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**A Study of the Collectivist Model of Entrepreneurship in the Global South:  
The Case of the Ecuadorian Coast**

A thesis  
submitted in fulfilment  
of the requirements for the degree  
of  
**Doctor of Philosophy**  
in  
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by

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## ABSTRACT

Poverty and limited state support in many regions of the Global South have pushed individuals towards necessity entrepreneurship. The collectivism of society has also led them to pool different types of resources to create ventures together. Yet, there is a widespread acknowledgement of the limitations this type of entrepreneurship has in creating and growing value. Due to the heterogeneity of the entrepreneurship phenomenon in the region, such views are insufficient to fully understand the entrepreneurial process. In light of necessity-oriented entrepreneurship and the collectivist nature of Global South societies, this thesis explores the effects of collectivism on the region's entrepreneurial model.

The overarching research question for this investigation was, “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” Positioned in the interpretivism paradigm and using a qualitative design, the research took the form of a case study in a community in Ecuador. Twenty-one in-depth interviews were conducted with participants who self-identified as local entrepreneurs. Using thematic analysis, codes were generated that later emerged as the research themes.

Data analysis indicated collectivism at three levels of the social structure: the community, the family, and the individual. The themes in the thesis have been presented from the broadest to the most specific level, as, due to the importance of collectivism, it was common for participants to address the group's collectivist entrepreneurial activities first during the interviews. At the community level, the findings evidenced the presence of a robust ‘associativity’, a group that organised and provided social cohesion to develop entrepreneurial activities. These effects were transferred to the family level, as collectivism led clan members to create family and intergenerational businesses, and group organisation made businesses interrelated. At the individual level, the effects of collectivism manifested in social cohesion caused entrepreneurs to facilitate peer-to-peer entrepreneurial imitation to create firms in the market-dominant industry and grow it collectively. In this way, individuals deliberately used entrepreneurial imitation to drive a previously non-existent market process, introducing new entrants and offerings to meet a novel and broader demand.

Drawing on these remarks, this thesis has contributed to entrepreneurship research by determining, first, the role of entrepreneurial imitation; second, the significance of resource development; and third, the role of collective growth as a means of development in necessity-driven entrepreneurship in the Global South.

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## PROLOGUE

Growing up in a family with a solid entrepreneurial background motivated me to research the collectivist entrepreneurship model in the Global South as part of my doctoral thesis. My motivation is directly related to the entrepreneurial trajectory of my parents, who created several businesses during their lives. Although their entrepreneurial path might be seen as a response to the poverty that afflicted them, this is only part of the story. My parents voluntarily chose to become entrepreneurs because they saw better opportunities in these businesses than in wage employment.

Initially, they created businesses that required low capital and were easy to start, like a convenience store, bakery, shoe workshop, and even a tiny butter production factory. All this experience led them to create a more robust business dedicated to trade and producing auto parts. However, because my parents were still poor, they relied on the support of their extended family to fund this endeavour. This support created a collectivist business model that I know from the inside. Over time, my siblings and I have worked in this business at different stages of our lives. Moreover, several of my cousins and other relatives did it, too. In my case, I started to work there during my teens, learning responsibility and the trust that means working in a family network.

During this journey, I witnessed the solidarity within this collectivist-oriented business, which increased during adverse conditions affecting family members and the country's repeated financial and political crises. I also witnessed the strong effects of family embeddedness that I could not understand well then. Because the business was so close to our lives, it was more a subject than an object; with a strong family identity, the business was part of our lives, and we were part of it. Although I stopped working in the family business, I have always been aware that it helped me, my siblings and other relatives.

However, due to the high family embeddedness, the growth in the group members and the repetitive crises in the country, it was challenging for the business to be sustainable over time. Despite these difficulties, the business has been functioning for many years. This situation awakened my curiosity to understand how a collectivist-oriented business could function under the canons of markets, which are not the same motivations as those of the family. It also makes me question the validity of that model. Today, this thesis has enabled me to understand the reasoning of my parents and entire family to sustain the model. Responding to these self-inquiries has been part of my transformative journey as a doctoral student.

## CONTENTS

<b>ABSTRACT</b> .....	<b>II</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>III</b>
<b>PROLOGUE</b> .....	<b>V</b>
<b>CONTENTS</b> .....	<b>VI</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background .....	<b>1</b>
1.2 Statement of the Research Problem .....	<b>4</b>
1.3 Significance of the Research .....	<b>8</b>
1.4 Thesis Structure .....	<b>11</b>
1.5 Conclusions of the Chapter .....	<b>13</b>
<b>CHAPTER TWO</b> .....	<b>14</b>
<b>LITERATURE REVIEW</b> .....	<b>14</b>
2.1 Introduction .....	<b>14</b>
2.2 The complexity of the Entrepreneurship definition .....	<b>16</b>
2.2.1 Newness in Entrepreneurship .....	<b>19</b>
2.2.2 Business Alertness in Entrepreneurship .....	<b>27</b>
2.2.3 Risk-taking in Entrepreneurship .....	<b>31</b>
2.3 The Nature of Entrepreneurship in the Global South .....	<b>34</b>
2.3.1 The Nature of Newness in Entrepreneurship in the Global South .....	<b>35</b>
2.3.2 The Nature of Business Alertness of Entrepreneurship in the Global South .....	<b>40</b>
2.4 The Nature of Kin-based Entrepreneurship in the Global South .....	<b>45</b>
2.4.1 Newness and Innovation in Kin-based Entrepreneurship in the Global South .....	<b>46</b>
2.4.2 Business Alertness in Kin-based Entrepreneurship in the Global South .....	<b>50</b>
2.5 Conclusions of the Chapter .....	<b>54</b>
<b>CHAPTER THREE</b> .....	<b>59</b>
<b>METHODOLOGY</b> .....	<b>59</b>
3.1 Introduction .....	<b>59</b>
3.2 Research Paradigms .....	<b>64</b>
3.2.1 Positivism .....	<b>64</b>
3.2.2 Interpretivism .....	<b>65</b>
3.2.3 Critical Theory .....	<b>67</b>
3.3 Appropriate Paradigm for this study .....	<b>68</b>
3.4 Research Design .....	<b>70</b>
3.4.1 Qualitative Research Approach .....	<b>71</b>

3.4.2. Case Study Strategy .....	74
3.4.3 The Role of the Researcher .....	79
<b>3.5 Methods.....</b>	<b>80</b>
3.5.1 Data Collection .....	80
3.5.2 Sampling .....	85
3.5.3 Data Analysis Method.....	89
3.5.4 Ethics.....	95
3.6 Conclusions of the Chapter.....	97
<b>CHAPTER FOUR.....</b>	<b>101</b>
<b>CONTEXT OF STUDY: ENTREPRENEURSHIP IN COASTAL ECUADOR.....</b>	<b>101</b>
4.1 Introduction .....	101
4.2 Geographical Background .....	101
4.3 Demographical Background .....	105
4.4 The Political System .....	107
4.5 Economic Development .....	109
4.6 Entrepreneurship Development in Ecuador .....	113
4.7 Entrepreneurship Development in Coastal Ecuador.....	116
4.8 Case Study Site Description.....	120
4.9 Conclusions of the Chapter.....	123
<b>CHAPTER FIVE .....</b>	<b>125</b>
<b>COMMUNITY AND ENTREPRENEURSHIP .....</b>	<b>125</b>
5.1 Introduction .....	125
5.2 Community Associativity.....	127
5.2.1 Local Organisations .....	131
5.2.2 Business Ecosystem .....	135
5.2.3 Gender Development for Women .....	140
5.2.4 Summary of Findings on Community Associativity .....	142
5.3 Resource Provisions.....	144
5.3.1 Physical Resources .....	145
5.3.2 Financial Resources .....	149
5.3.3 Technical Knowledge .....	151
5.2.4 Summary of Findings on Resource Provisions .....	153
5.4 Evolutionary Trajectory of the Community.....	155
5.4.1 Summary of Findings on the Evolutionary Trajectory of the Community.....	161
5.5 Integrative Framework.....	163
5.6 Conclusions of the Chapter.....	165
<b>CHAPTER SIX.....</b>	<b>171</b>
<b>FAMILY IN ENTREPRENEURSHIP.....</b>	<b>171</b>
6.1 Introduction .....	171

<b>6.2 Family Entrepreneurship .....</b>	<b>172</b>
6.2.1 Constrained Conditions .....	175
6.2.2 Intergenerational Entrepreneurship .....	176
6.2.3 Family Business .....	178
6.2.4 Labour Pooling .....	181
6.2.5 Summary of findings on family entrepreneurship .....	183
<b>6.3 Resource Provisions.....</b>	<b>185</b>
6.3.1 Emotional Support and Business Advice .....	186
6.3.2 Business Resources.....	190
6.3.3 Summary of Findings on Resource Provisions .....	195
<b>6.4 Evolutionary Trajectory of Family Entrepreneurship .....</b>	<b>198</b>
6.4.1 Summary of Findings on the Evolutionary Trajectory of Family Entrepreneurship .....	202
<b>6.5 Integrative Framework.....</b>	<b>204</b>
<b>6.6 Conclusions of the Chapter.....</b>	<b>205</b>
<b><i>CHAPTER SEVEN .....</i></b>	<b><i>207</i></b>
<b><i>THE INDIVIDUAL IN THE COLLECTIVIST ENTREPRENEURSHIP MODEL .....</i></b>	<b><i>207</i></b>
<b>7.1 Introduction .....</b>	<b>207</b>
<b>7.2 Venture Creation.....</b>	<b>208</b>
7.2.1 Entrepreneurial Orientation .....	210
7.2.2 Entrepreneurial Imitation .....	213
7.2.3 Business Portfolio .....	216
7.2.4 Summary of Findings on Venture Creation .....	219
<b>7.3 Resource Provisions.....</b>	<b>221</b>
7.3.1 Formal Access to Resources .....	222
7.3.2 Informal Access to Resources .....	225
7.3.3 Summary of Findings on Resource Provisions .....	227
<b>7.4 Evolutionary Trajectory of the Individual as an Entrepreneur .....</b>	<b>228</b>
7.4.1 Summary of Findings on the Evolutionary Trajectory of the Individual as an Entrepreneur .....	235
<b>7.5 Integrative Framework.....</b>	<b>237</b>
<b>7.6 Conclusions of the Chapter.....</b>	<b>237</b>
<b><i>CHAPTER EIGHT .....</i></b>	<b><i>241</i></b>
<b><i>DISCUSSION AND DEVELOPMENT OF THE PROPOSED MODEL .....</i></b>	<b><i>241</i></b>
<b>8.1 Introduction .....</b>	<b>241</b>
<b>8.2 Proposed Model.....</b>	<b>242</b>
8.2.1 The Effects of Collectivism on the Model at the Community Level .....	244
8.2.2 The Effects of Collectivism on the Model at the Family Level .....	246
8.2.3 The Effects of Collectivism on the Model at the Individual Level .....	248
<b>8.3 Theoretical Contributions .....</b>	<b>251</b>
8.3.1 The Role of Entrepreneurial Imitation in Collectivist Entrepreneurship.....	252
8.3.2 Resource Development in Collectivist Entrepreneurship.....	260
8.3.3 The Role of Collective Growth as a Means of Development .....	270
<b>8.4 Conclusions of the Chapter.....</b>	<b>277</b>

<b>CHAPTER NINE</b> .....	<b>280</b>
<b>CONCLUSIONS</b> .....	<b>280</b>
<b>9.1 Introduction</b> .....	<b>280</b>
<b>9.2 Implications for Theory</b> .....	<b>280</b>
9.2.1 The Role of Entrepreneurial Imitation in Collectivist Entrepreneurship.....	280
9.2.2 Resource Development in Collectivist Entrepreneurship.....	282
9.2.3 The Role of Collective Growth as a Means of Development .....	285
<b>9.3 Implication for Practice</b> .....	<b>287</b>
9.3.1 Implications for Current Entrepreneurs .....	287
9.3.2 Implications for Policy Makers.....	289
<b>9.4 Future Research</b> .....	<b>290</b>
<b>9.5 Conclusions of the Chapter</b> .....	<b>291</b>
<b>REFERENCES</b> .....	<b>293</b>
<b>APPENDICES</b> .....	<b>304</b>
<b>Appendix A: Interview Questions for Participants</b> .....	<b>304</b>
<b>Appendix B: Consent Form for Participants</b> .....	<b>305</b>
<b>Appendix C: Participant Information Sheet</b> .....	<b>306</b>
<b>Appendix D: Data Structure at the Community Level</b> .....	<b>308</b>
<b>Appendix E: Data Structure at the Family Level</b> .....	<b>314</b>
<b>Appendix F: Data Structure at the Individual Level</b> .....	<b>318</b>

## LIST OF TABLES

<b>Table 1 Newness to firms and markets .....</b>	<b>26</b>
<b>Table 2 Fundamental differences between quantitative and qualitative research strategies.....</b>	<b>62</b>
<b>Table 3 Four Paradigms for Studying Social Theory. ....</b>	<b>62</b>
<b>Table 4 Research Paradigms: Positivism, Interpretivism and Critical Theory.....</b>	<b>68</b>
<b>Table 5 Summary of Interviews .....</b>	<b>88</b>
<b>Table 6 Phases of Thematic Analysis .....</b>	<b>91</b>
<b>Table 7 Classification of Firms According to the Size in Ecuador .....</b>	<b>114</b>
<b>Table 8 Description of the Case Study Site .....</b>	<b>122</b>
<b>Table 9 Example of Data Structure of Community Associativity .....</b>	<b>130</b>
<b>Table 10 Example of Data Structure of Resource Provisions .....</b>	<b>145</b>
<b>Table 11 Examples of Data Structure for Family Entrepreneurship.....</b>	<b>174</b>
<b>Table 12 Examples of Data Structure for Resource Provisions .....</b>	<b>186</b>
<b>Table 13 Examples of Data Structure for Venture Creation.....</b>	<b>209</b>
<b>Table 14 Examples of Data Structure for Resource Provisions of the Individual .....</b>	<b>222</b>

## LIST OF FIGURES

<b>Figure 1 The four categories of entrepreneurship for change and creation.....</b>	<b>24</b>
<b>Figure 2 The Dialogical Process of Value Creation in Entrepreneurship .....</b>	<b>39</b>
<b>Figure 3 Factors for Venture Creation of Necessity-oriented Entrepreneurship .....</b>	<b>41</b>
<b>Figure 4 Uses of Qualitative Research.....</b>	<b>73</b>
<b>Figure 5 Data Analysis Using Nvivo .....</b>	<b>95</b>
<b>Figure 6 Geographical Location of Ecuador on the World Map .....</b>	<b>102</b>
<b>Figure 7 Ayangue on the Ecuadorian Map .....</b>	<b>104</b>
<b>Figure 8 Integrative Framework of Community and Entrepreneurship.....</b>	<b>164</b>
<b>Figure 9 Integrative Framework of Family in Entrepreneurship.....</b>	<b>204</b>
<b>Figure 10 The Individual as an Entrepreneur in the Collectivist Entrepreneurship Model ....</b>	<b>237</b>
<b>Figure 11 An Integrative Model of the Influences of Collectivism on Entrepreneurship in a Region of the Global South.....</b>	<b>242</b>

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

The Global South is a term which, together with developing world or less developed countries, usually encompasses countries in Latin America and the Caribbean, South Asia, North and Sub-Saharan Africa, part of the Middle East and some Pacific nations (Dados & Connell, 2012). The Global South is the counterpart of the Western world, also called the Global North, usually associated with more developed economies in Western Europe, North America, and Australasia. Although the Global South does not represent a contiguous geographical region of the world, it is a representation of historical, political, economic and developmental aspects (Dados & Connell, 2012), including a colonial past, turbulent political settings, and wealth generation inequalities, among others. The term has gained momentum in academia with its use in numerous research units, scholarly journals, books and conferences in different scientific fields seeking to investigate the complexity of the Global South with less Western views (Mignolo, 2011).

Therefore, since the Global South does not represent a geographical region nor is it a political entity, it has to be mentally created or imagined (Sinah Theres, 2017) as it is a metaphor that seeks to balance the dynamics of the world's most powerful structures (Dados & Connell, 2012), including knowledge. The use of this metaphor invites theorisation and debate in pursuit of a shift in how the Global South is perceived. The coast of Ecuador is an example of a place

where this metaphor can be used to discuss and theorise some of the complex problems of the region, as it represents a regional view of the Global South.

One of the most common problems affecting the Global South is poverty and extreme poverty (Mitlin & Satterthwaite, 2013). While the poverty line has been set at less than \$3 a day, those living below \$1.90 live in extreme poverty (Fields, 2019). Part of the problems of poverty in the Global South has been associated with the lack of appropriate employment in the labour market (Fields, 2012). Given these conditions, it is unsurprising that most of the labour force in developing countries is engaged in different self-employment activities (Gindling & Newhouse, 2014; Margolis, 2014).

Margolis (2014) pointed out that self-employment is not only a response to job scarcity but also an alternative compensation for the weakness of governments to provide support, the reason why, in the Western world, the number of self-employed workers is lower than in the Global South. The harsh environmental conditions that have forced individuals to start tiny businesses to survive (Serviere, 2010) have raised doubts about the existence of genuine entrepreneurs among the large group of self-employed workers in the developing world (Fields, 2019; Margolis, 2014). Nevertheless, despite these doubts, Gindling and Newhouse (2014) found that, in the developing world, some individuals voluntarily became entrepreneurs because they saw better economic opportunities in starting a business than in wage employment.

The research conducted by Gindling and Newhouse (2014) also found that despite the view that most entrepreneurs in the developing world are non-productive, a common view related to

entrepreneurship driven by necessity, at least 10% of this group are or have the potential to become productive entrepreneurs. These findings show that in the Global South, while a large group of entrepreneurs remain poor, there is also a group of individuals who not only become entrepreneurs by choice but are productive. Interestingly, this study reveals that entrepreneurship in the developing world amalgamates different entrepreneurial orientations and outcomes with pervasive poverty conditions.

On the other hand, it is known that some societies from the Global South are collectivist due to their stronger orientation to the group (Oyserman et al., 2002). Collectivism, as a strong trait of society, shapes almost every aspect of daily life in many communities in the Global South. Hence, engaging in economic activities together in many impoverished communities in the developing world is not the exception but the norm (Cox & Fafchamps, 2007). Previous research has established strong evidence of how collectivism is an important dimension affecting entrepreneurship development in this region (Slade Shantz et al., 2018).

A collectivist entrepreneurship model, especially in the more impoverished and rural regions of the Global South, implies a decision to automatically share resources with the community, mostly motivated by social values (Rooks et al., 2016). Hence, this type of sharing resources for entrepreneurship purposes is value-based. As a region in the Global South, poverty and collectivism are strongly present in the entrepreneurship model of the Ecuadorian coast, the region in which this research takes place. With this background, the approach to the research problem is below.

## **1.2 Statement of the Research Problem**

The researcher believes that entrepreneurship in coastal Ecuador and other regions in the Global South differs significantly from that occurring in the developed economies of the Western World. While some large urban areas in the Global South exhibit high levels of industrialisation and development (Kay, 2002; Teubal & Breña, 2009), that is not the case in small and rural communities, with entrepreneurship taking the form of more basic non-industrialised (Spencer & Gómez, 2004), artisanal (Middleton, 2019) and retail activities. In the rural areas of the Ecuadorian coast, this situation is no different, as business activities revolve around small-scale tourism, hospitality, artisanal fishing, and retail trade. Therefore, entrepreneurship in this and other areas of the Global South is probable to have unique characteristics that deviate from the conventional super-industrialised ecosystem of the Western world, which has been the main focus of understanding entrepreneurship under Schumpeter's views (Landström et al., 2012).

Originating in market imperfections and other unique circumstances (Serviere, 2010), the phenomenon of entrepreneurship in the Global South has been called into question by several authors, especially regarding the existence of genuine entrepreneurs in the region (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014). Doubts have resulted from the entrepreneurial orientation of many business owners in this region, often focusing on subsistence rather than innovation or risk-taking endeavours (Fields, 2019), which has led to the classification of entrepreneurship in the Global South as necessity-oriented (Schoar, 2010; Serviere, 2010). Given the doubts about the existence of genuine entrepreneurs in the region and the widespread view of their necessity orientation, it is not surprising that biases about the transformative potential of entrepreneurship in some regions of the Global South have emerged (Puente et al., 2019).

Although some studies have explained the importance of the transformative capacity of micro and small firms for markets in the Global South (Keskgn et al., 2010), much remains to be understood on how this function occurs. A deeper appreciation of the nature of entrepreneurship in the Global South is essential to understanding the manifestations of growth and development in this region. Moreover, observing these manifestations will provide alternative and more complex insights into the nature of entrepreneurship in the developing world.

Substantial research has shown that entrepreneurship in the Global South is often viewed as imitative (Slade Shantz et al., 2018). This view links necessity-oriented entrepreneurship to entrepreneurial imitation (Angulo-Guerrero et al., 2017; Dencker et al., 2021). There are differing opinions on the value of entrepreneurial imitations to produce substantial changes in the business ecosystem, with one arguing that it has a limited ability to produce changes in the market (Bruyat & Julien, 2001) while the other suggests that even imitative entrepreneurship can produce changes that drive market processes (Davidsson, 2016).

Furthermore, other views attributed to Schumpeter's postulations even indicate that imitation limits the benefits of innovators and thus ends the innovation cycle when new entrants replicate business ideas (Baumol, 1993). Given the different positions in the literature, the unique attributes of the nature of the phenomenon in the Global South and its massive presence in the region, the researcher believes that entrepreneurial imitation generates value for the region's markets and growth. However, given the contrasting positions in the literature, especially those that link entrepreneurial imitation with necessity orientation, its role in the Global South entrepreneurship model is unclear. This thesis attempts to uncover the role of entrepreneurial

imitation in creating value for the Global South markets by delving into local realities that differ from the more individualistic yet competitive approaches prevalent in the Western world.

It has been argued that in individualistic societies, such as some in the Western world, individuals' identification with the group is limited to a few family members and friends (Schwartz, 1990). In contrast, in collectivist societies in the Global South, the opposite is true; identification with the group often goes beyond the family and includes other individuals considered part of the same kinship network (Peredo, 2003; Schwartz, 1990). Although in contemporary times, it is also known that collectivism and individualism are not just dichotomous dimensions but rather sets of behaviours influenced by other factors of personality, culture or society, it is understood that the way people relate to their groups affects different aspects of social behaviour and daily life (Katz et al., 2021; Yamagishi et al., 1998).

Some of the differences in social behaviour that affect other societal activities are that while in individualist societies, people seek to differentiate themselves from the group, challenge conventions and seek novelty and change (Schwartz, 1990), in collectivistic societies, individuals seek to project themselves into the group (Hui & Triandis, 1986), have more dense relations inside their networks, and observe traditions and modes of conducts (Schwartz, 1990). Furthermore, it is known that in collectivist societies, individuals are more willing to collaborate than to compete with other members within the group (Katz et al., 2021) and prioritise relationships within their networks due to higher levels of trust (Moreno et al., 2021; Yamagishi et al., 1998). Consequently, these unique societal traits significantly impact entrepreneurship development in the Global South because individuals in this region often engage in group economic activities (Cox & Fafchamps, 2007).

Given the robust features of collectivism in the Global South, this thesis considers it necessary to investigate how its principles influence the unique model of entrepreneurship in the region, with views far removed from the Western world perspectives. The problem with Western perspectives based on Schumpeter, Kirzner or Knight (Landström et al., 2012) when studying entrepreneurship in the Global South is not only that they are magnified and individualistic, Silicon Valley-style views of the phenomenon (Slade Shantz et al., 2018), but they also do not include the collectivist reality of the Global South. Although there have been significant initiatives to study the model of entrepreneurship in the Global South, these efforts have not been enough since the phenomenon in the region is an amalgam of orientations and outcomes, which makes it heterogeneous (Gindling & Newhouse, 2014; Puente et al., 2019). Researching exhaustively the intersection of collectivism in a model of entrepreneurship with unique characteristics would provide a basis for uncovering unresolved themes about the phenomenon in the Global South.

The coast of Ecuador is a vivid example of a society in the Global South with an interesting collectivist business ecosystem. Various studies on tourism and informality activities (Pécot et al., 2018; Ricaurte-Quijano & Baquerizo, 2017; Ricaurte Quijano et al., 2019) have already highlighted the region's collectivist ethos, exemplified through a range of associations. Community associations have been found to play a crucial role in decision-making processes, specifically in developing a thriving tourism sector that has effectively tackled issues of poverty in the area. Their actions show that the model is a type of impact entrepreneurship where solutions to collective problems are sought (Markman et al., 2019). However, it has also been found that, despite the importance of these associations and businesses for the region's

economic development, they are often overlooked by the state in many respects (Pécot et al., 2018).

Perhaps because the reality of this type of entrepreneurship model in the Global South, with collectivist solid nuances, remains unincorporated into theory, it is easy to overlook them. However, the researcher believes that researching the effects of collectivism on the entrepreneurship model in the Global South will bring light to fundamental aspects of entrepreneurship development in the region. Remarkably, the researcher believes that exploring how the effects of collectivism influence different levels of the social structure will explain how venture creation, entrepreneurial imitation, and the entire business ecosystem function. Hence, this research will investigate the intersection of collectivism from different levels of the social structure, namely the community, the family, and the individual levels in the entrepreneurship model in the region. To conduct this study, the overarching research question of this thesis is **to investigate “How does collectivism affect the entrepreneurship model in a region of the Global South?”**

### **1.3 Significance of the Research**

The significance of this research resides in its contribution to shedding light on the intricate problem of understanding the collectivist model of entrepreneurship in a region of the Global South. Western notions of entrepreneurship based on Schumpeter, Kirzner, Knight, and others (Bruyat & Julien, 2001; Davidsson, 2016; Gartner, 1990; Landström et al., 2012) are known to focus on magnified, Silicon Valley-style views of the phenomenon (Slade Shantz et al., 2018). These Western nuances make it challenging to study the entrepreneurship model in the Global South, even though it is the developing world where the phenomenon is most prevalent.

The challenges of understanding the phenomenon in the Global South are further complicated by the fact that there is a lack of consensus within entrepreneurship theory itself regarding its research domain (Davidsson, 2016). The absence of a single framework for explaining entrepreneurship (Shane & Venkataraman, 2000) has led to divergent views on its role in innovation, value creation and the legitimacy of entrepreneurial imitation (Bruyat & Julien, 2001; Davidsson, 2016; Gartner, 1990; Landström et al., 2012), especially if the phenomenon is necessity-driven, among other areas that remain unresolved. Consequently, due to the absence of such a single framework for studying entrepreneurship, it is not surprising that the existence of genuine entrepreneurship in the Global South has been questioned, as certain aspects of its nature remain obscured (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014), and some views in the literature are opposed.

Among all the approaches to studying entrepreneurship, this research adopted the market creation function approach, based on the notions of innovation, business alertness and risk-taking (Davidsson, 2016; Landström et al., 2012). This perspective was considered appropriate for this study because it frames the complexity of its application to investigate the phenomenon in the Global South due to the marked historical and economic differences in the markets and social contexts in which these theories were created, especially the levels of industrialisation, size and participation in markets and availability of resources.

