efforts to move these individuals out of slums may not be especially helpful—at least from the entrepreneurs' view. Indeed, the entrepreneurs in our study were reluctant to move out of the slums themselves even though they wanted their children to do so. These entrepreneurs believed there were a number of benefits from operating their businesses in a slum, and their goal for the resulting business success was to educate their children so they could move into a better neighborhood. Accordingly, slum entrepreneurs are likely to value efforts that provide high-quality education for their children, improve health outcomes for individuals living in slums (e.g., so entrepreneurs can maintain business success and their children can

maintain educational success), and increase employers' (outside of slums) willingness to hire their educated children. Furthermore, NGOs and government agencies should recognize that slums have strong, caring communities that may facilitate slum residents' recognition and implementation of compassionate efforts to alleviate the suffering of their fellow community members.

Conclusion

As our baseline finding, we propose that slum entrepreneurs are driven to achieve business success so they can educate their children as a path for their children (but not themselves) to escape poverty. While it is understandable why slum entrepreneurs focus on their children's education (as do other parents), in this chapter, we offer several counterintuitive insights embedded in the slum context. For instance, our findings reveal how strong slum communities facilitate business success. Namely, the poor-quality, high-density housing and poor sanitation in slums can promote interaction, cooperation, and communication among community members that slum entrepreneurs can harness for business success. In addition, we highlight how the slum context can be a double-edged sword: on one side, living and working in a slum enables business success via low operating costs and a strong, rich social network; on the other side, however, living and working in a slum can impede business success by increasing slum residents' exposure to health hazards. Finally, we show that in the slum context, entrepreneurs often serve as counterfactual role models who encourage the next generation to avoid becoming entrepreneurs and move away from the slums. While the slum context is extreme (which is good for theory building) and may limit our findings' generalizability, it represents the reality of tens of millions of people. Thus, we hope future research continues to examine entrepreneurship and poverty alleviation in this important context.

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Refugee Entrepreneurs Building and Displaying Resilience

INTRODUCTION

While adversity abounds worldwide, refugees, in particular, experience extreme adversity from war-related disasters and the resulting death and destruction. These people must leave their homelands in response, which triggers additional loss and separates family members and friends (Betancourt et al., 2015). Such adversity—both more generally and in the context of refugees specifically—can lead to personal dysfunction in individuals (e.g., depression and post-traumatic stress disorder [PTSD]). However, such “dysfunctional” responses to adversity are not always the most common. Rather, some (or even most) individuals demonstrate resilience—namely, they maintain (or quickly resume) positive personal functioning after experiencing adversity. For example, Bonanno and colleagues (2006) found that after the 9/11 terrorist attack on the World Trade Center in New York City, 65.1% of a sample of residents exhibited resilience after the attack. Others have revealed similar findings for refugees (Hooberman et al., 2010). In explaining why some people demonstrate higher resilience in the face of adversity compared to others, scholars have highlighted individuals’ pre-adversity resource

This chapter (written by Shepherd, Saade, Wincent, and Parida) is based on Shepherd et al. (2020). Readers interested in more detail about the source literature, research method, and analyses are directed to this research article.

endowments, organizing to decrease vulnerability before adverse situations, and both cognitive and behavioral responses to crises (Bonanno et al., 2010; Hobfoll, 1989; Sutcliffe & Vogus, 2003; Weick, 1993). For most of this research on resilience, adversity is marked by a beginning (e.g., an event) and decreases over time.

In this chapter, we argue that in addition to exploring resilience under conditions of short- to medium-term adversity, scholars need to investigate resilience over more extended periods. Specifically, we need a deeper understanding of resilience when there is no “before adversity” period to prepare and decrease people’s vulnerability. Take, for instance, Rami Saaf, a 34-year-old Palestinian refugee who was born and still resides in the Beddawi refugee camp north of Lebanon. He described the ongoing adversity he faces in the camp, a place “where raw sewage and water leak onto (electric) wires” (Khoury, 2017). These harsh camp conditions emerged before his birth and will likely persist into the future. How can people be resilient to such adverse conditions?

Entrepreneurial action can be both an antecedent to and an outcome of resilience. While many factors motivate entrepreneurial action, including individuals’ opportunity beliefs, access to resources, and entrepreneurial passion (Cardon et al., 2009; George, 2005; McMullen & Shepherd, 2006), when it comes to adversity, entrepreneurial action is vitally important, and identity becomes a particularly significant issue. Namely, entrepreneurs’ identities underlie their perceptions of and responses to adversity, leading to three main scenarios: people who perceive adverse situations as opportunities embrace adversity, people who perceive such situations as challenges attempt to offset adversity, and people who perceive such situations as threats try to accommodate adversity (Powell & Baker, 2014). Because identity plays such a key role in entrepreneurial action under adversity, we focus on this construct to explore refugees’ entrepreneurial efforts and resilience outcomes. With our resilience approach to refugee entrepreneurs, we extend the identity view of interpreting and responding to adversity by theorizing on the multiple identities underlying an entrepreneurial action perspective of resilience outcomes. An individual’s multiple identities reflect a person’s different roles in life (Thoits, 1983), such as doctor, mother, wife, and soccer coach. These multiple identities can be challenging to manage, especially when an individual’s identities conflict, such as under high adversity (Powell & Baker, 2014). Indeed, facing adversity tends to threaten an individual’s identity (or multiple identities), but

entrepreneurial action may provide a means for identity change in this context (Haynie & Shepherd, 2011).

In this chapter, we explore the severe and enduring adversity facing Palestinian refugee entrepreneurs who now reside in Lebanon. The term refugee entrepreneur simply refers to a person whose main income comes from “the activity of organizing, managing, and assuming the risks of business or enterprise” (Shane, 2008: 2)¹ and who is a refugee. Moreover, a refugee is a person who

as a result of events occurring before 1 January 1951 and owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it.

Refugees are exposed to significant adversity, which can constrain their behaviors differently. First, refugees who live in camps experience overcrowding, severe poverty, squalor and unsanitary living conditions, low literacy rates (Khalil, 2011), and death and destruction from war (e.g., 78% of residents of the Shatila refugee camp in Lebanon have faced a war-exposure event) (Segal et al., 2018). Second, this adversity can lead to dysfunction in some refugees, including emotional distress, PTSD, anxiety, and depression (Ssenyonga et al., 2013). Third, many refugees do not experience dysfunction despite facing adversity but instead demonstrate resilience (Hutchinson & Dorsett, 2012). Finally, even though identity often plays a role in explaining resilience to adversity, identity-related issues tend to be more complicated for refugees (compared to non-refugees) as they must grapple with identifying with both their “birth” and “residing” countries. Thus, how do refugee entrepreneurs develop and manage their multiple identities under substantial and persistent adversity, and what are the outcomes?

¹ Some definitions of entrepreneur mention the creation of a new organization (Gartner, 1988), but the current definition does not have that requirement. All of the entrepreneurs in our sample except one created the organization they are now operating, developing, and bearing the risk of.

In this chapter, we report on our extensive data-collection effort to investigate refugee entrepreneurs (in refugee camps and not in camps) over 15 months (see Shepherd et al., 2020). As detailed in this chapter, we identify a pattern of intertwining of adversity and identity-related issues among refugee entrepreneurs. This pattern triggers these individuals' (informal) entrepreneurial action, which directly contributes to (and reflects) the entrepreneurs' resilience to their persistent and harsh living conditions. Further, for some refugees, their entrepreneurial action indirectly contributes to resilience outcomes via host-country integration efforts—namely, identifying, living, and speaking like a local; marrying a local; and connecting with other locals (i.e., with members of the host country). Such resilience outcomes reflect refugee entrepreneurs' positive functioning under adversity, increasing their integration efforts and entrepreneurial action but not addressing the persistent adversity they face.

The findings of this study add to the entrepreneurship literature by providing insights into how refugees' entrepreneurial action under adversity affects (both directly and indirectly) different aspects of their resilience outcomes. By exploring a context characterized by substantial and persistent adversity, we provide a deeper understanding of the influence of entrepreneurial action against the backdrop of (what appears to be) an unsolvable problem: realizing long-term resilience outcomes without necessarily decreasing the objective adversity. We also highlight the mechanisms underlying some refugees' efforts to integrate with locals, thereby shedding light on the role of multiple identities in a highly constraining environment. This approach extends knowledge of the entrepreneur identity map and positive functioning under ongoing adversity. Furthermore, most resilience research exploring refugee entrepreneurs under persistent adversity has focused on these individuals' utilization of slack capabilities—namely, cognitive, relational, and emotional capabilities (Hobfoll, 2011; Sutcliffe & Vogus, 2003). However, identity management stood out in our data, thus facilitating our novel theorizing on this topic. Finally, we explain how the underlying dynamics of entrepreneurial action and social integration interact to influence resilience outcomes (and vice versa), which may be useful in elucidating entrepreneurial action as a means to “deal with” highly constrained contexts.

THEORETICAL BACKGROUND

The theoretical background of this study comes from positive psychology and positive organizational scholarship focusing on resilience—“the process by which an actor (individual, organization, or community) builds and uses its capability endowments to interact with the environment in a way that positively adjusts and maintains functioning before, during, and following adversity” (Williams et al., 2017: 742). In this context, adversity refers to “an unfortunate event or circumstance or the state of serious and continued difficulty” (Tian & Fan, 2014: 252). Although it is widely assumed that all people experience dysfunction in response to adversity (e.g., a natural disaster, death of a loved one, or another significant event), research has shown that a sizable number of people do not have such a response but instead maintain positive functioning (Bonanno, 2004, 2005) and even experience personal growth from adversity (Maitlis, 2009). Unsurprisingly, scholars have become increasingly interested in explaining these differences in people’s responses to adversity.

In providing theoretical explanations for more and/or less resilient outcomes, researchers have studied individuals’ resource endowments, pre-adversity organizing, and responses to adversity. Research on resource endowments has investigated individuals’ trait-based attributes and their cognitive, behavioral, and emotional capability endowments (Luthar et al., 2000; Shepherd & Williams, 2014; Williams et al., 2017). Research on pre-adversity organizing has explored pre-emptive ways to reduce vulnerability and restore positive functioning (e.g., high-reliability organizations [Weick et al., 1999]). Finally, research on adversity has focused on individuals’ cognitive and behavioral responses to major disturbances, including entrepreneurial action in response to war-torn Afghanistan (Bullough et al., 2014), an earthquake in Haiti (Williams & Shepherd, 2016a), bushfires in Australia (Shepherd & Williams, 2014), and the Great Recession in America (Powell & Baker, 2014). While much of this research on resilience has considered adversity as an event (emerging at a specific point in time or as the result of a buildup of factors that reach a threshold), a recent call encourages researchers to expand the investigation of time about the types of adversity we explore in this chapter. Indeed, Williams and colleagues (2017: 753) highlighted that “adversity is heterogeneous; some challenges are triggered quickly, evolve rapidly, and are short in duration, whereas other challenges emerge slowly, evolve

more gradually, and are extended over time.” Aleinikoff (2015: 2), for instance, explained this more persistent form of adversity in the refugee context:

The relief-to-development mantra can make sense in a natural disaster, when a temporary shock has taken a community off its normal development course. And this logic links to the *mot du jour*: “resilience.” A resilient society is able to withstand shock and begin rebuilding more quickly. But these concepts are more difficult to apply in situations of long-term displacement. Refugee camps and settlements persist in host communities, usually as isolated, unproductive islands sustained largely by the international community—or neglected altogether. Host states are not likely to include refugees in their national development plans, meant for their own citizens, and are not likely to want international funders to divert development dollars to non-nationals. As a result, international assistance to displaced communities continues to be sourced from “humanitarian” baskets no matter how long the displacement continues.

Although the literature on refugee entrepreneurship does acknowledge the adversity refugees encounter, this research has tended to focus on the benefits attained from refugees’ entrepreneurial action in terms of their integration into local communities as a route to self-sufficiency, belongingness, and increased domestic entrepreneurship (Fong et al., 2007; Wauters & Lambrecht, 2006). Moreover, numerous anecdotal stories tell of refugee entrepreneurs who have displayed resilience. Still, scholars have yet to explore the nature of the adversity these individuals face, the attributes of their resilience outcomes, or the way entrepreneurial action operates under such adversity to produce different resilience outcomes. In addition, while we know entrepreneurial action can facilitate positive outcomes for individuals facing adversity more generally, the role of entrepreneurial action in generating resilience outcomes for individuals facing *persistent* adversity is less clear. Indeed, some highly adverse contexts have endured so long that there is no “pre-adversity” stage for the individuals involved. The forces driving the adversity are so unrelenting that no solutions to the problem seem to emerge.

While Knight (1983) applied the term refugee entrepreneurs metaphorically to describe individuals who undertake entrepreneurial action to overcome the “limitations and constraints” of their former lives, we explore refugee entrepreneurs literally to understand better how they engage in entrepreneurial action to overcome the limits and constraints

of their lives under substantial and persistent adversity. Namely, we aim to elucidate how entrepreneurial action influences resilience in the context of substantial and persistent adversity by investigating how refugee entrepreneurs manage the “limitations and constraints” of their lives to realize positive resilience outcomes in what many would deem a helpless situation.

Identity is central to a person’s life. According to identity theory (Ashforth, 2000), individuals create and maintain multiple role identities through interactions with their social structures, which they then apply to understand their lives. In this case, identity refers to the different meanings attached to a person by himself or herself and others as the person embodies a particular role (Ibarra, 1999). Accordingly, these role identities are “socially constructed definitions of self-in-role (this is who a role occupant is), consisting of core or central features and peripheral features. Core features tend to be important, necessary, or typical characteristics of the identity and more defining of the identity” (Ashforth et al., 2000: 475). Therefore, individuals’ different roles establish criteria that guide their expectations, meanings, and behaviors such that they focus on achieving a fit between the meanings they associate with a specific role and the behaviors they engage in when in that role and interacting with others (Burke, 1980). When people can manage their multiple identities to avert or overcome identity conflict around their different roles, their psychological well-being is likely to improve.

FINDINGS

In this chapter, we report findings from our study on entrepreneurial action as a vehicle for refugee entrepreneurs’ resilience under substantial and persistent adversity, as shown in Fig. 3.1. The first column of Fig. 3.1 describes the initial conditions of the substantial and persistent adversity in our context and the refugee entrepreneurs’ multiple identities; the second column presents these individuals’ entrepreneurial action (which mainly occurs in the informal economy); the third column details the refugee entrepreneurs’ efforts to integrate and/or manage their multiple identities; and the fourth column captures their resilience to the substantial and persistent adversity they faced. We now turn to further developing these emergent findings before presenting our theoretical model.

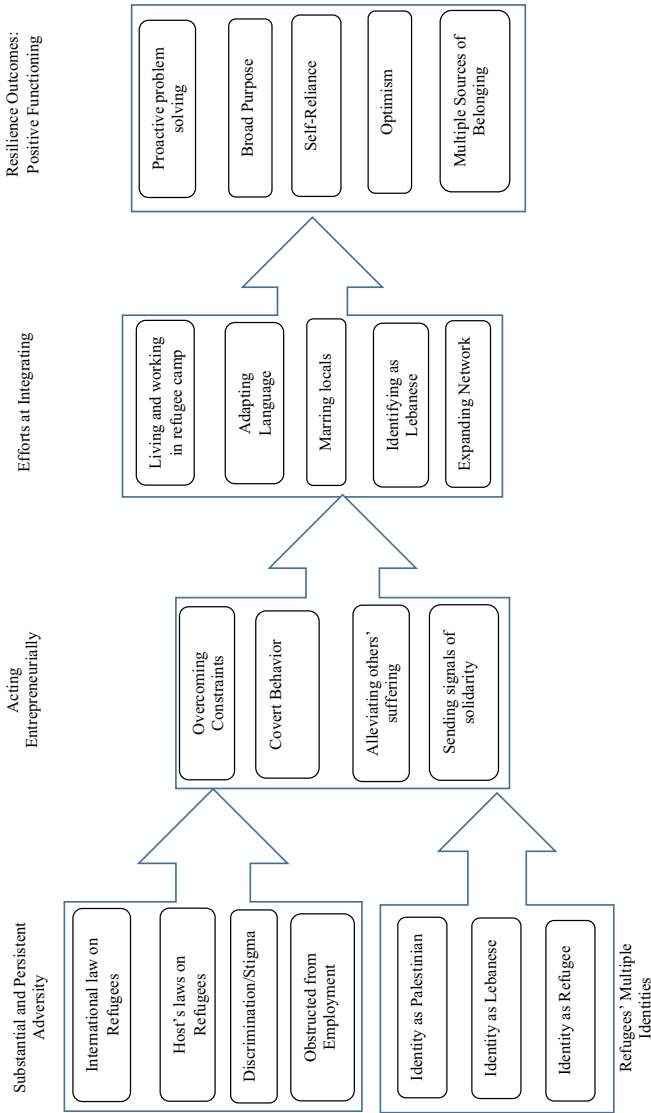


Fig. 3.1 Key dynamics of refugees' entrepreneurial actions to enhance integration and resilience (Figure from Shepherd et al., 2020)

*The Refugee Context of Substantial and Persistent (Objective)
Adversity*

To explore refugee entrepreneurs' resilience under substantial and persistent adversity, we chose the extreme context of the Palestinian refugee situation in Lebanon, in which "long-term dependency for forced migrants, coupled with a lack of membership in a state, denies millions of persons a present and a future" (Aleinikoff, 2015: 3). While this extreme context facilitates theory building, we realize the refugee situation in Lebanon is controversial. Our aim is neither to contribute nor to resolve this political controversy.

Palestine refugees have been residing in Lebanon for the past 70 years, with roughly 90% of present refugees born in Lebanon (International Labor Organization [ILO]; Committee for the Employment of Palestinian Refugees in Lebanon [CEP], 2011). While exact numbers are hard to obtain, the latest census in 2017 revealed that 174,422 Palestinian refugees live in Lebanon (Lebanese Palestinian Dialogue Committee [LPDC], Central Administration of Statistics, and Palestinian Central Bureau of Statistics, 2018). Of these individuals, 63% reside in 12 official camps administered by the United Nations Relief and Works Agency (UNRWA), and the remaining 37% have settled in 39 refugee agglomerations (i.e., gatherings) and other cities and towns throughout Lebanon (Chaaban et al., 2016). The refugees we interviewed described the following constraints and difficulties they faced in these environments.

Legal constraints create economic adversity and reinforce social adversity. In our findings, the most common theme surrounding the substantial and persistent adversity in this refugee context is international law (or the inapplicability thereof) regarding the Palestinians in Lebanon. As mentioned, Palestinian refugees have lived in Lebanon for 70 years, and a dedicated body within the United Nations (i.e., UNRWA) is tasked with providing them aid. However, these Palestinians' rather unique refugee status has left them in a state of legal uncertainty. Namely, both international and local laws have led to a sort of "no man's land" for Palestinian refugees in Lebanon with no legitimate route for them to escape (Al-Natour, 1997). These circumstances have created economic adversity for the Palestinian refugees mainly because they only have access to a few (low-paying) careers to earn an income, leading many to rely on international aid for survival. For example, Rania, a 45-year-old Lebanese national who lives and works in Beirut, described the refugees' economic hardship in the following way:

They are denied work in 77 professions, although it is said that legally that number is lower. However, effectively, the barriers to being employed are very high. Essentially, they are prevented from employment in white-collar positions. They are not allowed to open an NGO or association on their own. They must have a Lebanese partner. Our former Prime Minister, Rafiq Hariri, went even further and prevented the Palestinians from the right of inheritance. So, not only did they prevent them from owning property, but they also prevented them from passing on this property. The Americans, the Swiss, the Europeans, who we know nothing about and to whom we are not related, they are allowed to come to Lebanon, own property, and pass it on. But the Palestinians, who are from our land, who are our relatives, who share the same history, they are not allowed to own or inherit property. This [situation] is unacceptable.

These economic constraints are further exacerbated by social adversity. Specifically, Palestinian refugees are frequently disdained, institutionally discriminated against, and stigmatized by Lebanese citizens—characteristics that fit one definition of modern racism. Atallah, a freelance copywriter, living in Beirut, captured this social stigma well:

In some areas of a specific religious majority, people are not comfortable with the idea of Palestinians living in Lebanon, working and starting families, sharing a state, who have dreams and ambitions, and are educated and cultured. One feels in some sections of society that racism exists against the Palestinian people due to the memories of the civil war; I don't think we can get into this now.

Ultimately, this economic and social adversity has created harsh conditions for the Palestinian refugees in Lebanon. For instance, Wafaa, a social entrepreneur who is devoted to empowering Palestinian women and lives in Sidon, outlined her beliefs about the refugees' situation in the following:

The Lebanese people are racist, and if they don't practice their racism, then they hide it inside. For example, they say that foreigners took all the job opportunities, but employers used refugees and exploited them with low wages, and even if they were good workers, they are still not paid well. There are employers who say that they are against racism but hire Palestinians with a \$400 [USD] salary and Lebanese employees with higher wages. In Lebanon, whoever says that they are not racist are in fact racist in their hiring practices, and they don't give others their social rights.

Providing a different view, a 57-year-old Lebanese national, who declined to provide his name and lives in an area known to be unfriendly to Palestinian refugees, described his beliefs about Palestinian refugees in Lebanon as follows:

They are a burden to Lebanon. They work illegally without permission from the [Lebanese] authorities. They earn social benefits, they receive support from UNRWA, and get a hundred other benefits. They beg in the streets and live in squalor in their camps. They are responsible for 75% of the thefts in the country. Three-quarters of the country's problems are caused by them. They work for illegal businesses. Most of our problems are caused by them. If not three-quarters then half of our problems are caused by them. They are responsible for security issues. Their presence in Lebanon does not have even a 1% benefit to Lebanon. There should be restrictions on their presence here. I don't know about their rights and duties in this country. In fact, I don't care. It's better if they sent them back to their country.

Refugees develop and manage multiple identities. In addition to creating extreme economic and social adversity, the refugee situation in Lebanon has also created an extreme context for multiple interacting identities. While Palestinian refugees face many of the same issues from having multiple identities that most people do (e.g., being a spouse and an employee), they typically encounter additional identity-related challenges.

First, the refugees identify with Palestine. Initially, this identification might seem natural for individuals classified as *Palestinian* refugees, but most of these individuals have never even seen Palestine. Indeed, most Palestinian refugees were born in refugee camps in Lebanon (i.e., those aged 30 or younger). All are subject to strict travel restrictions, including being prohibited from leaving Lebanon to travel to Palestine. Regardless, the refugees still feel Palestine is their home—not their birth home per se but their spiritual home. Khaled, a freelance accountant, living in a refugee camp near Tripoli, illustrated this identification with Palestine when explaining where he was born and why Palestine is such a salient part of his identity:

I am Palestinian; it's only natural that I feel that I belong to Palestine. It is like asking a Lebanese or a Syrian the same question. Why should I be any different? Regardless of the fact that I cannot live in Palestine or how hard it is to live here.

Second, the refugees also identify with Lebanon (the country but not always the people). As discussed, many Palestinian refugees were born in Lebanon, and those who were not born in Lebanon have typically lived there for most of their lives. Thus, these individuals unsurprisingly identify with the country. For example, Mohammad, a furniture designer, and carpenter who lives in a village in the Chouf district, told us how he identified with Lebanon: “One’s belonging is defined by where they were born and raised. Sometimes, the places that you belong to on paper do not mean a thing to you.... I consider myself an ordinary citizen of this country [Lebanon].” When pressed, the refugees we spoke to indicated they likely feel more Palestinian than Lebanese, but they largely believed their multiple identities were additive rather than trade-offs. For instance, music entrepreneur Marwan described how he was “equally from Lebanon and Palestine,” reflecting this additive perspective of national identities. Similarly, Ihab, a construction sub-contractor, added an Arab dimension when explaining his multiple identities:

My identity is Palestinian, my soul is Lebanese, and my nationality is Arab. I am like any other human being. I have no issues with race or nationality.... We are human beings living in this country; humans made of flesh and blood like everyone else.

Third, these individuals also identify with their refugee status. Bayan, a freelance graphic designer, and animator who lives in Beirut, described this identification with being a refugee well:

Yes, I am a refugee in every sense of the word; there are rights that we do not have. As a Palestinian and as a graphic designer, I know that we have a syndicate, but I cannot belong to this syndicate because I am Palestinian. If I have an accident or anything, I do not have national healthcare. I have to buy life and health insurance so that if something were to happen to me one day, insurance can cover my treatment costs. . . . I feel that I am a Palestine refugee in every sense of the word.

While the Palestinian refugees tend to enact their refugee identity in light of how the Lebanese view them and the refugee identity is mostly formed from interactions with others, this identity takes a slightly different form when conceived of in a self-directed manner. For instance, Waad, a translator, creative writer, and resident of Sidon, explained that his refugee camp is comparable to a nation: “The camp is very important. It’s like

the capital of the refugee diaspora. It's home to a large number of Palestinians."

Finally, some refugee entrepreneurs need to quickly switch from one identity to another or a combination of identities. For instance, Marwan, a music entrepreneur living in the southern suburbs of Beirut, described such identity switching: "I am an artist and... [when] someone asks the question [about my nationality], I can try to avoid the answer, but when they insist, I answer clearly." Ghazi, a freelance photographer, also noted how he has created multiple identities and combines them in different ways: "My (Lebanese) accent is not artificial anymore. It has become natural for me. However, I sometimes try to use some Palestinian words when I communicate with other Palestinians." Moreover, some informants told of their Lebanization, which represents a combination of multiple identities with multiple levels that can be mobilized differently depending on the situation. In sum, we discovered that for many refugees, the demands of their social context drive them to engage in identity switching and combining, which appear to be triggered rather automatically by social cues to "fit in" as means to survive.

Overall, Palestine refugees in Lebanon face substantial and persistent adversity in their external environment and a complex coexistence of multiple identities in their internal environment—namely, in their own minds and their interpersonal interactions with others (refugees and local Lebanese).

Refugees Acting Entrepreneurially to Overcome Constraints

As for many who undertake entrepreneurial action, some of the refugee entrepreneurs we spoke to noted that they are motivated by economic rewards. Freelance graphic designer Bayan, for instance, explained that he engages in entrepreneurial action so he can earn an income: "Sometimes if I need to finish a job for a customer in a competitive timeframe, then I earn good money for the job. In these cases, I work all days of the week, even on weekends." On the other hand, Salah el Din, who operates a t-shirt printing business and lives in a refugee camp near Tyr, seems to be more intrinsically motivated: "The ambition inside me makes me special.... I would do the impossible to keep developing." However, to build theory, we directed our attention to the specific refugee context being studied because it serves as the foundation for new insights.

First, because of the international and Lebanese laws mentioned earlier, Palestinian refugees are not legally allowed to work in Lebanon (with a few minor exceptions). While it is challenging to bypass these laws to obtain or provide employment, it is not impossible. Indeed, employing firms put themselves at risk to hire these “illegals,” and firm owners go to great lengths to conceal wage payments to refugees. However, refugees tend to have an easier time circumventing Lebanese laws by becoming entrepreneurs. In such situations, customers and suppliers of refugees’ informal businesses can deny knowing these businesses’ operations and legal status. Our findings reveal that most customers and suppliers are indifferent about who owns a business as long as they receive high value. For instance, Mustafa, who runs a printing business in the Chouf district, mentioned that he is not worried about his suppliers reporting his illegal business to the government: “My suppliers are only interested in commercial trade; they don’t care about anything else.” Thus, many of the interviewed refugees became entrepreneurs to earn money (outside of charity) because they were mostly blocked from traditional employment opportunities.

Second, because these entrepreneurs broke the law to create businesses, they operate in the informal economy. For instance, Iman, who lives in a Palestinian gathering in Tyr, explained the informal nature of her home-based catering business in this way: “I try working from home so no one can find out what I am doing. I also select my customers and suppliers very carefully.” Although operating their business illegally, these entrepreneurs generally do not worry about being caught as they believe the authorities do not care about this legal violation very much. Most believe that both the likelihood of and the punishment for being caught are low. Some of the refugee entrepreneurs did mention that for more serious legal troubles, they could call on Lebanese contacts to make “the problem go away” (i.e., through protection or a bribe). For instance, freelance graphic designer Bayan talked about such contacts and his lack of concern over being caught and punished by the authorities:

What could happen [if I get caught]? I could call someone. I always say to my friends in Lebanon that they should always have protection, like a politician. Every person should be able to count on a strong person in this country even if that person is a crook. Why? Because at some point we all might have a problem, and we need this backing.

Finally, while we chose to explore this group of entrepreneurs due to the substantial and persistent adversity they face, our findings reveal their strong drive to help other refugees. Social entrepreneur Wafaa, for example, told us the following about this desire to help other refugees:

We propose issues and projects that are different. We don't teach [Palestinian] women to become hairdressers because we want to break gender stereotypes. Instead, we propose projects that are linked with social realities—those that concern the female youths. We study their problems, and we carry out developmental projects. We don't give them ration boxes like the rest of the organizations.

Similarly, Mohammad, an engineering construction sub-contractor residing in Sidon, told us about his motivation to help his fellow refugees through his work:

Like all youth, I had many goals, and I dream of having a role to play in rebuilding Palestine upon my return or in tidying up the camps that we currently live in. I dream of fixing narrow alleyways and tangled electrical wires and the sewage systems. The career that best suited this dream is civil engineering. Being a civil engineer enables me to serve my people and my country.