With this approach, this research offers a space to discuss divergences in entrepreneurship theory from the perspectives of the Global South. Remarkably, this thesis creates a space to debate confronting views on the ability of necessity-oriented entrepreneurship to be

transformative (Schoar, 2010; Serviere, 2010) and generate changes in the market. Moreover, this research offers new avenues for understanding how entrepreneurs collectively navigate the context of poverty that characterises the Global South when attempting to achieve growth and prosperity. This study is an opportunity to incorporate this new knowledge into theory with unique perspectives from the Global South.

Finally, given that entrepreneurship in the Global South is collectivist, this thesis offers the opportunity to investigate how the community, through its organisational structures, influences entrepreneurship development in the region. As it is known, the family in the collectivist context assumes central roles in the development of entrepreneurial opportunities for the whole clan (Peredo, 2003); hence, this thesis offers the space to understand how these networks work in support of higher collectivist structures and their aspirations for venture creation. Furthermore, this thesis provides a space for understanding how the dynamics of collectivism influence individuals when creating ventures through entrepreneurial imitation and in the pursuit of collective growth.

To conduct this research, the researcher positioned his worldview in the interpretivism paradigm to examine this phenomenon. This paradigm was appropriate because it tries to understand the reality of a phenomenon from perspectives in which subjective knowledge is essential. This thesis used a qualitative research method aligned with the interpretivist paradigm, with a case study as a research strategy. The case study took place in a small community in coastal Ecuador and used in-depth unstructured interviews for data collection. Hence, 21 participants from this community who met the criteria of being entrepreneurs were interviewed.

The sampling method was snowball sampling. This method was effective because it was possible to contact participants who met the criteria set as part of the case study boundaries through non-probabilistic and purposeful sampling. With the help of the Nvivo software, the data were analysed by thematic analysis through the generation of codes and themes. Thematic analysis was effective because of its functionality in analysing an enormous amount of data. Finally, the research findings were reported using a dense case study description.

#### **1.4 Thesis Structure**

**Chapter One presented an introduction to the research. Chapter Two is a Literature Review.** This chapter begins by exploring the complexity of the definition of entrepreneurship. The chapter then goes on to explore the nature of entrepreneurship in the Global South. Finally, the Chapter explores the nature of kin-based entrepreneurship in the Global South.

**Chapter Three is the Methodology.** This chapter begins by exploring different research paradigms to justify the selection of interpretivism as the worldview for conducting this study. In line with the interpretivist paradigm, this chapter presents the qualitative research design for this academic work, which takes the form of a case study. The research design includes data collection, sampling, and data analysis strategies.

**Chapter Four is the Context of the Study.** The context explores relevant geographic, demographic, political and economic information. Then, the chapter presents relevant information about entrepreneurship development in Ecuador, particularly in coastal Ecuador.

**Chapter Five presents the findings on the Community.** This finding is the first to be presented because, in the collectivist environment of this region's society, the community has had a relevant role in entrepreneurship development. The chapter explores three themes: community associativity, resource provisions, and the evolutionary trajectory.

**Chapter Six presents the findings on the Family.** This chapter evidences the central role that the family has had in entrepreneurship development in the region. The chapter explores three themes: family entrepreneurship, resource provisions, and the evolutionary trajectory.

**Chapter Seven presents the findings on the Individual as an Entrepreneur.** This chapter evidences how the individual as an entrepreneur works closely with the other structures of society to achieve their collectivist goals. The chapter explores three themes: venture creation, resource provisions, and the evolutionary trajectory.

**Chapter Eight is the Discussion of the Model.** The chapter presents the main findings and the model of collectivist entrepreneurship in a region of the Global South, which emerged from the attempt to respond to the main research question of this academic work. This research question investigates “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” Then, the chapter presents the main theoretical contributions of this academic work: 1) the role of entrepreneurial imitation, 2) resource development, and 3) collective growth as a means of development in necessity-driven entrepreneurship in the Global South. The chapter ends with the conclusions.

**Chapter Nine is the Conclusions.** This chapter presents the implications for the theory and the practice. It also presents the recommendations for future research.

### **1.5 Conclusions of the Chapter**

Chapter One is the introduction of this thesis. The chapter began by presenting the general background of the research. This chapter states the research problem by showing that Western approaches have not been sufficient to understand the collectivist entrepreneurship model in this region of the Global South. This section presented the overarching research question: **“How does collectivism affect the entrepreneurship model in a region of the Global South?”** The chapter also showed the research’s significance and the thesis’s structure.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Entrepreneurship is a phenomenon that has gained momentum among modern scholars since the first contributions to the topic by Joseph Schumpeter in the early 20th century (Davidsson, 2016; Landström et al., 2012). However, there have been concerns about the capacity of entrepreneurs in the Global South to fit into traditional definitions of entrepreneurship (Fields, 2019; Margolis, 2014), which have originated in Western contexts. What has happened with entrepreneurship as an extended phenomenon in the Global South is that it barely fits in the foundational notions of this scientific field and its primary research streams: newness, business alertness and risk-taking, as stated by Schumpeter, Kirzner, and Knight, respectively (Davidsson, 2016; Landström et al., 2012; Shane & Venkataraman, 2000).

The problem with entrepreneurship research in the Global South is that the nature of the phenomenon is significantly different from existing realities in the Western world. Research in this field has used the same standard criteria to examine a phenomenon in the Global South that is widespread and has dimensions and sizes different from those of its Western counterparts. Ignoring those differences and limited views of its necessity-oriented origins have created negative perceptions of entrepreneurship in some regions of the Global South (Puente et al., 2019). Consequently, a significant part of the phenomenon is still poorly understood.

Limitations in the understanding of entrepreneurship in the Global South are linked to the traditional views of innovation and business opportunity discovery found in the foundational

concepts of entrepreneurship. The belief that entrepreneurs from the Global South do not innovate or take risks because they are necessity-oriented workers and not genuine entrepreneurs (Fields, 2019; Margolis, 2014) increases the difficulties in understanding this phenomenon. However, the literature also shows opposite views regarding their innovation capacity and successful performance as entrepreneurs (Gindling & Newhouse, 2014; Keskn et al., 2010; Margolis, 2014). In line with this controversy, it has been said that entrepreneurship in the Global South is imitative (Slade Shantz et al., 2018) and not transformative (Schoar, 2010). Contrasting viewpoints on the nature of entrepreneurship are essential for deepening the investigation and knowledge of this area of study, but the lack of agreement is also problematic for both the social phenomenon and the research field.

This chapter contributes to the research by inquiring into the nature of entrepreneurship in the Global South. To this end, the literature review begins by exploring the foundational definitions of entrepreneurship as a scientific field. Similarly, this chapter seeks answers in the literature on what has been researched about the entrepreneurship phenomenon in the Global South. Given that societies in the Global South are collectivist, this chapter also looks for answers in the literature on how kinship networks influence the entrepreneurship phenomenon in the region.

The chapter has three sections examining distinct aspects of entrepreneurship. The first section examines the notions of newness, entrepreneurial alertness, and risk-taking as core definitions of entrepreneurship that govern research in this field. The second section reviews the application of these concepts to the current state of the entrepreneurship phenomenon in the Global South. The last section of the chapter analyses the influences of the family and other

kinship networks on entrepreneurship in the Global South. The chapter concludes by summarising contrasting viewpoints and gaps in the literature, intending to obtain a more accurate view of the state of the art of entrepreneurship in the Global South.

## **2.2 The complexity of the Entrepreneurship definition**

According to a common-sense definition from The Oxford Dictionary, entrepreneurship is the “*activity, behaviour, or attitudes characteristic of an entrepreneur or entrepreneurs*” (Stevenson, 2010). Similarly, the Webster dictionary defines the entrepreneur as “*one who organises, manages, and assumes the risks of a business or enterprise*” (Merriam-Webster, ND). Both definitions seem easy to interpret and relate to business activities. However, in the scientific arena, academic definitions are much more complex and result from almost one century of studying entrepreneurship through different perspectives.

The study of entrepreneurship as a research field started in the 20<sup>th</sup> century (Landström et al., 2012) during the latest years of the Second Industrial Revolution, also known as the American Industrial Revolution. During the transition from the Second Industrial Revolution to the machine age, industrialisation was characterised by automation, optimisation and massive production based on using oil as a new source of energy (Mohajan, 2019). In that context, entrepreneurship research gained the attention of economists but with a focus on mathematical economics, which made it difficult to study it without a numeric perspective (Landström et al., 2012). In the 1940s, researchers of Economic History at Harvard University created a research centre to study entrepreneurship as the social phenomenon of modernisation, which two decades later led sociologists and psychologists to study the personality of the entrepreneur as a core value of entrepreneurship (Landström et al., 2012).

The immersion of economists, economic historians, psychologists, and sociologists in the 20<sup>th</sup> century opened avenues for new researchers to study entrepreneurship from multiple perspectives. Since then, several scholars have influenced entrepreneurship as a research area. However, due to the context of modernisation in which entrepreneurship originated as a field of research, it has not been easy to apply these studies in non-industrialised economies. During the 20<sup>th</sup> century, large parts of the Global South were still confronting the effects of postcolonialism, agrarian reforms, and communist eras (Belogurova, 2014; de Alva, 1992; Kay, 2002; Teubal & Breña, 2009), making it difficult to generate substantial entrepreneurial activities; hence, the absence of regional views on this phenomenon. While the historical differences between the economic systems of the Western world and the Global South occurred during the early and mid-20th centuries, the nascent study of entrepreneurship also struggled to consolidate its focus and orientation as a study field. A situation that, although it has not hindered research on entrepreneurship, has deeply divided the views on this phenomenon.

Contemporary authors have based their notions of entrepreneurship on traditional schools of thought from the 20<sup>th</sup> century. Davidsson (2016), inspired by Kirzner from the Austrian school, indicated that the phenomenon of entrepreneurship is the *“introduction of new economic activity that leads to change in the marketplace”* (p. 1). Likewise, Bruyat and Julien (2001) adopted a functionalist perspective of the phenomenon similar to that of Schumpeter and, based on Gartner (1990), defined the entrepreneur as *“the individual responsible for the process of creating new value (an innovation and/or a new organisation)”* (p. 169). Shane and Venkataraman (2000) shaped their concept of entrepreneurship with the ideas of Schumpeter and Kirzner about the creation of business opportunities and the effects they produce in

markets. While the Western origins of entrepreneurship definitions based on changes and transformations are not a problem, their applicability to Global South contexts appears to have limitations.

Perhaps because of its early roots in industrial change and optimisation, it is expected to associate the nature of entrepreneurship with massive advancement and modernisation, even in non-industrialised contexts. The size, shape, and orientation of markets vary, so the meaning of value creation for markets and societies does. Failure to recognise it would not only study a social phenomenon with rigid standards but also neglect the adaptability of the theory for understanding realities other than Western ones. In addition, a still-existing question would be whether the social characteristics of entrepreneurship should adapt to established concepts or if the theory should see the phenomenon from the reality that builds it.

The study of entrepreneurship is as complex as diverse, not only because it reflects multiple realities but also due to the lack of agreement about the scientific domain of entrepreneurship (Landström et al., 2012). The wide variety of research approaches continues to divide modern scholars. Due to the difficulties in reaching a consensus on the definition and research approach of entrepreneurship, Gartner (1990) suggested that what is important is to clarify the researcher's approach. Similarly, Davidsson (2016) suggested "*noting that no one can claim to have the correct answer*" (p. 16), and Bruyat and Julien (2001) stated that a "*minimum level of consensus is needed on the definition of what the field is and is not, on the definition of the research object, and its main themes, even if disagreements continue to exist on the fringes*" (p. 166). Given the complexity and broadness of this academic field and the unnecessary creation of a general definition that oversimplifies various aspects of the phenomenon (Gartner,

1990), perhaps it would be better to accept that there exist different areas in the knowledge that need to be studied under specialised lenses.

Studying under different lenses is not new for other fields of knowledge, and an approach by research areas could also encompass the study of the social dimensions that shape the phenomenon in different regions of the world, including those other than Western societies. Nevertheless, it is clear that the ideas of newness, business alertness, and risk-taking, proposed by Schumpeter, Kirzner, and Knight, respectively, have influenced the research on entrepreneurship (Landström et al., 2012) almost all over the world, but with Western nuances. While several scholars have successfully adopted one of these positions for their research, in the Global South, the debate has been, on the one hand, more limited and, on the other, less detached from Western realities. Despite -or perhaps because of- such limitations and the lack of adaptability, the study of entrepreneurship in the Global South has been conducted under standard perspectives that do not necessarily fit a different nature of this phenomenon. The following sections review the literature on newness, business alertness and risk-taking, focusing on the nature of entrepreneurship in the Global South.

### **2.2.1 Newness in Entrepreneurship**

The notions of newness in entrepreneurship were first introduced by Joseph Schumpeter, widely regarded as a pioneering researcher in this field. Despite being stated decades ago, his position on entrepreneurship remains one of the most embraced by contemporary scholars today (Landström et al., 2012). Schumpeter's definition represents a functionalist perspective for studying entrepreneurship focused on "*reforming or revolutionising the productive system*" (Bruyat & Julien, 2001, p. 167). Therefore, it is impossible to study Schumpeter's definition without associating it with the ideas of change and innovation in the productive system

(Landström et al., 2012; Shane & Venkataraman, 2000). Despite the prominence of his ideas, his perspective is challenging to apply to the most common type of entrepreneurship in the Global South due to their ground on industrialisation.

It is known that innovation results from different factors and takes different forms. In some cases, it takes the form of frugal innovation when the combination of distinct resource types produces low-cost outcomes that represent efficient production (Igwe et al., 2020). In other cases, bricolage represents the use of resources at hand to produce outcomes in the market based on what is available (Yu et al., 2020). When these concepts are used to analyse and explain different levels of newness in the market, they still represent functionalist views of innovation based on changes in the business ecosystem through the absence or availability of resources to grow firms, as postulated by Schumpeter. Since Schumpeter's postulates represent a traditional and broader notion of newness widely used to study innovation (Landström et al., 2012), this research directly analyses the complexity of applying Schumpeterian perspectives rather than other concepts to investigate the problems of innovation in the Global South.

Schumpeter's position addressed the definition of entrepreneurship as the creation of new products and processes as drivers for change (Shane & Venkataraman, 2000). His ideas were not exclusively linked to the creation of economic activities in new organisations, existing ones, or both, leaving this blank open to scholars' interpretation (Davidsson, 2016). Although his thoughts may respond to the time when he stated his concepts, modern scholars have not reached a consensus about the notions of newness, being the dilemma latent and dividing scientific positions. In order to clarify this, Bruyat and Julien (2001) indicated that

entrepreneurship is related to any novelty and changes in markets and individuals regardless of the stage and time in which the firm is.

On the other hand, the Global South has not been an exception to conflicts in the academic debate. The term entrepreneur is commonly and indiscriminately given to small businesses, regardless of the age, stage, or capacity for business innovation. However, several scholars have clarified that although the company's size recognises the small origins of many businesses, entrepreneurship with small business is not synonymous (Bruyat & Julien, 2001; Davidsson, 2016; Gartner, 1990). The common assumption about the similarity between small business and entrepreneurship in the developing world has been problematic, as it has created a biased focus on the firm size rather than on changes in business ecosystems as the objects of study of entrepreneurship.

The applicability of the newness concepts encompassed by the ideas of novelty and change to markets in the developing world has been even more complicated than it seems. Some prominent researchers have argued that the majority of the self-employed workers in the Global South are transitional workers and not innovative entrepreneurs (Fields, 2012; Margolis, 2014). Although the transition stage may not be the problem per se, it would be the eternal limbo in which the transitional entrepreneur is categorised for an undefined time. While for the theory, the period in which the entrepreneur can be classified as such is blurred, practical approaches seem more precise.

In this regard, the Global Entrepreneurship Monitor does not exclude any business according to its age for its research purposes. That index instead separates entrepreneurs into two distinct

categories according to their age. New ventures are businesses with less than 42 months, and existing ones are older than that (Bosma et al., 2021). While these criteria have been successfully used to explore the practice of entrepreneurship in different countries, controversies remain around the ideas of change and value creation for markets associated with the core concepts of novelty.

In the developing world, the age of a firm has not been considered a significant issue for entrepreneurship research, as it has been the limited ability of entrepreneurs to bring changes to the market as part of commercial exploitation at any stage. Scholars have built up a robust debate with contrasting views on the existence of genuine entrepreneurs in the developing world (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014). The discrepancies are based on the inconspicuous innovation effects of entrepreneurship in the Global South. The fundamental nature of entrepreneurs is perhaps one of the most complex topics of scientific debate, with some scholars suggesting that many self-employed workers in the developing world are not genuine entrepreneurs (Fields, 2019; Margolis, 2014).

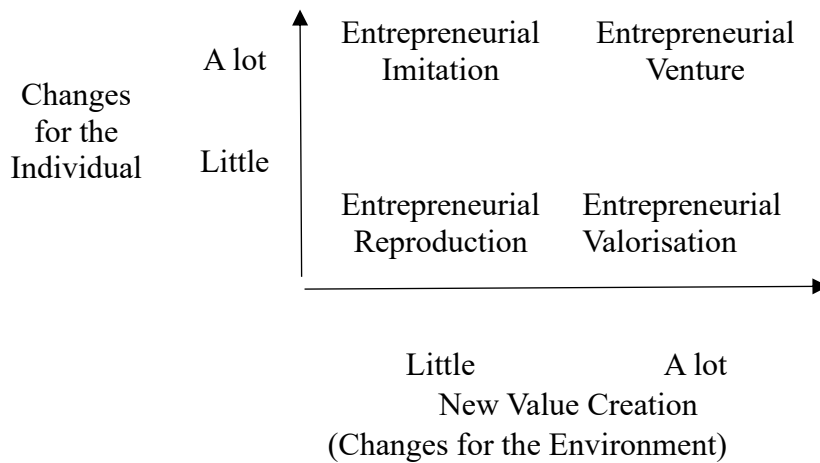
In the eyes of several governments of the Global South, there seems to be a more simplistic view of categorising all self-employment and small businesses as entrepreneurship. As noted above, equating small business and entrepreneurship is incorrect, especially if that wrong view leads research to different avenues. Likewise, assumptions about the limited capacity of small businesses in the Global South to bring about market changes have also arisen from the belief that most entrepreneurs are in a day-to-day survival mode and not in the way of value creation for markets (Fields, 2019).

There are contrasting views about the contribution of small businesses to influencing markets. Bruyat and Julien (2001) indicated that while most of them “*create little or no new value*” (p. 172), they have extensively boosted the creation of jobs worldwide. Since most firms in the Global South are micro or small enterprises ‘MSEs’, The World Development Bank (ND) has highlighted their pivotal role in income generation and the national GDP of different countries. The contributions of MSEs have been described as pivotal drivers for the economies of developing countries (Keskggn et al., 2010).

Despite their significant role in job creation and income generation for entrepreneurs, little is known about their capacity to bring changes and create value in the less industrialised markets of the Global South. Under Schumpeter’s view of mass production and optimisation, it is hard to imagine that MSEs in the developing world can bring changes and create value for markets. At the same time, it is also hard to think that the drivers of the Global South economy do not bring changes to markets. Both ideas are difficult to assimilate if only observed through the Western lenses of big changes and innovation, Silicon Valley style (Slade Shantz et al., 2018).

According to Bruyat and Julien (2001), four different categories of entrepreneurship reflect changes and value creation for the business environment and the individual. Those categories are entrepreneurial reproduction, entrepreneurial imitation, entrepreneurial venture, and entrepreneurial valorisation. The former two represent the most limited categories of change and value creation, while the latter two represent the highest. According to this categorisation, although entrepreneurial imitation brings changes for the individual, it creates little value for the environment. The following figure adapted from Bruyat and Julien (2001) shows the abovementioned categories.

**Figure 1 The four categories of entrepreneurship for change and creation**



Source: Adapted from Bruyat and Julien (2001, p. 174)

Entrepreneurs in the developing world usually reproduce or imitate business ideas in areas they know and feel confident to succeed (Gindling & Newhouse, 2014; Matos & Hall, 2020). In this regard, Bruyat and Julien (2001) indicated that *“the entrepreneur becomes self-employed by performing an activity that he or she already masters perfectly”* (p. 173). This statement lumps both entrepreneurs and the self-employed into the same category, which attenuates the views of Fields (2019) and Margolis (2014), indicating that these two categories are different in the developing world. On the other hand, it also highlights that the activities undertaken by individuals in entrepreneurial imitation are not new, nor do they create new value, especially given Schumpeter’s view that innovation *“is almost always a source of considerable new value creation”* (Bruyat & Julien, 2001, p. 173).

Continuous entrepreneurial imitation differs from Schumpeter’s original definition of innovation, which could also mean the end of innovative cycles, the profits for firms that create value and the end of competitiveness in the business ecosystem (Baumol, 1993). Randall

(2015) stated that according to the red and blue oceans strategy, when more competitors enter the market with similar offerings and no new demand is created, or current industry boundaries are not reconfigured, some firms will exit the market. Despite this situation happening in most for-profit markets, like those in the Western world, imitative entries navigating crowded markets are deeply embedded in the nature of the entrepreneurship phenomenon in the Global South. Perhaps due to the collectivist nature of entrepreneurship in the Global South (Slade Shantz et al., 2018), the effects of entrepreneurial imitation may be different for the hundreds of micro and small firms participating in the business ecosystems of these regions, but this remains to be investigated.

The transcendental function of these tiny firms for some markets in the developing world seems clear in the literature (Keskgn et al., 2010). It would be enough to withdraw them from some markets to estimate the adverse effects of this on the provision of goods and services and their contribution to national GDPs. Although their importance to the economies of developing countries is evident, their contribution to creating new value and change for markets remains veiled. It would be necessary to consider what “new” means in market competitiveness to clarify their contribution to change and value creation. Davidsson (2016) indicated that a new offer could be a completely novel creation in a new or existing market and the entry of a new competitor with an innovative or imitative offer. The differences rely on what “new” means for the firm and the market; Table 1 illustrates such differences.

**Table 1 Newness to firms and markets**

		(To) Firms	
		New	Old
(To) Markets	New	I. New offer: Bundle Price/value relationship New competitor	II. Organisational change: Acquisitions Spin-outs/Buy-outs Internal re-organisation Management succession
	Old	IV. Geographical market expansion (incl. internationalisation)	III Business as usual No-entrepreneurial growth

Source: Adapted from Davidsson (2016, p. 8)

Davidsson (2016) indicated that most scholars would agree with him on his views about new competitors' entries and new creations into markets, but fewer would do it on his view of existing offers. However, his reason for including imitative offers in the concept of newness for firms and markets is that *“such entry drives the market process in the sense that consumers get additional choices”* (Davidsson, 2016, p. 10). The imitation of business ideas in the Global South may not only be a repetition of existing business models, but in many cases, they could be the necessary option to provide alternatives, drive markets, and make them function. From the entrepreneur's perspective, business imitation could also be the only option for entering the market in the developing world. Therefore, it would also be necessary to study the implications that imitative entrepreneurship has for the business ecosystem, the firm, and the individual, even if, in the Western context, it creates limited or no new value for markets.

Gartner (1990) indicated that value creation is the transformation, creation, or growth of a business but also wealth generation and the change of a *“status quo”* (p. 25) through entrepreneurship. It has also been said that the entrepreneur, not the government, consumers or

competitors, is responsible for creating value in the business ecosystem (Davidsson, 2016). Similarly, the contribution that small entrepreneurs make to generating goods, services, and revenues for the markets in the developing world is clear (Keskgn et al., 2010). It is hard to believe that despite playing this significant role, albeit imitative, entrepreneurship in the Global South does not produce at least a minimum of change in markets. Hence, there is a need for further research on the model to fully understand its significance for value creation in business ecosystems in the developing world.

### **2.2.2 Business Alertness in Entrepreneurship**

Another theoretical view that has profoundly shaped the study of entrepreneurship is the proposition of Israel Kirzner, one of the most salient scholars of the famous Austrian school of economics. His definition of entrepreneurship was based on entrepreneurs' alertness and competitive behaviour to identify new business opportunities in the market (Davidsson, 2016; Landström et al., 2012). Kirzner's view of entrepreneurship stresses the importance of obtaining profits through the business identification process; therefore, there is a strong link between opportunity discovery and business outcomes. This relation will be reflected in the theory in many forms and under distinct categories using denominations like opportunity discovery, opportunity-oriented, and necessity-oriented entrepreneurship, among others.

Alvarez and Barney (2007) studied the opportunity discovery and creation theory. They indicated that the differences between them reside in the business identification process. According to this theory, opportunity discovery refers to entrepreneurs' cognitive ability to identify a profitable business prospect for creating a new venture. On the other hand, creation

theory refers to the intellectual ability of the entrepreneur to establish appropriate actions for new venture creation, even if the opportunity is not noticeable in the existing context.

The creation theory proposition is a perspective beyond the dichotomic view of opportunity- and necessity-oriented entrepreneurship since it is linked to the innovative capacity of entrepreneurs for creating new business prospects and not only using the existing options. As the authors said, “*creation theory is a logical alternative to discovery theory*” (Alvarez & Barney, 2007, p. 22); nonetheless, one can complement and not overrule the other. Despite this significant contribution, creation theory is not a common framework for studying entrepreneurship in the Global South, not the case of opportunity discovery, but its use also has particularities.

In the context of opportunity-oriented entrepreneurship, new opportunities are unique and focused on discovering new resources, while existing opportunities are based on optimising current resources within the firm for commercial exploitation (Shane & Venkataraman, 2000). The main difference between this perspective and Schumpeter’s view of innovation is that identifying new business opportunities is a core factor in the entrepreneurial process. In Kirzner’s perspective, the discovery of business opportunities outweighs the role of other features and stages of the entrepreneurial process (Davidsson, 2016). The study of business alertness has led researchers to use opportunity-oriented entrepreneurship as a comparative framework to study necessity-oriented entrepreneurship.

Unfortunately, this view has also made it challenging to study the entrepreneurship phenomenon in the Global South due to the dichotomous view scholars have adopted about

opportunity- and necessity-oriented entrepreneurship (Puente et al., 2019). In developed markets, like those of Western countries, the approach of scholars on this topic has been diverse and open. However, when studying the phenomenon in the Global South, scholars have often narrowed their attention to the study of necessity-oriented entrepreneurship (Puente et al., 2019). The general view on the orientations for venture creation of entrepreneurs in the developing world has often been associated with difficult situations in the economy and other constrictions that forced them to start businesses (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014; Serviere, 2010).

In some developed countries, the view has been to study opportunity over necessity-oriented entrepreneurship. In the context of OECD countries, opportunity-oriented entrepreneurship has also been considered more advantageous than necessity-oriented entrepreneurship concerning its capacity to foster growth, economic development, and income generation (Angulo-Guerrero et al., 2017). Furthermore, studying the orientations for venture creation in developed countries has moved forward from the dichotomic view of opportunity- vs necessity-oriented entrepreneurship. Some new topics studied as part of the entrepreneurial orientations include aspects like lifestyles, economic freedom, or other personal interests and satisfaction (Angulo-Guerrero et al., 2017; Block & Koellinger, 2009; Martiarena, 2020).

On the other hand, Davidsson (2016) indicated that although studying the discovery of opportunities is essential, it is also crucial to investigate entrepreneurship's influences on markets during the exploitation phase. This investigation is necessary because of *the “complexity involved in both the discovery and the exploitation processes”* (Davidsson & Honig, 2003, p. 324). Despite the importance Kirzner gave to business identification, in the

eyes of some scholars, it is insufficient to study the phenomenon of entrepreneurship effectively. The reason is that the sole action of discovering commercial opportunities will not create a market to exploit, but rather, it is created during the exploitation phase (Bruyat & Julien, 2001; Davidsson, 2016), and growth could also occur at this stage.

Discovery and exploitation of opportunities have a causal ambiguity relation in the entrepreneurial process. The potential results of an entrepreneurial process may depend on the proper identification of a business opportunity and the correct exploitation of resources. Fragmenting the process could hide part of the ambiguity between discovery and exploitation. In the developing world, the literature has focused more on the fragmented study of reality, i.e., entrepreneurial orientation towards necessity, to which most business outcomes, such as non-productivity or lack of growth, are attributed.

The harsh conditions in the developing world, like “*lower educational levels, unemployment, low income, and social marginalisation*” (Serviere, 2010, p. 47), have tilted the balance towards studying necessity-oriented entrepreneurship in the Global South. This propensity has led to seeing necessity-oriented entrepreneurship as almost unfavourable in the developing world (Puente et al., 2019), but such perception could be biased. Attributing adverse outcomes exclusively to necessity as an entrepreneurial motivation might be wrong as it does not tell the whole story of the entrepreneurial process. Likewise, attributing the lack of growth solely to poor commercial exploitation could also be wrong since opportunity identification could also play a substantial part in that result. Studying both in conjunction is necessary for understanding the discovery and exploitation process (Bruyat & Julien, 2001; Davidsson, 2016) involved in entrepreneurship development.

Another widespread problem in the study of business alertness is the excessive focus on entrepreneurship outcomes. Understanding the entire process is more crucial than investigating whether the business outcomes were successful or unsuccessful. As Gartner (1990) stated, *“the idea that it has to be a “successful” venture in order for one to be classified as an entrepreneur”* (p. 18) is wrong, as failed entrepreneurship also involves venture creation. Likewise, Davidsson (2016) said that it is not possible to *“learn why some initiatives manage to perform the societal function of entrepreneurship while others do not by only studying the successful cases”* (p. 21). Both authors concluded that successful and failed entrepreneurship cases must be investigated to understand the whole perspective.

Echoing the statements of Gartner (1990) and Davidsson (2016), in the case of the Global South, it is necessary to study a variety of cases, such as those that seem successful today, regardless of whether they were created by necessity or opportunity. If so, Kirzner’s business alertness perspective in the Global South could reveal the full range of situations involved. Conversely, the disproportionate focus on failed or non-productive entrepreneurship will not contribute to clarifying the growth process in the developing world. More work that shows different nuances is needed to create a holistic understanding of the phenomenon.

### **2.2.3 Risk-taking in Entrepreneurship**

A further topic that has shaped the entrepreneurship research agenda is the uncertainty that arises during various stages of the entrepreneurial process. Such uncertainty is linked to the capacity of entrepreneurs to take risks for venture creation. Landström et al. (2012) indicated that studying these factors is vital because business outcomes differ depending on the type of

risk accompanying the entrepreneurial process. Risk can be predictable or unpredictable depending on the situation and the market. Knight's traditional view of risk-taking indicates that more predictable risk involves less opportunity to gain profits, whereas entrepreneurship under authentic conditions of uncertainty has greater chances of obtaining more profits (Davidsson, 2016).

Shane and Venkataraman (2000) indicated that Knight's proposition of entrepreneurial uncertainty is based on a complex type of risk because investing more time, money, and other resources is necessary to obtain greater profits. Therefore, it is not enough to assume risks for venture creation; it is also important to have enough resources to generate profits in conditions of uncertainty. These ideas could be perfectly applied to most types of entrepreneurship in the developed world and, to some extent, to some instances in developing countries. However, it is improbable that it could also be applied to the most common type of entrepreneurship in the Global South. The reason can be as complex as it is diverse because, on the one hand, volatile business environments maximise fears of failure, and, on the other, the resources are limited to deal with such levels of uncertainty.

Grimm et al. (2012) have examined the effects of risk-taking in entrepreneurship in a developing country, suggesting that risk aversion is present in all types of entrepreneurs, whether successful or unsuccessful. This finding is not surprising, as investments for venture creation often come from the pooling of resources from family members and other networks (Stewart, 2003; Verver & Koning, 2018). Since capital and other non-monetised resources are of collective origin, the risk is also maximised by a fear of failure involving more than one party. However, Fields (2019) has challenged that the majority of entrepreneurs in the

developing world take risks to create “*a business with the intent of making it grow and prosper*” (p. 4) because their goal is at survival level.

The study of Knight’s view has clarified the understanding of the entrepreneur’s risk-taking behaviour during the entrepreneurship process (Shane & Venkataraman, 2000). This view does not focus on the personal traits of the individual who “*occupied a prominent position in entrepreneurship research during the 1960s and 1970s*” (Landström et al., 2012, p. 1155). On the contrary, this view of the entrepreneur’s behaviour suggests that “*individual differences in the willingness to bear this risk influence the decision to exploit entrepreneurial opportunities*” (Shane & Venkataraman, 2000, p. 223). Therefore, it is crucial not to confuse the study of the individual’s traits with the individual’s behaviour in decision-making during the entrepreneurial process.

Researching the individual’s traits as an object of study does not belong to the entrepreneurship research domain but to other fields (Bruyat & Julien, 2001; Gartner, 1988; Van De Ven, 1993). In the context of the Global South, studying the individual’s traits could be beneficial to know some critical characteristics of the entrepreneur when previous demographic data do not exist. This information could be valuable for governments and other agencies that provide technical or financial assistance. However, scholars should be clear that studying the individual’s traits will not contribute to understanding the individual’s behaviour in risk-taking during venture creation.

As Gartner (1990) indicated, because the study of entrepreneurship is diverse, researchers must be clear about their research scope. In the case of the Global South, if scholars investigate the

traits of the individual, it would be necessary for them to clarify their purpose (Gartner, 1990). It would also be necessary for scholars to be clear about what area they want to contribute. Failing to do this could lead them to confusion and to another research domain rather than the one they want to contribute.

This section has explored the three major approaches to studying entrepreneurship corresponding to the perspectives of newness, business alertness and risk-taking. These three axes represent the contributions to entrepreneurship theory made in the last century by Schumpeter, Kirzner and Knight (Landström et al., 2012). The following section explores how these frameworks have been applied to study entrepreneurship in the Global South.

### **2.3 The Nature of Entrepreneurship in the Global South**

In general, there is a wide range of studies researching the nature of entrepreneurship in the Global South. Gindling and Newhouse (2014) have described entrepreneurship as highly heterogeneous with distinctive characteristics and reflecting diverse phenomena. As for a standard definition of entrepreneurship that encapsulates all these realities, academics have not agreed on the nature of entrepreneurship in the Global South. Scholars have made more efforts to research topics related to the orientations that have pushed entrepreneurs to create a business in the constrained conditions of the developing world.

Controversies have arisen over the entire field of entrepreneurship research in the Global South. Western notions of newness, business alertness, and risk-taking have dominated the research on this subject worldwide. However, most of the research on entrepreneurship in the developing world has focused on the orientations for venture creation and the business

outcomes regarding profit generation. Furthermore, low levels of change and value creation have made scholars question the actual existence of entrepreneurs in the developing world (Fields, 2012; Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014).

A comprehensive research agenda should explore as yet unresearched strands. These agendas must include the core concepts of entrepreneurship and the current state of the art of the phenomenon in the Global South. Risk-taking is not a common topic to investigate in these agendas because it is thought that entrepreneurs in the Global South do not take risks (Fields, 2019) but are at the most basic level of subsistence. Hence, substantial information on Knight's risk-taking perspective in the Global South literature on entrepreneurship is scarce. The following section explores what the entrepreneurship literature has investigated on newness and business alertness topics in the Global South.

### **2.3.1 The Nature of Newness in Entrepreneurship in the Global South**

Bruyat and Julien (2001) have indicated that entrepreneurship is a dialogical process in which the business, the individual and the environment are transformed during the entrepreneurial process. Transformation of the business ecosystem comes in the form of innovation for the markets, while in terms of the individual, it represents changes and creation in the entrepreneurial capabilities. Some scholars have doubted the transformative capacity of entrepreneurs in the developing world, suggesting that they generate limited, if not any, changes and value creation for markets (Dencker et al., 2021; Schoar, 2010). Some researchers have attributed the lack of innovation to the transitional state that many individuals in the developing world are experiencing towards wage employment, which has also called into

question whether they are true entrepreneurs (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014).

The philosophical doubts about the nature of entrepreneurs in the Global South are based on the belief that most of them are necessity workers forced into entrepreneurship. However, Gindling and Newhouse (2014) stated that there are real entrepreneurs in the Global South who have characteristics similar to those of their counterparts in the Western World. Schoar (2010) has also questioned whether the most common type of entrepreneurship in developing countries, subsistence entrepreneurship, can become transformative entrepreneurship resulting from their operations in the future.

It has also been said that most entrepreneurs in the Global South create little innovation because they are usually categorised under imitative types of entrepreneurship (Slade Shantz et al., 2018). Davidsson (2016) has indicated that entrepreneurship imitation creates little new value for the market and firm but still creates some value. Additionally, entrepreneurship imitation creates minor changes for the individual. The reason is that in this type of entrepreneurship, the individual enters the market with previous technical skills that they have mastered and are easy to implement (Gindling & Newhouse, 2014; Matos & Hall, 2020). Under such circumstances, the individual has all the knowledge to perform commercial activities. Despite this, it is unknown if, even in entrepreneurial imitation, the individual experiences changes that imply the creation of value for the business, the environment and vice versa.

The business ecosystem in the Global South is made up of tiny firms struggling to grow and survive. The number of large firms in the Global South is limited compared to the

overwhelming majority of micro and small firms operating in the business ecosystems of these countries (Schoar, 2010). Although small business is not synonymous with entrepreneurship (Bruyat & Julien, 2001; Davidsson, 2016), they are the vast majority in the Global South; therefore, they can provide a good perspective of their performance in the region. It is well known that many, if not all, emerging entrepreneurs are small firms (Davidsson, 2016), but in the Global South, those ventures remain in that state for an unlimited time. This situation contrasts with their counterparts in developed economies in the Western World, which tend to evolve to larger sizes more frequently (Schoar, 2010).

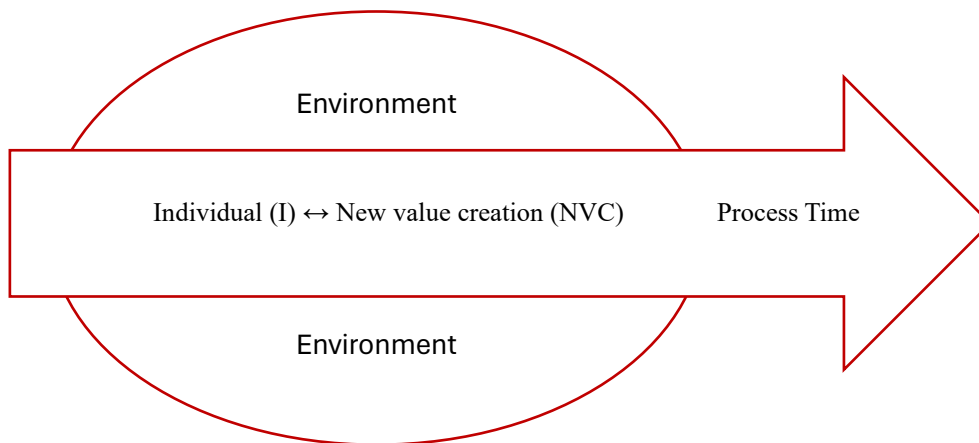
Due to their size, tiny firms have limited resources to operate, as they also require little capital to get started. In that context, it is difficult to think that this type of entrepreneurship can innovate individually. However, at the collective level, hundreds of tiny businesses operate in markets of the Global South each day, making the chances higher that they could collectively impact business ecosystems' change and value creation. Despite being widely recognised that collectivism is an essential dimension of entrepreneurship in the Global South (Rooks et al., 2016; Slade Shantz et al., 2018), few studies have explored the capacity of entrepreneurs to generate changes in markets collectively. Individual changes and value creation in the business ecosystem can go unnoticed in the developing world, but it could be naive to think these changes are not occurring at the collective level.

Keskggn et al. (2010) indicated that in the context of the developing world, "*SMEs are vital actors for enhancing innovation, competitiveness, entrepreneurship and the establishment of an effective innovation system*" (p. 189). Although the authors have indicated that these types of firms make up and enrich the entrepreneurship sector in numbers, how they contribute to

innovations in the business ecosystem is unclear and was not mentioned. Additionally, the contribution of these types of firms could be more noticeable in the production system. In this regard, Keskggn et al. (2010) noted that in the context of developing economies, “*SMEs constitute the basic source of materials, ideas, process and service that large enterprises cannot do or do not want to do*” (p. 187). However, according to Schumpeter’s view, there is no innovation if there are no changes and optimisation in the productive system (Bruyat & Julien, 2001). Further research can help to clarify how these firms contribute to bringing those changes.

In a supplementary fashion, Landström et al. (2012) indicated that the innovation concept proposed by Schumpeter is “*built on change and newness*” and described the “*entrepreneur as an innovator and prime mover in the economic system, who leads the market away from existing equilibrium*” (p. 1164). Bruyat and Julien (2001) indicated that “*entrepreneurs are people who perform the function of reforming or revolutionising the productive system*” (p. 167). Both authors have given an active role to the entrepreneur in the innovation process. This active role does not imply that only the business is subject to the effects of change, but the transformation of the individual is also part of the value-creation process. Bruyat and Julien (2001) illustrated this by saying that entrepreneurship does not only imply value creation for the business and the ecosystem but “*change and creation for the individual*” (p. 173) as well. The following figure shows the dialogical process Bruyat and Julien (2001) stated.

**Figure 2 The Dialogical Process of Value Creation in Entrepreneurship**



Source: Adapted from Bruyat and Julien (2001, p. 170)

The model created by Bruyat and Julien (2001, p. 173) includes the entrepreneur, as part of the entrepreneurial process, who also experiences changes in the “*know-how, relations network, or social status, and take concrete form for the individual in a process of learning and creation-destruction*” (p. 173). This position incorporates the Schumpeterian perspective of new value creation but extends this capacity from the business to the individual. It has been said that entrepreneurship is a social phenomenon (Davidsson, 2016), but it cannot be utterly social if the understanding of the model and the process of change and creation does not include the transformation of the individual (Bruyat & Julien, 2001) and in the case of collective societies their networks.

In the entrepreneurship model of the Global South, few studies have integrated individuals and their networks as active subjects that are transformed and bring changes to the ecosystem together. The view that integrates changes in the individual and their networks is opposite to more individualistic views of the phenomenon, trying to explain why some entrepreneurs individually do not produce enough changes to be perceived. This required view is related to

the existence of networks that maximise changes for the individual and vice versa. If today, it is known that networks play a substantial role in entrepreneurial development in the Global South (Slade Shantz et al., 2018), the study of the changes that they may bring together to the business ecosystem should not be considered atypical because the collectivist nature of the phenomenon.

In the Global South, because of the dichotomous and sometimes negative views of the entrepreneurial orientation of individuals (Puente et al., 2019), there seem to be more studies focusing on explaining why entrepreneurship in the developing world does not bring changes to the business ecosystem, rather than research trying to understand how change and value creation occur. There remains a compelling need to explore alternative perspectives in which the individual and the network are a single subject of study in which change and value creation occur. Future studies on this topic must adapt Schumpeter's perspective of innovation to the Global South's collectivist dimensions to understand how collective entities and individuals function together to produce changes.

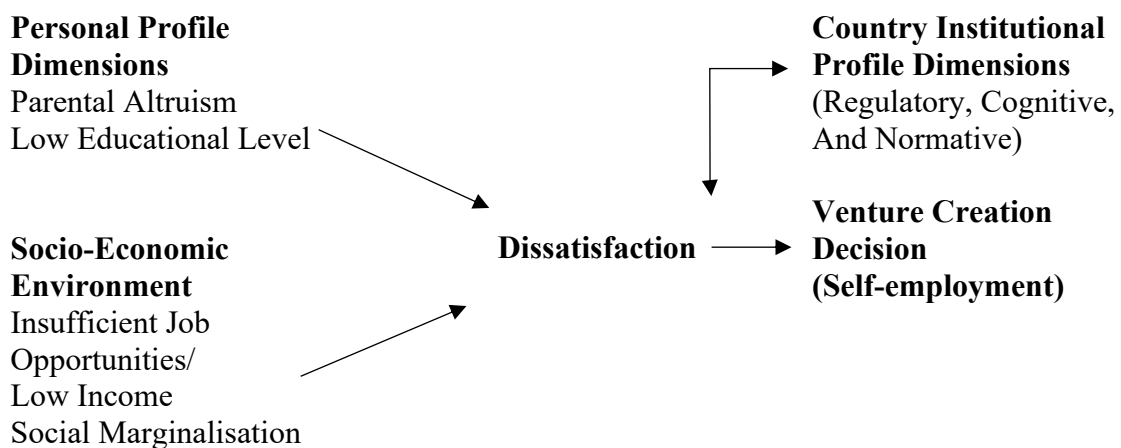
### **2.3.2 The Nature of Business Alertness of Entrepreneurship in the Global South**

Several authors have pointed out the need to do comprehensive research about the entire process of entrepreneurship (Bruyat & Julien, 2001; Davidsson, 2016; Shane & Venkataraman, 2000). Studying the entire process is essential because considerable time passes from identifying a business idea until the venture is created and exploited. As mentioned above, business outcomes result from the entire discovery-exploitation process; therefore, only by investigating both components can a more precise view of the results be appreciated (Davidsson, 2016). In the case of the Global South, an excessive focus on entrepreneurial orientations as part of the venture creation process has not only led to an incomplete view of

the phenomenon but has also reinforced negative stereotypes about necessity-oriented entrepreneurship (Dencker et al., 2021; Puente et al., 2019).

The literature has amply demonstrated that entrepreneurship in the Global South is largely non-productive (Matos & Hall, 2020), even though, in most cases, these individuals work hard but remain poor (Fields, 2012). Adverse business outcomes have been widely related to the necessity orientation that led entrepreneurs to start a business. Perhaps because of their outcomes, entrepreneurs in the Global South have mainly been categorised as necessity-oriented and not opportunity-oriented (Fields, 2019; Margolis, 2014; Schoar, 2010). Low-income wages, the scarcity of paid jobs, low levels of education and other conditions in most countries in the developing world (Serviere, 2010) have contributed to strengthening the belief that necessity-oriented is part of the nature of entrepreneurship in the Global South. The following figure represents a model Serviere (2010) created about the factors that motivate necessity-oriented entrepreneurship.

**Figure 3 Factors for Venture Creation of Necessity-oriented Entrepreneurship**



Source: Adapted from Serviere (2010, p. 41)

Interestingly, the model explains that various factors at different levels motivate the venture creation decisions of necessity-oriented entrepreneurs in the Global South. Nonetheless, other scholars have challenged the assumption that only the constrained conditions in the developing world motivate venture creation (Gindling & Newhouse, 2014; Matos & Hall, 2020; Puente et al., 2019). Some of those different reasons for voluntarily entering the entrepreneurship sector include the belief that individuals have enough knowledge and skills to start a business, willingness to manage their time, and personal aspirations to be successful and make profits (Gindling & Newhouse, 2014). Therefore, although necessity may have been a more frequent driver than the opportunity factor for entrepreneurship in the Global South (Amorós et al., 2019; Fields, 2019; Margolis, 2014; Serviere, 2010), the reality is much more diverse and complex, yet less represented in the literature.

Recognition of the heterogeneous nature of entrepreneurship in the Global South (Gindling & Newhouse, 2014) is vital for a holistic understanding of the phenomenon beyond the polarised view of necessity versus opportunity entrepreneurship. This recognition is essential due to the belief that necessity-oriented entrepreneurship is of lower quality than opportunity-oriented entrepreneurship (Puente et al., 2019) and to balance the common association of the necessity orientation with low growth (Schoar, 2010) that dominates the view of the phenomenon in the developing world. The fact is that while many governments in the Global South would expect more opportunity-oriented entrepreneurship, the presence of necessity-oriented entrepreneurs dominates the phenomenon in the region. However, some scholars have also demonstrated that the necessity orientation is not always synonymous with non-productive or failed entrepreneurship (Gindling & Newhouse, 2014; Puente et al., 2019). Understanding such differences could help lessen the existing stigma around necessity-oriented entrepreneurship.

Although Fields (2012), Margolis (2014) and Gindling and Newhouse (2014) discussed the differences between self-employed workers and entrepreneurs, the latter authors demonstrated the existence of genuine entrepreneurs in the Global South. Conversely, Fields (2019) pointed out that they are both necessity-oriented and transitional workers. According to this view, while some individuals are engaged in business activities, they cannot be considered genuine entrepreneurs because their situation is temporary. This idea suggests that some individuals are performing business activities without being genuinely interested, converting them not only into necessity-oriented but also forced entrepreneurs (Serviere, 2010).

If the nature of entrepreneurship in the Global South is related to necessity orientations, then the next question would be whether that also leads them to be non-productive. The literature shows significant responses to this question. For instance, Matos and Hall (2020), using an inductive method, *“found that temporal myopia, misjudgement of their abilities, and counter-productive use of their social networks result in non-productive entrepreneurship”* (134). On the other hand, Gindling and Newhouse (2014), using statistical analysis, found that although *“a higher tier of self-employed consists of innovative, successful entrepreneurs with greater potential and ambition for growth”* (325), there is a significant group that remains unsuccessful.

Necessity-oriented entrepreneurship as a factor for venture creation and the difficulties in the exploitation process that entrepreneurs face in the developing world are often seen as the result of weak governmental support and state fragility (Amorós et al., 2019). Likewise, with the lack of governmental support, poor financial education has also affected the outcomes of

entrepreneurship in the Global South (Gindling & Newhouse, 2014). The existence of immediate needs that led people to start a business also plays an imminent role in adverse business outcomes (Matos & Hall, 2020). Most entrepreneurs in the Global South have more basic needs to satisfy, making them unable to afford to wait for the business to grow (Fields, 2019; Margolis, 2014).

Overwhelming daily necessities (Fields, 2019), combined with low business capabilities, have made entrepreneurs focus on a here-and-now mindset (Venugopal et al., 2015), which in turn has created temporal myopia for business (Matos & Hall, 2020). However, the here-and-now mentality that discourages entrepreneurs from waiting for long-term business results is not present in all societies, as Si et al. (2015) found in a rural Chinese community of entrepreneurs. This situation contrasts with what Matos and Hall (2020) observed in Brazil, where temporary myopia prevailed in entrepreneurs. Contrasting situations like this explain the existent heterogeneity of the entrepreneurship sector in the Global South (Gindling & Newhouse, 2014); therefore, in these cases, better than finding the differences, it would be necessary to understand them.

Undoubtedly, business alertness in the developing world has been one of the most studied topics by scholars. Necessity has been described as the most common motivation for venture creation in the Global South, but other reasons are also involved. Due to its origins, necessity-oriented has been seen as non-productive regarding profit generation. However, the sector is highly heterogeneous (Gindling & Newhouse, 2014; Puente et al., 2019), and there are diverse cases with different outcomes, making it impossible to generalise. Although it is clear that

business alertness is one of the most investigated areas in entrepreneurship in the Global South, further research is needed to understand how growth occurs in the region.

#### **2.4 The Nature of Kin-based Entrepreneurship in the Global South**

It is impossible to understand the nature of entrepreneurship in the Global South without considering the collectivistic orientation of the phenomenon in the region. Usually, due to collectivism, individual interests are subordinated to the group's interests and goals (Rooks et al., 2016; Uzzi, 1996). Family is not only the most basic cell of society but a core component of entrepreneurship in the Global South. Business interests usually extend beyond the family clan, having a vital role in several commercial activities in the Global South, maximising group identification.

Given the breadth of the concept of group identification that is maximised in collectivist societies (Hui & Triandis, 1986), it can take on versions based on family, ethnic or kinship networks. The concept of kinship networks in entrepreneurship is broader and can encompass families and also unrelated individuals as members of a community or ethnicity (Verver & Koning, 2018) but does not limit it to one of these groups but to how their members see themselves as part of a network performing entrepreneurial activities together. In turn, kinship-based entrepreneurship differs from enclave entrepreneurship because the latter is used to study entrepreneurship development based solely on immigrant identity (Portes & Shafer, 2007). In light of these differences, this research opted for a kinship-based view of entrepreneurship because previous studies have established a direct relationship between wealth creation and the existence of extensive social relations in some Latin American contexts (Peredo, 2003). Thus, the researcher believes it is only possible to understand the whole perspective of the

phenomenon by examining the influences of kin-based entrepreneurship networks in areas like venture creation, its outcomes, and value creation.

Before continuing this review, it is crucial to mention that entrepreneurship networks have been described as critical for venture creation, innovation and success (Leyden et al., 2014). It is known that networks provide “*unique advice, support and financial assistance*” (Abd Hamid et al., 2019, p. 928). Changes in networking are among the critical changes individuals experience through entrepreneurship in the value-creation process (Bruyat & Julien, 2001). Furthermore, identity-based networks are known to leverage “*family relationship, kinship ties, and formal affiliations*” (Hamid et al., 2018, p. 160) for entrepreneurship development. The following section explores how kin-based networks function in the context of the Global South.

#### **2.4.1 Newness and Innovation in Kin-based Entrepreneurship in the Global South**

Entrepreneurship in the Global South is collectivist (Rooks et al., 2016), and this feature plays a vital role in the entrepreneurship processes, including value creation. The entrepreneurship sector in the developing world is made up of hundreds of micro and small businesses (Schoar, 2010), and in many regions of the Global South, like Ecuador, these firms are family-based (Camino-Mogro & Bermudez-Barrezueta, 2018). Although in open markets, strong business ties are crucial to access resources (Zhang et al., 2020), in the Global South’s small communities, internal values within dense kin-based networks moderate resourcing (Rooks et al., 2016). Relationships within networks are continuously shaped by social interactions and the ability to obtain the necessary inputs for operations within the system (Slade Shantz et al., 2018).

The system is trust-based and built by the pooling of all sorts of resources, which, in turn, has played a significant, if not determinant, role in the entrepreneurial process (Verver & Koning, 2018). According to Fukuyama (1995), a trust-based system is based on cooperation, enabling higher economic performance in societies with high levels of trust. Perhaps because of the trust-based system that the entrepreneurial process in the Global South exhibits and its effects on the pursuit of collective prosperity, cooperation among close relatives has soared.