In many instances, when under adversity themselves, individuals are near others who are also suffering from the situation, which triggers them to help alleviate this suffering. However, some refugee entrepreneurs are motivated to serve as role models for other Palestinian refugees by fulfilling their desire to stand out and be exceptional, which may occur from financial success. For example, Mona told us how the Palestinian refugees she knows in Lebanon perceive her cousin freelance designer Bayan: “The Palestinians in Lebanon, they *love her* [emphasis original]. She is what we call ‘a winning model’; she is someone we look up to.” This entrepreneurial motivation likely stems from a sense of solidarity, which has arisen among Palestinian refugees from the shared misery of their situation and the Palestine cause in Lebanon (not from a shared solution to their adversity). Indeed, Ahmad, a social entrepreneur, briefly described how this solidarity motivates behavior within his own team: “I work with a team that is young, talented, and experienced, that cares about their cause to the largest extent.”

Acting Entrepreneurially Facilitates Refugees' Integration Efforts

As mentioned earlier, most Palestinian refugees reside in one of 12 camps located throughout Lebanon. Most of the refugee entrepreneurs we spoke to who live in a camp recounted numerous benefits of camp life. First, by living in a camp, the refugees can better maintain a national identity that is separate from the rest of Lebanon. Ahmad indicated this sense of national identity in the following:

Life in the camp is composed of several layers: social, political, economic and cultural. The camp is our nation until we return to Palestine, and it is similar to any other city.... We love the camp through our culture and with our ideas. Our opponents will always be afraid and terrified by the Palestinians, and we will keep it this way.

Second, living and working in a camp enables the refugee entrepreneurs to continue using their traditional language, which also benefits maintaining their Palestinian identity. For instance, Nabil, a social entrepreneur who runs a sports and cultural organization in a Palestinian gathering in the Beqaa Valley, discussed the many social benefits of living in a camp, including the language aspect: "You always feel that the Palestinian likes to live in camps for their emotional and social aspects. The Palestinian dialect remains intact. You feel that the Palestinian's social and political life is more active within the camp."

Third, camp living helps the refugee entrepreneurs forge strong social bonds with other refugees. For example, a social and cultural entrepreneur who grew up in a camp but now lives in Tyr, Nader, told us about these bonds between camp residents: "There are strong social connections; we celebrate together, and we mourn together. If someone is sick, people raise money, so he gets treatment. These things make you feel safe."

Finally, the camps appear to serve as a buffer from "outsiders." Indeed, according to freelance accountant Khaled, living in a camp provides "virtually a closed life"—one in which discrimination is non-existent, and the refugees are free to use their traditional language and enjoy greater comfort. Amina ultimately believes it is better to live outside the camps, but she did note the alienating atmosphere the refugees experience outside the camp bounds:

Living outside the camp is better, but you cannot escape the feeling of estrangement— people constantly make us feel like strangers in this country. Of course, things changed after the arrival of Syrian refugees to Lebanon; people now treat them like strangers instead of us.

Besides these more positive aspects, other refugees explained the negatives of living in a camp. For example, when describing the difficult socio-economic realities of camp life, freelance copywriter Atallah told us the following: “A young man my age would live in anxiety if he fell in love, for example, not knowing where to live if he decided to get married. He can’t build over his parent’s already modest house. In short, life there is miserable.” Others condemned the insufficient infrastructure and rough living conditions in the camps, such as construction sub-contractor Ihab, who lives in a town south of Beirut: “There is no drinking water. The water that we get is salty and polluted. Mafias sell us clean water. Things got worse when the Syrian refugees arrived, and the camp became too crowded. No electricity, no infrastructure.” The refugees also detailed the camps’ negative impact on refugee children. For instance, freelance photographer Nasser reported, “All these circumstances create deprivation, frustration, and abuse for little kids; this affects the foundation of their character. When they are older, it leaves an impact, a negative impact.”

The majority of the refugee entrepreneurs we spoke with—68%—live outside the camps (according to recent estimates, 37% of Palestine refugees live outside the 12 official UNRWA-administered camps in Lebanon [Chaaban et al., 2016]). These individuals depicted life outside the camps as less arduous and more enjoyable than camp life. Social entrepreneur Zafer, for instance, who lives and operates a cultural Lebanese-registered non-governmental organization (NGO) in Sidon, spoke of this increased comfort: “For those who live outside the camp, they are removed from the difficulties of the camp, such as the constant state of siege and the deteriorating security.”

While Palestinian refugees are outlawed from owning or leasing property, some find means to sidestep property laws to live among Lebanese citizens (which often requires having a Lebanese relative sign a real estate contract). For example, freelance photographer Nader explained how he found a way to procure his apartment:

I am the legitimate owner of the flat, but it is not registered in my name. I want to make this point quite clear; I am not allowed to own property. In fact, when I got my first job after finishing my schooling, my fiancé, my now-wife, was also working for UNRWA. We pooled our resources, and we bought a flat by monthly installments. But sadly, I cannot register it. My sister is Lebanese because she is married to a Lebanese, so we registered the flat in her name.

Living outside the camps seems to allow refugee entrepreneurs to interact with local Lebanese citizens and people of other nationalities, which affects these refugees in different ways. First, the refugee entrepreneurs who established housing outside the camps explained how they could cultivate a stronger Lebanese identity (in combination with their Palestinian identity) than they could have had they lived in a camp and how this enhanced Lebanese identity facilitated their integration. For example, food caterer Iman noted the more conservative nature of the camps and the effects on interaction:

I am afraid of moving into the camp; the situation in the camp is very difficult. Life outside the camp is good. Dealing with people is easier than in the camp; it is less conservative. The camp is a closed space. People who live there do not leave the camp very often.

Moreover, social entrepreneur Nabil highlighted the increased mobility outside the camps, explaining, “Once you live outside of the camp, movement becomes a little easier. It’s because you’re living in a Lebanese environment and society, and so everything is open. Going out and returning is different than being under siege in camp.” Thus, living outside refugee camps facilitates refugee entrepreneurs’ integration with non-refugee locals in both their businesses and their lives more generally.

Indeed, while most Palestine refugees identify with Lebanon as a country, they vary more in the extent to which they identify with the Lebanese people (even those living and/or working outside the refugee camps). In particular, those who have integrated to a lesser degree tend to resent the Lebanese people because of the discrimination and stigmatization inflicted on Palestinian refugees. However, refugees who are more integrated into Lebanese society typically have a more nuanced view of the people of Lebanon. Catering entrepreneur Imam illustrated this nuance well: “My relationship with the Lebanese is good, but I feel that there

is something that separates them from us; it is a strange feeling.” Likewise, Ghazi, a freelance photographer, described how he receives different treatment from different Lebanese citizens:

My relationship with the Lebanese is excellent. As I said, it’s my second country. I was born here, and I am proud of Lebanon. I am thankful that I am Palestinian born in Lebanon and not somewhere else. Lebanon is a great country. I am good with people. Some don’t accept you because you’re Palestinian. They think you came from another planet. Others behave differently; they truly care about Palestine and the cause.

Second, Palestinian refugee entrepreneurs who live outside the camps frequently alter their language to sound more like a Lebanese local so they can fit in more and advance their businesses. The refugees tend to refer to this adaptation as being “Lebanized.” While some believe this term has positive overtones of integration (predominantly those living outside the camps and those with Lebanese parents or relatives), others have more negative associations with the term (predominantly those living and/or working in the camps). Indeed, Ahmad, a filmmaker who lives in Sidon, described the notion of being *Lebanized* with scorn:

Perhaps it doesn’t mean as much to me as to others. Maybe some would say that a person has become *Lebanized* and lost his identity. But for me, a *Lebanized* person is someone who fakes being Lebanese to get by in life. When a person is not true to himself, he begins to lose a lot of things. He is a fake.

Thus, it seems when *Lebanization* proceeds more organically, it reflects the evolution of the refugees’ integration; however, when it is exercised inauthentically (i.e., faked, “put on”), it serves as an impression-management strategy the refugees use to overcome the social stigma applied to them by the Lebanese people.

Third, refugee entrepreneurs who live outside the camps sometimes marry local Lebanese, reflecting and facilitating their integration efforts. Specifically, marrying a local appears to help the refugees integrate more easily (see Haddad & Jamali, 2003). For example, Mariam, a social entrepreneur who empowers Palestinian women through a Lebanese-registered NGO, told us the following about these marriages:

We have been here 70 years, and intermarriage between the Palestinians and the Lebanese plays a major role [in society]. I sense this during international conferences when Palestinians and Lebanese meet. We behave as if we are from the same country and are related.

However, those who marry a Lebanese local still face some adversity. For instance, furniture designer Mohamad shared, “Even if I were to register the business in my wife’s name, then I would be an employee. By law, the company would then have to employ two Lebanese employees, and I wouldn’t be able to work in my own company!”.

Finally, refugee entrepreneurs who run a business outside the camps appear to integrate with Lebanese locals more easily (*vis-à-vis* those inside the camps) and develop relationships with a broader range of people. This broad range of relationships is essential for the refugees’ social networks. For example, furniture designer Mohammad found that his extensive network helped both his integration efforts and his business: “The nature of my work relies on building connections with everyone in Lebanese society, with people from all political parties and religious sects without exception.”

Refugee Entrepreneurs’ Resilience Outcomes

Our findings show that refugee entrepreneurs in Lebanon still experience positive functioning under the substantial and persistent adversity they face—that is, they realize resilience outcomes. We found that while these entrepreneurs share some resilience outcomes, they differ in others largely based on where they live. Namely, the refugee entrepreneurs who live and work in the camps realize some but not all of the resilience outcomes attained by those living and/or working outside the camps. We begin with the shared resilience outcomes for refugee entrepreneurs (regardless of their interactions outside the camps) and then move on to the diverging outcomes.

First, we found that all the refugee entrepreneurs we interviewed were proactive problem solvers. Mustafa, who runs an advertising and printing press business, for example, illustrated such proactive problem solving when he noted, “In this country, you need to be prepared; you must have a generator, and you need to be equipped. These precautions pay off. So, you need to know how to commit to your business.” Similarly, Miriam described her creativity in overcoming her adverse environment: “Perhaps

because of our hardship, Palestinians are forced to innovate. If we were more privileged, then we would not search for new ideas.” Indeed, while this proactive problem solving may enable the refugee entrepreneurs’ positive functioning, it is also an indicator of the positive functioning they have already achieved (e.g., Folkman, 2013).

Second, the refugee entrepreneurs reflect on the past, contemplate the future, and are ultimately motivated to fulfill a purpose beyond the self. Social entrepreneur Ahmad described this motivation well: “I am a person who grew up belonging to a great cause. I have a grand dream: to return to Palestine. I think of my work as a bridge toward the right of return. All I do is a part of a cause I believe in.” These entrepreneurs often take a historical perspective to formulate and ground a broader purpose in their lives and achieving what they see to be moral gains—namely, the “appropriate” treatment of Palestinian refugees—reflects this broader purpose.

Finally, all the refugee entrepreneurs in our sample frequently spoke of a lack of help. However, these statements were not meant to blame anyone but were merely expressed as simple facts. Our findings reveal that this “lack of help” motivates the refugee entrepreneurs to proactively look after themselves and their community members (because they think no one else will). Indeed, the refugees frequently exhibit strong self-reliance. For example, filmmaker Ahmad’s self-reliance is apparent in the following:

I guess every person is responsible for himself in Lebanon. I don’t believe anyone is responsible for the Palestinians in Lebanon. Palestinians are only considered people who were born here.... So, when I think of myself as a Palestinian, and I think about working, I must forget all the obstacles I am faced with, and I must consider that no one will help me. This is why I must be responsible for myself in all situations, whether positive or negative.

While all the refugee entrepreneurs we spoke to have experienced the aforementioned resilience outcomes, those who live and/or work outside the camps have realized two additional resilience outcomes. First, although they face substantial and persistent objective adversity, the refugee entrepreneurs living and/or working outside the refugee camps generally have an optimistic outlook. Sara, a catering entrepreneur who makes diabetic-friendly sweets, highlighted this outlook well: “Yes, of course I am optimistic because determination leads to success, God

willing. I will keep going as long as I can, and working will help us achieve our goals. I will pursue this till my last breath.”

However, these entrepreneurs’ optimistic outlook also has undertones of realism. In other words, they are as optimistic as their challenging situation permits. Therefore, their optimism appears to be future oriented but tempered somewhat by a feeling of realism emerging from past setbacks and experiences. Exemplifying this realistic optimism, Nicolas, who is an NGO project manager for an entrepreneurship-development program targeting underprivileged youth, told us the following about the young Palestinian refugees who join in the program: “There are some who are still very skeptical about a lot of things but still manage to push forward. They still doubt it, but you know that deep inside, they are willing to take that leap and see where it might lead them.” Optimism also played a significant role for freelance copywriter Atallah when he started his venture:

It is necessary to take risks, to get rid of the nagging feeling that keeps telling you, “What if? What if I started my own business, what would happen?” When I started, I felt a psychological relief frankly. I had to overcome difficulties for sure. However, as I told you, I am optimistic; you never know how far you can go if you don’t start.

Second, although having multiple identities creates some identity-management challenges for the refugee entrepreneurs who live and work outside the camps, these identities also represent multiple sources of belonging. As discussed earlier, these refugee entrepreneurs feel a sense of belonging to both Palestine (including to other Palestinians in Lebanon and to those around the world even though they know they are unlikely to meet such people) and Lebanon (including to the Lebanese people to a greater or lesser degree). The refugee entrepreneurs who live and work in the camps, on the other hand, typically identify with the former but seldomly with the latter.

Reciprocal Relationships

Our model of refugee entrepreneurs comprises three main recursive relationships. First, the refugee entrepreneurs’ resilience outcomes enhance their entrepreneurial action. For instance, Amina’s husband described

how her positive functioning in the face of adversity enabled her to act entrepreneurially:

Amina is very dynamic; she loves her work and does it with great care. She knows how to overcome the difficulties when resources are lacking. When she launched her business, she had very small starting capital.... She started with only \$200 [USD], and she bought spools of thread, and she recruited women to embroider for free. She then held an exhibition, and she sold the robes, and after paying the women, she used the profits to buy additional equipment and supplies. She used every opportunity to spend her savings on improving the business. Within six years, she managed to become very well known in our community.

Second, the refugee entrepreneurs' resilience outcomes facilitate their integration activities. For example, Wissam's Lebanese employer (and eventual customer) was so impressed with the entrepreneur's determination that he became his business partner:

Wissam used to be my employee, and then he decided he wanted to start his own business. So, I decided to partner with him because this is a business I am familiar with. I became his partner, and at the same time, I became his customer.... He is a very hardworking and perseverant man.... He is technically very good, and he masters his work.

Third, the refugee entrepreneurs' integration efforts often influence the nature of their multiple identities and how they manage those identities, thereby aiding them in avoiding some of the adversity in their context. Amina's husband, for instance, explained how her business-related interactions had influenced her social, psychological, and physical development:

Our social situation is very good. Amina has developed many relationships and is able to make introductions. The benefits of her work are not only financial, and there is another side to it: especially as a woman, she feels that work gives her a purpose in life. She is here, and she is working. She is not wasting her time around coffee and waterpipes; she is filling her time in a good way, and this is important. Her work also helps her psychological and physical well-being. There are material and moral benefits to her work. That's for sure.

Although these three relationships were prominent in our findings, we also found that our model *excludes* notable recursive relationships. In particular, the model does not seem to include any recursive relationships related to the source of adversity—thus, its persistent nature. Thus, our model reveals how entrepreneurial action and the associated identity dynamics bolster the refugee entrepreneurs' resilience under high adversity but do not directly impact the objective level of that adversity. In this case, entrepreneurial action does not serve as a means to change the status quo. Instead, it enables the refugee entrepreneurs to proactively form personal shields to deflect some adversity to achieve resilience outcomes.

Entrepreneurial Action and Resilience to Substantial and Persistent Adversity

Resilience entails maintaining positive functioning under adversity. We found that Palestinian refugees in Lebanon face a type of adversity that is both substantial and persistent and that entrepreneurial action and multiple identities are closely linked to resilience to this adversity. In this section, we expand on our analysis to propose a grounded model outlining the most important progressive and recursive relationships underlying the dynamism in our findings. Not only does our model highlight the dynamism of entrepreneurial action and resilience for Palestine refugees in Lebanon, but it also applies more generally to other refugee situations and other contexts involving substantial and persistent adversity.

Our grounded model is shown in Fig. 3.2. When faced with substantial and persistent adversity, individuals have to contend with legal, economic, and social constraints that sustain their adversity. They also have to manage multiple identities—formed both by the self and through interactions with others—that have emerged from living and interacting in such an adverse environment. The substantial and persistent adversity these individuals face signals that passive responses are unlikely to help their situation. Instead, the nature of their adversity necessitates entrepreneurial action to sidestep the constraints of the status quo. Under such adverse circumstances, however, entrepreneurs must hide their entrepreneurial action to overcome these constraints while avoiding the sanctions that go with doing so. Moreover, although these entrepreneurs are often motivated by personal gain, they are also motivated to help others through

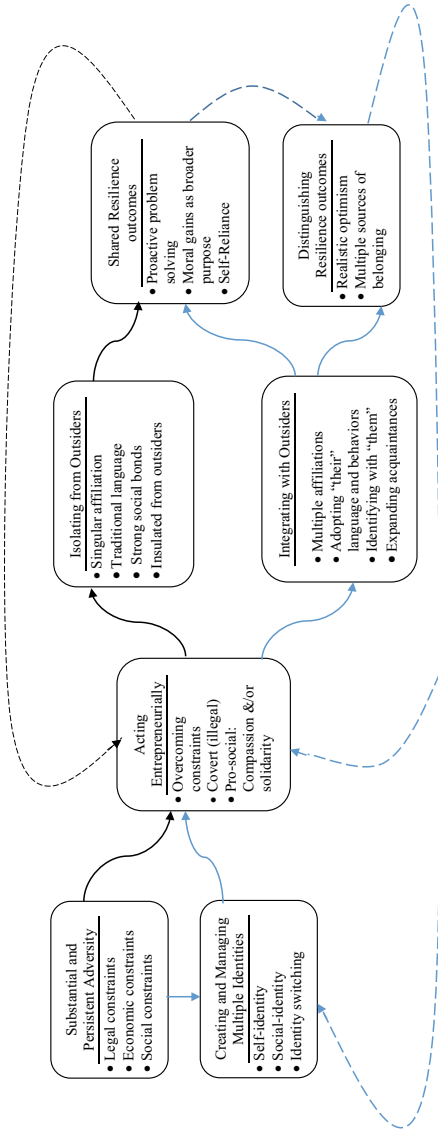


Fig. 3.2 A refugee entrepreneurship model of resilience to substantial and persistent resilience (Figure from Shepherd et al., 2020)

their entrepreneurial action (i.e., alleviating others' suffering and demonstrating solidarity). In turn, their entrepreneurial action leads to resilience outcomes, including proactive problem solving, moral gains as a broader purpose in life, and self-reliance.

In addition, there is an indirect path between entrepreneurial action and resilience outcomes through entrepreneurs' integration activities. Namely, entrepreneurial action facilitates entrepreneurs' interactions with individuals outside their adverse context, thereby providing a foundation for these entrepreneurs to adopt new behaviors and enlarge their networks with a broader range of relationships. Subsequently, these integration efforts enable resilience to be substantial and persistent adversity in the form of the previously mentioned resilience outcomes—proactive problem solving, moral gains as a broader purpose in life, and self-reliance—as well as the resilience outcomes of realistic optimism and multiple sources of belonging.

Finally, our model entails three main recursive relationships: (1) resilience outcomes enhance entrepreneurial action, (2) resilience outcomes facilitate integration activities, and (3) integration activities influence the nature and management of multiple identities.

DISCUSSION

This chapter highlights the importance of the direct, indirect, and recursive relationships among actions (i.e., entrepreneurial action and integration activities), multiple identities, and resilience outcomes in the context of substantial and persistent adversity. Living and working under such adversity, the refugees we studied are driven to act entrepreneurially by self-interest and the desire to help others. While the resulting entrepreneurial action, directly and indirectly, influences these individuals' resilience outcomes, it does not change the underlying source of their adversity. Moreover, some of these refugee entrepreneurs we spoke with work and/or live outside refugee camps, which triggers integration activities and strategies to manage their multiple identities.

While the context we explored is extreme, it is both important for theory building and practically relevant for many entrepreneurs who are refugees and/or operating under especially constraining circumstances. Thereby, this work answers calls for more contextualization of entrepreneurship research (Welter et al., 2017). Further, the findings presented in this chapter have important implications for how scholars

(1) explain the motivations underlying entrepreneurial action in highly constrained environments; (2) explore the antecedents and consequences of entrepreneurs' resilience outcomes under substantial and persistent adversity; and (3) consider the nature, management, and integration of multiple identities by refugee entrepreneurs. In sum, our findings demonstrate that entrepreneurial action can be a means to achieve resilience outcomes without addressing the underlying source(s) of adversity. These findings offer new insights for the literatures on entrepreneurship, resilience, and refugees, to which we now turn.

First, scholars have explored resilience in terms of individuals' resource endowments before an adverse event, their vulnerability to and preparation for an adverse event, and their responses to continue functioning until the ramifications of an adverse event diminish (Bonanno et al., 2010; Hobfoll, 1989; Shepherd & Williams, 2014). However, adversity does not always entail a specific event within a fixed period of time (as with adversity caused by a disaster) but can continue over a prolonged period. Indeed, adversity can endure over such a long time frame that a person does not know a pre-adversity period, and the underpinnings of such adversity can be so locked in that the objective conditions are unlikely to change shortly. Nevertheless, the resilience literature has paid scant attention to this context of substantial and persistent adversity. Hence, our work represents a meaningful contextualization of recent research on the role of entrepreneurial action under adversity.

This lack of attention to resilience to substantial and persistent adversity is surprising since this type of adversity is so prevalent throughout the world. Indeed, when thinking of those facing suffering in the world today, most people would likely recall an example of persistent adversity that has endured for generations—for example, the substantial and persistent adversity many farmers and other entrepreneurs contend with in depleted areas (Korsgaard et al., 2016). While a substantial stream of research has explored the characteristics and causes of persistent adversity as well as its consequences and possible solutions (Bradley & Corwyn, 2002; Matthews & Gallo, 2011; Prahalad, 2006), the findings from this work have rarely included resilience outcomes for the people facing this adversity. As a counterweight, in this chapter, we highlight the importance of understanding resilience outcomes in the context of substantial adversity over a prolonged time frame and demonstrate that entrepreneurial action plays a critical role in enabling individuals to cope with this type of adversity.

Second, scholars have generally explored resilience as either a process *or* an outcome (Williams et al., 2017). However, the findings presented in this chapter reveal that resilience outcomes are both a consequence and an antecedent of entrepreneurial action (i.e., there is a reciprocal relationship). Perhaps the most enlightening finding is that resilience outcomes facilitate the entrepreneurial action that produces resilience outcomes. Indeed, we found that resilience outcomes include the dimensions of realistic optimism, proactive problem solving, moral gains as a broader purpose in life, self-reliance, and multiple sources of belonging. Considering that resilience outcomes reflect individuals' ability to maintain positive functioning under adversity, it is somewhat unsurprising that these dimensions of positive functioning are similar to the dimensions of well-being identified by other scholars (Ryff, 1989). Interestingly, however, in our case, resilience outcomes are also key inputs to the refugee entrepreneurship process. In other words, there is mutual causation between entrepreneurial action and resilience outcomes that can generate a resilience spiral. To provide a fuller picture of this dynamic relationship, scholars can engage in additional theorizing and empirical research to elucidate (1) how the different dimensions of resilience outcomes enhance the dimensions of entrepreneurial action; (2) what begins, perpetuates, and ends the resilience spiral; and (3) whether the resilience spiral can induce personal growth (i.e., increased personal functioning) and related constructs from positive psychology (e.g., flourishing, vitality, and psychological capital).

Third, a substantial research stream has shown that individuals' social capital and networks (Aldrich, 2012; Janssen et al., 2006) are key capabilities for cultivating resilience. This capability argument reflects the conceptualization of adversity as an event (including an event with a long incubation period) and the logic that individuals can draw on their resource endowments to facilitate resilience outcomes. However, many of the individuals in our study were born into adversity, leaving them with no pre-adversity period nor any pre-adversity capabilities to draw on. Consequently, under such substantial and persistent adversity, individuals must develop the capabilities needed for resilience as they confront the adversity directly. Our findings thus extend the capability argument by revealing the following: (1) rather than being an endowment, the "social" capability for resilience is formed through activities that create a social foundation; (2) social integration activities are initiated and facilitated through engagement in entrepreneurial action with non-similar others; and (3) resilience

outcomes help individuals both undertake integration activities and form the social capability of resilience. Thus, as these insights reveal, individuals who face substantial and persistent adversity need to act to develop (rather than merely deploy) their social capability of resilience.

Fourth, an important stream of work has studied the role of identity in recovering from adversity (Maitlis, 2009; Powell & Baker, 2014; Shepherd & Williams, 2018). Our findings add to this research stream by providing a deeper understanding of the role of identity in influencing resilience outcomes under substantial adversity. The research context we explored is undoubtedly extreme regarding the strength and diversity of individuals' multiple identities. The nature of these multiple identities is directly affected by the substantial and persistent adversity individuals face; namely, this adversity shapes the self-categorizations and social interactions comprising individuals' multiple identities. Therefore, while the adversity they face may not change, individuals' actions (i.e., entrepreneurial and integration) and resilience outcomes provide the means for them to alter the nature (i.e., mix) of their multiple identities. Indeed, research has already shown that identity is crucial in driving entrepreneurial action and that entrepreneurial action can help individuals develop authentic identities (Haynie & Shepherd, 2011; Powell & Baker, 2014). The findings detailed in this chapter add to this work, showing that in the context of persistent adversity, the relationship between entrepreneurial action and identity is not unidirectional and fixed but bidirectional and dynamic. To add to this research stream, future work can explore how an individual's configuration of multiple identities changes over time and how this configuration impacts the evolution of entrepreneurial action and social interactions. Indeed, this evolution may be so slow that a longitudinal study across generations is required to capture the full effects.

Finally, we found that some entrepreneurs are motivated to engage in entrepreneurial action to alleviate others' suffering stemming from adversity (in line with the concept of compassion venturing [Shepherd & Williams, 2014; Williams & Shepherd, 2016b]). In addition to this prosocial motivation of compassion, however, we also found the prosocial motivation to promote solidarity: "You are not alone; we are in this together as part of a broader purpose in life." While our study did not focus on others' suffering, future research can investigate how

entrepreneurial action affects both individuals' resilience outcomes and their motivation to help others (e.g., by alleviating others' suffering or promoting solidarity) and explore inter-relationship between the two.

CONCLUSION

Prior research exploring individuals in adverse situations has provided important insights regarding the significance of resource endowments and pre-adversity organizing before adverse events. In particular, this work has emphasized adversity in the form of overwhelming events and the cognitions, emotions, and behaviors required to maintain positive functioning under such adversity. As a complement to this prior work, we highlight the importance of understanding resilience over a longer period and the more persistent adversity faced by refugees born in refugee camps. Accordingly, we provide an account of substantial and persistent adversity and develop a model in which identity plays a critical role in facilitating entrepreneurial action, and entrepreneurial action plays a critical role in generating resilience outcomes under adversity. We believe this emergent theorizing on the direct, indirect, and recursive relationships among entrepreneurial action, integration activities, multiple identities, and resilience outcomes adds important insights to the entrepreneurship literature. Unfortunately, substantial and persistent adversity is pervasive throughout the world, and the number of refugees is significant, thus generating considerable research opportunities. We hope our model is useful for such research endeavors as scholars continue this important line of study.

Although we intended to explore how entrepreneurial action influences resilience outcomes in a specific context of substantial and persistent adversity—namely, refugee entrepreneurs—we uncovered a series of recursive relationships when developing our model. These recursive relationships reveal that to understand resilience outcomes fully, scholars need to consider (1) not only entrepreneurial action but also how resilience outcomes enable entrepreneurial action, (2) not only how entrepreneurs' interactions with others facilitate resilience outcomes but also how resilience outcomes affect these interactions, and (3) not only how multiple identities initiate entrepreneurial action for resilience outcomes but also how resilience outcomes (through integration activities) impact the nature of entrepreneurs' multiple identities. Overall, we argue that just as entrepreneurial action and identity are essential

for understanding resilience outcomes, resilience outcomes are essential for understanding entrepreneurial action and identity in the context of substantial and persistent adversity. While a host of literature streams have investigated adversity, entrepreneurial action, and resilience, none have taken an integrative recursive perspective to explore these concepts in the context of substantial and persistent adversity. Our findings on refugee entrepreneurs thus provide new insights on resilience under substantial and persistent adversity.