A trust-based entrepreneurship ecosystem comprising family networks is a distinctive characteristic of entrepreneurship in some small Global South settings. However, this is not only a societal characteristic but also a determinant condition to operate within the informal context that dominates specific markets and societies of the developing world (Slade Shantz et al., 2018). If a trust-based system did not exist, many members would be locked out of markets due to their inability to enter the formal sector. It could be said that entrepreneurship in the Global South comprises hundreds of informal micro-transactions based on collective trust, e.g., loans to start new businesses without financial warranties between family members and other kinship networks (Matos & Hall, 2020).

Beyond the positive aspects of market integration, trust-based systems have formed closed systems of entrepreneurs that have naturally created barriers to the outside world. Closed systems limit the possibilities of incorporating external inputs needed for innovation, which are hardly found within the ecosystem. Those closed systems of entrepreneurship in the developing world have been defined as island networks of entrepreneurs by Slade Shantz et al. (2018). The authors have also said that repetitive interactions within the network and the informal conditions of markets in the developing world have blocked the ability to receive

sufficient innovative inputs to create value, turning entrepreneurship into an imitation of known business ideas.

The view on the adverse effects of the embeddedness of individuals in internal networks also differs from other perspectives on the economic and social benefits of integrating family and community members in those networks (Cave & Dredge, 2018, 2020; Monteith & Camfield, 2019; Pécot et al., 2018; Verver & Koning, 2018). Considering that in some regions of the developing world, the concept of the family goes beyond blood and close relatives (Peredo, 2003), members of the community fit into the idea of family participation in internal business networks, too, because they are considered as such. Collectivism and trust-based relations as endogenous factors have led individuals to be firmly embedded in the close- and extended-family business entrepreneurship types. Family embeddedness has been beneficial as an adaptive feature to survive in the harsh conditions of markets in the developing world but, in other cases, detrimental to the long-term functioning of the business.

Aldrich and Cliff (2003) defined family embeddedness in business as “*family systems (i.e., transitions, resources, and norms, attitudes, and values) influencing the processes involved in venture creation (i.e., opportunity recognition, the launch decision, resource mobilisation, and the implementation of founding strategies, processes, and structures)*” (p. 589). From a business perspective, the effects of family embeddedness are pervasive in all the stages of the entrepreneurship process (Aldrich & Cliff, 2003), including innovation, change and value creation. While hiring family members has proved beneficial for business operations due to an identification factor (Harris, 2009), that will not necessarily mean more efficiency (Cruz et al., 2012). Business performance and efficiency are jeopardised by the lack of appropriate

knowledge, skills, and talent of family members embedded in the business and the impossibility of recurring to external inputs due to the endogenous nature of closed networks.

Although an individual, considered the leading entrepreneur, may have the proper disposition to create some innovation and new value, the collective nature of this entrepreneurship type may hinder the appropriate unity for this purpose. Collective, family and kin-based entrepreneurship could be better understood using the view of Bruyat and Julien (2001), who define it as “*an organised, living body with its existence that cannot be divided without being destroyed*” (p. 170). Therefore, under this view, the entity participating in the venture and value creation process is the whole group, as a unity and not as a separate part. The collective nature of blood and non-blood-related kin-based entrepreneurship in the Global South could be problematic if members’ motivations rely on personal interests or needs, not on change, creation, and growth.

Forced and voluntarily embeddedness in family networks are explicit forms of nepotism. While nepotism can be reciprocal and mutually beneficial for the business and family, unbalanced nepotism occurs when family affairs take precedence over market interests (Stewart, 2003). Usually, entrepreneurs face a dilemma in their attempt to find an equilibrium between the moral order of family, its socio-emotional wealth and the financial interests of business (Stewart, 2003). Businesses compete and participate in market-oriented economies, while families, although in the same environment, are in an assistance-oriented system.

In any case, nepotism limits the exchange of information and knowledge with individuals outside the family (Basco, 2015), making it extremely difficult to obtain external information

and necessary inputs to innovate and create value (Jaskiewicz et al., 2013). Nepotism can be good for the business when the skills and, more importantly, the interests of family members meet cohesively with the business interest. In contrast, members forced to enter the business without self-motivation and due to the inadequate market conditions in developing countries are the negative side of nepotism for the firm. In forced nepotism, firms lose the possibility of obtaining more suitable and motivated workers for the business, and family members lose the opportunity to obtain a more rewarding and profitable career that suits their interests outside the system (Stewart, 2003).

Indeed, there are cases of voluntary participation in the family business, but the literature also has plenty of cases of forced entrepreneurs (Baland et al., 2011; Grimm et al., 2013; Slade Shantz et al., 2018) who could hardly, if anything, fit into the transformation, change, and value-creation process for the business, environment, and the individual. Idealising the idea of job creation and securing a position for family members is just half of the paradox of family entrepreneurship in the Global South. The other part is much more complex and is related to fitting into the complex change and value creation process proposed by Bruyat and Julien (2001) and other authors discussing innovation models. Comprehensive research on this topic will assist in understanding if the transformation process of change and value creation can survive the moral order of kinship and the logic of markets.

#### **2.4.2 Business Alertness in Kin-based Entrepreneurship in the Global South**

The notions of relatedness to the family have different connotations in different societies, but in the case of the Global South, it is not only a pillar for its dynamics but also for the economic development of the group (Becker, 1974). The strong ties of identification within a group of

individuals that comprise the family concept have crossed affective borders and encouraged the transfer of goods, services and financial resources between family members for economic purposes. Verver and Koning (2018) indicated that in specific communities of the Global South, nuclear and extended families transfer resources for commercial purposes. Moreover, in some regions of the Global South, the supporting kinship network includes neighbours and spiritual and community fellows (Peredo, 2003). These transfers have played a prominent role in economic development and, more importantly, in seeking mutual protection from the difficult conditions and state deficiency that characterise most developing countries (Cox & Fafchamps, 2007).

In the context of limited financial resources and shared budget constraints in the developing world, the nuclear and extended families, as other kinship networks, have become the most significant source of financial resources for economic development, venture creation and other commercial activities (Cox & Fafchamps, 2007; Matos & Hall, 2020). Nuclear and extended families make the most significant transfers among their members, but distant relatives, friends, and community fellows are also part of those exchanges in direct proportion to their level of social proximity (Verver & Koning, 2018). The transfer of resources for economic development between family members, relatives, and other friends in the developing world is an expression of altruism (Arregle et al., 2015; Cox & Fafchamps, 2007; Grimm et al., 2012; Schoar, 2010). Family altruism may be one of the biggest drivers of necessity-oriented entrepreneurship, as families try to compensate for the lack of economic opportunities for their members in different regions of the developing world.

In the family business arena of the developing world, altruism represents a ‘quid pro quo’ relationship in which parents, children and other relatives transfer goods, services and financial resources for economic development in exchange for mutual help, care and protection of equal value (Cox & Fafchamps, 2007). The ‘quid pro quo’ relationship represents an exchange of labour and wages or other alternative compensations necessary for family functioning and business exploitation. Family altruism as a driver for economic activities “*is a form of self-insurance that is a substitute for market insurance and government transfers*” (Becker, 1974, p. 1084). In the Global South’s collective type of family entrepreneurship, altruism creates long-term reciprocity that must be compensated with repetitive actions. Unfortunately, that situation also creates unbalanced reciprocity that adversely affects business outcomes when family matters prevail over commercial interests.

The literature has discussed extensively that entrepreneurship in the Global South is non-productive (Canelas, 2019; Fields, 2012; Fields, 2019; Gindling & Newhouse, 2014; Kimmitt et al., 2020; Margolis, 2014; Matos & Hall, 2020). The collectivistic features of entrepreneurship in the developing world might exacerbate this situation. This exacerbation is particularly noticeable when families, under the logic of transfers, create long-standing commitments and obligations that are expressed through repetitive actions beyond the economic sustainability of the business (Arregle et al., 2015). Reciprocity is strongest in families with close ties (Renzulli & Aldrich, 2005), who will hardly find a balance of family affairs and business interests to make the business survive and be productive.

Unbalanced reciprocity can even lead the family and the firm to a worse situation than the one that motivated venture creation. The prioritising of the needs of family members could be

attributed to the lack of financial education and the extreme necessity of constrained entrepreneurs. In the Global South, the moral order that dictates family unity and reciprocity is firmly rooted in family amalgamation and the collectivist nature of society. Changing the moral order that creates unbalanced reciprocity in families could cost the sense of belonging to the clan (Stewart, 2003). Because this is a deep-rooted moral order in certain societies of the Global South, it will be difficult, if not impossible, to break the cycle of unbalanced reciprocity.

The cycle of unbalanced reciprocity in the Global South has pervasive effects on donors and the recipients of favours. Matos and Hall (2020) illustrated such situations in which some individuals obtained bank loans to finance the venture creation of other relatives that ultimately ended up being non-productive. The pervasive effect is evident when both lose, the recipient fails in the entrepreneurial intentions, and the donor has a ruined credit capacity (Matos & Hall, 2020). In this situation, the unbalanced reciprocity generates undesirable changes for individuals through their failed entrepreneurial experiences.

Because *“the nature of the family relationship does, in fact, play a role in influencing important outcomes related to venture creation and start-up success”* (Brannon et al., 2013, p. 125), and *“the moral order of kinship is at odds with the amoral logic of markets”* (Stewart, 2003, p. 83), there is a conflict between the harmony of family relationships and business interest. In a study conducted in Ecuador, an area of the Global South, the participation of family members in the business has been seen as positive in terms of securing job positions for relatives and access to trusted labour (Cave & Dredge, 2018; Pécot et al., 2018). Unfortunately, this could not be enough to equal the logic of market exchange in which each party should give or do something equally valued (Lewinsohn, 2019), either because the economic retribution or salaries are

insufficient or the labour is inefficient. These factors and the imperfect conditions of markets in the Global South jeopardise family interests and business outcomes, undermining the reciprocal ethos of kin-based entrepreneurship that is mainly present in the Global South.

Different scholars have widely studied the nature of kin-based entrepreneurship in the Global South. The search for family well-being stimulates entrepreneurship and business creation (Brannon et al., 2013). Collectivism plays a significant role in venture creation and entrepreneurship outcomes in the Global South (Rooks et al., 2016). Unbalanced reciprocity seems to have pervasive effects on family entrepreneurship outcomes (Aldrich & Cliff, 2003), especially when the moral order of families prevails over the logic of markets (Stewart, 2003). Not all family businesses might have the same situation in all regions of the Global South, as the phenomenon is highly heterogenous (Gindling & Newhouse, 2014); however, it is clear that scholars have made great efforts to extensively describe and understand the effects of family embeddedness on venture creation and its outcomes.

## **2.5 Conclusions of the Chapter**

The literature shows that, although academics have developed influential scientific perspectives for the study of entrepreneurship, they have not yet reached a consensus on the definition and approach of this field of research (Bruyat & Julien, 2001; Davidsson, 2016; Gartner, 1990). Traditional views of entrepreneurship are based on the notions of newness, business alertness and risk-taking proposed by Schumpeter, Kirzner, and Knight, respectively (Landström et al., 2012). Modern scholars have adopted one of those approaches to conducting their scientific research. These concepts are linked to rapid industrial growth typical of the 20<sup>th</sup> century when they originated. These approaches have allowed a natural application of these

concepts to study entrepreneurship in developed markets with industrialised economies but have been challenging to apply to the phenomenon in the Global South.

In entrepreneurship research in the Global South, scholars have also embraced one of these approaches to study the social phenomenon. However, the literature shows that most of the scientific contributions of researchers deal with entrepreneurs' orientations for venture creation and their business outcomes. Both orientations and business outcomes traditionally fall within Kirzner's research focus on business alertness. This viewpoint has led scholars to establish that entrepreneurship in the developing world is mainly necessity-oriented and, to a lesser extent, opportunity-oriented (Amorós et al., 2019; Schoar, 2010; Serviere, 2010; Slade Shantz et al., 2018), but more information is needed to understand why and how this happens and evolve.

A dichotomous view of necessity- and opportunity-oriented entrepreneurship has created negative connotations about the value of the former and a greater appreciation for the latter (Puente et al., 2019). Due to the widespread view that entrepreneurship in the Global South is necessity-oriented, it has also been observed as non-productive (Fields, 2019; Margolis, 2014; Matos & Hall, 2020) and non-growth-oriented (Schoar, 2010). Some reasons attributed to their adverse outcomes in business productivity and growth are related to the idea that some individuals in the developing world are transitioning towards wage employment (Fields, 2019; Margolis, 2014). Therefore, while it is difficult to believe that entrepreneurs can achieve growth in a temporary status, it is also unlikely to expect that they will all remain in a transitional phase without pursuing changes and economic growth.

Other views also attribute negative results to a here-and-now mentality called temporal myopia (Matos & Hall, 2020) that prevents entrepreneurs from waiting for long-term business outcomes (Venugopal et al., 2015). The impossibility of waiting for long-term business outcomes may be exacerbated by the overwhelming daily needs of entrepreneurs (Fields, 2019), such as access to food and housing. However, Gindling and Newhouse (2014) have found that there are also entrepreneurs by choice who are successful, have positive outcomes and are growth-oriented, exhibiting characteristics similar to their Western counterparts. The existence of entrepreneurs with these characteristics has led some scholars to state that the phenomenon in the Global South is highly heterogeneous (Gindling & Newhouse, 2014; Puente et al., 2019); hence, the need for deepening research to unveil the other face of entrepreneurship in the developing world where change and growth exist.

Regarding innovation, it has been argued that the most common type of entrepreneurship in the Global South creates limited changes and no new market value. One of the causes attributed to their limited innovation is based on the belief that they are constrained workers with modest goals of day-to-day survival and are not focused on taking risks or innovating (Fields, 2019; Margolis, 2014). Another reason attributed to their limited capacity for innovation is that they work in closed networks of entrepreneurs, which limits external contacts and the exchange of inputs necessary to innovate (Slade Shantz et al., 2018). Furthermore, the most extensive type of entrepreneurship in the Global South is believed to be *“imitative entrepreneurship rather than innovative or growth-oriented entrepreneurship”* (Slade Shantz et al., 2018, p. 431), a reason why it creates the slightest change and value creation for the business ecosystem (Bruyat & Julien, 2001).

Davidsson (2016) disagrees with this latter position and indicates that entrepreneurial imitation can bring changes and create value that boosts markets. The author supported his view of entrepreneurial imitation because *“such entry drives the market process in the sense that consumers get additional choices and incumbent firms get a reason to change their behaviour to meet this new competition”* (Davidsson, 2016, p. 10). However, the author believes that imitative entrepreneurship should generate a minimum level of change, or it would be a failed case or not be entrepreneurship at all. Disagreements in the literature make it necessary to deepen the discussion and study a variety of cases, especially in the case of the Global South, where it is believed that entrepreneurship, because it is imitative, does not produce change.

On the other hand, Western views of innovation based on Schumpeter’s ideas of big changes (Landström et al., 2012), Silicon Valley style (Slade Shantz et al., 2018), where a single market participant can change the entire business ecosystem, have overshadowed the effects on innovation that entrepreneurship in the Global South could create. It is known that hundreds of micro and small firms participating in the developing world’s markets make functioning the ecosystems of the region (Keskgn et al., 2010). However, when studying the innovation capacity of entrepreneurs in the developing world, research tends to be fragmented without considering that the collectivism dimension influences how these hundreds of firms operate within their networks (Rooks et al., 2016; Slade Shantz et al., 2018).

Using collective perspectives to study reality would mean shifting the focus from one firm to all those involved in the business ecosystem to observe the change levels. According to Bruyat and Julien (2001), when studying group-based entrepreneurship, the subject of study is the leading entrepreneur and the group of individuals participating in it. The study of group and

collective types of entrepreneurship “*cannot be divided without being destroyed*” (Bruyat & Julien, 2001, p. 170). It is, therefore, unrealistic to study collectivist entrepreneurship as if it were an individualistic type of phenomenon, but not many studies have incorporated this perspective.

Investigating those changes with the perspective that the subject of study is the group would offer a deeper angle on the process of change and value creation in entrepreneurship in the developing world. As observed, there are doubts in the literature about the capacity of entrepreneurship in the Global South to produce changes in the business ecosystem because of its necessity orientation (Serviere, 2010), slow growth (Schoar, 2010), a propensity to imitation (Dencker et al., 2021; Slade Shantz et al., 2018), and the overwhelming economic poverty that surrounds it (Fields, 2019). However, research that integrates the whole and not just some parts can shed light on those doubts. Finally, investigating entrepreneurship from the Global South’s perspective could help to clarify competing views in the theory.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

Academic research requires a deep understanding of philosophical paradigms that embrace scientific research. A comprehensive understanding of philosophical paradigms allows researchers to shape a coherent methodological approach for identifying reality and seeking new knowledge. Likewise, an articulate understanding of the philosophical approach leads scholars to create a consistent research method to explore the nature of reality that, if not coherently observed, can make them misunderstand it. The chapter has three sections explaining the comprehensive understanding of the philosophical paradigms and research design.

The first section of the chapter presents a review of philosophical assumptions and distinct paradigms as a prelude to selecting the appropriate paradigm for this research. The second section presents the research design, including the qualitative method approach, the case study as a research strategy and the role of the researcher. The third section of this chapter presents the methods. The data collection process explains the use of unstructured in-depth interviews, applied to participants selected through snowball sampling for this investigation. Likewise, the data analysis explains the use of thematic analysis, which involved the coding process that led to building this research's case patterns and description. The section ends with the ethics of the research.

### **3.2 Research Paradigms**

There is a debate about whether social research should be investigated as a natural science or as a phenomenon of the social world. The debate is based on the difficulties of viewing the world identically due to the beliefs, traditions, and other factors each researcher brings to the investigation. According to Walliman (2015), it is only possible to understand social realities through philosophical beliefs, also called philosophical assumptions. Such assumptions include epistemology, ontology, axiology, and methodology (Creswell & Poth, 2018). Epistemology and ontology help to differentiate the particularities between quantitative and qualitative research (Bryman, 2016), while axiology and methodology help guide the actions of researchers according to the research focus (Creswell & Poth, 2018).

Epistemology in the social sciences discerns what acceptable knowledge is (Bryman, 2016) and how a researcher can learn valid knowledge from social realities. Similarly, it queries whether the social world should be investigated as the natural world or as interpreting human subjectivities (Bryman, 2016; Walliman, 2015). According to epistemology, empiricism and rationalism are the two ways of acquiring knowledge (Walliman, 2015). Empiricism refers to acquiring knowledge in experiential ways with the aid of inductive methods. Therefore, researchers obtain knowledge by experiencing social facts and constructing them with inductive reasoning. In contrast, rationalism refers to acquiring knowledge with logical thinking and deductive reasoning. Deductive reasoning refers to the statement that central arguments lead to conclusions.

On the other hand, ontology investigates the nature of reality, leading scholars to question whether reality can be considered objective and external to human perception (Bryman, 2016).

Burrell and Morgan (1979) referred to the ontological research approach as the objective and subjective dimensions for studying social theory. Similarly, Bryman (2016) suggested that from an ontological perspective, objectivism and constructionism are the two distinct ways of viewing and understanding reality. Bryman (2016) argued that “*objectivism is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social actors*” (p. 33).

According to the abovementioned concept of objectivism, social actors create reality, but the social phenomenon has its separate existence, leading researchers to look for independent explanations. Conversely, constructionism examines the context in which actors and social structures interact to understand reality (Walliman, 2015). Bryman (2016) indicated that in constructionism as an ontological position, the social phenomenon and its meaning “*are not only produced through social interaction but that they are in a constant state of revision*” (p. 33). Hence, the ontological perspective of constructionism is that reality is a creation of actors and researchers who form social structures and look for reality.

Philosophical assumptions and research positions shape the methodological approaches for identifying reality (ontology) and how researchers look for knowledge (epistemology). The following table, adapted from Bryman (2016), summarises fundamental differences between the philosophical approaches of qualitative and quantitative research that differentiate the epistemological and ontological positions of researchers:

**Table 2 Fundamental differences between quantitative and qualitative research strategies**

Principal orientation to the role of theory in relation to research	Quantitative	Qualitative
	Deductive; testing of theory	Inductive; generation of theory
Epistemological orientation	Natural science model, in particular, positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

Source: Adapted from Bryman (2016, p. 36)

Although the above table summarises some of the philosophical assumptions and research paradigms, they are not all the foundations social researchers have included as part of their paradigms for research. Burrell and Morgan (1979) stated that four well-established paradigms exist between research’s subjective and objective dimensions. Those paradigms are radical humanism, radical structuralism, interpretivism and functionalism (See Table 3).

**Table 3 Four Paradigms for Studying Social Theory.**

The Sociology of Radical Change		
Subjective	Radical Humanist	Radical Structuralist
	Interpretive	Functionalist
The Sociology of Regulation		
		Objective

Adapted from Burrell and Morgan (1979, p. 22)

During the research process, scientists bring these philosophical paradigms to their studies to see reality and acquire knowledge from a phenomenon in the social world they want to investigate. Each paradigm is a distinctive form of view reality “*upon different meta-theoretical assumptions with regard to the nature of science and of society*” (Burrell & Morgan, 1979, p. 24). Consequently, researchers select a paradigm according to the scientific frame they

want to use for studying the social world. Generally, the paradigms are not explicit in the research text but are often implicit in the scientific method researchers apply to study a phenomenon.

Paradigms also represent the meta-theoretical goals social scientists want to achieve with their work. According to Burrell and Morgan (1979), researchers locate their meta-theoretical assumptions not only within the intersections of objective-subjective dimensions but also in the sociology of regulation or radical change, as shown in Table 3. The juxtaposed sociologies of regulation and radical change imply that the researcher considers that reality is self-regulating or needs to be changed.

The contribution of Burrell and Morgan (1979), originating from the intersection between the two dimensions of research and sociology, has significantly influenced how scholars investigate the social world in dualistic positivist and anti-positivist positions (Cohen et al., 2007). The researcher's position depends on their "*philosophical orientation about the world and the nature of research*" (Creswell & Creswell, 2018, p. 5). Social researchers have also incorporated critical theory as another paradigm beyond Comte's traditional positivism and Weber's anti-positivist interpretivism (Hughes & Sharrock, 2016), representing the need for change from the metatheoretical perspectives of scholars. The following sections explore positivism, interpretivism and critical theory as a prelude to selecting the appropriate paradigm for this research.

## **3.2 Research Paradigms**

### **3.2.1 Positivism**

Positivism is a historical worldview that has existed since the time of the ancient Greek philosophers. Nonetheless, the French philosopher Auguste Comte started to use it as a philosophical paradigm in the modern era (Cohen et al., 2007). Positivism, as a research paradigm, asserts that valid knowledge in the social world must be obtained by reasoning and following a method similar to acquiring knowledge in the natural sciences (Cohen et al., 2007). Perhaps the way to study social reality as in the natural world is linked to the dominant research traditions when Comte created the paradigm.

Positivism has been associated with a state of cause-effect exploration in which researchers try to explain knowledge by applying theories that are measured with scientific methods of quantitative research. Positivist researchers formulate hypotheses that are later tested with numerical values, and the object of study becomes real if the hypothesis can be proved. Alternatively, Creswell and Poth (2018) added the post-positivism stance, which states that not every event has a cause and effect. This view means that researchers do not only seek results happening from stimulus but are also willing to discover the absence of effects in the object of study.

Epistemologically, positivism claims the independence of researchers regarding the objects of study. From a positivist worldview, the interaction between researchers and social actors is limited, and knowledge about social reality is proved in a probabilistic way. Likewise, Creswell and Poth (2018) indicated that this paradigm is often associated with social researchers who have a quantitative background.

From an ontological perspective, positivism claims to know the nature of reality by understanding the parts that comprise it. Under this view, it is necessary to fragment reality into separate units of study, and there is no need to understand the context to know the cause and effects of a social phenomenon. However, due to the fragmentation of knowledge, Cohen et al. (2007) said that positivism has been less effective in understanding human behaviour, which is rich in complexity, human interactions, and the related cultural aspects of society. Based on those statements, interpretivism can be a better paradigm for understanding the complexity of a social reality that requires contextualisation, while positivism can be better for understanding enormous phenomena of societies.

### **3.2.2 Interpretivism**

Interpretivism is a way of understanding the complex world of human behaviour by interpreting the interactions between social actors, communities, and structures (Cohen et al., 2007). Interpretivism has been more effective in understanding social realities that require interpreting the context surrounding them. Cohen et al. (2007) called the interpretive paradigm a response to the well-established positivist worldview. Due to this fact, interpretivism has also been labelled as the anti-positivist paradigm, becoming an alternative to the positivist orthodoxy of studying the social realm as if it were the natural world (Bryman, 2016).

Unlike positivism, the fragmented way of studying reality by testing theories with numerical values does not apply to interpretivism (Creswell & Poth, 2018), nor do researchers observe it separately from them. Conversely, in the interpretivism paradigm, an active and emphatic social interaction between researchers and social actors is encouraged (Creswell & Poth, 2018).

In interpretivism, subjectivity is essential to understanding the nature of social reality and obtaining meaningful knowledge. Walliman (2015) highlighted the importance of subjectivity:

The purpose here is not to search for causal explanations, but to find understanding. As a method, this presupposes that to gain understanding there must be at least some common ground between the researcher and the people who are being studied (p. 19).

In the definition of interpretivism stated by Walliman (2015), two essential facts are remarkable. The first one is that interpretivism does not look for an explanation but for deeper understanding. The second one is that identification between researchers and social actors to understand social reality plays a significant role. Moreover, in this paradigm, researchers are encouraged to manifest their subjective beliefs, past experiences and values related to the reality they are investigating (Creswell & Poth, 2018). This manifestation profoundly distinguishes interpretivism from positivism, where objectivity prevails as a research principle.

Epistemologically, in interpretivism, knowledge is not acquired using an objective perspective but by appealing to the shared values of researchers and social actors (Creswell & Poth, 2018). Hence, shared values facilitate co-creating knowledge through both researchers and social actors. The identification process includes the recognition of shared perceptions, social interactions, and other experiences (Bryman, 2016). As knowledge here is co-constructed, it is not essential to know only the meaning of social reality but also the significance of those values for researchers and social actors.

Ontologically, interpretivism means that although researchers want to know the nature of reality, they cannot expect to find only one absolute reality. Furthermore, interpretivism claims that there is no universal reality but multiple social realities that vary according to the

significance that researchers and actors give to social phenomena (Creswell & Poth, 2018; Walliman, 2015). Finally, it is essential to mention that in its origins, interpretivism was linked to hermeneutics because it used grammatical interpretation and psychological identification to complement the method of understanding (Bryman, 2016; Hughes & Sharrock, 2016). The recognition and value of subjectivities make interpretivism ideal for exploring sensitive issues of specific population groups that otherwise cannot be studied.

### **3.2.3 Critical Theory**

Critical Theory is another option besides the dualistic positivist and anti-positivist worldviews. Burrell and Morgan (1979) indicated that critical theory is also known as the Frankfurt school of thought because it was studied and disseminated by German scholars who adhered to this philosophical paradigm. Researchers in this paradigm position their views in the sociological dimensions of change, as stated by Burrell and Morgan (1979). Their positioning in the dimension of change occurs because, in critical theory, scholars see the world through lenses that seek to liberate human consciousness from the hierarchical relations of social structures.

Critical theory researchers seek this liberation by critiquing those power structures through research, making this search their highest metatheoretical goal. Although critical theory is not an anti-positivist paradigm, it uses subjective lenses like interpretivism to study reality. However, critical theory differs from interpretivism because researchers in this paradigm use a modified system of subjectivity to obtain knowledge from social realities (Ryan, 2018). The differences with the dualistic paradigms position critical theory as a post-positivism paradigm. Table 4, adapted from Ryan (2018), summarises the differences between positivism, interpretivism and critical theory as research paradigms.

**Table 4 Research Paradigms: Positivism, Interpretivism and Critical Theory.**

	Positivism	Interpretivism	Critical theory
Ontology What is the reality?	Empiricism Naïve realism Logical realism	Relativism	Historical realism (Historic social structures)
Epistemology What is the truth?	Objectivity	Subjectivity	Modified subjectivity

Source: Adapted from Ryan (2018, p. 18)

As Table 4 shows, scholars positioned in the positivism, interpretivism and critical theory paradigms have differences in their epistemological and ontological approaches. Moreover, these differences are also evident in the metatheoretical goals of researchers. Hence, researchers should decide which tradition they will select to conduct their research. The following section explores and justifies the selection of a proper paradigm for this study.

### **3.3 Appropriate Paradigm for this study**

Based on the philosophical characteristics of positivism, interpretivism, and critical theory presented in the previous section, this research selects interpretivism as the most appropriate paradigm for this investigation. The interpretive paradigm provides a philosophical basis that allows the researcher to understand the world in different ways, namely, from the role of a researcher and the social actors. Such a statement is consistent with the notions of the co-construction of meaningful understanding in the interpretive paradigm (Bryman, 2016; Walliman, 2015). These attributes are significant for this research because the researcher comes from a family entrepreneurship background and has conducted previous studies in the area, which aligns with the subjectivity's value in this paradigm. Therefore, it would not have been

possible to investigate this social phenomenon through the interpretive paradigm without such prior knowledge.

On the other hand, knowing the context of collectivist entrepreneurship in coastal Ecuador also allowed the researcher to address the research question and contrast that information with the existing theory. There is a debate among scholars about the nature of the phenomenon in the region (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014) due to its necessity orientation (Serviere, 2010), slow growth (Schoar, 2010), and tendency to imitation (Dencker et al., 2021; Slade Shantz et al., 2018). Individualistic views of the phenomenon have not been sufficient to understand the nature of entrepreneurship in the Global South. Hence, exploring the context contributes to enhancing this debate, which in turn assists in addressing this thesis's research question: **“How does collectivism affect the entrepreneurship model in a region of the Global South?”** In addition, the emerging understanding supports the co-creation of knowledge arising from the perspective of entrepreneurs from the Global South.

In conclusion, the experience and beliefs of the researchers are essential characteristics for the co-construction of reality within the interpretive paradigm. The researcher of this thesis has a personal and professional background in entrepreneurship that, together with the voice of the participants, contributes to the co-construction of knowledge. This background is aligned with the need to incorporate different perspectives for a phenomenon with multiple nuances requiring scientific consensus and a regional view. The existing scientific debate and unincorporated social realities, both in theory and in official data, benefit from the flexible framework of interpretivism to understand the context and existence of multiple realities. Perhaps other paradigms could also contribute to investigating different aspects of this

phenomenon, but only the interpretive paradigm can address the research question of this thesis.

### **3.4 Research Design**

The research methodology is a scientific process for studying a problem that should be aligned with the research paradigm (Creswell & Poth, 2018). The research methodology involves the selection of a research approach and research strategies. Each strategy has different ways of presenting the findings at the meta-theoretical goals of the research (Reay et al., 2019); hence, it is crucial to make a coherent selection at the beginning of the study. To do so, selecting a research approach involves choosing between quantitative, qualitative or mixed methods research strategies (Bryman, 2016; Creswell & Creswell, 2018). As mentioned above, the interpretive paradigm grounds this research; therefore, this academic work adopts the qualitative research approach. The quantitative approach was discarded because it relates to the positivist paradigm (Bryman, 2016).

The research methodology also involves selecting a research strategy. As Denzin and Lincoln (2011) stated, some qualitative research approaches include case study, ethnography, phenomenology and ethnomethodology, grounded theory, and clinical research. Due to ontological and epistemological considerations, a case study research strategy has been used in this investigation. This strategy aligns with the research question, the qualitative research approach, and the interpretivism paradigm. The following sections show further details of the data collection, sampling, and analysis, among other methodological aspects.

### **3.4.1 Qualitative Research Approach**

Qualitative research is defined as a type of research that is focused on the qualities of the social construction of reality. For such purposes, it is desirable that researchers have a close relationship with the nature of reality being studied and should focus on entities, processes and meanings that cannot be quantified (Denzin & Lincoln, 2011). Qualitative research is often defined as an approach that relies on analysing words rather than numbers (Bryman, 2016; Walliman, 2015). Therefore, an inductive view exists between the researchers and the theory generated through the process.

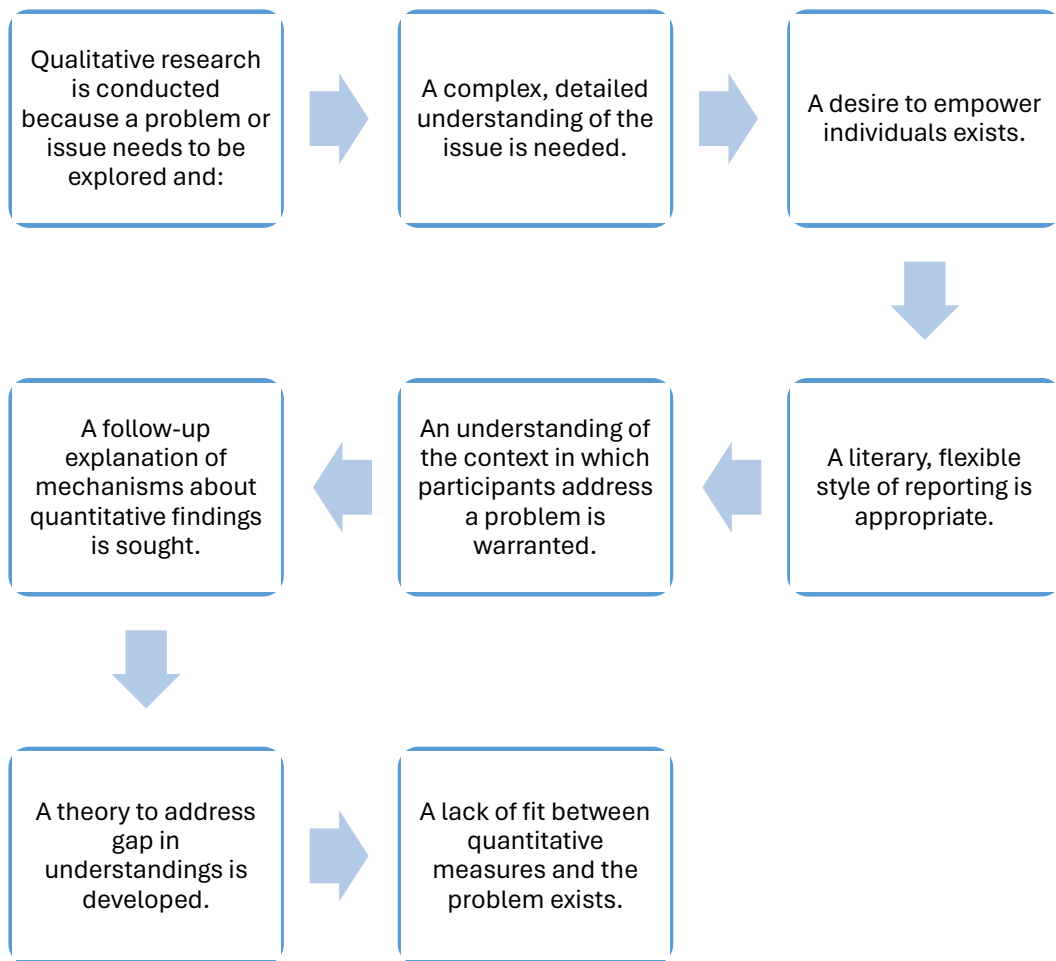
Epistemologically, qualitative research has an interpretive orientation to obtain knowledge from social realities (Bryman, 2016). Qualitative research, to obtain understanding, focuses on examining the world of individuals that are part of reality. To achieve such understanding, researchers need to holistically interpret structures, policies, culture, bonds, and the whole context of the problem that is being investigated (Grbich, 2013). Each research is different in time and boundaries, and each social problem needs to be investigated separately to understand the context. For such reasons, Grbich (2013) indicated that the extrapolation of findings through generalisation and replication to other social realities investigated through qualitative methods is unlikely.

Ontologically, qualitative research uses interpretation to see the nature of social reality. This position proposes that the nature of reality is the outcome of interactions between individuals and social entities that give meaning to the social world. Likewise, researchers are not neutral in this approach but actively construct social reality with participants (Grbich, 2013). As Denzin and Lincoln (2011) indicated, researchers need to have a close relationship with the

topic being investigated in qualitative studies. Therefore, scholars are encouraged to acknowledge their views of the nature of reality, making subjectivity valued and incorporating them as a core part of the research (Creswell & Poth, 2018; Grbich, 2013). Nonetheless, back to the origins, as Hughes and Sharrock (2016) stated, to combat criticisms for the lack of objectivity, Weber's principles of not exaggerating the findings or imposing values of researchers based on academic authority justify the validity of subjectivity in interpretivism.

Creswell and Poth (2018) indicated that qualitative research helps understand a complex problem when quantitative research cannot explain it. According to those authors, such situations include when a population needs to be investigated, voices from social actors want to be heard, people need to be empowered or when the variables for the problem are not measurable. Additionally, it is useful when researchers want to get a comprehensive understanding by talking to people in their place of origin. Some areas best investigated with qualitative research are culture, uncommon phenomena, structural processes, and historical changes (Grbich, 2013). The following figure, adapted from Creswell and Poth (2018), summarises qualitative research uses.

**Figure 4 Uses of Qualitative Research**



Source: Own design adapted from Creswell & Poth (2018, p. 85)

The qualitative method approach was selected for this research for several reasons. First, obtaining a deeper understanding of the context in which collectivist entrepreneurship takes place on the Ecuadorian coast assisted the researcher in identifying traits that have been embedded in society and influence the phenomenon. Second, providing a voice to the different actors from community associations and other kinship networks supported the empowerment of individuals to describe their histories from different perspectives. Third, as described in the problem statement, although the nature of the phenomenon is collectivist, various perspectives still examine it with views that do not fit this reality. Therefore, exploring the context that grounds this type of entrepreneurship through theoretical frameworks adapted to this reality

has assisted in better understanding the phenomenon. Finally, because subjective knowledge is important in the interpretive paradigm and qualitative research, the researcher's previous experience has helped examine the research problem further as the researcher grew up being part of a family business with great collectivist traits.

### **3.4.2. Case Study Strategy**

There are several definitions of case studies, although Denzin and Lincoln (2011) stated that not all of them are useful. Webster's dictionary defines the case study as "*an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to environment*" (Denzin & Lincoln, 2011, p. 311). The second definition presented by Denzin and Lincoln (2011) is the sociological definition stated by the *Penguin Dictionary of Sociology* that indicates that case study is:

In the detailed examination of a single example of a class of phenomena, a case study cannot provide reliable information about the broader class, but it may be useful in the preliminary stages of an investigation since it provides hypotheses, which may be tested with a larger number of cases (p. 311).

According to Denzin and Lincoln (2011), the second definition is prevalent among certain scholars, but it oversimplifies case study as a method. They consider that case study has been extensively used in various anthropological and social science articles and books. Due to its versatility for studying diverse sciences, the authors mentioned above indicated that the common-sense definition of Webster's dictionary is more accurate than others. Additionally, Creswell and Poth (2018) defined a case study as a research design using a "*qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information*" (p. 153).

Several authors have highlighted the important benefits of case studies as a research strategy. The detailed study, in-depth understanding, real-life focus, and study of the context of a problem in the place of origin are some of the important features of this strategy (Bryman, 2016; Creswell & Poth, 2018; Denzin & Lincoln, 2011; Walliman, 2015). According to Creswell and Poth (2018), the categories for the case study as a research strategy are “*the single instrumental case study, the collective or multiple case study, and the intrinsic case study*” (p. 157). Those categories focus on the boundaries of a case study for its analysis and are limited by the exploration of one or several individuals, a group or community and an entire program or activity (Creswell & Poth, 2018).

The single instrumental case study focuses on one issue in a solo bounded case to exemplify a situation or problem that may be common to different contexts or locations (Creswell & Poth, 2018). In the collective case of a multiple case study, the researcher selects one issue to explore with different units of analysis, like different cases from a single site or different cases from different sites. The researcher’s purpose in the collective case is to compare and present different perspectives on a single problem.

Denzin and Lincoln (2011) also mentioned a similar type of collective or multiple cases named maximum variation cases, in which dissimilar cases in size, form, or locations are studied. Finally, the intrinsic case is focused on itself due to its characteristics that “*present an unusual or unique situation*” (Creswell & Poth, 2018, p. 157). In this type of case, the inquirer wants to analyse its distinctiveness, and it should not be confused with the single instrumental case because, in the latter, the researcher wants to explore a common problem and not unusual

circumstances. Bryman (2016) also called the intrinsic case the revelatory case due to the information it provides.

Creswell and Poth (2018) suggested that case studies should have a detailed description of the case and the case themes. The case description may include a detailed historical and chronological description of relevant events for the case. Moreover, a day-by-day holistic study of the case and the interactions with people, events, and organisations are also forms of describing information in case studies. On the other hand, the case theme refers to the significant issues that will be investigated, not for generalising but for a complex understanding (Creswell & Poth, 2018; Walliman, 2015).

Case study as a research strategy is prone to enter complex situations that other strategies cannot. Denzin and Lincoln (2011) referred to this exploration as an intensive study that involves information with *“more detail, richness, completeness, and variance- that is, depth-for the unit of study”* (p. 253). Such real-life information may include *“participants’ lived experiences of thoughts about and feelings for a situation”* (Cohen et al., 2007, p. 253). Typically, information in case studies is obtained through unstructured interviews, direct participant observation or other techniques used in qualitative research.

Creswell and Poth (2018) suggested that the final reports of the case study *“end with conclusions formed by the researchers about the overall meaning delivered from the case written in the form of lessons or assertions from the case(s)”* (p. 155). The authors also preferred referring to these conclusions as general lessons from the case. However, they *“are called assertions by Stake (1995) or building “patterns” or “explanations” by Yin (2009)”*

(Creswell & Poth, 2018, p. 155). In any case, those assertions, patterns, or explanations configure the case study or the multiple case study and lead to the creation of themes.

Among the three types of cases, the single instrumental case study was selected for this research, as it has proven to be an effective approach to gaining an in-depth understanding of a bounded case that exemplifies a problem that is common to a context or location (Creswell & Poth, 2018) The single case study “*emphasises the holistic understanding of one unit of analysis*” (Hunziker & Blankenagel, 2021, p. 165). The unit of analysis of a single case study can be an individual, group, institution, community or country (Hunziker & Blankenagel, 2021). Hence, not because it is a single case study, it limits its focus on a single individual, nor does it compare different units of analysis, like the multiple case study (Hunziker & Blankenagel, 2021, p. 165). In the single case study, the building patterns can be found by comparing the similarities and differences between the parts that compose the units of analysis.

In this research, the unit of analysis is a single case study with a regional view. This single case study unit of analysis includes all firms participating in the business ecosystem in this Global South setting. Therefore, the single case study with a regional view is the community of Ayangue and its numerous firms, mostly engaged in tourism, hospitality and retail activities. The participation of firms in this industry responds to the fact that this community shifted its economic activities from artisanal fishing to the hospitality and tourism industry with the development of entrepreneurship in the region. More information on the case study description is available in chapter Four.

The case study as a research strategy can take different approaches to investigating a problem, and its approach is critical because it affects the whole process. Creswell and Poth (2018)

indicated that case studies can take the forms of interviews, active participation, observation, and analysis of documents and physical artefacts. For this research, deep interviews were used. While most of the forms mentioned above can provide an in-depth description of cases, deep interviews enable data collection that, after the analysis, can provide thick and rich descriptions of the investigated case. Dense and detailed descriptions are desirable for reporting case study research findings (Cohen et al., 2007; Patton, 2015). This research has benefited from the attributes of this form of case study due to the density of information it has provided.

Deep interviews are usually unstructured, allowing the researcher to have a flexible interview for inquiring about the research topics. The flexibility of deep interviews attracts researchers to this form of collecting data in qualitative research (Bryman, 2016). Through deep and unstructured interviews, the researcher can include new questions that arise through the dialogue with participants. This characteristic is significant for investigating cases that still have limited knowledge or need further information for constructing patterns of cases based on social theories. Typically, case studies that use deep interviews record information through “*field notes, transcriptions, digital files*” (Creswell & Poth, 2018, p. 217).

Concluding, the case study research strategy that takes the form of deep interviews has great flexibility for conducting research, but the researcher should be well informed on the topics and context that is investigated (Bryman, 2016). Through that knowledge, a particular order emerges during the interviews, creating a comprehensive dialogue between participants and the researcher. The researcher of this thesis is familiar with the topic and context of this research due to his previous personal and professional background in family entrepreneurship with strong collectivist nuances. Such knowledge contributed to the required flexibility for this type

of study, which translated into generating meaningful information for case analysis. The emerging information and its analysis also assisted the researcher in responding to the research question and supporting existing and new knowledge about entrepreneurship as a research area with a focus on the Global South.

### **3.4.3 The Role of the Researcher**

In qualitative research, the inquirer is considered a means of data collection (Simon, 2011). This role leads to thinking about biases, values, methodologies, and other beliefs the researcher brings to the investigation as part of their experience. Awareness of the researchers' position requires them to be conscious that they will try to see the world of others and interpret their words through their lenses (Grbich, 2013). Acknowledging one's ontological position about the research topic is essential in the qualitative research approach.

The researcher position in qualitative research is the melding of participants' and researchers' views, a fusion that leads to inexorable biases (Hatch, 1996). Consequently, participants' and researchers' voices and views must be transparent. The role of the researcher in achieving transparency is to replace their dominant academic position by giving social actors a voice in the research process (Grbich, 2013). This recognition is essential for scientific validity in the interpretive paradigm. The introspective work of interpretive researchers emerged from the postmodernist debate about the role of researchers in creating knowledge through subjectivities (Bryman, 2016).

The case study uses different interpretive techniques to collect information, analyse data and present research findings. Some include observation, deep interviews, ethnography, case

descriptions, and narrations (Creswell & Poth, 2018). Regardless of the strategy, a reflective process when studying, observing, and narrating research findings from social realities represents the nature of reality from both the view of participants and the interpretation of the researcher. The reflective process is associated with transparency and balanced positions about the nature of reality. The researcher should keep a sustained reflective position throughout the investigation to balance the research process.

### **3.5 Methods**

#### **3.5.1 Data Collection**

As mentioned in the previous section, the research strategy for this thesis is a single case study. This type of case has been selected because it provides an in-depth analysis of a problem that leads to building the case patterns by comparing similarities and differences between the units of analysis (Hunziker & Blankenagel, 2021). Data collection in qualitative research often uses various methods, such as interviews and observation, among other techniques (Creswell & Poth, 2018).

Before collecting data, the preparation process involves essential considerations to protect participants' confidentiality and integrity. Data collection requires researchers to get access and permission to collect sensitive and personal information about other human beings. The researcher should address a planned sampling scheme, appropriate ways for recording and saving data, and a confidential and secure way to store information of participants, among other methodological aspects.

Data collection in qualitative research involves different stages, which Creswell and Poth (2018) detailed very concisely. First, the research stages include the selection of a site or an individual for conducting the research. Second, the process requires obtaining access and creating empathy with the interviewees to get appropriate information. Then, the next step involves establishing a purposeful sampling for data collection. Finally, the last stages involve recording fieldwork information, preventing issues, and safely saving the data.

Flexibility throughout the research process is one of the most critical characteristics of qualitative research during data collection. Flexibility is crucial when using unstructured interviews. After selecting the site and individuals, the researcher needs to choose the most suitable method for collecting data and prepare a well-established but flexible plan. Such decisions affect the research process; therefore, special attention has been given to selecting the site, individuals, and methods for collecting data. The site selection for this investigation was based on the researcher's previous experience in the geographic area of study and its relevance to the topic.

The research was conducted in the village of Ayangué, an Ecuadorian site where the researcher and colleagues had previously done relevant research on the use of coastal areas for socioeconomic and recreational activities (Ricaurte-Quijano et al., 2019; Ricaurte Quijano et al., 2019) and on the informal tourism firms that operate in the area (Pécot et al., 2018). The previous experience enabled the researcher to identify the vibrant business activities of dozens of informal tourism firms in coastal Ecuador, which have tremendous implications for the local economy, job creation, and income generation. Therefore, the researcher's prior knowledge about the place and the economic activities has created a solid foundation and rapport with the

community to research a significant topic. The complete description of the case is presented in chapter Four.

As mentioned above, this research uses a single case study because this strategy enables an in-depth analysis of a common problem occurring in a particular context and location. Using a single case study strategy to observe the similarities and differences within the unit of analysis (Hunziker & Blankenagel, 2021) led to building the case patterns through the voices of different participants. Bernard (2013) and Creswell and Poth (2018) suggested that interviews are among the most popular, flexible and versatile data collection methods for this type of case study.

Structured, semi-structured and unstructured interviews are three formats used in case studies. All of them are effective tools for collecting information through conversations. However, they work in different ways depending on the nature of the research. Structured interviews work well in quantitative or descriptive research that uses mathematical procedures for analysing social phenomena. Their structured format allows replicability and generalisation, which have been particularly efficient for identifying common patterns in large or diverse groups of populations. Conversely, semi-structured and unstructured interviews are associated with qualitative research methods that embrace subjectivity and flexibility for understanding social phenomena. Although both have different degrees of flexibility, their use varies according to the nature of the research.

Semi-structured interviews work better in explanatory research with previous theoretical foundations or are an extension of quantitative works requiring further subjective

understanding. The semi-structured format allows a certain degree of freedom, but they follow a structure based on previous facts or assumptions about the phenomenon that acts as a framework for the interview. On the other hand, unstructured interviews are helpful for exploratory research of a new social phenomenon or one with insufficient theoretical understanding. The free format of unstructured interviews allows the researcher to navigate open and dense dialogues. While both types of interviews are flexible and take subjective approaches, unstructured interviews promote a dense dialogue that can lead to identifying unexpected or unique findings, and rarity increases value in qualitative research (Patton, 2015).

Entrepreneurship as a scientific area still lacks consensus on its research focus (Bruyat & Julien, 2001; Davidsson, 2016; Gartner, 1990; Landström et al., 2012), and its nature in the developing world have also been questioned (Fields, 2019; Gindling & Newhouse, 2014; Margolis, 2014). Therefore, this research has benefited from the characteristics of unstructured interviews to explore the research problem (See Appendix A). The free-flow format of unstructured interviews assisted in collecting information during the conversations. Unstructured interviews are the typical way of collecting extensive data from the units of analysis in the case study (Creswell & Poth, 2018).

This thesis was conducted during the COVID-19 pandemic; hence, this situation impacted the data collection process. Due to the major disruptions in international travel, border closures and internal movements caused by the pandemic, field research was shifted to online qualitative research, whose use has been extensively described and fostered by Bryman (2016) and Grbich (2013). Hence, this part of the research represents the rapid acceleration of the use of online tools for academic purposes prompted by the pandemic.

In this thesis, the online qualitative research took the form of in-depth interviews through a video and audio call tool. With support on the ground for the logistics and help from the community leaders, each participant was contacted for the interviews. Once participants were contacted, interviews were conducted online following the guidelines of direct dialogue and trust-building between the interviewer and participants (Bryman, 2016). The interviews included an introduction to the research, an explanation of consent and voluntary participation, the actual interview and closure. One way to build this trust during the online interviews was to acknowledge the interviewer's prior and subjective knowledge of the area. In particular, it was emphasised that the researcher had visited the area several times for previous research work, recognising the entrepreneurial practices of the participants. This valuable prior experience catalysed rapport between the interviewer and interviewees and contributed to conducting interviews with empathy, trust and flexibility (Creswell & Poth, 2018). The information was recorded and stored using the M4A format, which enables advanced audio coding.

Although it might be thought that the absence of personal contact during the interviews might affect the trust-building process to obtain meaningful and in-depth information, this was not the case, as subjective knowledge helped to overcome this barrier. On the other hand, it was not necessary to resort to other types of data collection, such as document analysis or direct observation, as the interviews represented a way to obtain deep and meaningful information (Bryman, 2016). Since this research adopted the market creation function approach to study entrepreneurship, interviewing business owners was sufficient to obtain information, as it is the entrepreneur and not other stakeholders who fulfil this function (Davidsson, 2016). In

addition, during the interviews, open dialogue and flexibility allowed the questions to be redirected to certain important areas that emerged during this process. Hence, the flexible interview was the best data collection method.

Summarising, the unstructured interviews align with the single case study strategy and qualitative research. They are also in line with research topics that require exploratory research. Finding unique facts through the free-format dialogue of unstructured interviews makes it valuable for an in-depth understanding of social phenomena under construction. Therefore, considering the debate on entrepreneurship as a research area and its nature in the Global South, unstructured interviews were the best technique to gather information and obtain meaningful knowledge for this research.

### **3.5.2 Sampling**

Bryman (2016) indicated that, as part of the case study as a research strategy, the researcher needs to select a bounded system for the investigation. In the case of this research, such boundaries are both geographical and contextual. The geographical boundary refers to the location, which for this work is the village of Ayangue, on the Ecuadorian coast, as a region of the Global South. At the same time, the contextual boundary means that the cases should have a central theme in common. The contextual boundary that shapes the central theme of this research is entrepreneurship, with cases of locally owned businesses of community members belonging to different generations of entrepreneurs.

The type of sampling for social research varies in both qualitative and quantitative research. Purposeful sampling is often considered one of the most adequate types of sampling for investigating cases using a qualitative approach. In purposeful sampling, researchers handpick cases that fulfil the specific criteria they want to explore (Cohen et al., 2007). The benefits of this sampling type are that researchers select specific cases that they subjectively believe can provide meaningful information for the study. This subjective decision is coherent with interpretivism's ontological and epistemological attributes as a research paradigm. However, the researcher should justify that decision by expressing the criteria that every unit met to be part of the study.

This type of sampling is non-probabilistic; therefore, those who form part of the sample are more susceptible to contributing to the research (Bryman, 2016). However, purposeful sampling also involves other strategies for selecting units that will be part of the case study. Procedures like convenience, opportunistic, volunteer and snowball sampling are among the most common strategies for sampling in the qualitative research approach (Cohen et al., 2007). Snowball sampling is a purposeful and non-probability sampling widely used for case studies because it provides new participants through the nomination of others. Snowball was the appropriate sampling type for this research because, through new nominations, more participants were part of the study.