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Women Entrepreneurs Flourishing or Languishing at the Bottom of the Pyramid

INTRODUCTION

Entrepreneurship can provide a pathway out of poverty and a means to cultivate economic development for communities at the “base of the pyramid” (BOP) (Bruton et al., 2013; Prahalad & Hart, 2002; Sutter et al., 2019)—that is, for those living in the poorest economic conditions of the human wealth pyramid. Due to their harsh living conditions, individuals at the BOP are often very resourceful in starting and building new businesses to lift themselves (Bruton et al., 2013; Sutter et al., 2019) and their families (see Chapter 2) out of poverty. Women’s entrepreneurship can play a vital role in these environments by stimulating economic activity, modernizing countries, and solving social problems. Indeed, compared to men, women are more likely to have social goals for their businesses, resulting in greater benefits for others and their communities (Minniti & Naudé, 2010). For instance, women entrepreneurs who live

Ira Chatterjee joins us as a co-author of this chapter (Chatterjee, Shepherd, Wincent, and Parida). She is also the first author of the underlying source article of this chapter. Readers interested in a deeper literature review and discussion of the sample, research method, and analysis can refer to Chatterjee et al. (2022).

under poverty typically spend a greater percentage of their income on feeding, clothing, and educating their children compared to their male counterparts, who tend to spend more on clothes, recreation (including alcohol), and food for themselves (Nichter & Goldmark, 2009).

While women's entrepreneurial endeavors have had significant positive effects in the poverty context, research into women's entrepreneurship at the BOP is scarce. The sparse literature on entrepreneurship at the BOP has largely explored job creation, economic growth, and regional development (Terjesen & Amoros, 2010). Still, we lack a deeper understanding of the personal benefits that BOP entrepreneurs reap from their entrepreneurial action. Understanding the personal benefits that women at the BOP gain from entrepreneurship is especially salient because they appear to be driven by numerous motivations. Namely, although women in poorer countries often turn to entrepreneurship to earn income and overcome poverty, they also tend to be driven by the desire for independence and self-fulfillment (Gray & Finley-Hervey, 2005). For example, Unilever's Shakti program—a widely acclaimed success story of creating employment opportunities for women in rural India—benefitted these women by imbuing “self-esteem, a sense of empowerment and a place in society” and thus conferring “dignity to the women entrepreneurs” (Unilever website, n.d.). As such, entrepreneurship can help satisfy people's basic psychological needs and thereby contribute to their personal well-being (Williams & Shepherd, 2016).

At the firm level, such personal well-being is important because it engenders firm persistence and performance, but at the individual level, this personal well-being leads to a sense of agency and empowerment in entrepreneurs themselves (Williams & Shepherd, 2016) with spillover effects for their families and communities (Lepeley et al., 2019). Accordingly, personal well-being is essential for women entrepreneurs at the BOP due to the adversity both they and their communities face. Thus, instead of presuming that financial gains and firm performance necessarily bring about personal well-being for BOP women entrepreneurs, it is important to explore how entrepreneurship influences these women's personal well-being beyond the performance of their ventures.

In this chapter, we address these current research gaps by building theory based on the thoughts and feelings of BOP women who come from conventional patriarchal families in rural environments of developing regions and who typically have limited education yet decide to enroll in

training programs so they can take the plunge into entrepreneurship. In particular, we investigate how such entrepreneurship training and subsequent venture creation influence these women entrepreneurs' personal well-being.

More specifically, we explore the experiences of women who participated in a social program in rural India. These women trained to become solar energy entrepreneurs and then set up ventures to provide their communities with solar power. Thus, the social program entails *both* entrepreneurship training and venture creation. This distinction is important because while prior entrepreneurship research has demonstrated that entrepreneurship training can lead to new venture creation, it has generally assumed (often explicitly) that this new venture creation improves the lives of impoverished entrepreneurs. We explore this assumption directly, finding that consistent with prior research, some of the participants in our study benefited from the program in the form of enhanced personal well-being—that is, they flourished. Surprisingly, however, our findings also reveal that some women experienced diminished well-being—they languished—despite successfully completing entrepreneurship training and establishing new ventures. With this finding as the basis, we examine the different levels of well-being experienced by BOP women entrepreneurs who participated in the same training and venture-creation program.

Our theorizing and findings on the well-being of BOP women entrepreneurs contribute to the entrepreneurship literature in three main ways. First, prior research on entrepreneurs' well-being has mainly focused on mean levels of well-being, ignoring the variability in entrepreneurs' mental health (Stephan, 2018). In this chapter and the underlying study, we extend this prior work by investigating the heterogeneity in women entrepreneurs' experiences. We also provide insights into these women's psychological development within and across various phases of the entrepreneurship process and demonstrate how expectations are critical drivers of their ensuring well-being.

Second, previous scholarly work has emphasized the outcomes of psychological capital but has tended to neglect its antecedents (Newman et al., 2014). Our study addresses this gap by highlighting factors associated with the development of psychological capital. Namely, we show how external work experience and social support alter levels of psychological capital in women entrepreneurs and moderate their expectations.

Third, current theory centers around the positive effects of entrepreneurship training on ventures, communities, and economies instead of the psychological benefits for individual actors. Further, this theory is typically built upon Western philosophical foundations rather than a grounded understanding of the thoughts, feelings, and experiences of those living and working at the BOP (Minniti & Naudé, 2010; Sutter et al., 2019).

To bridge these gaps, we offer a process model of women's entrepreneurship and personal well-being at the BOP and provide new insights into the varying levels of well-being experienced by women entrepreneurs after participating in an entrepreneurship program. The goal of entrepreneurship programs is to train people to acquire knowledge and skills that they can apply to create and manage a new venture. These programs are considered successful when participants start a new venture. In this chapter, we argue that it is equally important to define program success in terms of well-being and flourishing. Accordingly, training programs should add instruction and assessment features that help develop entrepreneurs' psychological capital as well as provide them the tools they need to handle the demands arising from entrepreneurship more generally and from gender-related issues more specifically.

THEORETICAL BACKGROUND

Women's Entrepreneurship at the Base of the Pyramid

Entrepreneurship is an important means for reducing poverty and facilitating the economic development of individuals at the BOP (Bruton et al., 2013). Prahalad and Hart (2002) originally coined the term BOP when selling to people who live at the lowest tier of the global income pyramid. However, they later stressed the importance of viewing these people as producers and "resilient and creative entrepreneurs" (Prahalad, 2012: 25). Indeed, many individuals at the BOP are local entrepreneurs who actively participate in their own socio-economic development, especially BOP women entrepreneurs standing at the "vanguard of social transformation" (Prahalad, 2005: 134).

In developing countries, women's entrepreneurship can generate employment, economic activity, and societal benefits (Minniti & Naudé, 2010) as well as considerable personal benefits for women entrepreneurs, especially given their position as "the poorer and discriminated against

gender” (Minniti & Naudé, 2010: 278). Indeed, entrepreneurship offers these women a path to economic security, a platform for self-expression and fulfillment, and a source of empowerment (Eddleston & Powell, 2008; Jamali, 2009). Women at the BOP, in particular, face numerous intersecting challenges and constraints due to their gender and economic status, so experiencing autonomy and empowerment can significantly enhance their lives. However, scholars have paid scant attention to how entrepreneurship influences these women’s well-being despite these potentially life-changing benefits.

When theorizing on entrepreneurs’ well-being, scholars have typically concentrated on economic criteria, such as business size and growth. They have implicitly assumed that strong venture performance leads to improved well-being for entrepreneurs (Cooper & Artz, 1995). However, this assumption may not hold for women entrepreneurs because compared to their male counterparts, women generally place greater value on subjective performance measures and measures that are not at the firm level of analysis. For instance, women tend to be attracted to entrepreneurship as a career because it provides high autonomy, self-fulfillment, and independence (Powell & Eddleston, 2008), whereas men tend to focus on financial gain and status. However, depending on their social, cultural, and economic contexts, many women still face discrimination even after creating a venture, leading to varying personal well-being outcomes for this group (Akobo, 2018). Accordingly, the positive relationship between income and empowerment found for women in the Western context may not pertain to women in developing countries where patriarchal and socio-cultural norms and values may obstruct the translation of income into empowerment (Al-Dajani & Marlow, 2013). Thus, entrepreneurship’s emancipation potential may continue to elude some women due to their specific contexts.

Prior research exploring women’s employment in developing countries has uncovered numerous constraints hindering women’s engagement in the workforce that are essentially outside their control, such as access to education, restrictions based on gender norms, social class rules, and access to employment opportunities (Erten & Keskin, 2018; Heath & Mobarak, 2015). Although scholars have made important contributions to understanding the external sources of such constraints for women, the internal constraints—namely, the “barriers within women’s own psychologies” (McKelway, 2018)—need more attention. Indeed, for entrepreneurship interventions to help women successfully overcome their current

constraints and transform their lives, research needs to move past basic access to financial and human capital to explore women entrepreneurs' psychological constraints.

Entrepreneurship Training and the Development of Psychological Capital

Compared to men, women tend to have lower self-confidence in their abilities. This diminished self-confidence is especially prevalent among women at the BOP as they typically lack education and have few work-related opportunities to learn (Jamali, 2009). In this context, entrepreneurship training and venture-creation programs can be a particularly effective means to build women's business competencies and entrepreneurial intentions (Dhaliwal, 2010). Indeed, a lack of business knowledge and low self-confidence hinders new venture creation and weakens venture performance for women at the BOP. Therefore, successful entrepreneurship training programs not only expand participants' knowledge and skills but also develop their psychological capacities, such as their personal initiative, motivation, and self-confidence (Campos et al., 2017; Wilson et al., 2007). While research has shown that psychological strengths positively impact entrepreneurship more generally, insufficient attention has been paid to the psychological capacities of women in developing countries (Santoro et al., 2020). Such scholarly disregard is surprising since BOP women entrepreneurs seem likely to benefit more from positive psychological capital than BOP men, given the additional constraints these women face.

The notion of psychological capital was conceptualized by Luthans and colleagues (2007: viii) to capture "positively oriented human resource strengths and psychological capacities." Psychological capital comprises four dimensions: (self-) efficacy, optimism, hope, and resilience. The first dimension—efficacy—refers to "beliefs in one's capabilities to organize and execute the course of action required to produce given attainments" (Bandura, 1977: 3). This dimension is positively associated with entrepreneurial intentions, venture creation, and persistence more generally. Santoro and colleagues (2020) recently found that self-efficacy is connected to entrepreneurial success in underprivileged entrepreneurs more specifically. However, women tend to have lower entrepreneurial self-efficacy compared to men (Wilson et al., 2007), a difference that is heightened in developing regions where women have limited access to

female role models and where strict gender norms result in low literacy and education, few employment opportunities, and decreased mobility for women (McKelway, 2018). While entrepreneurship training programs are known to build entrepreneurial self-efficacy, it is unclear whether self-efficacy cultivated through training can counteract low self-efficacy stemming from external sources (i.e., outside training).

The second dimension of psychological capital—optimism—refers to individuals' generalized expectation that they will achieve positive outcomes (Scheier et al., 2001). Relevant to the context we explore, optimism often leads individuals to select and implement effective strategies to cope with stressors (Fraser & Greene, 2006; Hmieleski & Baron, 2009). Thus, optimism can help BOP women entrepreneurs persist under adversity and build extensive social networks (Greve & Salaff, 2003; Markman et al., 2005), which are especially important when confronting difficult circumstances. However, when entrepreneurs have unrealistic expectations, optimism can result in diminished venture performance, thereby leading to poor decision making and higher failure rates for these entrepreneurs (Hmieleski & Baron, 2009). Entrepreneurs can overcome this optimism bias by learning from experience, which provides insights to reduce uncertainty over their knowledge, skills, and talent (Fraser & Greene, 2006). However, as mentioned, women at the BOP have limited employment and education opportunities and thus typically lack previous work experience outside the home. This lack of experience can ultimately result in unrealistic optimism about the future benefits of one's entrepreneurial endeavors.

Hope, the third dimension of psychological capital, refers to individuals' ability to formulate goals and find the means and drive to achieve these goals (Snyder et al., 2003). Indeed, entrepreneurship starts with a vision, so hope serves as a critical psychological resource that enables entrepreneurs to envision exciting yet reachable goals that can lead to higher satisfaction and success in business ownership (Luthans & Jensen, 2002). However, "false hope" can lead individuals to establish goals based on illusion instead of reality, setting them up for discouragement and grief if they fail to realize these goals. Accordingly, Snyder (2002) argued that people with false hope are effectively *low* in hope since they tend to set goals outside existing boundaries and fail to alter those goals when faced with challenges. Thus, in our context, BOP women entrepreneurs likely need to develop hope-related resources to achieve agency and purpose,

facilitate goal setting, find routes to realize their goals, and seek alternatives when faced with obstacles. On the other hand, they need to avoid false hope due to the negative consequences described above.

The last dimension of psychological capital—resilience—refers to individuals' ability to sustain performance when faced with adversity to ultimately achieve success. Resilience is an adaptive capacity that enables individuals to maintain (or quickly re-establish) positive functioning when facing difficulty. It can lead to persistence, hardiness, and success in the entrepreneurial context (Shepherd et al., 2020b). Moreover, resilience influences and interacts with the other dimensions of psychological capital, thereby strengthening the effects of each. For example, under stressful circumstances, resilience helps people remain optimistic and form positive expectations for the future despite any hardships (Carver et al., 2010). It also enables them to envision a desired image of the future—that is, to have hope. Likewise, in the context of disadvantaged entrepreneurs, self-efficacy and resilience appear to be complementary (Santoro et al., 2020).

Importantly, these four dimensions of psychological capital can be adapted and developed. Thus, since the various elements of psychological capital help individuals deal with the pressures of day-to-day life while maintaining a positive mindset about the future, changes in their psychological capital likely influence their personal well-being, to which we now turn.

Psychological Capital and Well-Being

Most scholars define well-being in terms of subjective and psychological well-being. Subjective well-being entails feelings of happiness, lack of pain, and overall satisfaction with life (Diener et al., 1999). In contrast, psychological well-being refers to a sense of purpose and optimal functioning (Ryan & Deci, 2000). Following Wiklund and colleagues (2019: 579), we define entrepreneurial well-being as “the experience of satisfaction, positive affect, infrequent negative affect, and psychological functioning about developing, starting, growing, and running an entrepreneurial venture.”

This personal well-being can be facilitated by psychological capital. Indeed, psychological capital is positively related to job satisfaction, work performance, reduced depressive symptoms, and lower job burnout and psychological distress (Avey et al., 2010; Leon-Perez et al., 2016), and

in the entrepreneurial context specifically, self-efficacy and autonomy are vital to individuals' well-being (Baron et al., 2016). Although scholars have examined the drivers of well-being, little work has shed light on why some entrepreneurs experience increased well-being from their entrepreneurial endeavors while others experience decreased well-being. In this regard, Keyes (2002) argued that well-being is a matter of degree and can be viewed along a continuum of relatively lower quality of life to relatively higher quality of life. Thus, in this chapter, we investigate *how entrepreneurship training and venture creation influence the personal well-being of women entrepreneurs at the BOP.*

CONTEXT

To answer this question, we chose a social program involving both entrepreneurship training and venture creation as our research context. In particular, this social program was designed to provide women training in entrepreneurial skills and support the creation of new ventures (i.e., solar power businesses) to decrease poverty, empower women, and aid rural communities. Our study was situated among women subjected to intersectional discrimination—namely, impoverished women in a deeply patriarchal culture in rural Rajasthan, India. Although poverty in Rajasthan has declined in recent years, the area is still classified as a “low-income state” even in India, with approximately 10 million people (i.e., 15% of the state’s population) living in poverty (earning less than USD 1.90 per day in 2011 purchasing power) (World Bank Report: India States Briefs, 2012). Besides their harsh living conditions, these women must also function within a patriarchal system that greatly discriminates against them. Many of the women we spoke to, for instance, wore heavy veils to conceal their faces and were reluctant to speak when men were present. As such, the woman on this chapter’s authorship team met with these women in their homes to interview them privately. Furthermore, due to their gender, these women had little to no education and were all married at a young age, signaling the intersectional dynamics.

We interviewed participants in a residential program at RajiU¹ that trains rural women from developing countries to become solar energy entrepreneurs. In particular, RajiU, a community-based organization,

¹ The names of the participants and of the college have been changed to ensure anonymity.

recruits “illiterate or semi-literate grandmothers” under the belief that these women have strong community roots and will thus return to their villages after their training to “bring sustainable electricity to remote, inaccessible villages” (“It starts with the sun,” 2020). Once they are admitted to the program, participants go to the training center and remain in residence for six months. It is important to note that this program is a major life event for these women as they are required to leave their families, travel (great distances for some), and live in an unfamiliar environment for six months. Indeed, before the program, most participants had only seldomly left their villages and had never resided outside of their marital/parental homes.

The program is structured as follows: the women spend the first month of the program meeting, interacting, and getting to know each other. They begin their formal training in the second month, learning about the solar photovoltaic panel lighting system, printed circuit boards, and electronic charge controllers. In the third month, the women participate in practical sessions to learn to make, repair, and maintain solar lanterns. In the fourth month, the women construct solar lanterns by themselves. In the fifth month, the women continue independently fabricating, testing, and repairing solar lamps. Finally, in the sixth month, the women learn practical skills to set up and run their ventures, such as opening a bank account and ordering spare parts. Upon program completion, the women commit to setting up solar energy ventures to bring electricity to their villages. In the underlying study of this chapter, we examined the motivations, experiences, and behaviors of a sample of these women before and during their entrepreneurship training and after venture creation.

All the women we interviewed had faced substantial adversity and social barriers due to the intersecting inequalities of their poverty, class, and gender. For example, most of the women practiced *ghoonghat*, wearing a veil to cover one’s head and often one’s face, and almost half engaged in *purdah*, a kind of seclusion that forbids women to interact with men who are not immediate family members. Furthermore, the women had minimal (if any) education and all but one were married before the age of 18. For more details on this study’s sample selection, research method, and analysis, please see Chatterjee et al. (2022).

FINDINGS

According to our findings, when the entrepreneurship training program began, all the participants were enthusiastic and excited to learn, driven by the eagerness to improve their own status and their communities. For instance, Lalitha explained, “People respect you if you can read and write,” and Lakshmi felt the program was her “only chance to learn. My last chance.” Similarly, Fia noted her desire to help her community: “I feel I can help people in the village, especially the women.” To our surprise, however, although all the participants completed the training program and set up viable solar energy ventures, not everyone achieved personal well-being—some flourished, whereas others seemed to languish. To ensure anonymity, we present those who flourished at the end of the program with “F” names and those who languished with “L” names.

Shared Trajectories Before Venture Creation

Our findings reveal that the women faced similar difficulties related to their socio-economic and gender statuses before the training, which is unsurprising given their similar situations and demographics. Regarding socio-economic constraints, for example, Fia described issues around earning income: “We have had a drought for the last three years and no income since we depend on agriculture and the rains.” Similarly, Lekha described her poor living conditions: “We do not even have a proper house. Every year in the rains, our house starts leaking, and we have to rebuild the place” (Lekha). As for gender-based (social) constraints, Fiza noted, “My brothers went to school, but my parents did not have enough money to send me.” Likewise, Leela reported, “My husband died when I was young, but because I am a woman, my sons now make decisions about my life,” and Fia told us, “I always wanted to learn something, to study, to go to school. In our time, it was not just that we did not have a chance, but we never even felt we should go. We just accepted it as a way of life.”

Thus, through interviews and interactions at the beginning of the entrepreneurship training program, we discovered that overall, the participants were highly motivated and enthusiastic about the program despite being somewhat nervous. For example, similar to many others we interviewed, Fia conveyed excitement about coming to the campus: “I have never traveled this far before. I was scared and at the same time excited

to go to RajiU and be in a new place.” Freya was happy about the chance to meet other women and make new friends, explaining, “Going to the training was exciting and scary. I had never actually lived in another place with women from so many places.” Moreover, all the women were thankful for the opportunity to learn. Indeed, beyond the benefits from venture creation, the women seemed motivated to receive an education they had been denied in the past, as Lalitha indicated: “The one thing in life I wish I had been able to do was study. It is my biggest regret.”

Moreover, the atmosphere in the training center at the beginning of the program was cooperative and supportive and thus helped the women build their confidence. For example, we noticed that the women interacted with each other in an animated way when sharing stories, comparing notes, and discussing problems. Similarly, the women worked hard in the training workshops to learn technical terms and help each other, and they often stayed after class to ask questions and talk with the instructors. Acquiring new skills in this way gave many of the women their first hint of success, helping them build confidence in their skills and abilities. The program instructors and the program’s overall design also imbued confidence in the women as the instructors often celebrated the women’s achievements and referred to them as solar “engineers.” Because these instructors were primarily women, they also served as role models for the participants, encouraging them to believe in their ability to succeed. Corroborating the women’s newly found confidence and self-efficacy, RajiU’s founder explained, “With every month . . . the women grow in stature and self-confidence. They come as grandmothers and return as heroes to their villages” (Lankarani, 2011, para. 9).

In this way, the program was successful as all the women in our sample were proud of their achievements and felt galvanized by the technical nature of their work. Leena, for example, was delighted after successfully putting her first solar lamp together, telling us, “Everyone clapped. I was so excited.” Falguni was proud of her new designation, noting, “Who would have thought that I could become a solar engineer?” Additionally, Falak believed she was finally on par with men: “Even the men in my village don’t know these things.”

Developing self-confidence, interacting with strong role models, and being allowed to start a new venture instilled hope in the women. Many began discussing their goals for both their businesses and the future more generally. Some of the women wanted to improve their children’s lives, as Fenny mentioned: “I will first open a bank account in my own name as

soon as I go back so I can save money for my children.” Others hoped to improve their communities, such as Farah: “I think everyone in the village needs these solar lights, so I want to start soon.” Still, other participants wanted to maximize their own potential in life and voiced optimism about the future. For instance, Lakshmi reported, “I hope I can learn even more now,” and Leena explained, “I think now I can do anything; I can change my life.”

In addition to the women’s pride and self-confidence from acquiring new knowledge and skills and their hopes for the future, the participants seemed to particularly enjoy connecting with other women during the six-month program. Indeed, most of the women had led isolated lives due to the social barriers they faced, so meeting and interacting with other women was an especially important program benefit. For instance, Lalitha told us that she had observed the custom of *purdah* before the program, a common practice among higher-caste women in villages. She explained how, as a result, she had never interacted with women from other communities and castes and was only now realizing what she had been missing. The women all agreed that the training program was one of the most rewarding experiences of their lives, and many seemed wistful at the notion of it ending.

Upon considering their previous seclusion, the women expressed discontent with their lives. Many began realizing that their past circumstances had limited their lives in many ways, making them feel incapable of doing anything “technical,” restricting their ability to travel and have new experiences, and denying them access to finance. For example, Lata told us, “I do all the work at home and also look after the animals, but after milking the cows, it is my husband who takes the milk to the collection center and collects the payment. He handles all money matters.” Together with their newly acquired confidence, the women’s dissatisfaction kindled new expectations for their lives and crystallized their hopes about venture creation.

Thus, overall, the entrepreneurship training program helped the women understand the “bigger picture” of their lives, enabling them to acknowledge the negative aspects of their previous circumstances and imagine new aspirations for the future.

An Entrepreneurship Program and Flourishing

We draw on models of personal well-being to define flourishing as the state in which an individual has positive psychological and social functioning (Keyes, 2002). The women we categorized as flourishing described positive feelings and high levels of well-being, and they demonstrated empowerment, optimism, and resilience.

First, after they created ventures, the flourishing women felt, exhibited, and discussed empowerment. For these women, empowerment meant they were now able to take on jobs that only men could do in the past, such as handling finances and using technology. They were able to play more significant roles in their communities. The women's increased feelings of empowerment were also reflected in practical issues related to working in their ventures, as Fiza indicated: "It is difficult to wear a veil and repair solar lamps. Before, I used to be shy, but now, I just remove my veil when I have to work." Moreover, the women felt they received more recognition in their communities due to their work, with some even participating in council elections and taking on advisor roles for other women. Consistent with these sentiments, an NGO representative who worked with these women described them as "strong," explaining, "They can do anything" and are "confident to say what is on [their] mind." We also noted a notable example of the women's increased sense of empowerment in our fieldnotes following an interaction between male NGO representatives and one of the flourishing entrepreneurs, Freena. Not only did Freena lead the discussion, requesting longer-lasting fuses for her clients (because the local NGO provides spare parts), but she also did not cover her face and looked the men directly in the eye as she spoke thus significantly departing from local practices. More noteworthy, the NGO representatives showed her a great deal of respect, with one even sitting on a lower step than Freena—another major deviation from local conventions (field notes).

Second, the flourishing women were more generally optimistic about the future and their lives. This optimism was particularly apparent in their plans for the future, which entailed ideas related to building houses; expanding their ventures; furthering their professional development; and investing in their businesses, such as buying new technology (e.g., a computer and a mobile phone, as in the case of Freya). For instance, Fia explained that she planned to put her earnings toward building a *pucca* house, which would be more durable than her current home. Falguni

mentioned that she planned to establish a training center to teach other women to become solar energy entrepreneurs. During home visits, the flourishing women also frequently told stories about their children going to school and their hopes for their careers, indicating optimism about their children's futures. Thus, as we recorded in our field notes, the flourishing women were "positive about the future," felt "in control of their lives," and believed "good things will happen."

Finally, the flourishing women demonstrated resilience. The women not only repeatedly showed that they could overcome significant difficulties, but they were also "cheerful and determined when faced with problems" (field notes). Moreover, instead of giving up when faced with adversity, they attempted to change the status quo. For example, when Freena explained how she found the hot summer temperatures (from plus 35 degrees Celsius [95 degrees Fahrenheit] to plus 48 degrees Celsius [118 degrees Fahrenheit]) to be taxing because she traveled on foot to see customers, she smiled and shrugged to indicate it was just part of her work. Fia showed resilience by remaining positive despite facing a drought for the third year in a row. Freena's resilience entailed moving out of her family home to live alone after her husband died. Similarly, Falak built a hut for herself after her husband threw her out of their home, and she described how she fought to save her marriage after discovering she could not have children (field notes; some men in rural India take a second wife when the first cannot have children).

While the benefits the flourishing women achieved are similar to findings in the literature—namely, entrepreneurship and empowerment, optimism, and resilience (Al-Dajani & Marlow, 2013; Ayala & Manzano, 2014; Ucbasaran et al., 2010)—they starkly contrast the languishing women's experience despite successful training and venture creation, to which we now turn.

An Entrepreneurship Program and Languishing

Languishing refers to the subjective experience of feeling stuck and believing that one is failing to progress (Spreitzer et al., 2005). Despite having similar venture outcomes as the women who flourished (e.g., number of solar units installed), the women who languished lacked positive feelings, demonstrated despair and resignation, and engaged in minor acts of rebellion.

First, the languishing women entrepreneurs believed they could not attain the life they desired, thereby resigning themselves to a life less lived. Because their expectations from venture creation were unfulfilled, these women felt they were helpless and lacked control over their lives. They also believed their problems were impossible to solve, so they failed to better their situations and thus seemed defeated. Leena, for instance, commented, "I can only hope for a better life in my next birth." The languishing women also exhibited a distinct change in their attitudes about the program: while they were excited about the training and the chance to start a business at the start of the program, they now appeared disheartened. For instance, Lalitha was initially eager to participate in the program and proud of her training accomplishments. However, after setting up a venture in her home village, she lamented, "Nothing will change here. I work hard, but there is no point. This is my fate." Leena similarly told us, "This is the way things have been for years. Whatever I do, nothing will change my life."

As recorded in our field notes, the languishing women felt their lives had changed little after the program and, as a result, felt deflated. We also noticed gestures of resignation among these women, such as shrugging their shoulders or drifting into silence when asked about their circumstances as if talking about their problems was futile. Some women seemed especially resigned, speaking of how the program had been their last opportunity to better their lives at their older age and how their hard work had failed to materialize into the change they had envisioned. For example, Lakshmi told us that she never thought she would be allowed to study, so she initially pinned all her hopes on the program. However, despite participating in entrepreneurship training and creating a venture, she felt her life had not improved.

Second, the women who languished after the entrepreneurship training and venture creation displayed despair. This despair came in different forms, including despair from being a woman (Lata), from family members' treatment (Lalitha), and a "palpable sense of sadness" (field notes). These women's despair was most evident in informal interactions and observations, with some women appearing listless and lacking enthusiasm for life. For instance, when we visited Leela in her home, we noticed that she typically looked downward and rarely smiled. Compared to Freena, a flourishing entrepreneur who was also widowed, Leela seemingly failed to realize how extraordinary her achievements were. Instead, she told us how she felt stuck in her current circumstances:

When my husband died, I thought I could start a new life by becoming an entrepreneur. My sons did not want me to do this, but I insisted and went for the training. Now, they are ashamed of me and do not want me to work. I like working, but now I want to run away from here and leave all this behind.

The shame Leela's sons felt needs to be understood about the importance of status in determining labor-force participation in rural India—namely, when “family incomes rise, women stay home and vice versa” (Sorsa, 2015: 22). Moreover, although some of the languishing women entrepreneurs still engaged in their work to a degree, at least two felt they had to continue interacting with customers even though they did not enjoy it after losing their initial enthusiasm. These women felt that entrepreneurship had improved their financial situations but had failed to deliver expected improvements in other parts of their lives.

Finally, some of the languishing women entrepreneurs engaged in minor acts of rebellion, defying norms and practices in trivial ways without caring about the ramifications. For instance, during an interview with community members to discuss the changes that had occurred after solar electrification, Lekha flung off her face veil in front of the men (a rebellious act) while explaining, “I have nothing to lose.” Lekha's resignation and despair appeared to drive her engagement in such minor rebellious acts because she felt she had already hit rock bottom and believed her situation could not get any worse. Likewise, Lalitha told us about another minor rebellious act:

I have moved into another section of the family home. My in-laws live in a separate section. I have not spoken to my mother-in-law in months. Last month, my father-in-law threw his [tea] cup on the ground. I ignored him and left the broken cup on the floor.