This research benefited from this sampling method to select participants because *“there is a much better ‘fit’ between snowball sampling and the theoretical sampling strategy of qualitative research than with the statistical sampling approach of quantitative research”* (Bryman, 2016, p. 203). Therefore, as a purposeful method, snowball sampling facilitated

contact (Cohen et al., 2007) with participants who met the case study boundaries: entrepreneurs who own businesses and are from the region. Furthermore, the researcher's subjective knowledge of the region facilitated contact with association leaders who, after the initial interaction, referred other participants through snowball sampling.

Thanks to snowball sampling, the research started with a small group of participants, which subsequently allowed the researcher to find a rich chain of information sources through new and more interviewees. Interestingly, the business activities of most of the entrepreneurs selected through snowball sampling were related to hospitality, tourism, and retail trade, which are the main economic sectors in the region (Gobierno Autónomo Descentralizado de Colonche, N.D). The selection of participants in these economic activities responded, on the one hand, to the predominant engagement of businesses in these sectors and, on the other hand, to the subjective knowledge of the researcher with his previous research experience in the area.

Regarding the sample size for the case study, Creswell and Poth (2018) suggested that they prefer to include four to five units for analysis. Likewise, Walliman (2015) suggested that selecting a small number of units is helpful. Bryman (2016) also supported the idea of a small sample for the case study because the purpose is not to generalise but to study a case intensively. The author also suggested that the sample size in qualitative research is often a problem for researchers, but one of the criteria that can be useful for sampling size is the saturation of information obtained from participants. Regarding the number of cases, Bryman (2016) also mentioned that between twenty and thirty interviews are needed for case studies.

Scholars have no explicit agreement regarding the number of units for the case study. Bryman (2016) indicated that the sample size should not be too big that it is impossible to conduct an in-depth case analysis, nor too small that theoretical saturation is impossible. Based on the statements of Bryman (2016), the researcher conducted twenty-two interviews, but one was not a valid case of entrepreneurship; therefore, this thesis had twenty-one cases for the study. The twenty-one cases represent the point at which saturation was reached and data collection ended.

Summarising, the identification process of participants was based on the researcher’s previous research experience, which enabled him to identify and contact leaders of the community’s associations of entrepreneurs, who became the initial key informants. Using the snowball sampling technique, new participants were invited to participate in this research. Table 5 summarises the interviews conducted with participants. It also shows the primary and secondary business activities that each participant performs.

**Table 5 Summary of Interviews**

<b>Case Number</b>	<b>Main Business Activity</b>	<b>Secondary Business Activity</b>
Participant 001	Restaurant	Tour Operator
Participant 002	Beach equipment rental	Restaurant
Participant 003	Cocktail bar	Restaurant
Participant 004	Bakery	Not applicable
Participant 005	Convenience store	Restaurant
Participant 006	Tour Operator	Restaurant
Participant 007	Beachwear shop	Not applicable
Participant 008	Minimart	Variety Store
Participant 009	Restaurant	Not Applicable
Participant 010	Pizzeria	Beach equipment rental
Participant 011	Convenience store	Not Applicable
Participant 012	Pharmacy	Not Applicable
Participant 013	Cafe	Not Applicable
Participant 014	Minimart	Small Farm
Participant 015	Fast Food Restaurant	Variety Store
Participant 016	Sewing Workshop	Clothing Shop, Restaurant

Participant 017	Tour Operator	Not Applicable
Participant 018	Convenience Store	Hostel
Participant 019	Cocktail Bar	Not Applicable
Participant 020	Cocktail Bar	Not Applicable
Participant 021	Cocktail Bar	Not Applicable

Source: Research Data

### 3.5.3 Data Analysis Method

Thematic analysis, grounded theory, and analytic induction, also called analytic content, seem to be the most traditional methodologies for qualitative analysis (Cohen et al., 2007; Gindling & Newhouse, 2014; Grbich, 2013). However, each has different rules that researchers follow when doing qualitative analysis. Bryman (2016) suggested that grounded theory is functional when limited theoretical knowledge is available. Additionally, grounded theory is also relevant when the researcher wants to investigate specific interactions within social actors that cannot be explained through existing theories.

In a supplementary fashion, analytic induction helps explore universal conditions for a phenomenon that is currently happening. It creates a provisional hypothesis to respond to the research questions by exploring cases framed under that hypothesis. Data collection ends if no deviant cases are found (Bryman, 2016). However, if a negative or deviant case is found, the researcher needs to refine the hypothesis and include that case or cases, or even reformulate the hypothesis and continue collecting data. The process ends when no new deviant cases arise from the provisional hypothesis.

Although thematic analysis is one of the most used techniques for qualitative analysis, it is relatively new compared to other methods. However, thematic analysis has proven to be a

powerful method for qualitative analysis (Bryman, 2016). It is especially useful for analysing and organising tremendous amounts of information that later leads to emphasising the themes of the case or phenomenon being investigated. Besides, it is more flexible and adaptive to distinct data types than other methods. Therefore, due to the advantages of this technique, it was the method used for the analyses of data in this research.

In general, thematic analysis involves identifying themes through categorising data in a matrix that organises and synthesises the information (Bryman, 2016). Through that process, themes and subthemes that work as frames are created. Themes resonate with coding used in other methodologies, but they are different. Moreover, coding is also part of thematic analysis (Braun & Clarke, 2006; Ryan & Bernard, 2003).

The identification of themes results from reading and reviewing annotations, transcripts, and other types of records from the field research. After this process, frequent topics create the themes of the case. Once they are created, the information is read and reviewed again to continue assigning the information to the matrix, which Bryman (2016) indicated “*closely resembles an SPSS spreadsheet with its display of cases and variables*” (579). The thematic analysis allows exhaustive evaluation of information that later allows for generating patterns of the cases. All these characteristics made this technique the most appropriate method for analysing the data of this research. Braun and Clarke (2006) created a process of six phases for doing thematic analysis. Table 6 summarises the phases that were applied for doing the thematic analysis in this study:

**Table 6 Phases of Thematic Analysis**

Phase	Description of Process
1. Familiarising yourself with your data	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes	Coding exciting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Source: Adapted from Braun & Clarke (2006, p. 87)

Codes, as part of the thematic analysis, are labels that encapsulate significant ideas under different tags (Cohen et al., 2007). This thesis uses first-order codes and second-order themes as part of the coding phase. First-order codes correspond to single parts of the data that are fragmented and examined, while second-order themes are broader categories that group the first-order codes.

This research used Nvivo software for coding as part of the data analysis (See Figure 5). Coding was applied to data until theoretical saturation, meaning the information could no longer be assigned to a new open or selective code. Subsequent reviews were made to confirm that, on the one hand, all relevant data had been assigned to the existing codes, no information was left

uncoded, and, on the other hand, to ensure that the theoretical saturation had been reached. This review was applied to both types of codes, open and selective.

The latter phases correspond to the process of searching, reviewing, and defining themes (Braun & Clarke, 2006). One of the most significant contributions to identifying themes is the work of Ryan and Bernard (2003). The definition created by those authors is crucial because it was based on a detailed classification for theme identification. Following is a summary of the categorisation created by the authors, which was used in this research due to the advantages it offers for theme identification:

- Repetitions: This refers to identifying repetitive topics like ideas, feelings, and opinions, among other expressions mentioned in the interviews.
- Indigenous Typologies or Categories: These refer to local or colloquial expressions in the interviews.
- Metaphors and Analogies: These represent examples in which participants communicate ideas based on metaphors or analogies.
- Transitions: Transitional phrases or words between ideas in the interviews.
- Similarities and Differences: Detecting similarities and differences in participants' narratives. This activity is vital for the analysis of contrasting cases. Glaser and Strauss (1967) described the revision of similarities and differences as a constant comparison of information. Cohen et al. (2007) indicated that constant comparison refers to the process of comparing new and existing data and stopping comparing after all the information has been assigned to a theme. According to the author, constant comparison *“resonates with the methodological notion of triangulation”* (Cohen et al., 2007, p. 493)

- Linguistic Connectors: This is the identification of linguistic connectors used by interview participants.
- Missing data: The detection of missing information in the interviews that participants have not expressed for different reasons.
- Theory-Related Material: Information related to existing knowledge or theories.

From all the above criteria, detecting repetition is probably the most important step for identifying themes. In this regard, Bryman (2016) indicated that “*an emphasis on repetition is probably one of the most common criteria for establishing that a pattern within the data warrants being considered a theme*” (580). However, this is not a mechanical process, meaning that repetition is insufficient to identify the most important theme or sub-themes to address the research questions. It requires further analysis from the researcher to identify which themes or sub-themes respond to the research question.

The last phase of theme identification refers to reporting the theme or themes of the cases. Patton (2015) suggested that the process of qualitative analysis involves reducing giant proportions of irrational data to significant structures that hold, reveal, and communicate the essence of the findings. A thick description is the bedrock for reporting qualitative analysis in a case study. Patton (2015) indicated that “*well-constructed cases studies are holistic and context sensitive*” (p. 535). Case studies can have different units of analysis according to their approach. Since in this research, the single case study with its numerous firms is the unit of analysis, the findings are reported using a single case approach.

Regardless of the case approach, Patton (2015) suggested that the *“tone, length, format, form structure, and format of the final case presentation depend on audience and study purpose”* (p. 537). Similarly, Cohen et al. (2007) indicated that the case study report is ruled *“by the twin notions of fitness for purpose and fitness for audience”* (p. 262). Nonetheless, the superstructure of the case study always has a dense description of the case and context.

The case study report has an in-depth analysis of supporting evidence, explanations for different patterns and themes, and the overall conclusions of the research. This investigation report follows the twin notions of fitness for purpose and audience stated by Cohen et al. (2007). Namely, this research reports the findings using the case study format and the doctoral thesis regulations of the University of Waikato.

To summarise, this research has used thematic analysis to analyse the data obtained through the case study strategy. The six-phase thematic analysis created by Braun and Clarke (2006) was applied to the study. Open and selective codes were used to identify important issues that assisted in identifying the themes of the cases. After finishing the six-phase process of thematic analysis, the identification of themes and patterns of the cases was supported by the process created by Ryan and Bernard (2003) for this purpose. The aim of this process was that the data could support existing theories and the generation of new theories. The final report adhered to the fitness of purpose and the fitness of the audience and used a dense description of the cases. Figure 5 shows the coding process using Nvivo software that helped create the themes of this thesis.

**Figure 5 Data Analysis Using Nvivo**

The screenshot shows the Nvivo software interface with a 'Codes' table. The table has columns for Name, Files, References, Created on, Created by, Modified on, and Modified by. The 'Labour poolin' code is highlighted in blue.

Name	Files	References	Created on	Created by	Modified on	Modified by
Community	0	0	12/6/2022 12:33 PM	JEGV	6/21/2023 6:25 PM	JEGV
Associations	8	19	12/6/2022 5:05 PM	JEGV	6/21/2023 4:59 PM	JEGV
Evolutionary T	4	5	12/12/2022 11:51 AM	JEGV	6/21/2023 5:00 PM	JEGV
Resource Prov	9	14	12/6/2022 1:05 PM	JEGV	12/8/2022 5:54 PM	JEGV
Entrepreneur	0	0	12/6/2022 12:32 PM	JEGV	12/6/2022 6:34 PM	JEGV
Evolutionary C	0	0	4/11/2023 5:43 PM	JEGV	4/11/2023 5:43 PM	JEGV
Resource Prov	0	0	4/11/2023 5:40 PM	JEGV	4/11/2023 5:40 PM	JEGV
Venture Creati	0	0	4/11/2023 5:34 PM	JEGV	4/11/2023 5:34 PM	JEGV
Family	0	0	12/6/2022 12:37 PM	JEGV	12/6/2022 12:37 PM	JEGV
Evolutionary T	7	10	12/6/2022 1:10 PM	JEGV	10/15/2023 11:40 PM	JEGV
Family Entrepr	11	20	12/6/2022 5:10 PM	JEGV	10/15/2023 11:39 PM	JEGV
Family Suppor	10	12	12/6/2022 6:37 PM	JEGV	3/17/2023 10:41 PM	JEGV
Labour poolin	14	19	12/6/2022 1:12 PM	JEGV	12/9/2022 11:35 AM	JEGV
Resource Prov	7	7	1/31/2023 12:54 PM	JEGV	10/15/2023 11:39 PM	JEGV

Source: Research Data using Nvivo

### 3.5.4 Ethics

A well-planned strategy and protocols for data collection are vital for the whole research process. Part of the protocols for collecting data in qualitative research, as in any approach, includes ethical considerations. When using methods such as observation and interviews, protocols should be addressed and anticipated from the beginning. This activity is essential because the process will uncover behavioural facts of other human fellows, such as feelings, emotions, needs and interactive influences during data collection (Bernard, 2013).

Creswell and Poth (2018) suggested that ethical considerations should include respect for persons, concern for the welfare of other humans and justice. Those three principles are particularly important for doing research that involves human beings. The principle of respect involves gaining permission to collect information from the interviewees and managing that

information discretely and confidentially. Second, the welfare principle consists of minimising the risk for participants and creating balanced reciprocity for them. Finally, the principle of justice comprises providing fair treatment to participants and increasing inclusiveness. Researchers should avoid creating unrealistic expectations to avoid deception or even frustration in participants after finishing the research.

This research followed the ethical guidelines for academic research of the University of Waikato. Before starting the data collection, all interviewees invited to participate in this research were informed about the academic objectives of this work. They were requested to participate freely and without any coercion. After accepting the invitation, they were asked to read a form and give their written consent (See Appendix B). They also received a Participant Information Sheet containing an overview of the research (See Appendix C). The document also provided information on the role of each participant and the approximate time required for their participation. Information about the use that their data would have in this research and the confidentiality policy was also provided to participants.

Likewise, participants were informed from the beginning that there were no economic incentives, gifts, or remuneration for participating in this research. This information was mentioned to avoid misunderstandings, unrealistic expectations, or deceitful perceptions in participants. On the other hand, they were also informed that their names or sensitive information about their identity would be protected to guarantee the confidentiality policy. Participants were informed that all their data would be stored anonymously and securely to avoid risks. Additionally, participants were informed about the exclusive academic use of their

data and future publications in a doctoral thesis and scientific articles as academic outcomes of the research. Finally, respectful and inclusive language was used during the whole process.

### **3.6 Conclusions of the Chapter**

Throughout this chapter, the philosophical foundations of social research have been reviewed. First, from an ontological and epistemological perspective, the research paradigms show different positions of how researchers see and obtain knowledge from social realities. The well-known objective and subjective dimensions of research were reviewed, as well as the sociological dimensions of research that configure the paradigms. The sociological dimensions represent the meta-theoretical goals social scientist want to achieve through their work. As mentioned above, the sociology of regulation and the sociology of radical change, together with the objective and subjective dimensions, configure the functionalist, interpretivist, radical humanist, and radical structuralist paradigms stated by Burrell and Morgan (1979).

Several authors have extensively worked and refined the research paradigms that Burrell and Morgan (1979) stated decades ago (Bryman, 2016; Cohen et al., 2007; Creswell & Poth, 2018; Denzin & Lincoln, 2011; Walliman, 2015), generating a positivist and anti-positivist dualistic position. The positivism position originated in the Comte tradition and has dominated the scientific arena of scholars who have seen reality objectively and obtained knowledge through naturalistic methods. On the other hand, anti-positivism paradigms have prevailed in scholars who have seen the world through subjective views. The interpretive paradigm originally studied by Weber has largely been positioned among these scholars (Hughes & Sharrock, 2016).

Beyond the positivist and interpretive paradigm, critical theory is another paradigm that has also been positioned among some anti-positivist scholars. Although interpretive researchers and critical theorists see the nature of reality as subjective, they have different meta-theoretical goals. The most significant difference is that critical theorists see a subjugated reality and want to change social arrangements from historical structures that have created domination in human society. The positivist, interpretive and critical theory paradigms are three well-positioned worldviews for researching the social sciences.

Undoubtedly, there is no better paradigm than another. Each paradigm represents the philosophical position of researchers, and every researcher selects one paradigm consistent with their worldview. In the case of this research, the interpretive paradigm was the adequate worldview for this work because it enabled the researcher to see the nature of reality subjectively and interpret the whole context. Therefore, interpretivism assisted the researcher of this thesis in obtaining meaningful knowledge through subjective lenses about a collectivist entrepreneurship model in coastal Ecuador, a region in the Global South.

This thesis has adhered to a qualitative approach because that methodology is coherent with the interpretive paradigm. The qualitative approach interprets words and not numbers as part of the process. Therefore, interpretive researchers try to obtain meaning from the words that arise during the dialogue with participants. The interpretation of words generates rich and thick information that leads to obtaining an in-depth understanding of the investigated social phenomenon.

Consistent with the qualitative approach, this investigation has used the case study as a research strategy. This strategy was selected because the study required in-depth information on the

reality of the collectivist type of entrepreneurship. In this research, data collection used in-depth unstructured interviews. Due to significant disruptions caused by the COVID-19 pandemic, field research was switched to online qualitative research, accelerating the adoption of online techniques for scientific purposes fostered by authors like Bryman (2016) and Grbich (2013).

With some ground support for the logistics, data was collected through unstructured interviews using a video and audio call tool. Interviewees were selected using the snowball technique as the sampling method. Thus, after each interview, a new participant was successively referred. The number of interviews was twenty-two, but one was not a valid case of entrepreneurship, bringing the valid cases of participants to twenty-one. This number reflects the theoretical saturation factor that made the data collection end.

Thematic analysis using first-order codes and second-order themes was used to analyse the data, which later led to the creation of case themes. Repetition and constant comparison assisted in creating the themes of the case. Both processes are the most traditional way to create themes and compare information in thematic analysis (Bryman, 2016; Ryan & Bernard, 2003). Constant comparison of similarities and differences involved frequent data revision as part of the process. These techniques assisted the researcher of this thesis in creating the themes for this case study.

Finally, the case study report followed the twin notion of the fitness of purpose and fitness of the audience. The fitness of purpose means that the report followed the structure for reporting the themes of the case. At the same time, the fitness of the audience means that the report followed the thesis guidelines for Doctoral candidates of the University of Waikato. The

findings of the case and report of this work assisted in supporting existing theories of entrepreneurship with a perspective of the Global South. The following chapter centres on the context of the study of Ecuador as a region of the Global South.

## **CHAPTER FOUR**

### **CONTEXT OF STUDY: ENTREPRENEURSHIP IN COASTAL ECUADOR**

#### **4.1 Introduction**

This chapter presents an overview of Ecuador's geographical, demographical, developmental, and entrepreneurial aspects. It also discusses the context in which collectivist entrepreneurship occurs in coastal Ecuador, a region in the Global South. The context description is fundamental in social science research and is even more critical when using the interpretive paradigm as a worldview with a case study strategy. Throughout the following sections, those aspects are presented to obtain a holistic picture of the context.

#### **4.2 Geographical Background**

Ecuador is located in the northwestern part of the South American continent (See Figure 6). Despite its small territorial size compared to other Latin American countries, the nation is one of the 17 most megadiverse countries on earth (Celi & Villamarín, 2020). Consequently, it is not surprising that it has called the attention of notable scientists during the past centuries. Due to its location, the French natural scientist and mathematician Charles-Marie De la Condamine visited the country to measure the circumference of the planet in what now is Ecuador; it was there that the imaginary equator line was measured for the first time (Kenneth, 2020). The nation was named after the discovery of La Condamine of the equatorial line.

**Figure 6 Geographical Location of Ecuador on the World Map**



Source: Adapted from OnTheWorldMap (2023)

Likewise, Alexander Von Humboldt explored the nation, where he made several discoveries during his scientific missions (Kellner, 2020). Through his explorations to the peaks of the Andes, he studied the effects of the lack of oxygen on human health. While in the sea area, he studied the maritime current of the Pacific Ocean, which is named after him, that profoundly impacts the marine and terrestrial ecosystem of both continental Ecuador and the Galapagos Islands. Finally, Charles Darwin made important discoveries about the Galapagos Islands' unique fauna, catapulting the archipelago as one of the world's most biodiverse hotspots on earth (Encyclopædia Britannica Inc, n.d.). These scientific missions significantly influenced modern Ecuador as a biodiverse place on Earth for agriculture, fishing, tourism, and conservation.

The country's four natural regions are the Amazon Forest, the Andes range, the Pacific Coast, and the Galapagos Islands. The Amazon region is in the eastern part of the territory, neighbouring the country's extensive border with Colombia and Peru. The highly steep Andes range crosses the country from north to south and is the central part of the nation. The Pacific shore and alluvial plain border the Pacific Ocean at the most western tip of both mainland Ecuador and the South American continent. Finally, the Galapagos archipelago is 1000 km from the South American continent in the middle of the Pacific Ocean. The geographic location, topography, marine currents, and other climate factors have profoundly influenced the land use and productivity of the nation.

The availability of natural resources plays a significant role in the Ecuadorian economy and productivity. The scarcely populated Amazon region is a major contributor to the Ecuadorian economy through oil reserves and extraction. The fertile coastal plain concentrates big-scale shrimp, banana production, and other agricultural products for international trading. Artisanal and industrial fishing are other significant activities on the Pacific shores.

On the other hand, the Andes region is rich in mineral resources such as gold and other metals. In the Andes region, the landscape plays a significant role in international tourism, and the fertile terrain also does so for the flower industry. Tourism and conservation are part of the few activities permitted in the Galapagos Islands, together with non-invasive artisanal fishing due to their exceptional yet fragile marine and terrestrial environment. Tourism, agriculture, and extractive activities have made the nation rely heavily on its natural resources. However, access to resources, land use and distribution are still complex problems in Ecuador.

This case study is located in coastal Ecuador, in the small town of Ayangue in Santa Elena province. Ayangue is 2 hours by car from the coastal city of Guayaquil and 8 hours from Quito, Ecuador’s capital, the two largest metropolitan areas in the country. Likewise, Ayangue is 30 minutes away from La Libertad, the biggest city in Santa Elena province. Section 4.8 presents detailed information on the case study site. The following map shows the location of Ayangue on the Ecuadorian map, where this case study takes place.

**Figure 7 Ayangue on the Ecuadorian Map**



Source: Adapted from OpenStreetMap (2023)

The following sections examine demographic, political and economic issues that have affected equal access to resources and development for the country’s population.

### **4.3 Demographical Background**

The Ecuadorian population is diverse, with Mestizos, a mixed person of Indigenous and European origins, the largest ethnic group dwelling in the country's four regions. According to Villacís and Carrillo (2012), as of the 2010 census, Mestizos represented 71.9% of the population, followed by Montubio with 7.4%, who is a person from the Ecuadorian coast of any ethnic origin (Roitman, 2008). Other minority groups are African-Ecuadorian 7.2%, Indigenous 7%, and White 6.1% (Villacís & Carrillo, 2012). While these demographic data may seem outdated, it is essential to mention that the official sources of the Institute of Statistics and Census (or Instituto Nacional de Estadísticas y Censos in Spanish) record that the last population census was conducted in 2010.

Similar to other countries in Latin America, the Ecuadorian population is highly urbanised (Abramo et al., 2016). Historically, the Pacific Coast has been the region that hosts the greatest percentage of the Ecuadorian population. As of the last census of 2010, 49.96% of the population lives in the coastal region, while 44.53% lives in the Andes region (Instituto Nacional de Estadísticas y Censos, 2010b). Only 5.10% of the population lives in the Amazon region and 0.17% in the Galapagos Islands.

The World Bank (2023) estimated that the 2022 gross domestic product per capita or GDP PP was USD 6,391.3 per annum. The GDP PP of Ecuador was lower than the average of USD 9,474.5 in Latin America and the Caribbean. Ecuador's GDP PP in 2023 is about the same as that of other middle-income countries worldwide, with an average of 6,388.2 (The World Bank,

2023). This data positions Ecuador as a middle-income country, but it is far from reaching the average GDP PP of USD 49,430.3 in high-income countries.

Likewise, in Ecuador, the distribution of national wealth among the population is unequal. Inequality is especially greater among the rural population than among the urban population. In a survey conducted by Instituto Nacional de Estadísticas y Censos (2023), rural poverty was 49.9%, urban poverty was 18%, and the average national poverty rate was 27%. This survey defined the poverty line per person at or below USD 89 per month. The survey also showed that the national average of extreme poverty per person was 10.8%, which means that a person earns less than USD 50.32 monthly (Instituto Nacional de Estadísticas y Censos, 2023). Given that this is a survey and not a census, the poverty figures in this data could be subject to variations.

The Ecuadorian population represents 2% of the Latin American population, but the country is one of the most populated nations in the region per km<sup>2</sup>. Internal migration from rural areas to urban settlements is similar to the urbanisation trends of other Latin American countries, where 80% of the population dwells in cities (Abramo et al., 2016; Dufour & Piperata, 2004). Quito, the capital, offers employment opportunities in the governmental sector and multinational firms with a presence in the country (Mendoza et al., 2021). Guayaquil is a port and hub for importations and exportations and offers jobs related to commerce and banana exportation (Mendoza et al., 2021). Additionally, better services and infrastructure, like international airports, educational services, and health facilities, among other factors, have attracted people from small cities and rural areas to migrate to these two cities.

#### **4.4 The Political System**

Ecuador is a democratic republic with a unitary and presidential state system. The government is divided into three branches: the executive, the legislative, and the judicial powers. As the head of the state, the president of Ecuador represents the executive power and is elected through a direct presidential system for four years. The Ecuadorian National Assembly represents the legislative power; it is a unicameral system with 137 seats representing the population of the 24 provinces plus the Ecuadorian diaspora living overseas. Finally, the judicial power includes the Supreme, Provincial and Constitutional Courts.

Like other countries, Ecuador's internal organisation is dynamic and has had several modifications since its creation in 1822. The last reorganisation occurred in 2007, bringing to 24 the total number of provinces of the nation. In addition, 224 cities and 1021 districts form the nation's internal subdivisions (Barrera et al., 2015). The polarisation of the nation into two big cities that centralise political and economic powers is slightly changing due to the existence of different urban conglomerations across the country (Barrera et al., 2015). To overcome such polarisation and create a more balanced situation, the national government designed a master plan for decentralising the competencies of regional governments; however, the real benefits of that document on both the political and economic systems are yet to be seen in many peripheral provinces (Torales & Vásquez, 2019).

Similar to other Latin American countries, corruption and political instability are two significant descriptors of some of the main problems inherent to the country (Morris, 2004). The high levels of corruption in Latin America are associated with low levels of development and inequality. In the case of Ecuador, corruption in the political system has resulted in political

scandals, illicit enrichment, and diversion of public funds. In the political arena, anti-corruption legal actions have led several former presidents to be prosecuted since the 90s (Conaghan, 2012). In the economic scenario, corruption has hampered private investments, especially from overseas, directly impacting the national economy.

The Global Corruption Index (GCI) in 2022 ranks Ecuador 101 out of 180 countries (Transparency International, 2022). Ecuador obtained a modest score of 36 out of 100 in the GCI, while the best-scored country, Denmark, obtained 90 out of 100. In the Americas, the regional average GCI is 43 out of 100. Canada, Uruguay, the United States, and Chile obtained the highest scores as the less corrupt nations, while Nicaragua, Haiti, and Venezuela were the lowest as the most corrupt countries in the region. Ecuador, with 36 points out of 100, is below the average of The Americas.

In the 70s, dictatorship in Latin America was a common problem in the region that affected the country (Isaacs, 1991). Ecuador has faced political instability since its return to democracy in 1979. One of Ecuador's worst financial and political crises in the late 90s forced the country to change its national currency, 'Sucre', to US dollars. The change occurred when several banks failed in the country, similar to the so-called "corralito" crisis in Argentina and other Latin American countries (Jácome, 2004). Although using US dollars has created long-term stability (Beckerman & Solimano, 2002), during the first years after the change, Ecuador experienced a severe financial crisis.

One of the most significant impacts of the currency shift to US dollars that affected Ecuadorian society was the cut in workers' monthly wages (Beckerman & Solimano, 2002; Hayashi, 2010).

The reduction of income also affected independent entrepreneurs. The new value of money produced a decrease in savings in Ecuadorian Sucres and an increase in debts in US dollars, generating panic and a tense relationship between society, government, and the banking system. Several banks could not assure their clients' savings, and the government could not honour their obligations. The debacle of the banking system and the drop in incomes forced the mass migration of half a million Ecuadorians to Spain, the United States, Italy, and other European countries (Jokisch & Pribilsky, 2002). The banking crisis of the late 90s is considered the nation's worst political and economic disaster in modern times.

Although initially changing the currency pulverised the purchasing power of the nation's middle- and low-income sectors, it later produced societal and economic stability (Beckerman & Solimano, 2002). Such results have made political parties from different wings stand by the US dollar as the national currency. Not only political parties but, in general, the whole of Ecuadorian society supports the dollarisation process and does not contemplate a change of the US dollar as the country's national currency. Beyond the big problems in the political system, Ecuadorians believe that dollarisation is positive for the nation and prevents politicians from manipulating the economy. However, dollarisation also makes the country dependent on an external currency that cannot control or devalue but is a key means to monitor the Ecuadorian political system.

#### **4.5 Economic Development**

Social inequality has historically impacted the economic conditions and living standards of large portions of the Ecuadorian population, especially of marginalised groups, like rural, Indigenous, and African-Ecuadorian populations. However, inequality is not only an issue for

Ecuador but also for other nations of Latin America, the most unequal region of the world (Abramo et al., 2016; Bárcena, 2016; Lopez & Perry, 2008). Although the United Nations stated that Latin America is one of the world's wealthiest areas in natural resources (Bovarnick et al., 2010), access to them is highly unequal in the region (Guereña, 2016). In Ecuador, the situation is the same as in other nations; despite having an economy based on natural resources, accessing them is a privilege of few economic elites.

According to the economic production classification created by Fisher (1939), the Ecuadorian economy mainly relies on producing items from the primary sector, like oil extraction, aquaculture, and agriculture. Ecuador is a small oil producer compared to other more prominent players in the international market (Özyurt & CUEVA, 2020). Nonetheless, oil exportation is crucial for the Ecuadorian economy.

In 2019, before the pandemic, the Central Bank, or Banco Central del Ecuador (N.D), for its name in Spanish, indicated that oil exportations represented more than USD 7.7 billion to the national GDP. According to the same source, 2022 oil exports represented USD 6.08 billion or 16% of the national GDP. Post-pandemic effects, the war in Ukraine and the global economic crisis may be influencing the slow recovery of oil exports.

Although Ecuador is best known for exporting oil, the exports of bananas, shrimp, and fish are also essential to the national economy. In addition, before the COVID-19 pandemic, tourism was also a major contributor to the economy, with a GDP contribution of 1.07 billion. In 2022, the figure for tourism contribution to the national GDP was set at 779 million, but it is increasing (Ministerio de Turismo del Ecuador, 2023). The decrease in revenues has

devastating effects on some regions of the country where this activity is the primary market sector.

The industrial sector in Ecuador is located in the big cities of Quito, the capital, and Guayaquil. Likewise, Ecuador has more than 77,000 active firms registered that meet the legal requirements to operate (Superintendencia de Compañías del Ecuador, 2021). According to the firm size distribution, more than 63.6 % were micro-enterprises, while 19.8% were small, 6.27% were medium, and 2.66% were large companies (Superintendencia de Compañías del Ecuador, 2021). Micro-enterprises are almost two-thirds of the total firms in the country, being the size categorisation of firms defined by the number of employees and capital (See table 7). The data does not account for the total number of firms in the large informal sector in Ecuador, which is “*among the highest in Latin America*” (Canelas, 2019, p. 1098). Hence, the number of micro-enterprises in the country could be bigger.

On the other hand, while most of the companies in Ecuador are managed by the private sector, the oil segment is mainly managed by the national government through one public company and leasing contracts with multinational firms. Despite oil being considered a strategic asset for the country (Mateo & García, 2014), Ecuador has little or no market control since more prominent international players govern it. Each year, the country struggles to meet the budget due to the volatility of the oil barrel prices in international markets. Additionally, it is believed that oil reserves in Ecuador have already reached the curve of proven reserves, and the country might become an oil importer in the following years (Espinoza et al., 2019).

Despite the past abundance of oil reserves, the nation did not attain the economic wealth that the governments in the 70s and 80s anticipated. The idea that the country has abundant oil reserves created a long-term dependence of different governments on this resource without clear policies for exploiting the remaining reserves (Orozco Medina, 2013). The lack of economic achievements and prosperity has created frustration in large parts of society, which has mobilised social activism against oil extraction in the Amazon region (Valdivia, 2008). The population's discontent has not prevented the government from drilling oil from the fields in the Amazon region, as the economic reliance on this resource also continues.

The ownership system is among the greatest differences between oil production and other economic activities. While oil extraction as a national asset is mainly controlled by the state (Mateo & García, 2014), agricultural, fishing, tourism, and industrial production, among other areas, are owned by the private sector. That difference has significant implications for society since the population perceive the oil sector as distant and a limited area for obtaining employment or doing business. On the other hand, trading, working, or doing business in other private areas are perceived as more accessible for large parts of the population.

In the coastal region, the production of shrimp and bananas contributes more than 6.8 billion to the national GDP (Banco Central del Ecuador, N.D). However, the income generated by these activities is not distributed equitably, as Ecuador has one of the highest rates of inequality of access to land in the world, according to the GINI coefficient (Torres Guzmán et al., 2017). The GINI coefficient is one of the most used tools for measuring inequalities (Liao, 2006), where 0 means equality and 1 is the maximum expression of inequality. Since the 70s, Ecuador's GINI coefficient of land access has always exceeded 0.8 (Torres Guzmán et al.,

2017). Likewise, in other countries of Latin America, the average GINI coefficient of land access reaches 0.79 (Guereña, 2016). Such numbers are not encouraging for a country with plenty of natural resources.

The most productive areas for industrial farming and agricultural exportation are the plains of the coastal provinces of Guayas, El Oro and Los Rios (Torres Guzmán et al., 2017). However, the GINI index of access to land in Guayas and Santa Elena is between 0.79 and 0.84, the highest in the country (SIPAE, 2011). For the remaining parts of Ecuador, the index is also high, being the rule that the GINI coefficient will be higher in the most productive land for agricultural exportations. The following section explores how entrepreneurship has been a response to the high levels of inequality and other problems in Ecuador.

#### **4.6 Entrepreneurship Development in Ecuador**

Given the high levels of poverty and inequality, Ecuador's entrepreneurial activities have been a response to these conditions. This situation is not a distinctive characteristic of Ecuador since necessity-oriented entrepreneurship domains the developing world (Margolis, 2014; Schoar, 2010; Serviere, 2010). Ecuador has one of the highest necessity-oriented entrepreneurship rates in Latin America, as the scarcity of jobs is the main reason for most Ecuadorian entrepreneurs to start a new venture (Lasio et al., 2020). Engaging in business activities is particularly common among low-skilled sectors of the population (Canelas, 2019), who often start small businesses for survival reasons.

The definitions of micro and small businesses vary according to different countries, regions, and contexts. The Ecuadorian Government established characteristics that firms should meet to be classified in any of those categories to avoid confusion. The classification included the

number of employees and annual revenues to fit into one of those categories (Gobierno de la República del Ecuador, 2011). The following table summarises this classification:

**Table 7 Classification of Firms According to the Size in Ecuador**

Type	Number of Employees	Annual Revenues
Micro-enterprise	1 - 9 employees	USD 100,000 maximum
Small Enterprise	10 – 49 employees	USD 500,000 maximum
Medium Enterprise	50 – 199 employees	USD 5,000,000 maximum
Big Enterprise	More than 200	More than USD 5,000,000

Source: Adapted by the author from the Gobierno de la República del Ecuador (2011)

The categorisation has helped the Superintendency of Companies to conduct investigations and annual reports on the performance of each type of firm. Since 2010, micro, small and medium-sized companies (MSMEs) have been the most common type of new firms created in the country (Super Intendencia de Compañías del Ecuador, 2017). However, despite representing a greater number than big firms, MSMEs traditionally have generated fewer profits for the economy in the past years. Studies from 2013 to 2015 indicated that the difference fluctuated between 80 and 20, meaning that big companies created 80% of the total profits, and the remaining percentage was generated by firms of other sizes (Super Intendencia de Compañías del Ecuador, 2017). Despite the importance for the Ecuadorian economy, the large sector of informal businesses has not been accounted for in those reports.

Ecuador and Latin America obtained relatively high scores in the past Global Entrepreneurship Monitor (GEM) reports. In 2019, before the COVID-19 pandemic, Ecuador obtained a 42.50 score in the Entrepreneurial Intention Rate (EIR); the regional EIR average for Latin America

was 37.40, while the World EIR was 23.70 (Global Entrepreneurship Research Association, 2023). On the other hand, in the Total early-stage Entrepreneurial Activity (TEA) rate, Ecuador achieved a 36.20 score, while the average for Latin America was 24.10 and the Global 12.80 (Global Entrepreneurship Research Association, 2023). The TEA rate shows the percentage of the active population who are either new business owners or emerging entrepreneurs in a country. The EIR and the TEA serve as a reference to measure the entrepreneurial activities in different countries, showing that Ecuador has positive results in both.

Despite Ecuador's high percentage in the EIR and TEA, the impact on job creation through entrepreneurial activities is different. Before the pandemic, Ecuador had a percentage of 23.9 on the High Job Creation Expectation indicator, which was lower than the average 25.10% rate in the Latin America region and 26.50% in the Global Average (Global Entrepreneurship Research Association, 2023). This figure contradicts Ecuador's high EIR and TEA rates with the modest High Job Creation Expectation indicator, meaning that although entrepreneurship thrives, it does not create employment simultaneously. Although this information on the EIR, TEA and job creation expectations in Ecuador may have changed, there is no further information as of 2019 in the Global Entrepreneurship Monitor.

Family firms have had noticeable participation in the Ecuadorian economy and significantly contributed to the national GDP. Camino-Mogro and Bermudez-Barrezueta (2018) interestingly indicated that family firms represented 51% of the contributions to the national GDP while comprising 86% of the total registered firms in the country. They also indicated that the methodology for identifying the ownership structure in Ecuador is still insufficient and that more accurate methods for establishing different ownership typologies need to be applied in

the country. A better methodology would reveal a greater contribution of family businesses to the Ecuadorian GDP and economic growth.

The contribution of family businesses in the large informal sector of the Ecuadorian economy has also not been considered. The lack of official information about informal firms and family businesses hides their participation in Ecuadorian markets. Comprehensive information about their contribution would reveal the extent of this type of kin-based firm and the collectivist orientation of entrepreneurship in the country.

#### **4.7 Entrepreneurship Development in Coastal Ecuador**

Ecuador is the world's largest banana exporter, with large multinational companies controlling the market and production (Hellin & Higman, 2008). Small and medium-sized agricultural enterprises produce other products, such as rice and fruits, mainly for the local market. In the Pacific shores, aquaculture and industrial fishing are the main activities in the area. Shrimp production has been controlled by large economic groups since the 1970s, making the country a pioneer in large-scale aquaculture (Hamilton, 2020).

Tuna fishing has made the country one of the largest fleets in the world for industrial tuna activities (Avadí et al., 2015). Nevertheless, fishing and aquaculture are traditional activities that local people have practised since ancient times (Béarez et al., 2012). Such tradition has led coastal dwellers to work in artisanal fishing till the present, an activity that represents one of the largest sources of income for the populations of the coastal areas (Abo-Tubikh, 2014).

Nonetheless, artisanal fishing is far from generating the wealth that industrial aquaculture or fishing does.

Within this context, artisanal fishing has become a survival economic activity based on tradition (Abo-Tubikh, 2014). The rudimentary methods of artisanal fishermen have been insufficient to fulfil the demands of international markets and to compete with industrial fishing. Therefore, large fishing companies are more productive and can offer fishermen better employment. The certainty that produces waged employment has made artisanal fishermen progressively move to other activities. Former artisanal fishermen work or expect to work in waged employment in industrial fishing, aquaculture, and other non-traditional activities such as hospitality or retail trade. However, as Margolis (2014) stated, the problem in the developing world is that there are more job seekers than available jobs.

The coastal area of Ecuador seems not to be an exception to the lack of waged employment in the Global South. Consequently, an alternative route for those unable to find a waged job has been to start their own business in sectors like the tourism industry. This option is far from the luxury atmosphere of international hotel chains that also exist in other coastal cities like Salinas or Manta, but has served well to provide jobs for locals and services for tourists seeking local hospitality (Ricaurte-Quijano et al., 2019). Information from the latest 2010 census indicates that in Santa Elena, the coastal province where this case study is located, 30% of the population is self-employed (Instituto Nacional de Estadísticas y Censos, 2010a). While this figure includes the number of entrepreneurs in the province, its actual number can be higher because Ecuador has one of the highest informality rates in Latin America (Canelas, 2019).

In some coastal areas of Ecuador, like Ayangue, where this case study takes place, an alternative entrepreneurship model exists, where family and community members work together in different business activities to foster their own local development (Cave & Dredge, 2020). This model is a type of impact entrepreneurship where the community has fostered “*solutions that collectively address grand challenges*” (Markman et al., 2019, p. 372), such as overwhelming poverty, environmental protection and wealth creation opportunities. This entrepreneurship model focuses on the collective and fosters unity among its members (Cave & Dredge, 2020).

Historically, men have worked in artisanal fishing, whereas in the new ecosystem, women and younger members have started micro and small businesses in the tourism and hospitality sector (Pécot et al., 2018; Ricaurte Quijano et al., 2019). The business ecosystem also includes firms in other sectors, like convenience stores, bakeries, mini-marts and retail stores. This business ecosystem is family and kinship-based, where entrepreneurs supply local firms and their peers and cater to the same demand created by the tourism sector, i.e., tourists.

Women leading tourism businesses and hiring family members as employees have reinforced the entrepreneurship model. They employ relatives to access labour for business operations and assist their family members in having jobs (Cave & Dredge, 2020). Women’s participation in entrepreneurship activities in the region has translated into access to resources to contribute to the family budget, gaining financial independence (Duffy et al., 2016) and becoming active actors in community development. Similarly, despite the high seasonality of tourism, firms in the region operate year-round (Ricaurte-Quijano et al., 2019), which is why many businesses in the region experience fluctuating income. To survive income fluctuations and other

problems, entrepreneurs have created this alternative economic model based on solidarity seeking surplus redistribution (Cave & Dredge, 2020).

This type of business ecosystem resembles the complementary economies of different places in Latin America (Hernández von Wobeser & McCoy Cador, 2017). The model also fosters cooperation among community fellows (Pécot et al., 2018). To this end, entrepreneurs have created long-stand associations that have fostered the development of tourism activities in the territory. New ventures and improvements in existing tourism firms involve low-cost investments for tourism entrepreneurs whose initiatives are supported by fellow association members even in adverse conditions (Diario El Universo, 2018).

Governmental assistance to tourism entrepreneurs has usually been limited in the region, mainly through technical training in hospitality areas (Gavilanes Valle, 2015). On the other hand, although the business ecosystem is largely informal, most entrepreneurs pay taxes to the government under a simplified taxation system (Pécot et al., 2018). Interestingly, entrepreneurs meet this requirement despite not complying with other obligations, like providing mandatory social security for employees or obtaining a license for business operations.

Quantifying the number of firms operating in this business ecosystem type remains challenging, as not all comply with the legal requirements to operate (Pécot et al., 2018), and Ecuador has one of the highest informality rates in Latin America (Canelas, 2019). Like other nations of the developing world, the government accepts the presence of these informal businesses since they generate revenues for communities and create opportunities that the government cannot deliver. Solidarity and community collaboration through local associations

are crucial characteristics of this entrepreneurship model, where individuals have resorted to collectivism to function under adverse conditions.

#### **4.8 Case Study Site Description**

This section summarises and provides detailed information about the case study site, which is the small village of Ayangue. The village is part of Colonche, an administrative division of Santa Elena city in the homonymous province. According to the last census conducted in 2010, Colonche has 31,257 inhabitants (Instituto Nacional de Estadísticas y Censos, 2010a). Although the 2010 census does not show specific information on the number of inhabitants of Ayangue, unofficial sources estimate that the village has 2,300 inhabitants.

Information on the economic activities in the region indicates that the community is dedicated to fishing activities, tourism and hospitality services, handicraft production and retail (Gobierno Autónomo Descentralizado de Colonche, N.D). Economic activities in the region have traditionally been gender-based; thus, *“the males of the family dedicated their work to fishing and the women lead tourism-related activities”* (Cave & Dredge, 2020, p. 509). There is no clear data on the number of businesses operating in Ayangue. Previous research has stated that official information from the Ministry of Tourism shows *“scarce information regarding operating tourism businesses”* (Pécot et al., 2018, p. 588). This situation does not seem to have changed, as current searches in the official database of the Ministry of Tourism show the existence of 76 businesses in the whole region of Colonche (Ministerio de Turismo del Ecuador, N.D.), but it is not clear how many of them are located in the village of Ayangue and when was this information updated.

Cave and Dredge (2020) indicated that one of the most distinctive features of this community is the strong presence of “*associations, which are active in community development, such as improving physical infrastructure, and environmental care*” (p. 509). The associations’ actions and decision-making in the social and economic spheres are oriented to “*redistribute economic surpluses, seek social compromise and community unity*” (Cave & Dredge, 2020, p. 509). The associations’ actions to defend the interests of their members have given them local recognition in the Ecuadorian media (Diario El Universo, 2018).

Community associativity is not an isolated fact in Ecuador since the literature has extensively described the role of associations in rural development in Latin America (Sanabria Neira & Salgado Beltrán, 2023). A study conducted by Ricaurte Quijano et al. (2019) demonstrated that the affiliation of associations in coastal Ecuador is higher in rural communities than in urban locations. They also revealed that in Ayangué, 72.3% of firms in the tourism sector were affiliated with one of the local associations. This figure does not include firms in sectors other than tourism, but given that the community’s business ecosystem revolves around this industry, it is a clear illustration of the involvement of local entrepreneurs in associations.

Pécot et al. (2018) revealed the presence of at least three associations in the region. Since prior and subjective knowledge has value in the interpretative paradigm that underpins this thesis, the researcher can account for the existence of these associations, which function around three axes: community development, women entrepreneurs, and cocktail businesses. There are also other associations in the region, like the taxi association, but they were not considered for this study, nor does the political involvement of associations, despite some of them “*even challenge*

*the Ecuadorian state and local administrations*” in terms of planning (Pécot et al., 2018, p. 590).

Although the associations in the region have gained a certain level of formality with high representation and visibility over the years, they represent mostly informal groups of entrepreneurs. In Ecuador, as in other countries, entrepreneurs must meet several requirements to be considered formal, including having a licence to operate the business, having a taxpayer’s register, contributing to the social security of their employees and joining a professional association (Pécot et al., 2018; Ricaurte Quijano et al., 2019). As Pécot et al. (2018) have established, most firms in the region do not comply with most of these requirements, and they have found joining a local association an alternative way to compensate for their informality. Hence, although the recruitment of informal participants for this case study through these associations may seem contradictory, its validity lies in the compensatory meaning given by entrepreneurs to these affiliations. The following table summarises the information on the case study site.

**Table 8 Description of the Case Study Site**

Site Name	Ayangue.
Location	Colonche administrative division, Santa Elena City and Province, Ecuador.
Population	2,300 (unofficial sources).
Main Economic Activities	Fishing activities, tourism and hospitality services, handicraft production and retail.
Number of registered Business	76 in the broader administrative division (Colonche), but the number in Ayangue village is not precise.
Number of Associations	Three.
Areas of Functioning of Associations	Community development, women entrepreneurs, and cocktail businesses.
Rate of Affiliation	72.3% of firms in tourism (no information in other areas)

Source: Various sources mentioned above.

#### **4.9 Conclusions of the Chapter**

The Ecuadorian economy is based on the exportation of extractive and agricultural items. Oil extraction is the main item for the country's international trading, mostly drilled from fields of the scarcely populated but highly biodiverse Amazon region. Shrimp and banana production are the second and third largest export items in the coastal area. Agro-industrial farming in the coastal plateau results from fertile soils and extensive agricultural production. However, access to land is highly unequal in the country.

Previous studies place Ecuador among the fifteen countries with the highest land access inequality according to the Gini coefficient (Torres Guzmán et al., 2017). The coastal region and the Santa Elena province, where this study takes place, have one of the country's highest Gini coefficients of unequal access to land (SIPAE, 2011; Torres Guzmán et al., 2017).

Most of the total registered companies in Ecuador are in Quito and Guayaquil, with 83% of registered firms in the country being micro and small (Superintendencia de Compañías del Ecuador, 2021). Despite being fewer, big companies have generated 80% of the contributions to the national economy. Unfortunately, the large informal sector has not been accounted for in that data, although Ecuador has one of the highest rates of informality in Latin America (Canelas, 2019). Therefore, the actual contribution of micro and small firms can be higher but remains unknown.

In coastal Ecuador, besides the traditional activities of artisanal fishing, a thriving tourism business sector and related retail shops have created a collectivist entrepreneurship model based on kinship solidarity and community cooperation (Cave & Dredge, 2020; Pécot et al., 2018). Firms in the tourism business sector have established year-round operations with infrastructure and services to meet demand (Ricaurte Quijano et al., 2019). This collectivist model supports and encourages the creation of new ventures and the improvement of existing ones to enable other community peers to gain income. In addition, this entrepreneurship model has enabled female entrepreneurs to generate income for their households while complementing the revenues obtained by their male counterparts in the artisanal fishing sector.

However, the business ecosystem in coastal Ecuador faces many unresolved challenges beyond the informality and precarious working conditions surrounding it. Governmental and social recognition of the significance of this business ecosystem as a response to the harsh environmental conditions, like poverty and inequality, is still pending. The absence of sufficient information contributes to this problem. Finally, the lack of understanding of how this model works, based on solidarity (Cave & Dredge, 2020), high levels of associativity (Ricaurte Quijano et al., 2019) and alternative responses to governments (Pécot et al., 2018) obscures its role as a market driver.

## CHAPTER FIVE

### COMMUNITY AND ENTREPRENEURSHIP

#### 5.1 Introduction

The overall research question of this work is “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” Thematic analysis of the data through in-depth interviews revealed three themes linked to the entrepreneurship model in this Global South region that coincide with the structures of society. The themes are the community, the family, and the individual as the entrepreneur. Each theme and discussion of the findings are in chapters Five, Six and Seven, respectively. The motive for presenting the findings of this case study first from the community, followed by the family and finally the individual, is because during the interview process, participants highlighted in their accounts the importance the community has had in entrepreneurial activities in the region. The participants’ stance is based on the fact that entrepreneurship, as a social phenomenon performed by individuals, in the Global South includes not only the entrepreneur but also the family and the community as primary stakeholders due to the prevailing collectivism in the region.

Chapter Five presents analyses of the findings on Community and Entrepreneurship and has five distinctive sections. Section one is the introduction and presents an overview of the chapter. Section two of the chapter presents the findings on community associativity, which revealed that associativity had played a pivotal role in entrepreneurship development within this community. This thesis found three significant factors within the community associativity process that have shaped entrepreneurial activities in the region.

First, the emergence of a group organisation system throughout an associative process has strengthened the development of entrepreneurial activities for more than three decades, being the response to external enablers for venture creation in the community. Second, associativity has boosted the business ecosystem by incentivising venture creation, social cohesion towards entrepreneurship, and partnership and trade among community members. Third, it has contributed to gender development for women entrepreneurs grouped in a long-standing association, whose trajectory is still observed as a role model to follow by new generations of entrepreneurs. Furthermore, different stakeholders have continuously replicated the path of community associativity aimed at strengthening entrepreneurship. Section 5.2 explains in detail the definition of community associativity and how it has functioned as a response to external enablers for venture creation.

Section three focuses on resource provisions for entrepreneurship development within the community. Data analysis showed that resources used for entrepreneurial activities could be physical, financial, and technical knowledge. The findings revealed that the community has actively participated in providing internal and external resources for entrepreneurial activities to its members. In this sense, the findings show that the community initially had a significant participation in the allocation of external resources, both financial and technical, to lay the foundations of the current business ecosystem. The role of the community in resource provisions has been changing and adapting to new circumstances, especially as most resources are now internal rather than external. The findings also revealed that such resources, especially the physical ones owned or managed by the community, are allocated to its members in polling and participatory ways.

Section four relates to the evolutionary trajectory that the community has experienced over the past three decades in different areas, resulting from the development of entrepreneurial activities in the region. Concerning the associative path, the experience of the first organised groups of entrepreneurs has forged stronger associations than their predecessors by acquiring legal personality to operate and advocate for community affairs. The findings also show that community members have achieved social cohesion to consolidate a specialised business ecosystem oriented towards the tourism industry, with firms in other fields like retail closely engaged in this economic sector.

Data also showed that people perceive an improvement in the community's physical infrastructure that benefits both the well-being of the population and commercial exploitation, resulting in better conditions for doing business and daily life. The research findings reveal that community members perceive that this development is the direct result of their endeavours and not of decisions taken by third parties. Finally, section five presents the conclusions of this chapter.

## **5.2 Community Associativity**

In the context of local development, community associativity has been defined as a strategy that combines economic and social interests, productive skills and organisational capacities of groups of people seeking to strengthen their joint positioning in markets through mutual support (Melo Torres et al., 2017; Salinas & Sastre-Merino, 2021). The actions behind community associativity are, therefore, aimed at supporting the group and improving the conditions of its members in the market. In this case study, community associativity has also been the response to the external enablers that have motivated venture creation. Davidsson et

al. (2020) argue that external enablers foster venture creation by bringing changes that create disequilibrium in environmental conditions.

According to the external enablers framework proposed by these authors, some changes that foster venture creation are related to demographic, social, economic, financial, environmental, and technological factors, among other disequilibrating aspects. While the external enablers framework helps to theorise the relationship between the entrepreneur and the factors that motivate venture creation from a different perspective than traditional views of opportunity creation and discovery theories (Davidsson, 2015; Davidsson et al., 2017), it also helps to study the triggers of necessity-oriented entrepreneurship. The possibility of conducting this study with the framework of external enablers is because, behind necessity-oriented entrepreneurship, there are poverty conditions, market imperfections, and scarce state support to compensate for these deficiencies (Margolis, 2014; Serviere, 2010; Slade Shantz et al., 2018) that often constitute major triggers for venture creation requiring further analysis.