While this act may seem innocuous, in the context of the traditional “joint” Indian family, patriarchal norms require the daughter-in-law to do all the housework. Indeed, the men of the family do not even enter the kitchen. In addition, the father-in-law is the head of the household, meaning that his authority is absolute and he owns the family's property. Overall, the languishing women's rebellious acts were unusual, particularly compared to the behavior of the flourishing women, who appeared to connect to their families and communities with more zeal after

participating in the program. In particular, while the flourishing women entrepreneurs took on larger roles in their families and communities, those languishing seemed to shy away from social engagement.

Diverging Trajectories After Venture Creation: The Nature of Expectations

Our findings reveal that the alignment between the women's expectations after completing the training program but before starting a venture and their actual experiences after new venture creation separated those who flourished and began a positive trajectory and those who languished and began a negative trajectory. While all the women spoke of the positive benefits they expected to gain after creating a venture (e.g., enhanced status in their communities and increased income), we uncovered important differences between the women who flourished and those who languished.

First, the flourishing women typically had defined goals and plans, such as building a more durable house (Fia) and purchasing a computer (Freya), believing that such actions would better their lives. For example, building a more durable house would keep Fia's family safer and happier, and purchasing a computer would help Freya's son in his career. On the other hand, those languishing generally had less specific goals, such as having a better future (Leela) and being happy (Lakshmi). However, without clear routes to achieving these vaguer goals, the languishing women felt less in control and took fewer actions to achieve them. These women appeared to assume that after striving to become solar entrepreneurs and accomplishing what had once seemed impossible, venture creation would fill the voids in their lives and solve all their problems. For instance, Lakshmi told us how she had thought her life would change after the training:

I used to blame my problems on not having had an education. The training showed me that I am capable of doing so much more than I can, but my life is the same after all my knowledge of solar lamps. Sometimes I wonder if it is worth it for my daughter to even study. I hope I am not born a woman in my next life.

Second, we found that when the flourishing women entrepreneurs' expectations went unmet, they tended to either alter these expectations

or work harder to reach their goals. For example, Farida explained that she had initially expected to earn her community's respect by simply becoming a solar engineer. When that expectation did not materialize, she decided to work in her community directly, installing solar lights in the temple and other areas. Only then did her community begin to value her. In contrast, the languishing women entrepreneurs seemed to give up when their expectations for their lives after venture creation went unfulfilled, using phrases like "nothing will change" and "it's not in my destiny." Lakshmi, for instance, told us the following:

I had made so many new friends during the training, but when I returned, I was again back in my old life. When I come here [her workplace], it is nice, but when I go back, nothing has changed. In fact, my husband and in-laws are often angry and suspicious. Yes, I earn money now, but it is not that much more. I don't know if it is worth it.

Third, the flourishing women entrepreneurs' expectations from their ventures frequently focused on community welfare, such as training other women (Falguni) and aiding their villages (Fia). However, the languishing women entrepreneurs' expectations from venture creation tended to center on their own lives, such as improving their family relationships. Interestingly, none of the women in either group mentioned ambitions related to gender equality, instead appearing to accept the status quo of gender inequality for themselves. However, some did talk about their daughters and future generations having more control over their own lives.

While we noticed these diverging trajectories among the women only after they had created their ventures, these varying levels of well-being could be explained by differences in the women's initial expectations from venture creation because success is not necessarily based on one's absolute level of performance but performance compared one's goals and expectations. Since their initial expectations went unmet, the languishing women entrepreneurs felt the entrepreneurship training had given them hope for a new life that they were now denied. They saw no other path to improve their lives, with which they were now even more dissatisfied. On the other hand, the flourishing women entrepreneurs did not realize greater material rewards from their ventures than those languishing, but they had set more realistic and achievable expectations upfront. While RajiU applies common age, gender, and literacy criteria when selecting

participants, upon closer inspection of our data, we found differences in participants' background related to their prior work experience and family support. These differences shed light on why some women entrepreneurs had realistic expectations while others did not.

Differences in Expectations: Work Experience and Family Support

One key differentiator between the two groups of women entrepreneurs appears to be prior work experience outside the home. All but one of the flourishing women had such experience before enrolling in the entrepreneurship program. For example, Fia and Falak had worked as casual laborers on construction sites near their villages, and Farah had run a small store in the corner of her house. This outside work experience reflected features of these women's family environments (e.g., greater freedom at home). It gave them insights into the effort needed for and rewards from work, thus enabling them to form more realistic expectations for their future as entrepreneurs. Freena, for instance, described how she knew it would take some time for people in her community to embrace her ideas for her solar venture since she had confronted similar skepticism when she took her first job.

Moreover, by working outside their homes, these women may have built confidence and formed positive self-beliefs before the training, thereby complementing the program's work to develop psychological capital but in the real world. For instance, we observed Falguni as she spoke with a local NGO representative about the need to train people in her village to care for their solar lamps and how she expected the partner NGO to help solve this problem. Prior work experience also allowed these women to develop resiliency when confronted with hardships, which helped them continue their solar ventures in the face of challenges (beyond those discussed in the entrepreneurship training). For instance, Falak reported that while visiting customers in the hot afternoons can be tiring, it is still easier than working on a construction site.

In contrast, none of the languishing women entrepreneurs had experience working outside their homes before creating their ventures. These women had led extremely restricted lives before the training. Some also seemed to be limited by their higher caste and the practice of *purdah*, both of which appeared to hinder their outside experience and social

connections (although we lacked adequate data to make definitive conclusions). Indeed, according to one of the languishing women, the training program had presented a means to escape their current lives.

The flourishing women entrepreneurs also seemed to have supportive families and communities receptive to their entrepreneurial endeavors because they were used to women working outside the home. Freena, for example, had previously held a job as a manual laborer (a job her family had been displeased about) but was now a respected solar entrepreneur in her community. She was even asked to attend village council meetings because community members wanted her opinion on various issues.

In contrast, the languishing women entrepreneurs who lacked outside work experience did not have such support. Indeed, these women's families and communities were unprepared for their breach of social norms, with some experiencing disapproval from their spouses, in-laws, and even their children. For example, for Lalitha, whose life before the training had been very restricted, the entrepreneurship program was a once-in-a-lifetime opportunity, and she was resolved to learn despite lacking support from her husband and in-laws: "The only person in the whole household who supported me was my husband's grandmother." She had hoped that her husband would celebrate her accomplishments after she started her venture, but when we interacted with him, he seemed ashamed and told us he worried about what people would say about her work. Similarly, Lalitha's mother-in-law thought Lalitha was "talking too much" after becoming a solar engineer.

Thus, while the languishing women entrepreneurs had initially established positive attitudes, skills, and self-beliefs during the entrepreneurship training program, these benefits emerged in a supportive yet artificial environment. For instance, the sessions were structured to ensure the women could concentrate on a specific part of a task, receive prompt positive feedback, and finish tasks as small victories. However, the women's newly found attitudes, skills, and self-beliefs were put to a different test (*vis-à-vis* during training) when they confronted family and community members who were unsupportive of their entrepreneurial endeavors as well as the strong patriarchal forces underlying their culture. In other words, these unsupportive actors weakened the psychological capital the women had cultivated during their training. Moreover, without input and advice about their ventures from family members, the languishing women entrepreneurs had difficulty adjusting their expectations. On the other hand, the flourishing women entrepreneurs had access to such support

from their family members, which appeared to not only help them set more realistic expectations but also adjust them when faced with challenges and changing conditions. For instance, Fulki explained how her daughter assists in running her venture, often encouraging her mother to rest and take breaks.

Finally, while we did not formally explore how the women's caste affected their well-being, we noticed that the lower castes had more freedom to engage in external work before the entrepreneurship program. In addition, some of the lower-caste women described how entrepreneurship had improved their social status in their villages. For example, before becoming entrepreneurs, these women were prohibited from interacting with individuals from higher castes; however, as solar energy providers, they were invited into people's houses (to install and manage equipment). The higher-caste women, in contrast, were previously restricted from working outside their homes despite their poverty because societal norms indicated that such work was beneath their status. Accordingly, these women did not experience a boost in status from becoming an entrepreneur. Some even experiencing diminished status because many people still viewed their entrepreneurial roles as working outside the home, which they believed only lower-caste women should do. Overall, further research is needed to fully understand the role caste plays in entrepreneurship in general and women's entrepreneurship specifically.

A Model of Women Entrepreneurs Flourishing or Languishing

Many commendable entrepreneurship programs offer people living in poverty entrepreneurship training and support for new venture creation, thereby helping transform these individuals' lives and their communities. However, these programs can have varying outcomes. Indeed, while the women we studied had comparable backgrounds and all faced intersectional constraints related to their gender, life stage, and education, they experienced different levels of personal well-being after one such program, with some flourishing and others languishing. Through the training program, we found that all the participants developed the psychological capital components of self-efficacy and hope and, to a lesser extent, optimism and resiliency. In addition, the training program and related experiences drove the women to reflect on their lives, which brought up feelings of discontent. This crystallization of discontent and their enhanced self-confidence led the women to form expectations for a better

life through their entrepreneurial action. The women who had supportive families and prior external work experience set more realistic expectations that they could fulfill, thereby strengthening and building their psychological capacities of empowerment, resiliency, and optimism. The women without such family support and external work experience, on the other hand, generally had unrealistic expectations and abstract goals that they were unable to realize. As a result, these women demonstrated diminished confidence and despair, resignation, and rebelliousness. Therefore, we found that the women's expectations mediated the relationship between their psychological capital and personal well-being. Factors like family support and prior external work experience moderated the women's expectations and helped them maintain their psychological capacities after venture creation. Based on these inductively generated findings, we developed a model of well-being for women entrepreneurs at the BOP (see Fig. 4.1).

DISCUSSION

According to most policymakers and scholars, entrepreneurship is a good thing, with benefits for firms translating into benefits for entrepreneurs. Moreover, rushing to connect productive women's entrepreneurship at the BOP to benefits for disadvantaged communities and countries, prior research has often overlooked the implications of such entrepreneurial action for the women themselves. Thus, we investigated the personal well-being of women entrepreneurs before, during, and after an entrepreneurship training and venture-creation program, ultimately finding that some of the women flourished after venture creation while others languished. Abstracting from our findings, we now turn to the drivers and mechanisms underlying this heterogeneity of personal well-being in women entrepreneurs at the BOP.

In line with the literature, our findings reveal that women at the BOP face complex intersecting challenges that often impede venture creation. Social entrepreneurship programs can help participants overcome these constraints and push them toward venture creation by developing their psychological capital capacities, especially self-efficacy and hope. At the same time, these types of programs can also produce a sense of discontent in participants by uncovering gaps in their previous and current lives. This crystallization of discontent, stemming from "links among a multitude of unpleasant, unsatisfactory, and otherwise negative features of

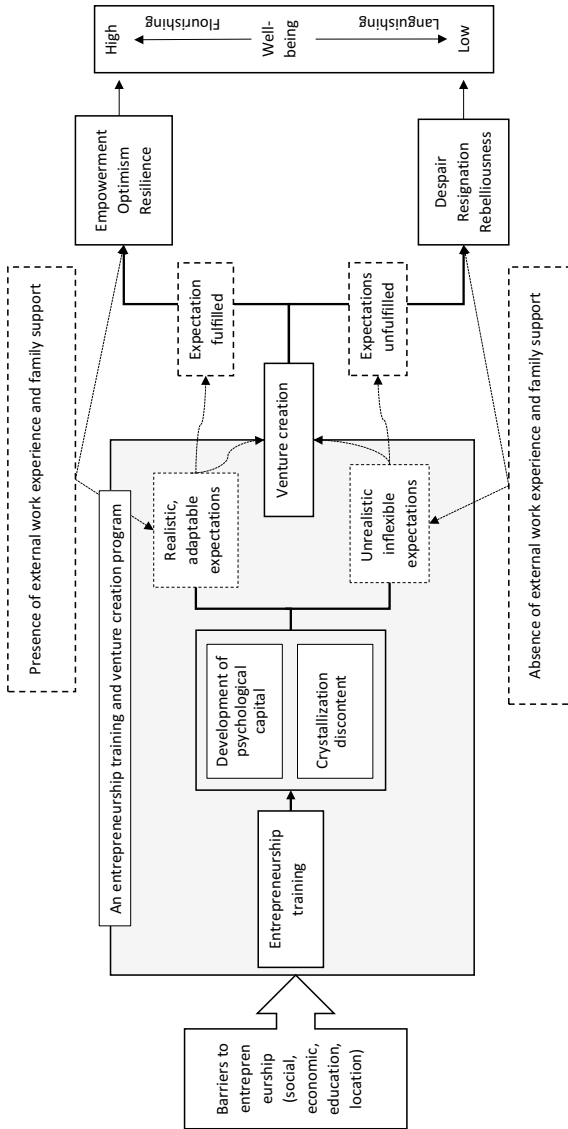


Fig. 4.1 A well-being model of women's entrepreneurship at the base of the Pyramid²

² Figure is from Chatterjee et al. (2022).

one's current life situation" (Baumeister, 1991: 281–282), can ultimately trigger change. Indeed, many individuals pursue an entrepreneurial career after feeling discontent to improve their mental health and well-being (Haynie & Shepherd, 2011). As such, our study reveals that entrepreneurship training develops participants' self-confidence and raises their hopes for the future. In particular, training programs and the environments in which they are situated can highlight the hardships in participants' current lives while simultaneously helping them build confidence (self-efficacy) in their ability to alter their lives, thereby increasing their expectations.

As our study revealed, expectations from an entrepreneurship program can be key motivators that drive women at the BOP toward entrepreneurship training and venture creation. Notably, the women entrepreneurs we studied were not solely motivated by economic desires despite their disadvantaged circumstances (Renko et al., 2012), a finding that corroborates previous research. In particular, according to Vroom's expectancy theory (1964), people are motivated to act and behave in certain ways based on the belief that their efforts will lead to expected outcomes that are important to them. Previous entrepreneurship studies applying this expectancy framework have shown that entrepreneurs who are confident in their abilities are driven to put forth the effort, engage in entrepreneurial action, and attain economic and non-economic outcomes (Wiklund et al., 2019; Zhao et al., 2005). Likewise, in our study, the flourishing women entrepreneurs were confident in their abilities and realized important outcomes. However, the women entrepreneurs who languished continued their ventures even though they doubted their abilities and could not realize their anticipated outcomes. This anomaly could be explained by Renko and colleagues' (2012) finding that necessity entrepreneurs often maintain effort despite having low confidence in their abilities because they lack alternative opportunities.

Although successful in venture creation, the women whose expectations for entrepreneurship went unmet experienced low personal well-being—they languished. Accordingly, Parasuraman and Simmers (2001) argued that entrepreneurship might heighten work-family conflict for some women as "business ownership is not a panacea for balancing work and family role responsibilities" (p. 551). However, Porter and Steers (1973) note that individuals likely do not have to fulfill *all* their expectations to feel a sense of satisfaction. Therefore, since expectations appear to mediate well-being, training programs could help participants moderate their expectations and offer guidance for goal setting.

Relatedly, our findings also reveal that prior work experience and family support are important factors that help women entrepreneurs at the BOP set realistic expectations and develop and maintain psychological capital capacities, such as resilience. Indeed, Luthans et al. (2006) proposed that lacking a stable home, secure family environment, mentors, and other related factors can reduce individuals' resilience. Other studies have also shown that supportive relationships can strengthen entrepreneurs' resilience, helping them handle many of the difficulties associated with creating and operating a venture. Importantly, women in economically developing and developed countries are typically more reliant on their extended families for support than men (Justo & DeTienne, 2008); however, for many of the women entrepreneurs at the BOP who we studied, the family was the *only* source of social support available to them. The languishing women entrepreneurs who lacked such family support—namely, who lacked “encouragement, understanding, attention, and positive regard” from others (Powell & Eddleston, 2017: 3)—thus had reduced psychological capital endowments, especially self-efficacy, after the program. Such reduced psychological capital can negatively impact individuals' ability to achieve their goals, ultimately leading to feelings of despair and resignation. On the other hand, the flourishing women entrepreneurs who had supportive families set realistic expectations and maintained high psychological capital, including the psychological capital they developed during the training.

With these findings, our study extends the theory on women's entrepreneurship and well-being. Although scholars have increasingly explored entrepreneurship and mental well-being more generally, the well-being of women entrepreneurs has garnered scant attention, particularly in the context of developing countries. This scholarly disregard is surprising given the magnifying effect of women's entrepreneurship on community development and social progress. Through our study, we highlight the heterogeneity in women entrepreneurs' personal well-being outcomes, showing that some experience high levels of personal well-being and flourish after starting a venture. In contrast, others experience low levels of personal well-being and languish. In particular, we add to research on the association between psychological capital and well-being as well as work on the antecedents of entrepreneurs' personal well-being (Stephan, 2018) by showing that entrepreneurs' expectations mediate their psychological capital and personal well-being. Thereby, we also answer recent calls for more qualitative research in positive

psychology and increased understanding of well-being (Hefferon et al., 2017; Wissing et al., 2019). Moreover, we contribute to and extend the growing literature on psychological capital and entrepreneurship. Although prior research has shown that psychological capital is positively related to job and life satisfaction (Bockorny & Youssef-Morgan, 2019; Hmieleski & Carr, 2007), the mechanisms underlying these relationships remain unclear. We uncover some potential mechanisms for women entrepreneurs at the BOP, demonstrating that prior work experience and family support moderate their expectations and sustain their psychological capital, thereby influencing their personal well-being. These findings complement recent work showing that culture, specifically collectivism at the in-group/family level, can predict women's business ownership and that spousal support moderates new venture ownership (Bullough et al., 2014; Werbel & Danes, 2010). Finally, we developed our theory in the context of women entrepreneurs at the BOP, thereby filling a void regarding entrepreneurship and personal well-being in this chronic, adverse context.

Our research also has implications for policymakers and practitioners working to improve economic development and empower women at the BOP. Specifically, our findings highlight the critical role entrepreneurship training programs can play in developing women entrepreneurs' psychological capital capacities during and after venture creation. Indeed, as previous studies have shown, entrepreneurship training for women entrepreneurs at the BOP can lessen the effects of entrepreneurship-related constraints for women in such environments (Bischoff et al., 2020). In addition, training programs that consider participants' unique needs due to their individual circumstances (e.g., family support and prior work experience) can offer guidance on goal setting and moderate participants' expectations, thereby influencing their personal well-being.

CONCLUSION

As discussed throughout this book, people undertake entrepreneurial action for different reasons (Wiklund et al., 2019). For women entrepreneurs at the BOP, who are confronted with numerous constraints but few opportunities, entrepreneurship can be a route to increased personal well-being. Before our study, however, limited scholarly attention had been given to these vulnerable individuals' personal well-being outcomes. In our study, we found that engaging in entrepreneurship

enhanced the personal well-being of some women, who then flourished. Still, for others, it diminished their personal well-being, so they languished. We explored these differing experiences for participants of an entrepreneurship program involving both training and venture creation to offer new insights regarding why some women entrepreneurs at the BOP flourish while others do not.

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Personal Adversity and Justifying Illegal and Costly Entrepreneurial Action

INTRODUCTION

Although entrepreneurship is usually associated with positive outcomes for entrepreneurs, firms, economies, communities, and societies, it can also lead to unproductive and destructive outcomes. Unproductive entrepreneurship entails “activities of questionable value to society” (Baumol, 1996: 6), and destructive entrepreneurship entails activities that utilize resources to capture rents or appropriate wealth. Baumol (1996) proposes that the extent to which entrepreneurial effort is oriented to unproductive and destructive outcomes hinges on the “rules of the game”—namely, the economic and social conditions driving such behavior.

As such, entrepreneurship can generate economic and social benefits and be a source of negative consequences. Consistent with this duality, an emerging research stream is starting to recognize that entrepreneurship can be detrimental (Antony et al., 2017; Shepherd et al., 2013), serving as an important counterbalance to the vast literature on its

This chapter is published with Moses Osofero (Shepherd, Osofero, Wincent, and Parida). He is also a co-author on the underlying published article. We refer readers with interest in a richer literature review and/or more details about the sample selection, research method, and analysis to refer to Shepherd et al. (2022).

positive outcomes. Thus far, this research stream has taken a more macro-perspective focusing on the economic and social conditions that drive destructive entrepreneurship. Therefore, there is an opportunity to explore inside a specific economic and social context to gain deeper insights into how individual entrepreneurs make sense of their circumstances and decide to undertake entrepreneurial action that, despite producing some benefits for themselves and others, also produces significant negative outcomes for the local community, the environment, and the entrepreneurs themselves.

Indeed, although previous research has described how some people engage in destructive entrepreneurship, a more micro-level perspective is needed to clarify how and why entrepreneurs engage in, justify, and persist with entrepreneurial action that generates substantial negative outcomes, thereby complementing the extensive prior research on entrepreneurs' positive outcomes. We take such a perspective to shed light on the entrepreneurial process at the micro-level. In particular, we explore how bunkerers—oil thieves—engage in, justify, and persist with entrepreneurial action that generates some benefits for the entrepreneurs and the local community and causes significant harm to the local environment, the community, and the entrepreneurs' health.

Like the other entrepreneurs we have discussed throughout this book, the entrepreneurs in this context also face substantial personal adversity. By entrepreneurs, we mean people who “discover [or otherwise identify or construct], evaluate, and exploit” potential opportunities, or “situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their costs of production” (Shane & Venkataraman, 2000: 218, 220). In this context, we view bunkerers as entrepreneurs and their illicit venturing to access, refine, and sell oil as entrepreneurial action since they are introducing and selling a new product (locally, illegally sourced, and refined oil) at a greater price than its cost of production. Our personal adversity model of justifying entrepreneurial action generates substantial negative outcomes (for the local community and the environment) has three main contributions.

First, most entrepreneurship research has explored the benefits of entrepreneurship (Carter, 2011) while relatively ignoring the consequences. Indeed, although some macro-level research has recognized destructive entrepreneurship (Desai et al., 2013), micro-level research has mostly overlooked the high costs of entrepreneurial action undertaken by proximal others. Thus, in this chapter, we investigate the negative and

positive outcomes of entrepreneurial action within a specific context—namely, within a specific geographic location, industry, set of economic conditions, etc. By shedding light on how entrepreneurs initiate, justify, and persist with such entrepreneurial action, we start to connect elements of entrepreneurship under adversity to significant costs (and some benefits) experienced by local communities that are already facing substantial hardships.

Second, numerous studies have discussed the role individuals' agency plays in driving new ventures and other forms of entrepreneurial action (McMullen et al., 2020). In this chapter, we show that entrepreneurs rely on different levels of agency as they develop, refine, and apply justifications for their entrepreneurial action. In particular, research has shown that people often try to avoid punishment for negative outcomes by claiming a lack of agency over the underlying action and/or its consequences (e.g., displacement or diffusion of responsibility) (Bandura, 1986). We extend this prior work by showing that people can justify their entrepreneurial action by claiming both a lack of agency *and* considerable agency. Thus, we provide new insights into how entrepreneurs can claim varying levels of agency in the same justification for the same action.

Finally, entrepreneurship studies focusing on motivation have revealed that venturing can be predominately motivated by self-interest, predominately motivated by other-interest, or dually motivated by both interests in a hybrid form (Battilana & Lee, 2014; Murnieks et al., 2020). We add to this research stream by revealing how entrepreneurs' dual focus on both themselves and others is also part of their efforts to justify entrepreneurial action that has significant negative outcomes for the local community and the environment. Research on justifications and moral disengagement has shown that when justifying their behavior, individuals tend to de-emphasize self-interest while emphasizing the benefits to others and/or discounting the costs to others (Tillman et al., 2017). The findings presented in this chapter provide a deeper understanding of the entanglement of the self and others in justifying entrepreneurial action by claiming others share the benefits and oneself shares the costs. This self–other entanglement is a new type of justification and could even be a new moral-disengagement mechanism. Indeed, the claims of both a lack of agency and considerable agency and this self–other entanglement in justifying entrepreneurial action that leads to negative outcomes reflect what Moore (2015: 200) considered to be increasing interest in how moral disengagement is triggered and “how [individuals] construe morally meaningful choices.”

THEORETICAL BACKGROUND

Destructive and Necessity Entrepreneurship

Destructive entrepreneurship can be defined as “activities that produce a welfare transfer and that, in doing so, result in a net reduction of social welfare” (Minniti, 2016: 218). For example, destructive entrepreneurial action sometimes arises in tourism ventures. Specially, tourism operators can damage the environmental and social features of local communities, resulting in community members’ diminished health, decreased incomes, and increased neighborhood crime. As a result, for some regions, the social costs of tourism overshadow its benefits (Lindberg et al., 2001). Other examples of destructive entrepreneurial action include drug smuggling, dynamite fishing, and slash-and-burn agriculture (Desai & Acs, 2007); human trafficking (Chapter 6); and government corruption (Chapter 7).

Most research exploring how talent is allocated to different entrepreneurial outcomes has assumed that individuals choose to engage in entrepreneurship, which is not always true. For instance, entrepreneurs in less developed countries typically operate under resource scarcity, meaning they have limited strategic options and are thus often pushed into self-employment to earn an income (Block & Wagner, 2010; Tobias et al., 2013). While recent work has provided deeper insights into necessity entrepreneurship in general, it is important to note that some individuals feel they have little or no choice but to undertake entrepreneurship, including illicit venturing. Thus, we explore how individuals in a less developed economy begin to engage in entrepreneurial action that produces significant negative outcomes for the local community and the environment and how these entrepreneurs justify persisting with this course of action.

Unethical Behavior and Moral Disengagement

Unethical behavior can result in negative consequences. Accordingly, scholars have paid significant attention to exploring why individuals engage in unethical behavior. For instance, employees can engage in unethical and deviant behavior that is costly to their organizations by directly obstructing organizational functioning, such as diminishing their own and/or other employees’ effectiveness on work tasks (Fox et al., 2001: 292). Other unethical employee behavior includes theft, sabotage,

and “slacking off” (Nielsen & Einarsen, 2012). This research stream has provided numerous explanations for employees’ deviant behavior, including the offenders being “bad apples,” having a particular type of personality and demonstrating both low emotional stability and low integrity (e.g., Berry et al., 2007; DeShong et al., 2015). Studies have also shown that situational and organizational factors, such as person-job and person-vocation fit, organizational culture, and organizational policies (Aquino & Lamertz, 2004; Fine et al., 2010; Harold et al., 2016), affect employees’ engagement in unethical and costly behavior and that organizations themselves can engage in such deviance.

Scholars have also paid considerable attention to how individuals justify their unethical behavior. Drawing on social cognitive theory, Bandura (1986) proposes moral disengagement as an overarching framework to explain such behavior. Specifically, ethical behavior arises because individuals have internal moral standards that guide their conduct, and they feel distressed if they breach those standards. In anticipation of these feelings of distress, people are typically motivated to avoid making decisions and taking actions that breach their moral standards. However, moral standards can only impact ethical behavior when individuals’ self-regulatory process are activated. In contrast, unethical behavior arises when individuals’ self-regulatory process is deactivated, in which case their moral standards are decoupled from their decision-making and action-taking to enable unethical behavior without self-censure and thus without feelings of distress (Detert et al., 2008).

A robust research stream has outlined a set of cognitive mechanisms that can deactivate individuals’ self-regulatory process to enable unethical behavior. Collectively, these cognitive mechanisms are known as moral disengagement (Bandura, 1986), and they can be differentiated by their locus of attention. First, mechanisms with an agency locus absolve a person of responsibility for a negative outcome from their unethical behavior (i.e., displacing or dispersing responsibility or blame). Second, mechanisms with an outcome locus ignore, lessen, or distort the consequences of unethical behavior. Third, mechanisms with a behavior locus disengage individuals’ moral standards by cognitively misconstruing unethical behavior to make it appear more morally appropriate (i.e., moral justification, euphemistic labeling, and advantageous comparison). Finally, mechanisms with a victim locus decrease individuals’ identification with those they harmed through their unethical behavior (i.e., dehumanization and attribution of blame) (Bandura, 1986, 2018; Detert et al., 2008).

Moral disengagement has been associated with many different types of unethical behavior, including aggression against others, cheating, theft, and workplace misconduct (Gino & Galinsky, 2012; Gino et al., 2014). Further, the effects of moral disengagement on individuals' probability of engaging in unethical behavior are amplified when people experience anxiety and insecurity, personal distress, and psychological closeness to others who are acting unethically (Chugh et al., 2014; Gino & Galinsky, 2012). Accordingly, this research stream has included calls for future research to more deeply examine the "unethical social life" (Caparara et al., 2009: 504).

In the entrepreneurship literature, Qin and colleagues (2020; see also Shepherd et al., 2013) investigated how disengaging one's pro-environmental values affect entrepreneurs' decisions to pursue potential opportunities that damage the natural environment, which can, in turn, have negative impacts on local communities. Indeed, some people pursue opportunities based on "economic motivation without taking into consideration the importance of the environment for human life" (Nugroho et al., 2017: 66). As a result, these people may over-exploit environmental resources, thereby negatively affecting others' health and quality of life. Moreover, Baron et al. (2018) showed that entrepreneurs who are more driven by financial gains have a higher likelihood of disengaging their morals to make unethical decisions than entrepreneurs who are less driven by financial gains.

Thus, prior research has revealed the important role moral disengagement plays in explaining unethical behavior, including some recent work on entrepreneurial behavior. However, in light of the complexity of illegal entrepreneurship (compared to the specific tasks and decisions outlined in the ethics and moral disengagement literature), we elucidate how entrepreneurs who face substantial adversity themselves engage in entrepreneurial action that results in substantial costs to the local community and environment and how they use moral disengagement to justify starting and continuing their entrepreneurial ventures.

CONTEXT

Scant research has taken a micro-perspective to explore individuals' thinking and activities when initiating and engaging in entrepreneurial action that produces significant negative outcomes for a local community

and the environment. Thus, we chose to take such a perspective to investigate the entrepreneurial action of bunkering. Specifically, we explore bunkerers—oil thieves—in the Niger Delta as this context is ideal for addressing our research questions for several reasons.

First, bunkerers start illegal ventures that access and sometimes refine, transport, and sell oil. Since accessing oil is inexpensive, bunkerers can sell the oil they collect at lower prices than legal suppliers and thus profit from doing so. As such, bunkering generates profits for the bunkerers themselves and reduces oil costs for their customers. All bunkerers follow essentially the same process to access, refine, and transport oil to customers: “In order to access the oil, a small group of welders will puncture a pipeline at night, establishing a tapping point from which the group can operate” (Council on Foreign Affairs, 2015). From this tapping point, the workers “siphon the crude via rubber hoses up to 2 km long into barrels aboard small craft” (Reuters, 2019). The crude oil is then transported to the “illegal artisanal refineries located in the Delta, [where the workers] cook the crude into separate petroleum products. The end product yields 2 percent petrol, 2 percent kerosene, and 41 percent diesel” (Council on Foreign Affairs, 2015). “They then sail alongside larger vessels, allowing the contraband to be pumped ship-to-ship into oil tankers bound for export, usually to Asia—mixed imperceptibly in a ratio as small as 10 percent with the legitimate product” (Reuters, 2019). While it is impossible to fully account for how much oil the bunkerers take, according to one estimate, bunkering amounts to 200,000–300,000 barrels of oil stolen per day (Obenade & Amangabara, 2014).

Second, the entrepreneurial process of bunkering entails many substantial costs, particularly for the natural environment. Specifically, “pipeline vandalism from bunkering leaves pipes especially vulnerable to leaks, spills, and major accidents.... The remaining 55 percent of crude goes to waste, most of which is dumped into the nearby water or a shallow pit” (Council on Foreign Affairs, 2015). This damage to the natural environment, in turn, reduces many locals’ quality of life:

Environmental degradation is the most visible and direct impact of illegal refining and oil theft. Photographic evidence gathered at sites visited across Delta, Bayelsa, and Rivers States show the terrible impacts of artisanal refining on the local environment. Vegetation is visibly affected by the resulting pollution; crude saturates the mangroves, and oil disturbs the

surface water. The environmental destruction associated with illegal oil refining harms traditional livelihoods tied to the land and water. Oil pollution is a significant barrier to cooperative, integrated fish farming, one of the few businesses that could provide sustainable employment and incomes. Nigeria spent over N100 billion on the importation of frozen fish in 2010, some of which is necessary for Niger Delta communities to replace the fish they once caught. Oil theft and artisanal refining have significant health risks for those involved and the environment as well. The handling and heating of the crude oil pollute the air. The camps have a toxic feel, and the health impacts of those working there are unknown. Communities are constantly exposed to inhalation of poisonous gases, causing coughing and breathing problems. However, many are in denial about the potential medium to long-term health implications because of the short-term economic gains. (Obenade & Amangabara, 2014: 28)

Finally, bunkering is especially prevalent in the Niger Delta. According to one estimate, bunkering is “costing Nigeria about a tenth of its crude production,” with “75% of the stolen oil being exported [and] the rest... being refined in illegal ‘artisanal refineries’ and marketed along the Nigerian streets as cooking fuel, gasoline, and diesel” (Odalonu & Eronmhonsele, 2015: 10, 12). Thus, bunkering results in costs to the Nigerian people in the form of lost income to the government and a reduced natural resource endowment.

Considering the prevalence of bunkering in the Niger Delta and the known negative impacts on the natural environment, local communities, and the country, we expected the bunkerers we interviewed to have strong opinions about their entrepreneurial action. Indeed, we were a bit taken aback by how open these entrepreneurs were when describing their activities, their thinking when starting their ventures, their decision to persist with this business, and the subsequent negative outcomes for the various parties involved. For more information on sample selection, research method, and analysis, see Shepherd, Osofero, and Wincent (2022).

FINDINGS

As illustrated in Fig. 5.1, our findings led to a personal adversity model of justifying the costs of entrepreneurial action. Some individuals facing personal adversity believe they have no options other than undertaking

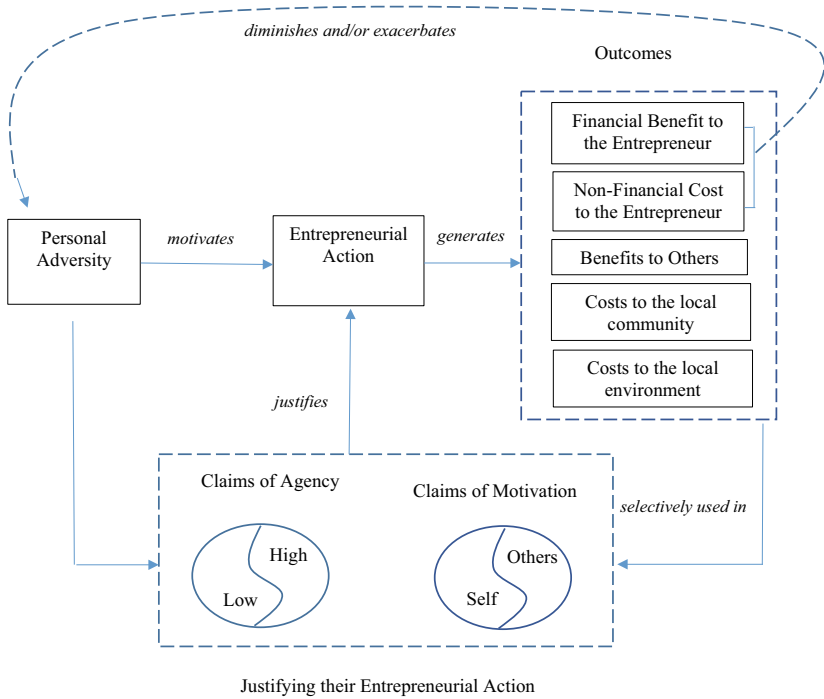


Fig. 5.1 A personal adversity model of justifying the costs of entrepreneurial action

entrepreneurial action that generates financial benefits for themselves and some benefits for the local community while also producing significant costs for others (the local community and the environment) and non-financial costs for themselves. To justify this entrepreneurial action, these entrepreneurs use claims of agency (switching between low and high agency) and claims of motivation (switching between self-based and others-based). Successfully justifying their entrepreneurial action frees these entrepreneurs to continue their activities, which has ongoing implications for the local community, the environment, and themselves.

Personal Adversity

Despite living in an oil-rich country, many Nigerian people experience poverty, with 44% of the population (Quartz Africa, 2018) living below the poverty line of USD 1.90 per day (World Bank, 2020). This disparity between the country's abundant oil endowment and the Nigerian people's poverty is most evident in the Niger Delta. People who live in the Niger Delta endure substantial poverty (Joel, 2008) and thus experience suffering in many forms, including adults suffering cognitive problems, socio-emotional issues, and both physical and mental health problems and children suffering psychological, social, and physical problems (Hair et al., 2015; Wyk & Bradshaw, 2017).

According to our findings, these individuals faced substantial adversity before becoming entrepreneurs, and this adversity *motivated* them to begin bunkering. For instance, Odili (entrepreneur) indicated this adversity-based motivation when he said, "Because in this, our country, Nigeria, you don't have anything. You graduate from the university, and as a graduate, there is no job. For me, this [bunkering] is the only means for now because I can do this for survival." This statement also highlights the lack of employment opportunities in Nigeria, one of the key reasons Nigerians face adversity. Indeed, Kalio, an entrepreneur, also mentioned the difficulties he has faced in finding employment:

I have taken my CV to so many places looking for a job. They always tell me there is no job, yet they employ [other] people every day. So, I just looked for a way to help myself and my family because I cannot suffer and go to school, and after graduating, there isn't a job for me to do.

Due to the substantial adversity they face and the resulting need to fight for their survival, the bunkerers tend to vilify the powerful, including the government and foreign oil companies. These powerful entities are vilified for disregarding their responsibilities and deceiving and neglecting the Nigerian people. Moreover, the bunkerers believe that the government's incompetence, duplicity, and negligence have ultimately led to great harm to the local environment, thus requiring them to fight for their survival.

First, the government and foreign oil companies work together to generate considerable revenue, which they then keep. In particular, a middle manager at a legal oil company (Manager 2) told us, "The nation owns the oil reserve. There are agreements between the government and

the oil companies on investments and profit-sharing. The government has the larger share.” According to the government and the press, Nigeria generates 1.65 million barrels per day (OPEC, 2019), which equates to roughly USD 76 million per day. In the Niger Delta, oil companies generate 1.6 million barrels per day, equaling approximately \$73.7 million per day (Climate Scorecards, 2019). Despite these substantial figures, the Niger Delta locals do not feel this wealth is being adequately shared with the people, and they largely blame the government for this unfair distribution. For example, Eze described this blame on the government in the following:

But the government is not making jobs available for the youths graduating from schools. So, people graduate from school and still come to sit at home unemployed. If you steal, you will be killed. So, the government should provide jobs for the Nigerian youths, especially those from the Niger Delta area.

Second, the bunkerers also believe the government deceives them due to the government not fulfilling its responsibilities. The entrepreneur Odili, for example, told us that he believes the government sells the oil for more than it claims: “The government sells their own, and they come back to tell us, the citizens, that one barrel is sold for some chicken change, and they keep deceiving us while we know what is involved in the market.” Similarly, Kalio—another entrepreneur—explained how the government manages the oil and the resulting proceeds:

After all, people in government are stealing this money that is generated from the Niger Delta oil extraction business, yet they don’t give us anything. We are all here suffering while they are flying their private jets and couldn’t care less about us. So, this is my right, and anything that wants to happen, I am also ready for it. As they are sitting in government, their children are schooling abroad, and once they finish studying, they get good jobs. I am done with school, and there is no job for me, so I have to find a way to help myself.

Consistent with stories about the government’s mismanagement and deceit, an entrepreneur named Toby explained that the oil companies are “stealing our oil in a way that the federal government does not even understand. They are taking multiples of what they declare and using our oil to enrich their countries.”

Finally, for the reasons described above, people living in the Niger Delta generally believe the powerful do not care about them, so they respond to this lack of care with apathy and sometimes anger. For instance, when asked if he cares about the oil companies, Odili said,

Those of us here know what we are doing [bunkering], so if they give me a big machine to operate, it won't take me much to learn how to operate it. But they won't employ us; they won't engage us. So, I am not concerned about them.

Indeed, a worker at a legal oil company confirmed the locals' complaints about the lack of care, explaining:

There are negative impacts that, in some cases, are not the intended outcomes but happen by nature of the society we live in and our operations and societal impact. By societal impact, we need to understand that the oil and gas industry cannot operate in isolation of the general environment and behavioral patterns of the people in the communities where our operations are located. There are so many expectations for the government by local communities as the communities feel they should be part of the process.

Ultimately, the bunkerers' frustration about the lack of employment opportunities in Nigeria is rooted in the financial difficulties caused by these circumstances, the shame they feel from being educated yet unemployed, and the refusal to change this "unacceptable" status quo by the government and the oil companies. Indeed, buyers of the bunkerers' products recognized the entrepreneurs' motivations for engaging in bunkering as a means to survive, and one community member even described these entrepreneurs' entry into bunkering as a form of self-help.

Outcomes of Entrepreneurial Action

As discussed, the opportunity the entrepreneurs in our study are pursuing entails illegally accessing crude oil from pipes, sometimes refining the oil, and then selling the resulting oil-related products. Pursuing this opportunity involves costs to the natural environment, the local community, Nigerian people, and entrepreneurs.

First, in pursuit of this opportunity, the bunkerers often destroy specific aspects of the local environment. In particular, the bunkerers sometimes

cause oil spills when puncturing pipes to access the oil, which has deleterious effects on local ecosystems. Indeed, according to an environmental report on the Niger Delta, the area is “one of the most polluted places on earth” (Amnesty International, 2018). When asked about these oil spills, entrepreneur Toby explained,

Yes, we have had such problems a couple of times. After taking the oil, we try to seal the drilled portion of the pipe back, but at times, we still experience some spill because we don’t have the right expertise for that. But we are improving on how we do these things, and the spills are reducing.

Another entrepreneur, Tamuno, reported similar situations:

Sometimes we experience a spill due to not following normal safety procedures. We are not really trained on that, so whenever we experience spills, we just leave the spot and go to another place. After government intervention in the abandoned area, then we can go back there.

Bunkering also has destructive effects on “the river and contaminates our fish” (Ogbonna, entrepreneur). As Igwe (entrepreneur) explained, there is “pollution in the environment... Water will be polluted, and fish will die.” Accordingly, Obi (entrepreneur) explained his distress over these circumstances, stating, “I am concerned about the environment and my family.” A middle manager (Middle Manager 2) in a legal oil company also described the environmental impact the bunkerers had in pursuing their opportunity:

The end products of these refineries don’t meet the international specs of such products. They present a danger to the users and lead to a lot of fire incidents and danger to equipment. The byproducts are not properly managed and are returned to the environment, leading to pollution. When they are caught, the refining equipment becomes metal waste.... The economic benefit derived from it does not measure up to the danger they present.

Second, given the considerable harm done to the natural environment, pursuing this opportunity also causes some damage to the local community and people. For instance, one community member (Community Member 1) told us he believes “the waste products affect the natural environment, [and] our waters are also contaminated. Rivers are no

longer safe for use; crops and trees are no longer growing well.... It makes the local natural environment unbearable because of pollution.” Other community members detailed how the pollution impacts their health (Community Members 1, 2, and 5), “destroys the basic means of livelihood of the Niger Delta people... [and destroys] the rivers and the farmlands” (Community Member 2; also Community Members 3, 5, and 6), makes food scarcer and more expensive for locals (Community Member 3), and causes community unrest (Community Member 5). Moreover, the entrepreneurs also recognize that bunkering damages the environment in ways that harm the local community. When asked about the negative environmental impacts from his bunkering activities, for instance, Chukwudi disclosed,

Yes, I know that there are negative impacts on the environment because if you look, you will see that we have an oil spill on our land, on the river, and it also affects our fish and crops. That is why, for me, I am careful with how I extract this product from the pipe.

Finally, while pursuing this opportunity provides financial benefits to the entrepreneurs, accessing and refining the oil puts their health at risk. Indeed, according to a middle manager at an oil company (Middle Manager 2), “In places where they break into pipelines, they have a lot of accidents, leading to fire and several deaths.” Refining the oil also threatens the bunkerers’ health, as indicated in Kalio’s explanation of the refining process:

Well, I have a reservoir tank where I take the crude oil first. From the reservoir tank, the crude oil goes into the burning pot, where we heat it up to a very high temperature. When we heat it up, the level of temperature gives a particular product depending on the exact product we want to get. As we heat up the pot, we keep taking samples from the product and testing it to know if we have attained the level of a particular product. It’s not as if there is a thermometer to measure the temperature.

Justifying Entrepreneurial Action That Causes Harm to Others

Entrepreneurs’ Claims of Agency. Although the entrepreneurs recognize that their entrepreneurial action causes damage to the environment and the local community and threatens their own health and safety, they justify this action by switching between claims of low and high agency. Agency

refers to “being in control of one’s actions and their consequences” (Demanet et al., 2013: 574).

The entrepreneurs claim low agency over obtaining legal employment. In line with the blame, they place on the government and the oil companies for their adversity (as discussed earlier), the entrepreneurs justify their destructive entrepreneurial action by alleging they have no choice but to establish ventures to bunker oil. For example, entrepreneur Tamuno called out the government directly in his claim of low agency regarding employment:

This question is for the government to answer because we have so many graduate youths that are unemployed in the community. If they are gainfully employed, they will not be doing this business. The government should do something about unemployment. Imagine people graduating from school for years without being employed. Some of these graduates are supposed to be working with the oil companies, but this is where they find themselves because no one will employ them.

Perhaps counterintuitively, although the entrepreneurs claim low agency over their entrepreneurial action and the subsequent consequences, they also claim high agency over this action and its consequences. For example, despite claiming they initially could not prevent oil leakages, the bunkerers also claim they are skilled in stopping such leakages from occurring: “When I started the business newly... it used to be disastrous, but now we know how to take care of it. We are taking care of it; we are very careful with our operations” (Odili, entrepreneur). Indeed, since they have gained experience tapping into the pipes, the bunkerers have likely developed skills to avert spills (but not other sources of environmental harm).

Moreover, the entrepreneurs know they are breaking the law but are confident enough to successfully avoid punishment, again claiming high agency. In particular, although the bunkerers take extra measures to avoid getting caught (e.g., operating at night), they actively engage in corruption in case they do. By paying bribes, the entrepreneurs can persist with their illegal activities, but these illicit payments undermine the rule of law (i.e., contributing to a corrupt system [see Chapter 7]). Indeed, when we asked Obi (entrepreneur) if he is worried about being caught, he told us the following, which highlights the bunkerers’ approach to avoiding punishment:

Certainly, I worry about being caught. That is why we put every arrangement in place so that the “cat will not run out of the cage”—you understand what I mean.... I am sure you are a Nigerian. So, you know how the system runs. You pay money and free yourself. The business we do gets us good money, so we use part of [that money] to free ourselves when we are caught.

Interestingly, the bunkerers seem to demonstrate the greatest sense of agency for avoiding sanctions.

Finally, the entrepreneurs claim high agency over collecting, refining, and selling the oil. For example, Toby indicated high agency when he described the expertise needed to collect the oil, and Odili expressed high agency when explaining how he gained knowledge about how to refine the oil best:

The first thing is to crack the pipe with our tools. *We have special tools* for doing this. Then we connect our long hose from that pipeline to where we want to receive the crude oil in our containment. That will be as much as I can say about the process. *It is confidential.* (Toby, entrepreneur, emphasis added)

I take the oil to my local refining point [local refinery], where I have my reservoir tank and my burning pot. The burning pot is where I heat up the crude oil to get my different products. The burning pot is exactly *the same way we produce* palm oil in the village. We burn the crude oil in the pot to get our products from it. (Odili, entrepreneur, emphasis added)

Thus, the entrepreneurs switch between low and high agency claims over their entrepreneurial action and its consequences when justifying their illicit venturing. However, these claims of different agency levels are not always independent, as the entrepreneurs often combine them in the same justification. For instance, Chukwudi (entrepreneur) told us he lacks agency over generating money legally but then also mentioned his ability to influence the situation:

I can start mentioning communities and local governments that you can visit now to see that the government is not doing anything. Nothing is working, and that is why you see us getting ourselves involved in this crude oil business because for us when we extract this product, refine [it],

and sell it, we make sure we provide those things that we have the capacity to do for our people to feel the impact of what we are doing positively because if we wait for the government, they will not do anything.

In a similar vein, Igwe (entrepreneur) noted both his powerlessness in obtaining employment and his helpful background that gave him competence for his venture: “[It] is very okay for me to take the oil because since I graduated from school, I suffered unemployment. And since *I come from an oil-producing community*, I realized that this is one of best available jobs I can engage in” (emphasis added).

The entrepreneurs also combine claims of low and high agency when describing similar tasks, as evidenced in the following statement by Odili (entrepreneur) about his agency over environmental harm:

I care about the environment, and that is why I don’t want to allow any spillage. *I use my pressure valve so that there won’t be any spillage. I am being careful* because I know the disaster it can cause. For the gas and byproducts of my burning pot, there is *nothing I can do* for that. So that’s not my business for now. We just pour it inside the water, and it flows away. If the fish in the river die, we will manage the imported frozen fish in the market since the government really wants the Niger Delta to go down. (emphasis added)

Claims of Motivation. The entrepreneurs’ justifications entail claims of a self-focus and an other-focus as the underlying motivation for their entrepreneurial action. As with their adversity, in justifying their venturing, the entrepreneurs highlight the suffering they have endured from being highly educated but having few employment opportunities and how they believe the government and the foreign oil companies have deceived them. Thus, they justify starting their ventures by focusing on their circumstances and need to survive—a self-focus. For example, Kalio’s (entrepreneur) justification for his venturing indicated his motivation to satisfy his personal needs:

I don’t feel bad. I don’t feel bad because, naturally, the oil belongs to me. It is my property because I am a bonafide son of the Niger Delta. So, it is my property. It is my right.... So, I don’t feel bad at all for taking [it].... I have to find a way to help myself.

While the entrepreneurs acknowledge some of the harm bunkering causes to the local community, they use claims with an other-focus to justify how their illicit venturing benefits the local community by (1) looking after the community, (2) creating employment, and (3) reducing the incidence of other vices. For example, Ikechukwu, an entrepreneur, compared the community benefits the bunkerers provide to those provided by the government: “Our government, after taking the oil, they sell it out cheaply in the crude form. Then they process it outside Nigeria and sell the refined products to us Nigerians at higher prices. So, refining it locally is helping the country to cut costs.” Similarly, the entrepreneur Chukwudi described how his bunkering activities are helping the community:

There are many people that I am sponsoring in school. I also renovate the primary school buildings, and I provide pipe-borne water for the community. Since the federal government refuses to do those things, we do the little we can do from our proceeds in this business. Sometimes, too, we donate money to the health centers to buy medicines and take care of the old people.

The entrepreneurs also explained how they create employment in the community: “I have six graduates in my father’s house, and four out of six are into this business” (Obi, entrepreneur); “We involve them [the local youth] in the business and help them make some money” (Odili, entrepreneur); and “Some of the youths that work with us are able to put food on their tables from this job. So, they are happy. If it was affecting them negatively, they would have stopped our operations here” (Toby, entrepreneur). Indeed, the bunkerers often talk about how their employees feel “happy” (Toby, entrepreneur; Ogbonna, entrepreneur) and “empowered” (Tamuno, entrepreneur; Igwe, entrepreneur). Moreover, some entrepreneurs believe their illicit venturing is valuable to the community because it prevents themselves and their employees from engaging in other vices, such as street crime, which they assert are even worse for the community than bunkering. Odili (entrepreneur), for instance, reported that because of his entrepreneurial action, “we are keeping them [the community youth] away from social vices and criminality, such as robbery and kidnapping, which has become the order of the day in Niger Delta.”

Finally, similar to the claims of low and high agency, the entrepreneurs often entangle a self-focus and an other-focus in justifying their entrepreneurial action and its negative outcomes, which reinforces the status quo of bunkering and the associated entrepreneurial action. For example, Chukwudi (entrepreneur) entwined a focus on others' needs and a focus on himself (positive emotions):

So, we are doing these things by ourselves because if we don't do it, we won't be able to *help our children and our brothers* that cannot go to the places to get the oil. So that's what we do. It is very okay for me to do it because *I derive joy* from it. (emphasis added)

Likewise, both Toby and Kalio entwined a focus on their personal needs and a focus on the community (positive emotions):

I couldn't have stayed idle and jobless since then, so I need to *help myself*. And I am not the only one benefitting from the business, even *the villagers are benefitting* because that's the only way they can put food on their tables. That's the only way *they can smile*.... And even when they give out money for remediation, it doesn't get down to the community. So, we are justified to do what we are doing. What is the essence of going to school if I can't get a job? (Toby, entrepreneur, emphasis added)

I have created job *for myself*. I even employ people working for me, and these people are well paid and happy. This is a very good job for me. *I am benefitting* from it, and I don't have issues. I give to everybody I need to give to, and I go with my own, so there are no issues; *everybody involved is happy*. (Kalio, entrepreneur, emphasis added)

Thus, overall, in justifying their entrepreneurial action and its negative outcomes for others, the entrepreneurs switch between claims of low and high agency and between claims of a self-focus and an other-focus. Next, we discuss these findings and their implications for theory and practice.

DISCUSSION

Based on the findings presented above, we theorized on the initiation, justification, and persistence of entrepreneurial action that has significant negative consequences for the local community and the natural environment (as well as some benefits for the entrepreneurs and the local

community) by people facing personal adversity. Our findings reveal that when justifying their entrepreneurial action, the bunkerers we spoke to do not deny the costs of their entrepreneurial action or their role in creating those costs. Instead, they switch between claims of low agency and high agency and entangle a self-focus and an other-focus to justify their illicit venturing. In justifying their venturing in this way, the bunkerers can continue their entrepreneurial action regardless of its costs.

Theorizing the dynamics of persistent entrepreneurial action that produces negative consequences for others is salient because it underscores how entrepreneurship is a tool. Scholars have frequently focused on how entrepreneurs use this tool for good, often overlooking how they can use it in ways that produce negative outcomes, such as significant costs to local communities, the natural environment, and entrepreneurs themselves. By theorizing on the initiation, justification, and persistence of such entrepreneurial action and consequences, we offer new insights into the costs of entrepreneurship.

First, while the entrepreneurship literature has acknowledged contexts that facilitate the destructive capabilities of entrepreneurship at the macro-level (Baumol, 1990, 1996; Desai et al., 2010), at the micro-level, we show how individuals facing personal adversity sometimes think and act in ways that drive them to initiate and persist with entrepreneurial action that produces significant costs to their local communities, the natural environment, and themselves. Therefore, at the micro-level, the negative consequences from entrepreneurial action go beyond a person being pushed by personal adversity into an opportunity that generates costs to others (and for him- or herself), blaming others for the adverse conditions he or she is experiencing, starting and managing an illegal venture, or diminishing the harm of his or her action while overstating the benefits. A micro-perspective iteratively captures all of these venturing-related thoughts and activities. Overall, by revealing how adversity pushes people to undertake entrepreneurial action that produces negative outcomes for local communities and the environment and is used in justifications of such action, we begin to connect adversity-driven entrepreneurship and its subsequent negative outcomes for local communities and the environment.

Second, we extend research on the micro-dynamics of entrepreneurship's benefits by providing new insights into the role agency plays in the entrepreneurial process. Prior entrepreneurship research has mainly explored entrepreneurs' high agency and the independence and

autonomy offered by the entrepreneurial context (Haynie & Shepherd, 2011; McMullen et al., 2020). Even in the more extreme necessity context, entrepreneurial action facilitates individuals' agency beliefs (see Chapters 3 and 4). We complement this prior work by elucidating how the entrepreneurs we studied switch between high and low agency claims to justify their entrepreneurial action even though that action produces significant negative consequences for the local community, the environment, and themselves.

This switching back and forth between claims of a lack of agency and considerable agency is central to our model. These claims emerge in entrepreneurs' minds as they develop, refine, and use justifications for their entrepreneurial action and the resulting negative consequences. Theoretically, we extend arguments on agency in moral disengagement by highlighting these low and high agency beliefs in entrepreneurs' justifications. Specifically, research on moral disengagement has mainly focused on how individuals use claims of low agency to justify behavior inconsistent with a positive moral code, so they can avoid punishment (by themselves and/or others). For instance, scholars have explained moral indiscretions in terms of the agency loci of dispersing responsibility (e.g., "I only performed my task, and many other people had to perform tasks for my actions to have a negative implication") and displacing responsibility (e.g., "I had no choice but to follow orders") (Bandura, 2018). Such indiscretions have also been explained by an outcome locus, whereby people claim agency but deny, overlook, or discount the costs of their behavior (Bandura, 2018). While prior research has revealed the use of these and other moral disengagement mechanisms in isolation, before our study, no one had explored their use in combination to justify specific action.

Filling this gap, we offer new insights into the use of claims of both a lack of agency and considerable agency by the same individual to justify the same action. Our findings reveal that the bunkers claim a lack of agency to justify starting their illegal activities (e.g., due to necessity, they had no other option but to act given the prevailing adverse forces in the environment). They also claim high agency to justify their ongoing engagement in their entrepreneurial action (given they had already initiated their ventures). On the one hand, this combination of claims shields the entrepreneurs because they cannot be blamed for circumstances beyond their control. On the other hand, however, these entrepreneurs have agency over their own lives, which prevents feelings

of helplessness and provides a sense of meaning in their lives (which would be unavailable if they lacked agency). While we explain how this combination of a lack of agency and considerable agency is used to justify entrepreneurial action that produces negative consequences for a local community and the environment specifically, we anticipate this combination and resulting justifications have important implications for future work on constructing meaning under highly adverse living and working conditions more generally.

Third, we add to recent research on combining motivations to help others and the self by starting a new venture (Williams & Shepherd, 2016). In particular, we highlight how individuals use self-focus and other-focus claims to justify their entrepreneurial action and the subsequent significant costs of that action. While motivations to benefit others and the self can contradict each other and thus entail trade-offs that are challenging to manage (Pache & Santos, 2013), the entrepreneurs we investigated seem to have no problem claiming both a focus on themselves and a focus on others—at least in terms of justifying their entrepreneurial action and the negative consequences it generates for the local community and the environment. It appears that entrepreneurs have an easier time using this dual focus to justify their venturing than building these motivations into their ventures structurally.

Specifically, although self-interested motivations may drive action that produces negative consequences for others, justifications for such action rarely beget benefits for the self. Instead, justifications generally underscore the benefits for others while discounting the costs to others (e.g., framing using euphemistic language and advantageous comparison [Bandura, 2018]). Our findings show that the bunkerers actively include benefits for the self in their justifications for their venturing, which is unsurprising given the adversities these individuals face, and that they intertwine these benefits for the self with benefits for the local community. Therefore, although the bunkerers distinguish between the self and others, many of their justifications entangle the two. This self–other entanglement in justifying entrepreneurial action that produces negative outcomes for other people seems to safeguard the entrepreneurs from their action’s negative repercussions because they “put themselves in the same boat” as those other people. As such, this form of justification represents a new mechanism of moral justification. Indeed, in our case, the justifiers’ adverse situation and the local community set the stage for an

unbreakable bond (at least rhetorically) to blame the justifiers for their self-interested action or separate them from their action's costs.

Overall, our findings show that the entrepreneurs in our study claim opposing levels of agency for the same action and are motivated by a dual focus (i.e., self–other entanglement), which they use to form broad justifications for their entrepreneurial action so they can continue with activities that produce significant costs to the local community, the environment, and themselves.

Implications for Practice

This chapter and the underlying study have some important practical implications. First, as we have explained throughout this book, poverty is prevalent worldwide. According to the World Bank (2020), 736 million people across the world live in poverty, a significant percentage of whom comprise the populations of less developed economies, such as the Democratic Republic of Congo (77% in poverty), Tanzania (35% in poverty), and Nigeria (46.7% in poverty) (Quartz Africa, 2018). The World Bank (2020) also reported that “of the 736 million living in extreme poverty worldwide, half live in just five countries; India, Nigeria, Democratic Republic of Congo, Ethiopia, and Bangladesh.” This poverty is often aggravated by corrupt governments that exploit natural resources but refuse to share the proceeds with their citizens, a practice that is especially common in less developed economies. This mix of poverty and low regard for the rule of law often leads to considerable hostility and resentment among citizens. These adverse conditions, in turn drive some individuals to undertake illicit venturing to save themselves and their communities. However, their venturing also generates significant costs to the natural environment, their communities, and the entrepreneurs themselves and further undermines the rule of law. Thus, our findings emphasize how a lack of governmental transparency can result in feelings of deception, lack of regard for the rule of law, and reinforcement of corrupt systems. Thus, transparency about governmental decisions and actions concerning a nation's natural resources could have substantial flow-through effects for the natural environment, local communities, and citizens. Moreover, our study has practical implications for protecting the natural environment and improving locals' living conditions, both of which are intertwined. Specifically, as locals come to see the connection between nature and their quality of life, they are unlikely to tolerate the few individuals

who undertake entrepreneurial action that harms either. While no one implication is a silver bullet, hopefully, as we reveal more about the micro-dynamics of justifying entrepreneurial action that produces significant costs to local communities and the environment, we can encourage countervailing actions to reallocate entrepreneurial talent to more fruitful endeavors.

Conclusion

While a substantial research stream has explored how and why people enter into entrepreneurship and how individuals under chronic adversity are motivated to engage in entrepreneurial action to overcome their adverse circumstances, most of this work has inherently assumed that entrepreneurial action is a tool for good. Therefore, despite recognizing that some people engage in entrepreneurial action that negatively affects others, we do not fully understand how and why these people initiate, justify, and persist with such entrepreneurial action. We hope that by revealing the micro-dynamics of justifying entrepreneurial action that has significant costs to local communities (as well as some benefits) and the environment, we encourage future research to explore entrepreneurs' thoughts and activities that are otherwise unavailable to scholars exclusively focusing on entrepreneurship as a tool for good.

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CHAPTER 6

An Entrepreneurial Process for Exploiting Vulnerable People's Labor

The girls that are forced into the sex trade at 13 are really locked in. They start off in a real prison, which then becomes a psychological cage, so that they are scared to step outside of the confines of that. It's heartbreaking. (Archival transcript from a non-governmental organization)

INTRODUCTION

Some entrepreneurs engage in exploitative practices that harm and sacrifice workers' well-being to reap economic profits. For instance, according to the International Labour Organization (ILO), more than 20.9 million people worldwide are forced into labor through coercion and deceit and cannot leave, with this form of labor generating more than \$150 billion in profits annually (ILO, 2012). Worker exploitation exists in

This chapter is written with Trenton Williams (Shepherd, Parida, Williams, and Wincent), who is a co-author on the underlying article (Shepherd et al., 2021). For readers wanting greater richness in the literature review and/or details about the sample selection, research method, and analysis, please refer to Shepherd et al. (2021).

many forms and to varying degrees and includes practices like discrimination in hiring, under-payment of immigrant labor, and the initiation and continuation of sweatshops (Catron, 2019; Gordon, 2005; Mobasseri, 2019). Moreover, this exploitation appears in various industries, including agriculture, construction, domestic work, manufacturing, and military service (ILO, 2012). As an especially severe form of worker exploitation, modern slavery entails “situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, or abuse of power” (Crane et al., 2021: 1). Although modern slavery and the human trafficking that often accompanies it are illegal, these problems endure. Indeed, tens of millions of people are exploited by organized traffickers each year, with estimates indicating that one in four are children (ILO.org). The individuals who pursue these exploitive opportunities tend to be highly entrepreneurial in deploying mechanisms to take advantage of workers over long periods for their own financial gain.

In response to this labor exploitation, management scholars have mainly taken the perspective of established organizations to examine the risks they could face if one of their suppliers is caught exploiting vulnerable people’s labor. For instance, research has investigated how such a discovery can damage organizations’ public reputations and stakeholder relationships. In particular, management research has explored organizations’ social responsibility strategies, supplier inspection, and penalty schemes, and other types of supply chain management practices used to handle the potential negative outcomes of human exploitation (Crane et al., 2019; Plambeck & Taylor, 2016). This research has provided important insights into organizations up the supply chain. Still, as Crane and colleagues (2021) argued, scholars have paid insufficient attention to the supply chains of firms currently engaging in modern slavery—namely, the entrepreneurs who actively perpetuate this slavery. Further, while we have gained knowledge of some of the practices involved in modern slavery (e.g., debt bondage [LeBaron, 2014]) and human trafficking (e.g., trauma-bond recruiting [Reid & Jones, 2011]), we do not have the complete picture of how entrepreneurs exploit vulnerable individuals’ labor.

Addressing this lack of knowledge on the entrepreneurial process of exploiting vulnerable people is increasingly important due to the pervasiveness of human trafficking and exploitation worldwide. Indeed, the US State Department recently reported that more than 46 countries

fail to systematically respond to these issues (State.gov; see also Global Report on Trafficking in Person, 2018). In addition, management theories on how organizations handle socio-cultural problems (e.g., corporate social responsibility, social entrepreneurship, etc.) do not sufficiently cover explicit organizational efforts to exploit vulnerable individuals. Thus, in this chapter, we explain the entrepreneurial process of exploiting vulnerable people to continue working under bleak conditions against their will.

Specifically, we explore the process entrepreneurs in and around Mumbai, India, use to force girls and women into the sex industry and keep them there against their will. Apart from research on sex trafficking, we believe understanding how entrepreneurs exploit vulnerable people is critical to providing new insights into counter-entrepreneurship that can help eliminate such practices, including governmental policy, non-governmental organization (NGO) efforts, and so on.

In this chapter, we shed light on several aspects of the entrepreneurial process of exploiting vulnerable individuals, including a number of inter-related structures and practices that entrepreneurs implement to reduce these individuals' autonomy and unjustly use their labor for personal financial gain. We use the term "entrepreneurial" here, given our interest in the creative processes of action underlying this exploitation and the changing nature of the (potential) workers instead of the organizational or individual actors involved. The findings and grounded theorizing from our study offer a first-hand look at lived experiences of labor exploitation across different exploiters and stages of this process, as well as provide an entrepreneurship perspective for the literature on human exploitation. Further, we add to the sex trafficking literature by providing insights into the entrepreneurial process of recruiting and exploiting vulnerable people, including the practices and structures involved. We hope this work ultimately mobilizes management scholarship that can begin dismantling exploitative labor practices at their core.

THEORETICAL BACKGROUND

Entrepreneurial Process of Human Exploitation

In modern slavery, the entrepreneurial process of exploiting vulnerable individuals' labor often starts with human trafficking. Human trafficking refers to the non-consensual recruitment and/or movement of a person

to exploit his or her labor (United Nations, 2000). Research on human trafficking has mainly explored the sex industry and has applied numerous disciplinary lenses, including criminology, sociology, international studies, and clinical health. This research stream has also investigated definitional and operationalization issues, the prevalence of human trafficking, the push and pull antecedents of this phenomenon, and the negative outcomes experienced by those exploited. Based on these studies, we conclude that human trafficking is one type of modern slavery—“an acute intersection of vulnerability and exploitation” (Jones et al., 2007: 113).

Various reports have described the entrepreneurial process of human exploitation—namely, how exploiters recruit and retain vulnerable people to exploit their labor. For example, human sex traffickers start this process by first scouting vulnerable recruits, targeting (mainly) girls and women in abusive households or other forms of difficult living situations (Albanese, 2007). The traffickers then attempt to form a trauma bond with these vulnerable individuals by promising love, attention, and/or protection as either a boyfriend/lover or someone who can help them escape suffering (Reid & Jones, 2011). The joint effect of these individuals’ previous trauma and sex traffickers’ exploitative practices forms an emotionally entrapping connection that is difficult to break. Although governments and NGOs have collected substantial data on human trafficking, we lack a full understanding of how traffickers exploit vulnerable individuals due to the challenges inherent in detecting and documenting this phenomenon. However, like Kiss and Zimmerman (2019: 2) suggested, “serious consideration must be given to the structures and practices that enable exploitation and leave individuals with extremely limited ability to alter their circumstances.”

Indeed, structures and practices are key aspects of the entrepreneurial process of exploiting potential opportunities. By analyzing human trafficking through the entrepreneurial process lens, we can uncover the structures and practices that initiate and perpetuate human exploitation. In particular, the entrepreneurial process is a journey that unfolds over time (McMullen & Dimov, 2013) and has the following features:

First, its ultimate outcome (e.g., new venture) represents a complex task that cannot be executed in one go, but in small actionable chunks, in some sequence. This implies that, second, entrepreneurship transpires over time, with the different elements of what ultimately constitutes the realized entrepreneurial opportunity coming together in a path-dependent

sequence (McMullen & Dimov, 2013). Third, it takes place in a context and, as such, is constrained, enabled or shaped by it (Welter, 2011). Entrepreneurship is inherently social: its activities take place among and are intertwined with other activities and are directed towards other people. (Dimov, 2020: 57)

Although prior management research on human trafficking and modern slavery has taken numerous perspectives, including governance, supply chain management, and corporate social responsibility perspectives, it has generally focused on actors far removed from the lived experiences of human trafficking and labor exploitation (Van Buren et al., 2021). Thus, investigating how traffickers engage in the entrepreneurial process (and the underlying structures and practices) to exploit human labor is essential for more fully understanding the entrepreneurship of human exploitation and why some traffickers are more effective than others at recruiting, retaining, and exploiting vulnerable people. We hope that with this increased understanding, more interventions can be developed to effectively thwart this illegal and destructive form of entrepreneurship.

Social Cognitive Theory and Loss of Agency

Social cognitive theory (Bandura, 1989, 2001) is a theory of agency focusing on the dynamic interplay between a person's environment and behavior. According to this theory, having some degree of control over one's life is the essence of being human. In other words, social cognitive theory proposes that people are neither entirely autonomous nor "simply mechanical conveyors of animating environmental influences" but instead make causal agentic contributions to their own actions and motivations within a system of "triadic reciprocal causation" (Bandura, 1989: 1175). This model of triadic reciprocal causation entails the dynamic interplay between a person (e.g., cognitive and affective), a behavior (e.g., problem-focused coping), and an environment (Benight et al., 2018). Moreover, this model applies to the process individuals undertake to recover agency after it has been lost due to a disruption or trauma.

Although the notion of post-traumatic agency is promising (Cieslak et al., 2009; Maitlis, 2009), trauma-related outcomes are frequently negative. Indeed, as Benight et al. (2018: 4) argued, "a subset of trauma survivors will reach a critical threshold when they believe it is just not

possible to regain a sense of control over their recovery.” The authors called this threshold the self-determination violation effect, the consequences of which include negative emotional states driven by an agency crisis, perceived lack of ability to cope with threatening situations, and a sense of diminished connection to others. This effect can also result in the opposite of autonomy, namely, controlled regulation (Ryan & Deci, 2006: 1557). In other words, when people are extremely regulated, they perceive that others are controlling their behavior, causing them to experience a loss of autonomy and self-determination (Deci et al., 2017: 21)—essentially, they feel dominated.

Although the psychology literature has explored the loss of agency, the discussions have typically focused on individuals’ responses to ad hoc external influences that shape their sense of lost agency rather than on actors’ systematic, organized efforts to take people’s agency away. For instance, Ryan and Deci (2017: 77–78) proposed a scenario of a person who wants to stop smoking but then violates this internal goal: “after exposure to a cigarette ad, [he] find[s] himself mindlessly grasping for a smoke.” This example demonstrates how non-agentic behavior is frequently connected to habits and/or instincts that are reactionary and unconscious when particular actions or beliefs are primed (e.g., by the cigarette ad). Accordingly, loss of agency happens when “the extent that one engages in an extrinsically motivated activity [is] wholly ... a function of external contingencies, or ... the extent that the value underlying an activity is not personally embraced” (Ryan & Deci, 2017: 69).

Entrapment

When individuals lack self-control, they tend to experience decreased self-motivation and diminished well-being because they perceive that their regulation is being controlled by forces outside themselves (Deci et al., 2017). If these perceptions continue, individuals eventually develop a sense of entrapment. Entrapment refers to feeling hemmed into a situation against one’s will and, despite wanting to free oneself, being “tied with the perception that all escape routes are blocked” (Taylor et al., 2009: 795). Individuals who are entrapped believe escape is impossible, so they engage in defensive behavior to prevent additional harm from their entrapped circumstances. Combining the entrapment literature and social cognitive theory, we suggest that entrapped individuals may experience a

loss of autonomy. They believe they are incapable of removing themselves from their harsh circumstances (Taylor et al., 2009).

Entrapment research has typically explored adverse social situations in which there is a power imbalance between societal roles. Further, with only a few exceptions, this work on entrapment has mainly focused on personal relationships rather than formal organizationally structured power imbalances (Brockner & Rubin, 2012). For instance, entrapment arises for people prone to depression, and their entrapment, in turn, contributes to their depression (Gilbert & Gilbert, 2003: 173). This depression is further aggravated by power differences in subordinate personal relationships, such as women involved in violent domestic relationships, battered women living lives of crime, and immigrants participating in the peripheral economy (Núñez & Heyman, 2007; Ritchie, 1996; Stark, 2009). One mechanism that is particularly effective in facilitating entrapment is entrappers' use of trauma bonding to control their victims (Reid, 2016). In trauma bonding, an entrapper evokes fear in a victim that the victim experiences as gratitude for being permitted to live and for avoiding additional abuse. For trauma bonding to occur, there needs to be a severe power imbalance in the situation, leading to the victim's helplessness and dependency and intermittent abuse commingled with positive or neutral interactions (Dutton & Painter, 1993).

Entrapment can result in mental defeat or a state of giving up with a "complete loss of inner resistance" (Wilker et al., 2017: 974). Mental defeat can cause negative self-views, maladaptive coping, and post-traumatic distress disorder (Dunmore et al., 2001; Ehlers et al., 2000) and has been found in victims of sexual assault, political prisoners who have been tortured, and individuals who have experienced other types of forced subordination. Although we understand the tactics abusive individuals implement in personal relationships, we lack an in-depth understanding of how entrapment and similar mechanisms might be applied systematically through organizational processes. Moreover, the link between the organizational processes of entrapment and victims' diminishing autonomy needs further attention as it has yet to be investigated in the literature.

CONTEXT

The Entrepreneurial Process of Human Trafficking in the Sex Industry

Human trafficking and modern slavery in the sex industry are grand challenges currently afflicting countries worldwide. Although it is impossible to know precisely how many individuals are trafficked, given the illegality of this practice, numerous reports indicate that trafficking affects millions of people each year, highlighting that human trafficking in the sex industry is not uncommon (United Nations, 2000). Moreover, available data (which our informants confirmed) reveals that trafficking especially impacts female victims (70% of all identified victims are women or girls), with the bulk of these female victims (72%) being trafficked for sexual exploitation (and the remainder being trafficked for other forms of forced labor) (United Nations, 2000). Thus, we study this group of vulnerable individuals.

Prostitution—namely, the exchange of sexual services for money—is generally considered dirty work as society tends to view this occupation and the associated tasks as “disgusting or degrading” (Ashforth & Kreiner, 1999: 413). Nevertheless, prostitution is arduous work. First, the women and other individuals involved in prostitution are typically stigmatized. Interestingly, this stigmatization appears to be strongest in developing countries, wherein the recruitment of girls and women for prostitution is the highest. Second, prostitution is hazardous work. Indeed, women who engage in prostitution are frequently physically and verbally battered by customers, employers, and others, and they are particularly susceptible to contracting sexually transmitted diseases, such as HIV (Farley & Barkan, 1998; Gil et al., 1996). Finally, in developing countries, most of the places where prostitution occurs are located in large cities, meaning that many girls and women from villages are relocated to cities and thus experience social isolation and loneliness (Baker et al., 2010). For the study underlying this chapter, we purposefully sampled across four target groups: (1) current sex workers, (2) current human traffickers and brothel managers, (3) former sex workers (i.e., who escaped), and (4) individuals attempting to help current and former sex workers. Our informants were from Kamathipura, India, the largest red-light district in Asia (Gezinski & Karandikar, 2013). For more details on sample selection, research method, and analysis, see Shepherd et al. (2021).

FINDINGS

Human traffickers target girls and women from disadvantaged environments to lure them into the sex industry to begin the entrepreneurial process of labor exploitation. People from vulnerable populations—those who are socially and economically marginalized from society—are particularly at risk of such exploitation as they are likely eager to attain the economic security exploiters promise. According to our data, this is the case in the sex trafficking industry as girls and women from underprivileged rural areas are targeted (field notes). These individuals (as well as their family and community members) are desperate, making them particularly susceptible to exploitation.

Deceptive Recruiting of the Vulnerable

The first key aspect of the entrepreneurial process entails deceptive recruiting: the structure and practices used to deceive or otherwise lie to vulnerable individuals to channel them into exploitive organizations. For instance, one sex trafficker told us, “[We] tell the family that I am taking her [the female family member] for a year for a job opportunity. They pay six months upfront. Then, they pay the family [more money] later. [The payment goes] to their [the girls’ and women’s] parents” (Earaja, sex trafficking entrepreneur). An NGO affiliate similarly reported,

To be born poor in our world is to be born vulnerable and in danger of exploitation. To be born female and poor is to greatly intensify the risks. If you are born a girl to parents of tea pickers in Assam in northeastern India (earning as little as \$1.50 a day), there is a good chance you will be sold to a local recruitment agent by your loved ones for around \$50, and the agent will sell you on to a city employer for up to \$800 and into a life of abuse and suffering.

We called this entrepreneurial practice “deceptive” to reflect how traffickers mislead targeted individuals (and their families) to begin the recruitment process. For instance, in the example of Earaja above, payments are initially sent to families but are stopped once recruits are “fully absorbed into the organization” (field notes). Likewise, we labeled this practice “recruiting” since the traffickers’ clear objective is

to lure victims into a situation in which their autonomy can be systematically diminished for exploitation. According to our findings, three key mechanisms enable this deceptive recruiting.

First, traffickers harness patriarchal cultural structures to coerce vulnerable people into the sex industry. In particular, many of these individuals are driven into the sex industry by their husbands, who want to earn income off of them. Indeed, upon marriage (shortly after puberty, with some as young as 11), these girls and women realize their husbands' expectations of them are significantly different than they had anticipated. For example, one NGO worker explained, "Yes. His wife is his means of earning [an income]. He is not earning himself. He is only using his wife. Whatever she earns, he takes it away from her because he does not want to work" (Udaan, NGO). The nature of these marriages further reinforces this practice of using one's wife to generate income as most girls marry significantly older men, resulting in relationships with considerable power differences—essentially, older men wedding and domineering their child-aged brides. For example, we recorded the following account in our field notes: "Sahasra was married when she was around 11 years old. [Her] husband was born and brought up in Mumbai, and she had kids from him. After a few years, her elder sister-in-law sold her for 85,000 rupees to a brothel in Mumbai with the husband's consent." Considering the pervasiveness of marriage (in its myriad forms) as a fundamental and foundational institution from which other socio-cultural relationships emerge (Manning et al., 2007), traffickers seem to leverage the power imbalance in these relationships for effective recruitment strategies. Our findings reveal that deceptive recruiting and exploitation of girls (field notes) often involved family members.

Second, in addition to husbands' patriarchal control over their young brides in marriage relationships, other male family members (typically a father, brother, uncle, etc.) sometimes sold unmarried girls to a middleman for a single sum or recurring payments. Publicly, the individuals we spoke to explained that this practice gives girls an opportunity to earn an income. However, they also attempted to conceal the reality that young girls are lured into the sex industry under the ruse of being recruited to do housework or some other type of reputable work. Moreover, when asked how much they knew about where these young girls are going, many family members responded that they feel certain the girls

are offered “work ... such as housekeeping work” (field notes). Regardless, several NGO workers claimed that these families’ deniability is not conceivable. For instance, a founder of the NGO Freeset recounted the following:

There’s a whole lot of different ways that women get into prostitution. Generally, the root and the foundation of it is it begins with poverty and vulnerability. And then there are people that exploit them. I thought at the beginning, it was people stealing little girls on their way home from school, something like that. Although it does go on, the reality is, particularly in this part of the world, you know, the traffickers are neighbors and friends and mothers and fathers and aunties and uncles. For generation upon generation, a daughter is placed or put into prostitution so the money can go back to the village, so the family survives. There is a little shame [felt by the family] attached to that [selling a female family member]. Nobody talks about it, that it’s been going on for generations. If you go to the village and say, “Does trafficking happen here,” they say, “It doesn’t happen here; it happens in the next village.” So, you go to the other village, and they say, “It doesn’t happen here; it happens in the village that you just came from.” So, they’re all ashamed. But the traffickers are known and often very, very close to most of the women [who are sold]. And so generally, that’s the case. It’s pretty difficult to understand why a father or mother would be involved in literally selling their own daughter. I was with a woman today, just a few hours ago, that actually did that—she put her own daughter in prostitution because they had bills to pay, medical bills for her husband. And so, the daughter was sacrificed.... It actually becomes the norm—it becomes what you do, the way you think, the way you understand. And women go into prostitution, knowing they have a responsibility to support the family. Sometimes they are not welcome back home; their money is welcome, but they are not.

Finally, beyond the risk posed by family members, non-family members often employ a recruiting practice we labeled “bait and switch,” deceptively recruiting girls and women for human trafficking and exploitation in the sex industry. There are two main types of bait—the promise of a good job and love. For the job bait, agents promise targets good work—usually housekeeping—to convince them to go to the city and later disclose that the women and girls will work in the sex industry. Perhaps surprisingly, these agents are not always men or strangers. Saaqqa (newly recruited sex worker), for instance, told us about the deceptive practices her exploiter used to recruit her:

A lady brought me here when I was 10. She had told me that she would give me housework and food and shelter and 5,000 rupees/month, and she said, you can send it to your mother. She told me this and brought me here. No one [in the family] knew about it. I had sneaked out with her and hidden it from them [the family].... If I had told [the family], they wouldn't have allowed me to come.

For the love bait, boys court (i.e., essentially groom) girls to make them fall in love and want to marry and then sell the girls either to agents or to brothels directly. For instance, Saketha (experienced sex worker) spoke of her boyfriend's deception:

When I was in the ninth grade, I fell in love with my cousin Ramesh. When I graduated [from the ninth grade], my parents started to get marriage proposals coming in, and they wanted to send me to someone else. Before that could happen, I told Ramesh, and we ran off to Bangalore. Ramesh sent me with his friend because he was scared of being caught with me. His friend took me to his auntie's house because Ramesh said he could not find any hotel rooms. He said I could sleep there, and they would come back for me in the morning. I slept there, and in the morning, the auntie woke me up and gave me tea to drink. About 10 or 15 minutes after drinking the tea, I do not remember anything. Two days later, I woke up in a taxi in Bombay. They took me to the red-light area. By this time, I was no longer drugged. I noticed that my dress had been changed.... I started screaming. I got scared all of a sudden. I started screaming and asking for Ramesh.

These entrepreneurial deception practices are consistent with similar practices outlined in the human trafficking literature. We emphasize them here for several reasons. First, our findings show these deceptive recruiting practices are only the beginning of the more extensive entrepreneurial process of human exploitation. Their purpose is to break down victims' free will. In other words, these practices represent the start of the journey of human exploitation, not the destination. Second, due to the challenges associated with obtaining information on these illegal activities and some genuine concerns about reporting recruitment stories that are untrue or questionable to raise money from donors, we deemed it essential to verify these recruitment practices ourselves. Thus, our findings replicate those from other studies and corroborate anecdotal stories. Finally, how these girls and women are recruited represents the first step

in the entrepreneurial process of human exploitation and offers a context wherein the next steps in the process are successful—successful for the exploiters but highly adverse for the victims.

Entrapping Through Isolation

In the second stage of our model, traffickers engage in what we labeled “entrapping through isolation,” which involves practices to retain girls and women in exploitive organizations against their will. According to our findings, entrepreneurial efforts to exploit workers systemically focus on “breaking [workers’] will” to secure their submission and obedience, which eventually leads victims to “give up hope of an escape” and even embrace their new sex worker role (field notes).

First, brothel managers utilize physical domination to erode girls’ and women’s willpower—or the “belief that people can control themselves [and their outcomes],” which has been called “the greatest of human strengths” (Baumeister & Tierney, 2012: 8). Willpower is critical for perseverance under adversity, but it can be depleted when individuals draw on it continuously to sustain high performance over time or to cope with disruptive environmental factors (Vohs, 2013), such as severe poverty. Indeed, depleted willpower could explain why those facing adversity make self-defeating or irrational choices in an attempt to resist these disruptive factors. In our study, we found that the entrepreneurial process of human exploitation entails systematically diminishing recruits’ willpower through physical domination, including torture, rape, and threats to family members, to retain girls and women in the sex industry (field notes). Sudakshima (ex-sex worker), for instance, detailed the physical abuse she endured at the hands of her exploiters:

They used to hit us with a belt, not give us food, give us shocks, and lock us in our rooms. We had to do it [prostitution] because we had to live and survive. When customers used to come to sleep with us, we used to hit them [to try and keep them off us], but they were drunk, so they would force themselves upon us [at the behest of the brothel owner].

Exploiters use physical violence and domination to condition girls and women to believe they have no choice but to comply with their oppressors’ demands, thereby perpetuating the belief that once a person enters the sex industry, they have no options beyond being subservient.

Second, in addition to physical domination, exploiters leverage psychological techniques to break down recruits' willpower, including social isolation and disconnection from reality. Social isolation entails, among other practices, confining girls and women in a room by themselves for prolonged periods (field notes). For instance, Seem (experienced sex worker) described how after she was initially detained, she and other recruits "were always inside for two years. I didn't get to go outside." An NGO worker (at Aadhar Trust) similarly explained,

Initially, they [girls and women brought to the brothels] don't like it, and they try to run. But here there are madams and their gang of people with whom it is difficult to deal. [The sex workers] have to surrender. Plus, their home situation is not that great, so even if they go, what will they do there? The new recruits often try to escape for about one year. But [the brothel workers] are constantly watching, isolating, and guarding these girls. They don't let them go outside or let us [NGO workers] meet with them.

As this quote illustrates, social isolation involves limiting girls' and women's autonomous movement to a very small geographic area, such as restricting movement outside the brothel, only permitting workers to go to specific locations, and escorting them anytime they leave the brothel (e.g., Ekaja and Sruthi, ex-sex workers). Additionally, exploiters cut ties between recruits and their family members or other possible allies from their past lives. In particular, brothel managers threaten to tell workers' family members about their involvement in the sex trade, ultimately leading these family and village members to disown the workers (field notes). This practice further demonstrates the proliferation of deception and lies used from recruitment to entrapment: recruits are driven to feel guilt and self-loathing for the very activities they were forced to perform (in many cases) at the behest of family members who then turn around and disown these girls and women for partaking in the activities they sold them into. Sria (ex-sex worker), for instance, spoke about the power of these threats to tell family members about the workers' activities:

They [brothel workers] all said no one will take you back. Your life will be a mess [if you leave the brothel]. They said they will tell everyone in my village what I am like [working in prostitution]. They will tell everyone, and your parents' reputation would be spoiled. Initially, they used to make me sleep next to my partner, and there was a small camera. So, they took a photo and said they will show everyone. I don't know whether they

showed or not. I started crying so much.... I even tried to commit suicide. See here [she points to a scar]. They saved me. I got stitches. I understood nothing can be done and I have no support. Then two or three girls tried to make me understand: “We are also from good families, but our luck was also bad, and if we go [from the brothel], who will support us? And if we go, our family reputation would be spoiled, and our brothers and sisters will also be seen in that manner.” According to me, I have already died.

Such social isolation is combined with measures to disconnect workers from reality by instituting an alternate reality to which they feel bound. In particular, this process entails coupling false narratives (as evidenced above) with alcohol and other drugs to numb workers’ senses and convince them to engage in activities they would typically refuse if not in an altered state. For example, Sudakshima (ex-sex worker) described this practice:

They used to give us drugs, and they used to inject us as well so that we are numb and they [could] make us have sex. They used to give us injections. For six months, we tried a lot [to escape], but we couldn’t leave the place [the brothel].

Another informant told us about her similar circumstances: “If we said no [to having sex with customers], they used to mix Coca-Cola with alcohol and give it to us. I remember everything, and we could not tell anyone about what was going on.... There was no use in telling people anyway” given the shame and lack of support workers experience (Sadhita, ex-sex worker). In summary, sex traffickers repeatedly tell recruits stories like “You cannot go back [to your village] alive; you will be killed” (Saketha, ex-sex worker). These stories, along with recurrent doses of mind-altering substances and physical isolation, lead workers to experience a fundamental disconnect from reality. Once workers are separated from reality in this way, they become easier to control as they succumb to their exploiters’ new narratives of reality (field notes).

Finally, exploiters leverage the notion of contamination to convince workers that their role in the sex trade has made them sullied and unfit (i.e., contaminated) for normal society and that they cannot return to their previous lives nor progress to reenter society due to their association with disreputable activities and attributes. This entrepreneurial practice of contamination tends to work because of the stigmatization of sex work in society despite obvious inconsistencies between what members of society

are willing to do (e.g., sell family members into the sex industry) and what they are willing to accept (e.g., taking care of family members who were once in the sex industry). For instance, Ekaja, a former sex worker, told us the following:

She [a brothel madam] said that if you attempt to leave here and if some customers recognize you, then you have to come back here; you will not be respected in society.... You can't settle in Mumbai. I will spread rumors about you.

Although the madam was manipulative, her statement reveals the truth about Ekaja's now-contaminated reputation. Indeed, our findings show that no matter how girls and women are recruited (even if family members sell them), their families, villages, and society blame and stigmatize them for working in the sex trade (field notes). Brothel managers harness this societal stigma of girls and women who work in the sex industry to destroy recruits' social networks and trap them in the sex industry—a spiral—as a worker in a local NGO (Aadhar Trust) detailed:

Once the girl gets exposure in this [works in prostitution], then she has to accept this profession as the family also does not accept them [people working in the sex industry].... Any girl's family will not accept her because everyone knows. So, they feel that now, they don't have any other place to go, and they have to accept it [prostitution work]. They have to.

To sum up, after successfully deceiving girls and women, exploiters organize to deplete their victims' willpower, thereby diminishing these individuals' sense of autonomy and ensuring they feel trapped in their current situation. Therefore, these entrapment practices appear to serve as critical transitional mechanisms in converting unwilling recruits into organizational members who can be controlled, in turn perpetuating the deepening process of exploitive organizing.

Eliminating Alternatives by Building Barriers

Once they have successfully recruited and entrapped girls and women in the sex trade, exploiters seek to deepen their victims' commitment by building barriers to eliminate any hope of an alternate life path. Indeed, as reported in our field notes, exploiters achieve “victory” when their

victims effectively give up and fully submit to their wishes. This finding is consistent with research on learned helplessness, describing how victims eventually accept adverse environmental factors they believe are beyond their control—that is, victims believe they are helpless at the hands of their tormentors. Our findings reveal two main mechanisms that eliminate workers' imagined alternatives to their reality.

First, exploiters implement financial contracts with recruits that create near-permanent indebtedness and thus form a considerable economic barrier that blocks them from leaving the sex industry due to financial obligations. Although exploiters promise workers their freedom if they pay off this debt, according to our findings, doing so is nearly impossible for workers (field notes). As an NGO member explained, the amount a girl or woman was purchased for is the amount of her debt, and that “debt is on the girl.” The girls and women are also indebted to landlords, making it “difficult for them to get out of it [debt]; they [are] in debt all the time.” One sex worker, Sruthi, described this debt, telling us that she wants “to go home. I want to be good at home with my family. Because of my loan, that is why I can’t go. I have a lot of loans to pay off. When I have paid it off, I will go home. I hope!” As a result of these financial arrangements, workers begin their time in the sex industry with considerable financial obligations. In addition to this initial debt, brothel managers loan workers money for everyday essentials (which workers cannot afford otherwise) at very high interest rates. However, exploiters also decide how much workers receive from customers and thus how much can be applied to their debt payments. An NGO worker (at Sia) described workers' indebtedness well:

If you [the female sold to a brothel] settles into that brothel, then they [the brothel owners] give them [the girls and women working as prostitutes] loans. They come to know that the girl is settled, now she will not go anywhere, and she is the one who earns more. So, the brothel owner gives her 10,000 or 15,000 rupees.... They [the brothel owners] charge interest. In the red-light area, there are also many *madrasi* [money lenders] around. They give loans with 10%–20% interest, and they come to collect the money daily—it has daily interest. The girls who are in need take a loan and repay it.

Second, exploiters take steps to restrict the scope of workers' networks to include only those in the sex industry, including other girls and women who work in prostitution, customers, and brothel managers. Although this approach makes workers believe they are forming healthy relationships, in reality, it causes them to slip increasingly deeper into their exploiters' circle of influence (field notes). For instance, a former sex worker (Sudakshima) disclosed the following:

We stayed there [in a brothel] for almost two to two-and-a-half years. Then, we went out only when we were told to do a job. At that time, it was called lady *piaros*. We used to go to big hotels [where we met people in the industry]. We would get good food and clothes to wear. We interacted with and slept with politicians. They gave us 20,000 to 30,000 rupees. But we only got 1,000 rupees, and our mama [madam] took 9,000 rupees. This [type of socialization outside the brothel] went on for seven years.

Because these experiences are significantly better than brothel work, they give workers a sense of agency and relationship building. However, the reality is these workers are stuck in their situation. Some of the girls and women we interviewed described being nervous about meeting people outside the organizations exploiting them, which—while bad organizations—are at least known entities. For instance, one interviewee told us, “Since I reached Mumbai, I didn’t know where to go. I was afraid that someone would fool me again [similar to how she was deceived into entering this industry], so I stayed back here [in the brothel]” (Seem, experienced sex worker).

Due to how these workers are recruited (i.e., deceptively from an impoverished context) and retained (through entrapment and indebtedness), they generally find it hard to trust people. When workers do trust people, they often end up being untrustworthy due to their involvement in the sex industry. Saarya, an experienced sex worker, revealed how she came to trust a customer who ultimately let her down: “There was a person who told me he would take me away from here forever. I trusted him and gave him my earnings of one-and-a-half years, and he ran away.” Additionally, exploiters capitalize on recruits' hesitancy to trust to create stories about the risks of interacting with strangers, particularly authorities. For example, a current sex worker, Saketha, detailed how she was told she could not trust the police:

[The police] went to the house where they knew I was staying and rescued 12 girls from there. But when they came to my house, my keepers [brothel madam and workers] hid me in a water tank. There were five of us hiding in it, and it was full of water. And they slightly covered the top, and they told us that if the police caught us, we would have to save ourselves because the police would rape us and beat us and then publish our photo in the paper, and then everyone would know about us. That is why we stayed quiet in the water tank when the police came.

Although exploiters create these stories to instill fear in recruits, it appears that such instances of police betrayal do occur. Indeed, Sriya (newly recruited sex worker) reported how she “went to the police to register a complaint. They put me in jail for three months. My brothel paid 60,000 rupees in bail money to secure my release.” As a result, workers generally find it hard to trust others and have little confidence in people’s goodness due to how their exploiters organize the exploitation process—namely, how they recruit, manage, and exploit. However, exploiters leverage girls’ and women’s distrust of some people to instill distrust of all outsiders, including individuals who can either help them escape the sex trade or help them after they leave by themselves. For instance, a member of an NGO (Sia) explained the following:

Some people must have betrayed them [the girls and women working in prostitution].... [They] do not trust people easily. They used to say to us [NGO workers] that there are many people like you that come to us and then betray us. So, they do not trust us. So, we have to convince them that we are from an NGO and this is for your betterment—your future will improve. In the future, we can help you if you have any issues. We are here to help you. After that, they started trusting us.

The apparent impossibility of escaping the sex industry, combined with financial obligation (e.g., indebtedness) and limited social capital, means that these girls and women can be exploited in the sex trade without end—namely, they lack agency to leave. After workers’ hope for a different life is eliminated, exploiters give them small rewards in the form of greater freedoms. However, these freedoms are still bound by the broader constraints established to exploit these individuals effectively in the sex industry. For example, Spruce (2017: 1) described how girls and women who work in prostitution over a prolonged period often find that “their madams or traffickers will increasingly offer more freedom,

while the threat of abuse lingers over them causing an abusive relationship to develop between abuser and victim (think Stockholm Syndrome).” Accordingly, the entrepreneurial process to exploit these vulnerable individuals’ labor entails practices to (1) draw recruits closer to the illegal business, (2) offer them some autonomy, and (3) establish some (dark) kind of belonging that ultimately causes them to become exploiters themselves.

Converting the Exploited to Exploiters

Our findings reveal that exploiters who engage in entrepreneurial practices to diminish workers’ agency also employ various tactics to retain workers and convert them into ostensibly willing advocates of the organizations they despise. In particular, after isolating recruits and depleting their willpower, exploiters seek to deploy these workers as advocates for the sex trade, thus continuing the process of human exploitation. While a small minority of workers can escape the sex industry and obtain NGOs’ help, most take on new management roles in the industry once their “usefulness as sex workers” has ceased (field notes). These new roles include recruiters, brothel managers, and enforcers of isolation and containment rules. This practice of converting the exploited to exploiters seems to serve two primary purposes: it offers socially stigmatized workers a path forward after being physically damaged from years of performing this draining, hazardous work, which typically becomes evident by the age of 30 (according to Sadhita and Sagarika, both ex-sex workers), and supplies organizational staffing to recruit and exploit new workers (field notes). Our findings highlight two primary organizing mechanisms driving this conversion of the exploited to exploiters.

First, former sex workers are groomed to take on leadership roles, becoming brothel managers and even managers of their own exploitive businesses. Indeed, some women who were once exploited themselves become the most successful exploiters: they become the ones to target vulnerable girls and women, engage in deceptive recruiting practices to lure them into the sex industry, engage in practices to deplete their willpower to make them feel trapped, and/or engage in other practices to ensure these girls and women can be exploited for a prolonged period. Specifically, exploiters assign these women new roles because they understand how the industry works overall, how to engage customers, and help perpetuate the cycle of exploiting the vulnerable. As an example, in our

field notes, we recorded the following account about Eilin, who was once exploited and now is an exploiter:

Eilin worked in prostitution for a while, and then after understanding how the entire process works, she got into supplying girls to customers. Eilin terms this as her business as it's her source of income. She says that although she is not happy with the kind of work that she is doing, she does it because her survival is at stake.... Eilin feels that working in the sex industry is definitely a social stigma but states that she doesn't care about it; when she wanted help from people, no one came up and extended help to her. She states that today she is quite happy and satisfied.

Second, former sex workers are groomed to recruit new girls and women for current human traffickers and brothels. The entrepreneurial process through which these women are selected, recruited, trapped, and exploited means they (1) are prime candidates for the recruiter role and (2) have few career options other than continuing to work in the sex industry. Perhaps more significantly, surviving years of exploitation alters these workers' mindsets, including how they think and view reality. At the very least, being constantly exposed to the harsh conditions of the sex industry over such a long period desensitizes these women to the harmful practices used in the industry and normalizes the everyday life and operations associated with it. This normalization of life as a victim leads to the normalization of becoming a victimizer. Sudakshima (ex-sex worker), for instance, recalled the following:

I started enjoying this life because I was getting money and was getting to go to new places. And I had no option that someone from my home is alive so I go there. I had no sisters and grandparents. [As a recruiter and worker] I started enjoying that life, having cigarettes, drinking, roaming around. There was a time that I did not like that place [the brothel], but later I liked it. For example, if we get a pet dog, first we are scared of it, but later we get used to it. So, I got use to this life.

Although it may seem alarming that victims of trafficking can themselves become perpetrators in the trafficking trade, other research on child sexual abuse has revealed that the abused become abusers in some cases. We uncovered that this outcome of the exploited becoming exploiters aligns with the notion of a cycle of human exploitation, the continuation of which involves at least three mechanisms.

First, former sex workers who become exploiters develop non-transferrable skills and capabilities from their years in the sex trade. Indeed, once workers are finally able to earn money after the considerable period it takes to pay off their debt, they still need an income to take care of and educate their children and to send money back to their families in their villages (even when their families were who sold them into the sex industry). Thus, having developed expertise over many years, they choose to earn money via the sex trade they cannot otherwise acquire through alternative careers. Accordingly, despite the appalling nature of this line of work, these women know they can earn a living by doing what they know—namely, engaging in the practices of selecting, recruiting, trapping, and exploiting girls and women for exploitation in the sex industry.

Second, as discussed earlier, during their recruitment and exploitation, sex workers lose trust in others (from being deceived) and are cut off from most people outside the sex industry. Thus, although seemingly inconsistent, these workers tend to find a sense of belonging with other people associated with the sex trade, including other sex workers and brothel owners. This sense of belonging means that these women's social capital and a shared sense of meaning are intrinsically linked to this industry, which facilitates their becoming exploiters themselves. For example, Ekaa, a sex trafficker, told us how she moved from working in prostitution directly to becoming an agent of prostitution:

There was a stage where there was nothing at home—nothing to eat, no education for the children. Then I again had to go into that line [the sex industry] after looking at my condition. I contacted the agent again since she was my good friend. She said, “Don't go back in that line since you never liked it. Instead, do this [work as an agent of prostitution]. I stayed next to the agent's house, took a room there, and learned from her how to do things. Then I started on my own [as an agent]. I had my zone; she had her zone.... If I ask for 6,000 rupees from them [the customers], then I give them [the women engaged in prostitution] 3,000 and keep 3,000 rupees for myself.... I have 10 rooms that I rent for about 30,000 to 40,000 rupees a month.... The one bad thing in this line [prostitution] is that the people who like you in the night are the same people who give you a bad word in the morning. Society throws us to one side, but we are human beings.

Finally, after having little to no autonomy for many years, these former sex workers turned exploiters can regain some autonomy by making decisions that impact the business and others' lives. Eilin, for instance, described the benefits of autonomy and money she gained from being an agent in the sex trade:

I used my brain, and I was already staying in Mumbai, and I knew how people work here. So, then I started directly picking up [customers], and I started to recognize people, and I then started supplying [girls for prostitution]. Currently, this is a business for me. I am getting good money..... No [I do not feel helpless now]. I am used to it. I used to feel [helpless] in the beginning, but now I don't feel any such thing.

DISCUSSION

Our grounded theoretical model of organizing the exploitation of vulnerable individuals for labor is shown in Fig. 6.1. This model, combined with our finding that the associated entrepreneurial process to exploit others can create a cycle of human exploitation, represents our primary contribution to the management literature. We theorize the entrepreneurial process of exploiting the vulnerable as a four-phase cycle of human

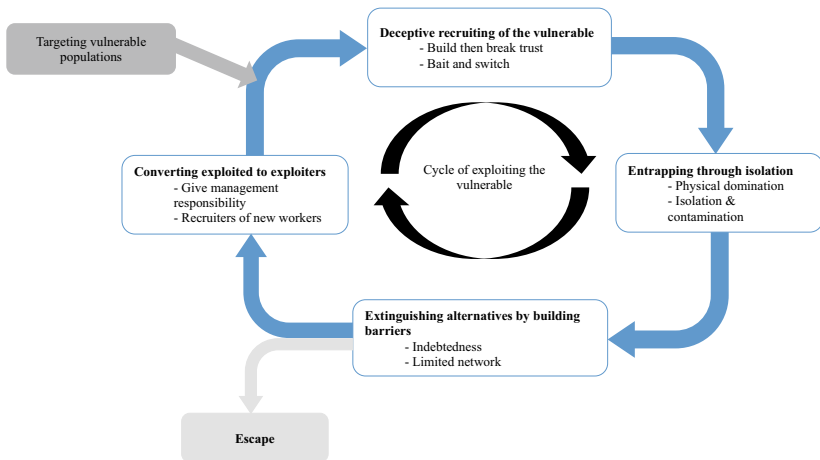


Fig. 6.1 Organizing the exploitation of vulnerable individuals for labor

exploitation. Human exploitation goes beyond individual and community poverty and vulnerability; beyond deceptive recruiting practices; beyond physical, social, and psychological mechanisms of domination and entrapment; and beyond eliminating alternate career and life paths. Instead, the entrepreneurial process for exploiting the vulnerable labor comprises all of these combined activities. Indeed, these practices and activities work together and reinforce each other to eliminate workers' agency and enable ongoing human exploitation. Thus, the entrepreneurial process of human exploitation entails orchestrating exploitive structures, processes, and organizational configurations such that exploiters can systematically assault workers' autonomy and agency. This assault on workers' autonomy and agency is not necessarily the opposite of enabling autonomy, so this chapter and the underlying study serve as a counterweight to prior management research on the costs to organizations that limit workers' autonomy (Slade Shantz et al., 2020). Indeed, previous research on enabling workers' autonomy has stressed a win-win from doing so—namely, both organizations and their workers benefit from greater autonomy among workers. However, we propose an alternative view: a win-lose situation whereby organizations benefit (in terms of profitability) from mistreating workers (i.e., reducing workers' agency). We hope future research explores how people and organizations can impede the entrepreneurial process of exploiting human labor and possibly even undo its effects to help victims recover.

Moreover, prior management research has mainly studied the issue of human exploitation in terms of how organizations can detect entities in their supply chains that are engaging in human exploitation (Crane et al., 2019; LeBaron, 2020; LeBaron & Lister, 2015). Such research is valuable because if the demand for goods produced by exploited human labor decreases, this practice may be attenuated or even eradicated. Likewise, we propose that management scholars move closer to the source of human exploitation to elucidate how it begins, sustains, and perpetuates. In this chapter, we explored actors who exploit vulnerable individuals and the lived experiences of those exploited. In doing so, we complement previous management research taking the buyers' perspective on how to constrain their suppliers' choices to avoid human exploitation by instead highlighting the entrepreneurial mechanisms suppliers (or producers) use to limit (and eliminate) the choices of their own suppliers (vulnerable individuals forced into labor). This finding leads to an important question: how can organizations intercede to stop suppliers from exploiting labor

or otherwise help them find sources of advantage that do not necessitate such exploitation?

Organizations can realize another advantage from recruiting workers (Powell & Baker, 2017; Wang & Zatzick, 2019). Specifically, organizations with strong cultures tend to recruit people open to acculturation (Battilana & Dorado, 2010) or those who appear to fit in. In exploitive organizing, however, recruitment entails leveraging individuals' existing social relationships and/or establishing new relationships to deceptively enlist (i.e., trick) them in an organization so their agency can be eliminated and their labor exploited for a prolonged period. Accordingly, instead of recruiting vulnerable individuals and instilling a sense of belonging, exploitive organizing entails harnessing the vulnerabilities of those surrounding targets to facilitate the recruitment of these targets and shatter their sense of belonging. Thus, while poverty drives some people to choose to engage in arduous work (Gans, 1972; Pahariya et al., 2009), the exploited workers we explored do not choose such work but are deceived and forced into it. Although management research has outlined many aspects of effective recruiting, less attention has been given to the role of deceptive recruiting. Throughout this chapter, we have shown how poverty and other vulnerabilities affect the selection and recruitment of individuals for exploitation. Future research can investigate what forms deceptive recruiting takes, why some types of deception are more successful than others, and who is most susceptible to being recruited in this way.

In addition, research has linked effective management of entrepreneurial firms to workers' tendency to experience freedom and independence (Burgelman, 1983). However, the entrepreneurial process of exploiting vulnerable people entails entrapment and mechanisms used to deplete individuals' free will, cut ties from their previous lives to disconnect them, and impede their ability to create an improved future. Although dirty workers tend to be stigmatized by those outside their workgroups, they can discover positive meaning in their work and a sense of belonging with other individuals who perform the same work, so they frequently opt to continue engaging in this work (Ashforth & Kreiner, 1999). The entrepreneurial process of human exploitation harnesses the social stigma of certain types of work to trap individuals through negative meaning and feelings of loneliness, thereby highlighting how exploiters can utilize societal values to entrap vulnerable people in dirty work. Moreover, exploiters construct barriers to exit to keep these individuals

locked in their work. Indeed, the initial recruitment of workers for exploitation paves the path for this continuing exploitation and inability to exit. In particular, workers often become indebted to their exploiters (e.g., forced to pay off the amount they were sold for and loans borrowed to purchase necessities), which establishes a financial exit barrier. The deception involved in such recruiting can also shatter exploited workers' trust in others, ultimately stopping them from forming relationships that could help them escape. We hope scholars investigate how to alter or dampen the role stigma plays in entrapment, remove exit barriers for those being exploited, and help victims rebuild trust (after it has been shattered) so they can return to society.

The findings and model presented in this chapter also add nuance to social cognitive theory (Bandura, 1989, 2001). Research applying social cognitive theory has primarily focused on the benefits of gaining agency. Still, it has also investigated, to a lesser degree, the consequences of events and circumstances that take agency away. To further this research stream, scholars can clarify how exploiters take away people's agency by exploring individuals with agency who initially face an environment in which they are vulnerable to exploitation and are then presented with a constructed environment that entraps them. According to our findings, such individuals can be led to working against their will and even exploiting other vulnerable people, thus creating a person-environment-behavior cycle of human exploitation. As this cycle becomes clearer, scholars will be better positioned to explore how to interrupt and ultimately end the cycle. We anticipate that researchers will take a social cognitive perspective to examine interventions of the person, environment, and behavior to counter agency loss and subsequent labor exploitation.

Finally, the insights we provide into the entrepreneurial process of exploiting vulnerable individuals contribute to knowledge on the continuation of human exploitation. Specifically, by developing an entrepreneurial process model of human exploitation across its different phases based on the lived experiences of exploited workers, we contribute to the literatures on human trafficking and modern slavery (LeBaron, 2014; Reid & Jones, 2011). We also augment accounts highlighted in these literatures by elucidating how this process perpetuates a cycle of exploiting vulnerable individuals. Namely, the mechanisms that drive and maintain human exploitation entail society's stigmatization of certain types of work, communities' extreme poverty, and the entrepreneurial practice of

creating a succession path via which the exploited become exploiters. This succession is an extreme form of grooming workers to become managers. Grooming individuals for traditional management roles entails identifying leadership potential in workers, conferring greater responsibility for task performance, and monitoring this task performance (Rothwell, 2010). Similarly, but starting with low worker agency, grooming exploited individuals for the exploiter role entails providing workers small opportunities to gain agency and develop industry relationships. As burgeoning exploiters gain agency and build relationships, they can leverage these newly developed resources to take away others' agency and exploit their labor. We hope future research explores how women who take this succession path mentally reconcile exploiting other girls and women in ways they personally experienced as traumatic.

Conclusion

In this chapter, we detailed an important yet largely neglected process in scholarship—the entrepreneurial process of exploiting vulnerable individuals' labor. Our findings reveal that although economic poverty and other vulnerabilities drive some workers to choose various types of arduous work, some people are forced into occupations against their will. In delineating the entrepreneurial process of human exploitation, we took the first steps in uncovering practices that facilitate exploitive entrepreneurship to inform policy that might (1) help end such exploitive entrepreneurship cycles, (2) aid victims of exploitive entrepreneurship in avoiding and exiting the offending organizations, and (3) make it harder to recruit people to work against their will. We hope scholars build on the findings presented in this chapter to explore further the entrepreneurial practices actors utilize to exploit human labor so solutions for this form of human suffering can be found.

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Corruption as Corporate Entrepreneurship

INTRODUCTION

While some have claimed that corruption “greases the wheels” of an economy, recent research has shown that corruption is more like “sand in the wheels” of an economy, negatively affecting foreign direct investment into a country, diminishing economic growth, and otherwise harming society (Ahlstrom, 2010; Li et al., 2015). Due to the various implications and consequences of corruption, scholars have been interested in studying corruption in different countries. Research efforts centering on the supply side of corruption—that, the actors who make bribe payments—have explored both the macro-factors (i.e., at the institutional and national levels of analysis) and the micro-factors (i.e., at the level of small business owners) of this phenomenon. However, efforts focusing on the demand side—the actors who receive bribe payments—have mainly investigated the macro-factors (i.e., institutional and national factors), largely overlooking the micro-level characteristics and processes associated with receiving bribes.

This chapter is based on Shepherd et al. (2021), which provides a richer literature review and more details about the sample selection, research method, and analysis.

This micro-perspective of the demand side of corruption is important because the people who take bribes likely play a vital role in extracting bribes (Svensson, 2003) from small business owners and are thereby incentivized to maintain corrupt systems for their own benefit. Therefore, in this chapter, we explain how corrupt public officials strategically operate to sustain a corrupt system that is adverse to ethical entrepreneurs and society. Specifically, we elaborate on the micro-processes involved in the demand side of a system that endorses bribery in India's developing economy. In the study underlying this chapter (Shepherd et al., 2021), we collected data from small business owners, government officials, agents (individuals who connect small business owners and corrupt officials), and employees of local non-governmental organizations (NGOs). The subsequent findings provide new insights for a micro-level understanding of bribery.

By illuminating the micro-processes involved in the demand side of bribery, we provide several insights into entrepreneurial responses to persistent adversity. First, research has typically ascribed destructive behavior (e.g., corruption) to the morals and ethics of those involved—for instance, claiming only “bad apples” engage in bribery (Ashforth et al., 2008). Therefore, some have argued that removing the “bad apples” is key for organizations to reduce harmful, unethical, and corrupt practices (Trevino & Youngblood, 1990). However, in this chapter, we show that the demand side of bribery strongly influences corruption. Specifically, we show how government organizations' informal human resources (HR) practices enable bribery by relocating the “good apples” and applying a corrupt selection process that—due to its corrupt nature—has the secondary effect of selecting government officials who are motivated by bribery.

Second, going beyond classifying organizations as either bureaucratic or innovative, risk-taking, and proactive (Covin & Slevin, 1990), we reveal the theoretical mechanisms explaining how the same organization can take on both forms to pursue opportunities for gain by facilitating and maintaining the business of bribery. In our case, this hybrid arose in an informal autonomous venture operating within and alongside a formal bureaucratic organization.

Finally, the innovation literature has mainly emphasized the benefits of including autonomous ventures within larger organizations (Covin & Miles, 1999). In this chapter, we heed calls to investigate the dark and destructive sides of business (Shepherd, 2019), showing how an informal

autonomous venture within a government organization participates in and perpetuates corruption—a dark practice that is destructive to the government, local small businesses, and people’s trust in the nation.

BACKGROUND

Corruption—or the misuse of public office for private gain (Rose-Ackerman, 1978; Treisman, 2000)—is common when doing business in a developing nation (Transparency International, 2010). The most common type of corruption is bribery, or the illegal use of rewards, gifts, or favors to alter a person’s behavior (Lee & Weng, 2013). Prior research on corruption in general and bribery, in particular, has mainly explored the economic consequences of these practices for specific regions of the world. Moreover, business research on corruption has investigated large established organizations’ use of bribery to deal with government bureaucracy in the short term, compete with local firms, and engage in non-market strategies (Birhanu et al., 2016; Dorobantu et al., 2017).

On the one hand, some scholars have argued that bribery can benefit businesses in countries where the government is rigid, bureaucratic, and slow—also known as the “greasing the wheel” hypothesis (Dreher & Gassebner, 2013). However, Dutta and Sobel (2016) demonstrated that although corruption has a less substantial impact on firms in difficult business climates, corruption still hurts the economy. Corroborating this finding, a line of research has revealed the negative business consequences of bribery—also known as the “sand in the wheels” hypothesis (Li et al., 2015). The primary belief underlying this hypothesis is that efficient governments cultivate economic growth and that corruption signals an inefficient government. For instance, corruption can lead to less foreign direct investment into a nation’s economy, increased transaction costs, and diminished economic growth (Cuervo-Cazurra, 2006; Mauro, 1995). Corruption also negatively affects society because it serves as a regressive tax on the poor and drives entrepreneurs from constructive action to destructive activities (Boudreaux et al., 2018; Tsebelis, 1990).

Due to concerns regarding corruption’s negative consequences for regional growth, research has examined either the supply side of corruption (i.e., people who pay bribes) or the demand side of corruption (people who receive bribes). Supply-side research has investigated why business people, including managers of large established organizations and small business owners, pay bribes. For instance, studies have shown

that managers pay bribes to realize success in transition economies, which are characterized by weak institutions, weak governments, and over-regulation (Friedman et al., 2000; Tonoyan et al., 2010) as well as low in-group collectivism, welfare socialism, and political constraints at the country level (Martin et al., 2007). This research stream has also explored firm-level predictors of firms' bribe-paying behavior. For instance, in a sample of Ugandan firms, Svensson (2003) showed that bribe paying depends on firms' "ability to pay" but negatively depends on firms' "refusal power." In another supply-side corruption study, Martin et al. (2007) revealed that firms' bribery is positively related to greater perceived financial constraints and greater perceived competitive intensity.

On the other hand, the demand side of corruption revolves around those who accept bribes. As Martin and colleagues (2007: 1402) noted, "Studies examining demand-side factors in bribery have typically used cross-national data linked to country-level indices of corruption, such as the Transparency International Corruption Perception Index (CPI) and measures from Political Risk Services and Freedom House." While this national- and institutional-level research on the demand-side aspects of corruption has provided essential insights into why bribery thrives in some locations but not in others, a finer-grained analysis of the contextual processes underlying the demand side of bribery that unfold below the macro-level would be beneficial to further our understanding of this phenomenon. Indeed, when discussing the findings from his supply-side study of Ugandan firms' bribe payments, Svensson (2003: 207) hinted at the need to further study the micro-processes on the demand side of bribery: "These results suggest that public officials act as price (bribe) discriminators and that prices of public services are partly determined in order to extract bribes." Thus, instead of focusing on the supply side of bribery, we direct our micro-study toward the micro-aspects of the demand side of bribery. For instance, some government officials may innovate and adapt their behavior to sustain the status quo of bribery. Therefore, in this chapter, we aim to uncover whether government officials act to pursue bribery-based opportunities and, if so, how they go about exploiting them.

Investigating the micro-processes of the demand side of bribery that maintain corrupt systems is important because although scholars and practitioners have tried to promote policies to fight corruption, "few successes have resulted from the investment... [because] anti-corruption efforts seem to become entangled in the very corrupt networks they were meant

to fight” (Persson et al., 2013: 454). Indeed, as Bussell (2012) observed, most studies on corruption have centered on its consequences, with scant research focusing on how corruption is organized—that is, how it is structured and propagated. A recent study proposed that agents play a role in the corruption process, but the authors noted that the literature on these agents in corruption “is surprisingly small” (Drugov et al., 2014: 79). Therefore, in this chapter, we also investigate whether government officials take action to perpetuate corruption and if so, how they are able to overcome the government’s anti-corruption efforts.

CONTEXT

We chose to explore bribery in the context of India for two main reasons. First, India is both an entrepreneurial society (i.e., many small businesses already exist and many are created) and a very corrupt system (Shleifer & Vishny, 1993). As a result, numerous government initiatives have been launched to encourage entrepreneurship and curtail corruption. In 2016, for instance, the Indian government took a major step toward curbing corruption by demonetizing large banknotes—namely, eliminating notes for 500 and 1000 rupees—to reduce the negative economic effects of the informal economy. Other government initiatives, such as Digital India, have similarly been implemented to reduce corruption by making government processes more transparent. Narendra Modi, India’s current prime minister, declared Digital India a “people’s movement” as it empowers Indian citizens by enhancing public service delivery to benefit poorer individuals and presenting opportunities to lower corruption (*The Economic Times*, 2019). These efforts notwithstanding, corruption is still widespread in Indian society (Transparency International Ranking). Second, we decided to direct our attention to the Indian state of Maharashtra, particularly the city of Mumbai, because this region is recognized for its entrepreneurial spirit and has experienced a host of corruption scandals. Furthermore, one of the authors is fluent in the local language (Hindi) and has a strong network in these areas, facilitating access to suitable respondents and data-collection opportunities.

The World Bank’s 2018 report on the “ease of doing business” revealed that corruption is the biggest obstacle for doing business in India, in managers’ opinion. Indeed, according to *The Economic Times* (2008), 60% of business owners have experienced corruption in some

form when “doing business.” A significant portion of this corruption occurs when small business owners interact with government officials to acquire clearances, approvals, and/or licenses. Bauhr (2017) referred to this practice as need corruption because these individuals need bribery to gain fair access to the government services they require to run their small businesses. Thus, in the study underlying this chapter, we aimed to garner insights from owners of newly established small businesses as these individuals had to frequently interact with government officials to set up and run their businesses. However, to begin our investigation of corruption, we first interviewed 20 informants, including NGO workers, local politicians, industry network representatives, and others. This approach provided direct access to these individuals, so we were able to openly discuss the organizing of corruption. Although we initially focused on small business owners and government officials involved in the bribery process, many of our informants mentioned that agents often play a key role in enabling corruption. Agents were referenced so many times in the initial data that we decided to include these actors in our sample for later data collection. In addition, to our surprise, our informants also explained that politicians sometimes act as agents for bribes. For more details on the sample selection, research method, and analysis for the underlying study, see Shepherd et al. (2021).

FINDINGS

Ventures Promoting Corruption Within a Government Organization

We begin by describing the elements of venturing on the demand side of bribery payments. First, our findings show that there is typically a hierarchy of officials who receive bribe payments. For example, Sunil (owner of a small business that produces plastic parts) detailed the bribes he pays to government officials and where he thinks the money goes:

I interact with someone in the middle [of the government bureaucracy]. Twice a year, their senior also visits, and I have to pay more. They are all interlinked. The money I give them is collectively shared between them. The person at the bottom gets the least money, and [the] person with a higher designation gets more.

Likewise, all the government officials we spoke to described how most bribes are divided among a group of government officials who (directly or indirectly) facilitate a government “service.”

These government officials claimed they accept bribes because government jobs pay low wages and are difficult to obtain. Ironically, government officials’ low wages are augmented by bribes, but to obtain these jobs in the first place, many have to pay a bribe. In other words, they pay a bribe to get a job whose income largely comes from bribe payments. For instance, Kiran recounted how he obtained his government job:

This was my father’s job. After he passed away, I should have gotten the job. They kept me waiting for six months. My mother was losing patience—she came with me, told them, “Take what you want but give my son his right.” They took 50,000 rupees [USD 780]. I got the job.

By requiring bribes for government positions, members of this corrupt system can make more money. Moreover, by selecting people who willingly pay a bribe to secure the job, the corrupt system onboard individuals who likely hold attitudes about corruption that align with perpetuating the process—that is, they are unlikely to be whistleblowers. They are probably interested in making a “return” on their “investment.” People who are hired into the corrupt autonomous ventures of government officials but do not have these values (i.e., are not willing to pay or receive bribes) are typically expelled from the group and relocated.

Agents brokering bribery between small business owners and government officials. Initially, we expected that small business owners pay bribes directly to government officials due to the problems these owners face. However, our findings reveal that agents sometimes facilitate the bribery process. Indeed, some government officials are worried about being caught taking bribes and thus rely on agents: “Agents [are] placed by the officials themselves because they [the officials] can’t ask for money directly—they route it through these agents” (Viki, a small business owner). According to Amit, a broker (Brihanmumbai municipal corporation liaising agent), agents ease some of the frustration small business owners confront when dealing with government bureaucracy by assisting in the bribery process:

Once I tried to get it done directly, but every time I went with my documents, they [government officials] rejected it [the entrepreneur's application], and after the third visit, one of the officials told me to come through an agent. And when I used an agent, my documents were approved within a day.

Similarly, Saurabh (a fast food shop owner) outlined how these agent relationships work:

At times, after the officials visit, they examine the area and then tell us that they will be issuing a challenge for one fault or another (which actually does not exist). They then send someone from the office to come and meet us. These people will generally try to sell us the bribe offer by telling us, "Why do you want to get in a situation where the challenge is issued? Once you get into this, then you will have to keep making rounds of the office for clarification, etc." These are the people who will finally tell us that they will settle the matter and help us by stopping the challenge. These are mainly the liaising agents who are basically middlemen who work hand in glove with the officials.

Politicians as agents of bribery. Our findings also show that politicians play an agent role. Politicians perform a similar function to that of the agents discussed above. However, although they are still connected to government officials, they play a more independent intermediary role (vis-à-vis traditional agents) between small business owners and government officials, couching this brokering position in terms of helping their constituents. Vasim (representative of a small independent political party), for example, described his rationale for serving as an agent:

Yes, because I am elected by the local people here, I have to be ready at all times to all those who come to seek help. I try to help every individual who seeks help from me in terms of training, guidance, water problems, better roads, subsidies for their businesses, helping with getting licenses, etc.

However, our findings also reveal that politicians facilitate and participate in the bribery process themselves, as Jadhav (representative for the women's wing of a political party) indicated:

I am a part of it. I represent my area at the police station. Whenever something has to be done in my area, people approach me since I live in a slum. Problems like trivial fights, alcoholism, playing cards, and then fighting over money are very common. When people fight, police turn up and take people into custody. After that, their family approaches me and pleads for me to go to the police station to get their family member out. I go to the police station; I speak to the officer. Since I have been doing this for a long time, everybody at the station also knows me well. I go straight to the police officer and ask them to sort out the matter. If the case is serious, we agree that they will pay money plus spend a day or two in custody. If the matter is small, we just ask them to pay up. Money is divided among us. People think I give the whole money to police officials, but I don't.

Likewise, a government official explained how politicians play the agent role in the bribery process and "take their cut":

There are instances when these businessmen have links with the politicians, and they, in turn, put pressure on the officials to get the work done. While this happens, the local politicians do get their share of money for helping these businessmen. Also, because the officials are helping them out in getting certain approvals/passing plans, etc., they pay money to the officials as well. It's a well-defined modus operandi, and these people work in perfect tandem.

It appears politicians even provide new sources of exploitation for government officials, as one government official described:

In some cases, the local politicians work with the officials to extract money from these businessmen. The ratio of municipal officials to citizens is currently very bad. It is highly impossible for an official to reach out to citizens. In such cases, the local politicians work along with the officials [by] giving them leads on people involved in illegal construction/extension of their business premises, houses, etc. The officials then make a surprise visit to these premises and try to corner the person involved. They scare him with potential action for breaking laws, etc. In such situations, the officials try to put pressure on these people and make them pay money to get let off without any [official] action taken.

Thus, we found that to sidestep the government's anti-corruption efforts, agents (including politicians) serve as brokers in facilitating small businesses' bribe payments to government officials.

Anti-corruption Efforts as New Sources of Opportunities for Bribery

According to our findings, all of the people in our study knew about the government's efforts to curtail corruption by enacting new laws. As reported in a local newspaper, these anti-corruption efforts involved the following:

On January 1, 2014, President Pranab Mukherjee of India signed into law landmark legislation aimed at combating corruption by creating an anti-graft ombudsman with broad powers to prosecute all offending politicians, ministers, and senior civil servants, including the Prime Minister of the country. In a rare show of unity, the ruling Congress Party and main opposition Bharatiya Janata Party both supported approval of the Lokpal [ombudsman, literally protector or caretaker of the people in Hindi] and Lokyukta [ombudsman at the state level] Bill in the lower house (*Rajya Sabha*) of the Parliament, smoothing the way for its passage in the upper house (*Lok Sabha*) on December 31, 2013. (*Id.*) Key stated objectives of the new law are the more effective implementation of the United Nations Convention Against Corruption, which India has ratified, and the prompt and fair investigation and prosecution of cases of corruption. (Library of Congress, 2014)

While our participants knew about these anti-corruption efforts, they also indicated that they had minimal impact, and most people we spoke to (i.e., small business owners, government officials, agents, and politicians) believe all anti-corruption efforts will ultimately be ineffective in India. The government's implementation of new technology has moved some officials' work online to lessen bribery for those services and tasks. However, when we asked how the government's efforts have impacted corruption, Rajesh (owner of a small fabrication business) simply replied, "There is no reduction in corruption. We are still paying bribes the way we had been in the past." Indeed, most citizens we talked to, including small business owners, believe that the use of bribes is reprehensible but that the "system will not work without bribes" (Amit, owner of a clothing business). Moreover, although the government has made some progress

in reducing corruption, one citizen we interviewed was doubtful that it will ever be eliminated in India:

I believe corruption is now everywhere, and no political party can manage to get rid of it completely. I believe the new government is serious and has taken steps like license applications can now be done online, but [I] feel that it just stops there.

Interestingly, some efforts to curb corruption have turned into sources of new corruption themselves. For example, Chetan (representative of a political party) explained that although technology has made receiving bribes for some tasks more difficult (i.e., forms submitted, processed, and monitored online), this process has simply increased the cost of bribes in other critical areas to offset lower bribes in areas impacted by technology. Corroborating this notion, most of the small business owners we talked to stated that the overall cost of bribes is increasing. Further, the government set up cameras to detect corrupt behavior, but according to Chetan, this effort has merely changed how government officials operate to avoid being caught:

There are problems when bribes are given. One has to be careful of how to approach the topic; you cannot be too open. Everybody is scared because there are cameras everywhere. Government officials will never quote openly; they write it on a paper—that is how negotiation happens. The other thing also is that [government] officials who take bribes are now used to it [the bribes] and do not want to work the regular way.

Finally, not only are government officials unwilling to eschew their bribe payments, but small business owners are also unwilling to report these officials' corrupt behavior. According to our findings, most small business owners think that reporting corruption will not result in a practical response but will instead generate additional difficulties for their businesses in the future. For instance, we asked Viki (owner of a furniture manufacturing business) if he had ever reported corrupt practices, to which he replied (consistent with many of the other small business owners we spoke with), "No, we have never complained about anyone. One can't take chances of complaining about another because all these people are interlinked. They come to know about the complainant very easily, and once they come to know, they will further harass you." When we asked Jagrit the same question, he responded with a question of his

own: “Who will I complain to? Everybody in the system is corrupt. They will harass me much more. With two young kids, I don’t want to risk it.” Based on these findings, we conclude that corruption is a vicious cycle in which business owners do not report corrupt government officials because they think nothing will be done, but because they do not report such government officials, nothing can be done—a self-fulfilling (yet destructive) prophecy.

A MICRO-LEVEL DEMAND-SIDE MODEL OF BRIBERY

Figure 7.1 illustrates the primary actors involved in corruption and the flow of bribes in our sample. Building on the findings underlying this figure, we develop a micro-level demand-side model of corruption in the Indian context. As illustrated, two inter-related sub-models comprise this overarching model: (1) bribery in the form of informal autonomous ventures within a bureaucratic organization and (2) agents who broker bribery. We now turn to discuss both of these sub-models.

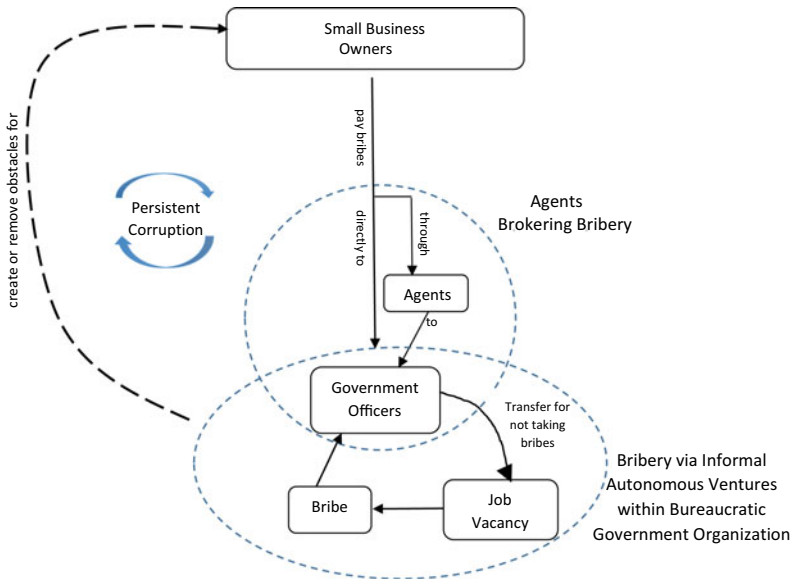


Fig. 7.1 An organizational framework of the flow of corruption payments

Bribery Within Government Organizations

Typically, entrepreneurship is conceived as a series of activities organized to make an organization as a whole more innovative, proactive, and risk-taking, through, for instance, internal corporate ventures, external corporate ventures, and/or other forms of strategic renewal (Covin & Miles, 1999). Although top management often drives these efforts through a top-down process, some begin more autonomously at lower organizational levels via a bottom-up process and can ultimately lead to positive changes to firm strategy (Burgelman, 1983, 1991). However, informal autonomous ventures established within the government like the one we studied are driven by government officials' motivation for personal gain, so their objective is not to change organizational strategy to improve organizational performance. Instead, the objective of these corrupt informal autonomous ventures is to exploit opportunities (that the officials help generate) by executing the tasks they are responsible for but charging small businesses for their "services." Therefore, in this chapter, we uncovered an interesting interplay between bureaucracy and autonomy unfolding simultaneously in the same organization.

Moreover, due to the promise of bottom-up innovation, the management literature has highlighted the importance of hiring practices (i.e., income, promotion, and other rewards) that ensure the "right" people are in the "right" positions to make organizations more entrepreneurial for the benefit of customers, organizations, and other stakeholders (Morris et al., 2010). However, our findings reveal a different approach for the demand side of corruption, resulting in the following propositions: (1) Individuals are selected into corrupt informal autonomous ventures within government departments based on bribe payments, thereby creating a selection process of adding members to these ventures that both make venture members money and selects people who already demonstrate approval of corruption. (2) This selection process goes hand in hand with a de-selection process that relocates venture members who hold alternative attitudes toward corruption and bribery (i.e., an unaccepting view of corruption). Thus, unlike traditional organizations, in which diversity is critical (Burgers & Covin, 2016), corrupt informal autonomous ventures within government departments profit from increased homogeneity (at least when it comes to attitudes toward corruption for exploiting bribery opportunities). (3) Although autonomous ventures involved in the development of innovative products, services, and processes typically reveal their activities to

top management (Burgelman, 1983, 1991; Burgelman & Grove, 2007), autonomous ventures involved in the demand-side entrepreneurship of corruption strive to sustain their autonomy by staying “hidden” from their organizations’ top management (or top management in the hierarchy of these corrupt informal autonomous ventures). (4) As discussed earlier, as the government innovates to eliminate corruption (e.g., by introducing new technology to detect bribery), the system of corruption, including both the informal autonomous ventures within government departments and the agents who facilitate their corrupt behavior, also innovates to overcome the government’s efforts and continue the status quo of corruption.

For this status quo of bribery to change, victims need to report instances of bribery and provide relevant information. However, people seem unwilling to do so because they fear that blowing the whistle on corrupt behavior will only result in suffering without any meaningful change. It appears that only some type of social movement can provide the collective action needed to dismantle this powerful system.

Agents Brokering Bribery

Our demand-side model of bribery also offers new insights regarding how agents facilitate bribery. In particular, we extend the idea that people can pursue potential opportunities by playing the role of broker between two parties (Burt, 2000, 2005). For example, Williams and Shepherd (2018) demonstrated that some entrepreneurs act as brokers to generate positive outcomes for communities. We extend this work to the destructive side, showing how brokerage can facilitate unlawful transactions that are costly to society at large (e.g., the negative relationship between bribery and both the economy and society). Interestingly, in the study underlying this chapter, the government implemented new technology to curtail corruption. Still, the new technology has created the opportunity for agents to emerge to facilitate the demand side of corruption. These agents are a means to circumvent government efforts to facilitate bribery. In other words, government anti-corruption efforts can ultimately make the opportunity to act as an agent to facilitate bribes more appealing.

Furthermore, politicians sometimes exploit the opportunity for personal gain by facilitating bribe payments between their constituents and government officials. In the context of our study, politicians’ activities are different from those of the other agents as they seem to represent

both sides of a bribery transaction. In addition, although politicians' personal gain from these transactions is sometimes money (like the other agents), it can also take other forms, including votes, influence, and power. More research on these agents of bribery is needed, especially work on politicians' activities. We acknowledge the difficulties associated with conducting this kind of research. Indeed, through our interviews, we found that politicians tend to be "cagier" about their behavior than the other agents and government officials. However, we believe there are interesting research opportunities to study politicians embedded in corrupt systems.

DISCUSSION

While prior research has studied corruption in entrepreneurship, little attention has been given to the micro-level demand side of corruption. However, this inattention is problematic because bribery is largely known to be destructive, particularly in developing economies (Dutta & Sobel, 2016; Li et al., 2015; Mauro, 1995). In this chapter and the study it is based on, we address this scholarly neglect of the micro-level attributes and processes of receiving bribes. In particular, we focus on the demand-side processes involved in government officials' and agents' exploitation of opportunities to receive (and facilitate) bribes for personal gain to explain why and how this practice persists despite efforts to stop it. Accordingly, we developed our model by revealing the processes behind illegal transactions between government officials, agents, and small business owners. Since so little research exists on this topic at the micro-level, our qualitative findings provide new insights into how corruption is organized among these individuals.

Based on these findings, we offer a broader theoretical model of the demand side of corruption in Fig. 7.2. Specifically, in this model, government departments entail both bureaucracy and informal autonomous ventures. The informal autonomous ventures deliberately slow down the bureaucratic processes implemented to regulate small business practices, so the government officials in these ventures can personally gain by offering corrupt services to speed up the bureaucracy. In response, the bureaucracy (i.e., the government) has introduced numerous efforts to lessen corruption. In turn, the informal autonomous ventures sidestep these anti-corruption efforts by innovating, such as by using agents (including politicians) to broker bribe payments from small business

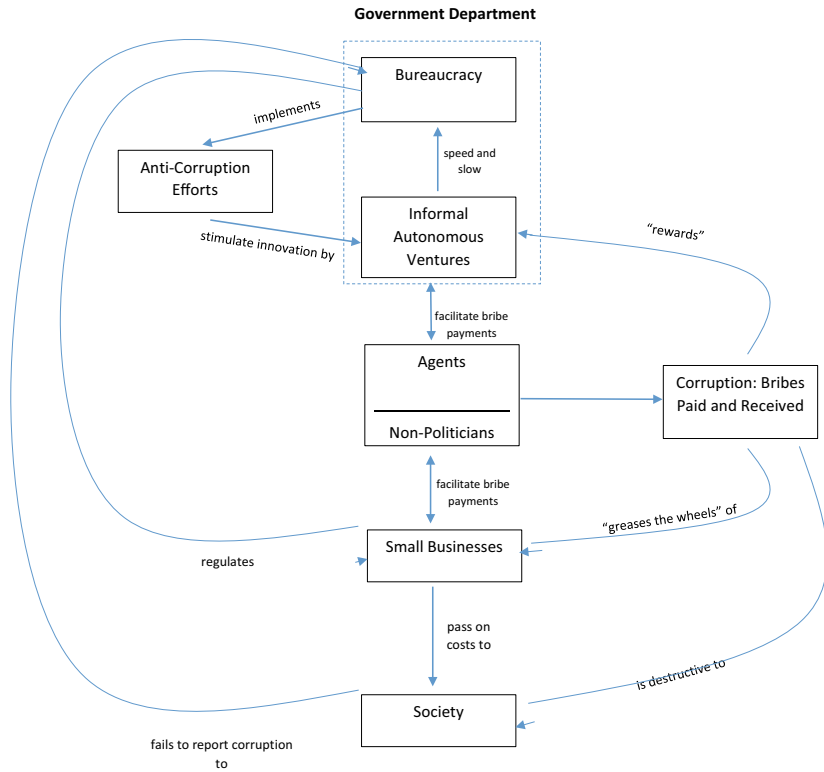


Fig. 7.2 A model of organizing corruption

owners to “grease the wheels” of this system. Although both the corrupt government officials in the informal autonomous ventures and the agents that broker their bribes benefit from corruption, this behavior harms society because the additional business costs are passed on to consumers, and the costs stemming from the ineffective government are borne by society members. Despite these costs to society, corruption continues because the informal autonomous ventures within the government circumvent anti-corruption efforts by innovating. Society members hesitate to report corruption because they believe doing so will not have the desired effect and could even be harmful.

This overarching model has four primary implications, which we hope encourage further theorizing on this important topic. First, work on the destructive side of business has focused either on the people engaged in the harmful action (i.e., a micro-perspective; e.g., individuals as “bad apples”) or on the structure of the economy (i.e., a macro-perspective; e.g., the “rules of the game”). However, in this chapter, we provide a mid-range theory in which bribery (as a type of destructive behavior for society) is organized within government departments. Thus, whereas organizations are often considered either bureaucratic or autonomous (Covin & Slevin, 1990), in this chapter, we show that both bureaucracy and autonomy can coexist to enable bribery. Specifically, corrupt officials can deliberately slow down government processes to increase demand for corruption. Individuals involved in informal autonomous ventures inside bureaucracy can then exploit these opportunities to receive bribes. According to our findings, these informal autonomous ventures even have their own HR practices, such as requiring people to pay a bribe to obtain a government job, whereby they can then collect bribes from others. Importantly, individuals who have different attitudes about corruption (i.e., those unwilling to take bribes) are relocated from these ventures to ensure the ongoing exploitation of these bribery-based opportunities. Future research can draw on the entrepreneurship and innovation literatures to clarify why some organizations (e.g., within departments of large government organizations) aid in this type of informal autonomous behavior. We hope future research can extend the organizing literature to help bureaucracies become more efficient (thereby reducing the need for bribes to “grease the wheels”) and build on the entrepreneurship literature to elucidate how individuals inside informal autonomous ventures can be stopped from exploiting demand-side opportunities for bribery.

Second, the social network literature has shown how brokers link previously disconnected groups (Burt, 2000, 2005). By revealing that agents engage in brokering (i.e., connecting businesspeople and government officials) to sidestep anti-corruption efforts, we offer a new brokering perspective that sheds light on the demand-side role of brokering in the corruption process. In particular, government measures to eliminate corruption generate opportunities for new brokering relationships to circumvent those measures. Building on the social network literature, future research can theorize and empirically test how agents maintain their brokering positions over extended periods for personal gain and

how others can offset these agents by decreasing their power to eliminate corruption from the demand side and thus benefit small businesses and society.

Third, together with the previous point on social networks, our findings offer insights into the relational view of corruption. The relational view of corruption centers on the “social interactions and networks among corrupt actors” and underscores the importance of trust and networks of participants (Jancsics, 2014: 358). In our study, we uncovered an informal HR management strategy used to ensure trust among members of autonomous ventures within the government. This strategy entails selecting new members by requiring them to pay a bribe for entry and relocating those officials deemed untrustworthy by current venture members. Moreover, we found that anti-corruption efforts can plant seeds of doubt in the minds of venture members regarding customers’ (e.g., small business owners’) trustworthiness, thereby motivating the autonomous ventures to make the bribery process more socially complex by adding agents to broker relationships. Thus, from the relational view of corruption, these informal autonomous ventures engender trust among their members. When doubts about potential customers’ trustworthiness arise, they use agents (who they do trust) to broker transactions.

Finally, although numerous anti-corruption efforts have been introduced, most of these efforts have failed to eradicate bribery. Indeed, such efforts heavily depend on people reporting corrupt officials to authorities, who can then take the necessary steps to punish those involved (Persson et al., 2013). However, our findings reveal why some people (in our case, small business owners) do not report corruption. Namely, some people fail to report corruption not because they are unaware of the behavior or its negative consequences but because they believe nothing can or will be done about it. In other words, some people believe bribery is too entrenched to be stopped. These findings align with research exploring the social trap of corruption (Rothstein, 2005). According to this research, anti-corruption efforts fail because they are established on the basis that corruption is a principal-agent problem, such as monitoring and punishment. However, in a system in which most people believe that corruption will persist, including corruption by the “principles” (as in our study), anti-corruption efforts will almost certainly fail because regular people refuse to report corruption, and the corrupt refuse to forego their corrupt behavior as they believe everyone else is also participating in corruption (Tonoyan et al., 2010). Thus, it appears a social movement

is required to fight need corruption (e.g., bribery to gain fair access to government services) more than to fight greed corruption (e.g., bribery payments to give bribers privileged access to illicit benefits) because the former impacts more people, is more conspicuous, and has more immediate consequences than greed corruption (Bauhr, 2017). The little research exploring the collective action problem of corruption, particularly from a micro-perspective, has mainly taken a supply-side approach. We hope our micro-level demand-side perspective of bribery complements this important research stream on the collective action problem of corruption, which has primarily focused on a more macro-level analysis for understandable reasons. Future research has the opportunity to build on the learned helplessness, learned hopelessness, and social movement literatures to provide a deeper understanding of more effective anti-corruption efforts, including how a social movement can disrupt the demand side of corruption by increasing confidence that there has been a significant change toward rejecting corrupt practices—that is, that the social trap of corruption has been broken.

Furthermore, formal anti-corruption institutions have been established worldwide, and myriad guidelines and regulatory frameworks have been developed to curtail corruption. However, we reveal that there can be informal autonomous ventures within government bureaucracy with characteristics that contradict the legitimate objectives of government departments. At their core, these informal autonomous ventures slow down the bureaucratic processes implemented to regulate small business practices to increase demand for corrupt services. These ventures also sidestep new regulations, thereby making them ineffective. To solve this problem, enough trust needs to be established in bribe payers (small business owners, customers, and other members of society) to get them to report corruption and believe that their reporting will positively impact ending this behavior. Moreover, measures need to be taken to reduce the power of corrupt officials in informal autonomous ventures, perhaps by implementing more regulated HR processes. Our findings also suggest the need to pay more attention to the agents who facilitate corrupt transactions. Rotating staff members could be a precautionary measure because doing so could undermine the trust within and disrupt the operations of the informal autonomous ventures in which corruption occurs.

Conclusion

In this chapter, we examined the micro-level demand-side factors and practices of bribery in the developing context of India. According to our findings, some individuals take advantage of government anti-corruption efforts to become agents who broker deals between small business owners and government officials. We also revealed two systems within some governments: a bureaucratic system that obstructs small businesses and an autonomous (albeit illegally venturing) system that harnesses HR practices to facilitate bribery. These two government systems have a somewhat symbiotic relationship. Given the negative consequences stemming from bribery in terms of impeding the operations of small businesses and the development of both economies and societies, we hope this chapter and the underlying study serve as a basis for future research on ending the status quo of bribery.

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