In this case study, in addition to the constraining environmental conditions typical of the developing world, such as a poor business environment and the weakness of the state to provide aid, the external enablers for venture creation in the community have been the foreign assistance from an international agency and the collective work and goals of the associations. Both have become triggers for venture creation because they have expanded resources, generated business, legitimised entrepreneurial activities through an associativity process and increased demand with new offerings, characteristics attributed to the external enablers framework (Davidsson, 2015). These findings are evidence that community associativity has

been a response to external enablers and is also part of them in fostering entrepreneurial activities.

According to interviewees, associativity in fostering entrepreneurial activities in the community has influenced the business ecosystem through the creation of local organisations, the emergence of a previously non-existent business ecosystem and the generation of gender development opportunities for women entrepreneurs (see Table 9 below). First, participants indicated that today's achievements in entrepreneurship began decades ago thanks to an associativity process, with institutions oriented towards strengthening entrepreneurial activities in the community. Due to this perception, new generations of entrepreneurs have created more organisations focused on managing their community affairs in areas such as defence against more prominent market players and legalising business activities, among others. Second, associativity has also assisted in creating a solid business ecosystem oriented towards the tourism and hospitality sectors. Interviewees are aware of this market orientation within the community.

Third, associativity has fostered the gender development of a group of women entrepreneurs in the community. The association of women entrepreneurs is recognised as the founder of community associativity because its members self-organised decades ago to receive international aid from an NGO. Then, far from weakening, their association has strengthened its capabilities to become a role model for other organisations. The association of women entrepreneurs is also considered the architect of creating a tourism-oriented business ecosystem because they were pioneers in creating restaurants and determined among several alternatives that this would be the productive orientation of the community. Although associativity had

external triggers when it began more than three decades ago, now the community has internalised it and sees it as its own. Following a model of Corley and Gioia (2004) and Gioia et al. (2013) for data structure, table 9 presents examples of first-order codes and second-order themes within the overarching theoretical dimension of community associativity. The full data structure is available in Appendix D.

**Table 9 Example of Data Structure of Community Associativity**

Example of First-Order Codes	Second-Order Theme	Overarching Theoretical Dimension
To create our association, we observed the work of the first organisation that was created in the community, which we call the commune headquarters, but then another organisation was created only for women entrepreneurs; they started with much strength. (Participant 003)	Local Organisations	Community Associativity
We are all united to work together: the association of women entrepreneurs, the communal organisation, the taxi drivers' association, we are all involved in the tourism business sector... that union of our community makes us work together. (Participant 017)	Business Ecosystem	
As time passes, no one believes in miracles because they do not exist. But for this to happen, a group of women who organised themselves created an association. We started with fifteen or twenty ladies as women who organised themselves. We were in several meetings in the middle of winter. We were in the meetings without asking for anything in return because nothing comes for free in this life, and we did not believe this could happen then. (Participant 006)	Gender Development	

Source: Research Data

### **5.2.1 Local Organisations**

As stated in chapter Four, in the Case Study Site Description section, previous research has reported the existence of associations in the region (Pécot et al., 2018). Specifically, the researcher believes three have repercussions on entrepreneurship development in this community. These associations function in three distinct axes: community development, women entrepreneurs, and cocktail businesses.

The first organisation is the association of women entrepreneurs. Participants' accounts revealed that the associativity process started 18 years ago when a group of women entrepreneurs banded together to receive external support from a Spanish NGO (Participants 001 and 006). Interestingly, after receiving external support, the association that women created did not disappear but strengthened. Moreover, their trajectory has led to the emergence of other associations (Participant 003). The association has received media recognition for the mutual support it provides to its members (Diario El Universo, 2018).

The second organisation is the commune organisation. This organisation has been officially recognised since 2004 under a national law for small communes in Ecuador (Gobierno de la República del Ecuador, 2004), and its main function is to represent small communities and manage their ancestral lands. Despite this orientation, participants' accounts indicate that this organisation has been actively developing entrepreneurial activities in the thriving tourism sector through asset management and planning (Participants 003, 006, 008, and 0016). The study of this organisation is only focused on its involvement in entrepreneurship development.

The third organisation is the association of cocktail businesses. This association is the newest among the three and was created by replicating the experience of the previous two organisations (Participant 003). As the name suggests, this association represents cocktail business owners and has links with associations that engage in the same activity in neighbouring towns. The active participation in these associations, with 72% membership reported in previous studies (Ricaurte Quijano et al., 2019), has led to a robust associativity process in the community.

Participants perceive associativity through local organisations has played a prominent role in entrepreneurship development within this community. The data analysis revealed that three associations have fostered this development in the region: the community organisation, the association of women entrepreneurs and the association of cocktail bars. Thus, they recognise that local organisations, which first began with the commune organisation but gained strength with the association of women entrepreneurs, have facilitated entrepreneurship development by creating opportunities for its members. As one participant mentioned:

The moment they came together and organised themselves in the association of women entrepreneurs, many doors were opened for them. Life became more manageable for them as entrepreneurs. (Participant 003)

This account is not an isolated event, as other participants recognise the benefits of associativity through local organisations. Another participant said:

The group of women entrepreneurs has helped us because, through them, there have been different projects to support our businesses, such as the restaurants on the beach. Specifically, the Spanish cooperation and the efforts of NGOs have helped us because, in the past, they gave us non-refundable loans. So that was an immense help. (Participant 005)

Participants acknowledge that community associativity began years ago and that participating in group meetings required a considerable amount of time, the outcomes of which came later because of their participation. They usually refer to these types of associations as organised groups. One participant stated in this regard:

Now we have an industrial oven because an NGO came to help us years ago. They gave it to us because, at that time, a group of organised women created an association to help each other. We had to participate in several meetings, and at first, they told us that there was no assistance for bakeries and that they had only come to help the restaurants on the beach to equip them with kitchens. However, since I was also constantly participating in the meetings of the organised group of women, I also got help for my bakery. (Participant 004)

The benefits obtained for businesses of associated members over time have made new generations, on the one hand, replace old and retired persons and, on the other, new entrepreneurs from different areas replicate associativity experiences. A participant said:

Then, when we saw the experience of the association of women entrepreneurs, we saw that many things became more manageable when they were associated, and that was when some other fellows asked me to form our association. It is not easy to make an association because some people agree and others do not, but things are easier when you are grouped. (Participant 003)

Regarding the difficulties in creating and maintaining active local organisations, one participant stated that the lack of commitment and participation undermines associativity; however, due to visible results, some non-group members seek the benefits of grouped entrepreneurs for their businesses, too. The participant said:

Some people do not want to invest their time or money in our association, but they want everything given for free and do not want to spend their time with us working in meetings. They think they are wasting their time being there. Only when something has already been achieved through the association do they ask for all the benefits for their businesses; they ask even without having participated in a single meeting; they want everything but without fighting together with us. (Participant 003)

In Ecuador, as in other markets, the number of employees defines the size of a business (Camino-Mogro & Bermudez-Barrezueta, 2018). Most of the firms in the community have less than nine employees, which classifies them as micro businesses. Because of their size, participants perceive threats from big firms operating in the same markets. According to participants, local organisations function as a kind of labour union that defends them from external threats, including big firms. A participant commented on how local organisations advocate for their members when they are facing problems:

The association came out to protect me; they said that fellow members also had the right to progress and that I was doing well... I do not like to say that we are small entrepreneurs because I was taught to dream big; then, we are just entrepreneurs; we have our businesses. Here we have a problem: Some large firms in the community do not understand our progress; they are big hotels. They want to eliminate us or make us smaller. When and how are we going to progress? When are we going to change if they stalk us? When are we going to have a decent place? We want a place where tourists come and feel comfortable using our services. (Participant 001)

Likewise, local organisations have functioned as a protection and defence system against what entrepreneurs consider legal barriers from government institutions. Entrepreneurs perceive associativity facilitates the completion of bureaucratic paperwork because doing it alone would be much more difficult. In the words of a participant:

We went to fight for a municipal ordinance, not just for ourselves; we were fighting for the entire community. So, my brother told me to make it easier because he has always been learning and training in leadership courses; he told me that to facilitate the procedures, we need to unite with two other communities, then the three communes, the three associations, we went to the town hall and believe me, getting the municipal ordinance was more straightforward. This ordinance has already been published at the national level, and it is an umbrella so that other entrepreneurs in all of Ecuador can conduct this activity with a license that genuinely corresponds to cocktail bars. (Participant 003)

Local organisations have also contributed to the community planning for developing commercial activities in their territory. Participants recognise that associativity and organisations have facilitated their business operations:

It is no longer like before when we were anywhere on the beach, calling the tourists loudly to come to use our services. We have improved at that because each of us respects their space. Before, we used to work in disorder. However, we are learning and improving as businesspeople... through meetings with the Ministry of Tourism, the commune organisation, and our current coastal management plan. (Participant 006)

Finally, participants acknowledge that associations have helped them regulate the market by establishing standard prices for some products. They attribute the homologation in prices to the social structure they have created. One participant commented:

Here, everyone has worked like a big family in the village because we all work and offer almost the same meals. As you can see, they all sell fried fish. However, thanks to the organisation of women entrepreneurs, we owe it to them, and that is why we do not have the problem that fried fish in one restaurant can be more expensive than in another. Not! We all have almost the same price. Because we are one, we call ourselves organised ladies because we all know the fish costs and sell it at the same price; the price hardly changes because we are organised in that sense. (Participant 006)

### **5.2.2 Business Ecosystem**

Associativity originated to receive external funding from foreign NGOs and improve social conditions in the community. However, the process created to solve these problems has also fostered social cohesion towards a stable business ecosystem in the community. During the formation of the associations, entrepreneurs independently agreed and decided on the productive orientation for the community, creating, through time, a business ecosystem oriented to the tourism industry. One participant commented in this regard:

We organised ourselves because we did not know the path to follow. Some people offered us, for example, the opportunity to produce shoes, sell flowers, and make other things. So, there was no clear horizon eighteen years ago, but now there is. The horizon

is already clear! Furthermore, it is everything related to the tourism business, and that orientation has helped the entire population. That is why we are recognised at the country level as organised women, the ladies who fight together. (Participant 001)

These accounts are not the only comment on the work done by the communal organisation to increase tourism as the main economic activity of this market. One participant said:

We want tourism to increase in the community; the communal organisation is an institution that takes care of the interests of its members by increasing tourism to our town. (Participant 018)

On the other hand, it is a tourism-oriented business ecosystem and a market mainly formed by locally owned and operated firms. Several participants commented on this market condition and even made distinctions with neighbouring towns where foreigners own firms that form the business ecosystems. The local ownership and operations of businesses have reinforced community pride and a sense of belonging. One participant commented:

The good thing is that all of us are from here; I will give you an example: the town of Montañita sold everything to foreigners. This means that when you go to the town of Montañita and find a local business, it happens to be owned by foreign entrepreneurs. Instead, here in Ayangue, we are ourselves, the locals. Here, the local community members own the businesses. We are people from the town. We have managed to do this. That is why I say this makes us immensely proud; we are charismatic. (Participant 017)

Another characteristic of the business ecosystem is that the community works as a team to provide services to its customers and visitors. This characteristic makes the firms in the ecosystem complementary, as the services offered individually by each entrepreneur serve to complete the requirements of the demand. Participants consider this characteristic positive and attribute it to the group organisation achieved in the community. One participant commented in this regard:

For example, I have an office in Montañita; we organise tour packages there, and to bring tourists here, I call the taxi association to pick them up and to the association of women entrepreneurs when I do events. Since members of the association of women have their restaurants, I tell them, look, we need you to provide meals to twenty people coming here, and we all offer those services together. (Participant 017)

One more participant also commented on her experience with an agreement made to collaborate with another firm in the community:

I had tourists who came to my restaurant. For example, this weekend, I had thirty people who came to have breakfast, lunch, and dinner for two days. I worked full-time. I had to be like a robot, but we must do it... A guy who works for one of the tour operators is a tour guide from Salinas, but he works here and has many contacts. So, he asked me to offer the service, and we made a deal for two days, and he brought me the tourists. (Participant 005)

Group identification is another characteristic that defines this business ecosystem. They see the involvement of local people from the community in commercial activities of the market as positive. A participant said:

The good thing about this is that we were all born here... We all work on the same activity. We have created jobs for local people in our community, which is the most important thing. People who work in this activity are all from this town. (Participant 017)

Beyond group identification, the business ecosystem also shows solidarity among community members as a market characteristic. In this regard, some participants indicated that there are certain benefits for local people, such as access to preferential prices. Similarly, local people also buy services from local businesses because they know that in doing so, they are supporting a community peer. These observations show bilateral solidarity based on the feeling of group identification. Some participants commented on this topic:

Another thing that makes my business different is that the community knows that this is a business of people from and living here in town. On the other hand, for example,

another man has about twenty-five pharmacies, but he is not from the town, although, of course, one of the girls who works there is from here too... That is why I also think it could be that people buy here because they know they are directly supporting someone from the community. (Participant 012)

In these three years, we have grown because, during the problems of the pandemic, we have not faltered. We managed to survive because we oriented ourselves to the trade of eggs, cheese, milk, etc.; since everything went up, we did not exaggerate the prices because we are from the same community. In one way or another, we needed to help our fellow community members who are like our own siblings. And it was good enough for us to expand and make the grocery store bigger. (Participant 014)

We also have special prices for community members, and I reckon that we sell every day because although the prices have risen a bit since we started, we have not done it too much. (Participant 010)

These findings show that associativity has been instrumental in achieving social cohesion among community members, unifying individual interests to develop and consolidate an industry in the market that has influenced the entire business ecosystem of the region. The business ecosystem has also been influenced by the organisation achieved by community associativity, which has led entrepreneurs to offer complementary services to meet demand and to do business based on group identification and solidarity among its members. Despite the positive aspects that community associativity has brought to the business ecosystem of this case study, a different side also exists.

In this regard, community associativity has created barriers for non-associated members to operate in the ecosystem. One participant indicated that although she is originally from the village, she is not linked to local organisations. She reported her perception of the difficulties in accessing some resources in the community due to the existing closed system. Despite the

barriers, the participant obtained the resources and expressed willingness to join local organisations:

Opportunities have come to me despite the problems because, at that time, I was looking for a place to rent around here. I went into the store across the street and said, hey, do you know who owns those premises? And they responded, oh yes, it is from that person. I said oh, perfect and then I contacted her. She told me, yes, the place is available. Something that here in the village is, wow, extraordinary. Fortunately, the tenant was not from the community because I would never have managed to get it if she had been from here. The community is very closed... when they hold something, they do not want to release it, even if they do nothing with it. (Participant 013)

Another participant indicated having experienced an equivalent situation but in a different context. According to this participant, a local association would have prevented him from doing the same commercial activities that other members of the associations conducted. However, due to negotiations and his experience in the business, he was able to join this activity. The participant indicated:

I used to work selling beers. Initially, we were about forty people selling beers, and suddenly, some of them started selling smoothies. After a while, they created cocktail bar businesses in cabins. On the other hand, we were no longer allowed to sell beers, so since I was an old retailer in the business, I spoke with the fellow who was the president of the association because they were already organised. At that time, they did not want me to sell cocktails either. They did not want me to change ever. But then, I was one of the people who told him, look, initially, we started selling beers, and then you started selling cocktails; we did not tell you that you were doing it wrong. Because of that, I could switch my activity, which is how I changed my activity from that moment until now. (Participant 021)

Comments from participants 013 and 021 revealed that community associations control the business ecosystem. These associations conduct these functions by enabling business activities. Community associations also facilitate or prevent the use of facilities.

### 5.2.3 Gender Development for Women

One of the most significant findings in different interviews is related to gender development fostered by associativity aimed at entrepreneurship purposes. Gender development started when a group of women owners of small businesses got together to receive assistance from different NGOs from countries like Spain and others. The emerging group did not stop their associativity process after receiving assistance from an international NGO, and this was the beginning of a long-term establishment that continues until today, materialised in a well-known association of women in entrepreneurship from the community. Current members may not be the association's founders as there has been a generational change in the organisation. From the interviews, the associativity history of women can be dated 18 years, but the community's business activities were not new, and gender development in the community has been strongly linked to the trajectory of entrepreneurship and associativity. One participant commented:

What happened is that, for example, as I told you eighteen years ago, we organised ourselves because there was an NGO from Navarra, Spain, and it helped us with an improvement project for our businesses. (Participant 001)

One participant, who performs the functions of community leader and entrepreneur, recognised the important business results they had for their economies and how the organisational process for entrepreneurial purposes contributed to their gender development. She said:

These businesses are only ours; they are owned just by women. That is why I told you, eighteen years ago, there was still machismo. It was not my case, I am sure. But it was the case of my fellows. So there, women were submissive and did not contribute anything to the economy; they stayed home. But from then on, we did it. My fellows and I went to meetings as an organisation; we learned that our values are rights. That gave us strength, and we began contributing to the household economy. So now there is satisfaction, after eighteen years of improving our businesses, restaurants and bars, and there is also the beach tent rental service. (Participant 001)

Interestingly, the same participant commented on how their organisational process began due to their active participation in other local organisations and their perception that being organised as women was needed:

Well, there was a need. First, it was the need for us, a group of about five women, because we were like the supervisors of the community leader, to check that he was not doing wrong. We were like that, like those revolutionary warriors. Yes, we needed to organise; as I said, there was machismo! So, we organised ourselves for that because we did not like how it was, do you understand me? (Participant 001)

The association of women entrepreneurs is recognised within the community because it has assisted its members and fostered networking inside and outside the community. This achievement is also attributed to the associativity trajectory of women in the community. One participant commented:

It has been eighteen years since we founded it! I am one of the founders, and together with other fellows, we form our institution of organised women entrepreneurs to which we belong. We started with thirty-five members; currently, we have about 145 persons, and more have joined during this time. So, this has helped me a lot because, through the association, I have met people from inside and outside the province... So, it has helped me because I have met contacts through my organisation. (Participant 016)

Another way associativity, which originated through entrepreneurship, has fostered gender development is through women's representativeness in organisations. A participant in a leadership position within the association of women entrepreneurs thinks that she has learned about human relations by representing the community's affairs in different meetings, even though that requires active commitment and participation:

I have supported the association, and I have learned a lot through it humbly, but I have learned. Sometimes, I can even say that I have forgotten my obligations as a person, as a mother or a wife, but I have fulfilled my obligations to the community, which is the most important thing. Yes, and all the president tells people is to talk to her, that is, to me! Or, he says, I want you to do this for the organisation, go to this place to represent the community, so I have learned a lot in human relations. (Participant 016)

Since their start and due to the representativeness that the association of women entrepreneurs portrays for the community, they have gained credibility among their members and broader society. The organisation has also gained considerable experience overseeing the community's red tape. In this sense, it has served as a platform to assist its members in obtaining the necessary operating permits for their businesses. One participant commented in this regard:

The association of women entrepreneurs has helped me to get a license and a loan for my business. (Participant 004)

#### **5.2.4 Summary of Findings on Community Associativity**

This case study offers significant findings about local organisations as part of community associativity. Thus, local organisations were created years ago to receive external aid from foreign NGOs and have become pivotal catalysts for entrepreneurship development. Through local organisations, entrepreneurs have received significant support for venture creation and business operations that, if they had not been organised, would have been extremely difficult to obtain due to a lack of internal support. Local organisations have served as business unions that have looked after the interests of their associates, not only defending them from external threats but also regulating their activities according to their collectivist view (Slade Shantz et al., 2018). In addition, local organisations have also functioned as market regulators to prevent internal price-based competition. In this sense, they have differed from capitalist markets since their competitiveness has been oriented solely to product differentiation and not to price competition as in traditional markets.

The business ecosystem also shows significant findings. First, the association of women entrepreneurs and other local organisations established that their market would be oriented to the tourism industry, creating a specialised business ecosystem that continues today. Not only do local businesses gravitate around the tourism industry, but most of them are locally owned and operated firms. This condition has brought group identification to the business ecosystem, favouring internal commercial relations over connections with external partners. Community members have also encouraged consumption based on preferential prices and purchases from locally owned and operated businesses. This scheme has also created a closed system for doing business where non-affiliated members feel excluded from the benefits offered to other affiliated members. Although non-affiliated members perceived barriers to performing their activities, they are open to negotiating their participation or joining local associations in the future.

Finally, community associativity has fostered gender development for women entrepreneurs in the community. The association that a group of women entrepreneurs created decades ago to receive external aid laid the foundations of community associativity and created a business ecosystem for them that still exists. At the commercial level, women entrepreneurs, through their organisation, have obtained resources for their businesses, generated income for their family economies, and achieved financial independence over the years. Likewise, the associative process created by women entrepreneurs has brought them visibility and relevance as architects of development in a community that in the past was plagued by machismo and without opportunities for them. The association of women entrepreneurs has also performed the role of a labour union for the defence and representation of its members, and some of their leaders have obtained important achievements for the social and business affairs of the community.

### **5.3 Resource Provisions**

The data analysis revealed that the community has been a cornerstone for providing resources destined for business activities. Through local associations, the community has obtained external resources that have been allocated to members of the associations. Resources have been used to improve existing businesses and nascent entrepreneurship, too. Resource provisions can be classified into three distinct types. Those resources are physical, financial, or technical knowledge.

First, the community organisation that conducts local governance, usually called the commune, manages and provides physical resources for entrepreneurs and the entire community. Second, the association of women entrepreneurs has managed its own and third-party resources allocated through them to its members. Third, the association of women entrepreneurs has been essential in providing technical knowledge to its members. The following table, using the design of Corley and Gioia (2004) and Gioia et al. (2013), presents the data structure using examples of first-order codes and second-order themes within the overarching theoretical dimension of resource provisions. The full data structure is available in Appendix D.

**Table 10 Example of Data Structure of Resource Provisions**

Example of First-Order Codes	Second-Order Theme	Overarching Theoretical Dimension
The community rents those commercial premises; they are exclusively for people from the community who need to be able to help themselves and their households. (Participant 016)	Physical Resources	Resource Provisions
The association of women entrepreneurs has helped me to get a license and a loan for my business. (Participant 004)	Financial Resources	
Yes, they have helped everybody, especially us. We have had customer service training workshops. We have been trained for that. (Participant 020)	Technical Knowledge	

Source: Research Data

### **5.3.1 Physical Resources**

The commune organisation has been involved in providing diverse types of physical resources for entrepreneurs and the local population. Participants informed that provisions of these resources had been allocated to them under the lease modality, for the use of which they must pay monthly rent. As mentioned in Table 10 above, a participant reported that commercial premises in the community are rented to people who need to generate income. However, despite the solidarity shown in this type of rental system, community resources are not provided entirely free of charge or to anyone but through a small payment and a justification of their needs. Regarding the provision of resources for entrepreneurs from the community, one participant reported:

This business is a cafe, and these commercial premises do not belong to me. However, it is better to say that these are two commercial premises, and each should be rented to different people. However, in my case, I had the opportunity to rent both. They are not mine; they belong to the commune. It is the commune organisation that rents them to me. (Participant 013)

These accounts are not the only case; another participant reported that she has also obtained resources from the community for operating her business. In this case, when asked about the provision of resources by the community organisation, the participant indicated that although she received a commercial premise from the community, she already had a place with the necessary equipment. In her response, she also indicated that her previous place was rustic:

I started gradually, and I have been implementing my business over time. I used to have a rustic cabin, which was not as good as this one, but then, the community gave me this place to run my business. From there, I have been in good condition to operate my cocktail business. Because I already had everything that I needed to run it. (Participant 020)

Despite the commune organisation having some commercial premises for renting to its members, some business owners also reported obtaining their places from other sources like relatives. Likewise, in addition to the solidarity rental model of commercial premises for entrepreneurs who face economic needs, the method for allocating these places is also through a participatory process. To allocate commercial premises to their fellows, members of the commune organisation participate in an open session in which the entrepreneur exposes their need to have a place for operating a venture. After this, usually by polling or consensus, leaders and community members decide to allocate the premises to their fellow members, for which the business owner will pay a small amount. A participant commented on her experience regarding the participatory process and the allocation and renting of a premise for her business:

I can tell you, the good thing about the commune organisation itself is the place they give to us, where we pay twenty dollars a month. The commune organisation rents those commercial premises; they are exclusively for people from the community who need to be able to help themselves and their households. So, one day, I went to a community assembly and told them I also wanted a place for my business because I would not be young all the time; one day, I would grow old. So, I want a place for my business; sewing also significantly damages posture, and a sewer gets sick in the throat, lungs, and eyesight. Hence, I said I would stop sewing when I turned old and would like you

to support me, if possible. So, they provided me with space for my business. At that moment, the commune's board said, well, we will decide it by polling. Then, most people said by consensus, Mr President, we do agree to give her a commercial space because she has always been one of those members who have supported and worked the most for the community, and that is how I got my place. But I pay twenty dollars a month, a modest amount of money we must pay. (Participant 016)

This case is not the only one in which the community allocates physical resources through participatory or polling processes. Furthermore, since the community participates in land planning, the commune organisation also grants permission to use physical space in beach areas for business operations. One participant commented on this topic:

New businesses also started working in the same area where I work; other community members own those businesses. Allowing new businesses that offer rental services is approved in an assembly. This approval is an exclusive decision of the community organisation, the president, and all the members who are part of it. If they give permission, the person can offer tent rental services here. (Participant 002)

A further form of provision of physical resources for entrepreneurs in the community is allocating equipment for their ventures. Specifically, the association of women entrepreneurs has been involved in obtaining external resources that have then been allocated to its members. Even though this activity is not currently conducted, some participants reported that they initially obtained the necessary equipment for their ventures through the association of women entrepreneurs, whose members have been agile in getting resources from foreign NGOs. Regarding the question on the type of support they have received from the community associations and, more specifically, from the association of women entrepreneurs, a participant commented:

They also gave us kitchen equipment with commercial stoves, refrigerators, toilets, and more. In the past, they used to give all of that... Now, not much. This type of help was given at the beginning of the cooperation. (Participant 005)

Another participant also commented on the assistance they got from an NGO. She made clear that the assistance came through the association of women entrepreneurs:

We had the help of a foreign NGO. So, it was a donation because they did not charge anything to us. The aid came through the association of women entrepreneurs, the freezers, the refrigerators, and the commercial kitchens that we still have here for our businesses. First, they helped us with that, with these tables and chairs as well, and with the cabinets to store small objects. Little by little, they helped us improve our businesses with what we needed. They helped us all equally with external sinks, too. Yes, so it is something we thought was impossible. (Participant 006)

The provision of physical resources for entrepreneurs came years earlier when the first generation was still running businesses in the community. However, a more extensive provision of physical resources for businesses came later when the association of women entrepreneurs was created. Likewise, physical resources for women entrepreneurs were provided due to their constant participation in association meetings. A participant commented about the experience and assistance received during the time:

We started a long time ago when my mom was still alive; we started with the help of a Dutch gentleman. Here, it used to be made of branches with wood, palm leaf roofs, and some reeds as pillars. So, they met a Dutch gentleman, whose name I do not remember well because I was too young. That sir helped them through an NGO and made the cabins with solid wood. As time passes, no one believes in miracles because they do not exist. But for this to happen, a group of women who organised themselves created an association. We started with fifteen or twenty ladies as women who organised themselves. We were in several meetings in the middle of winter. We were in the meetings without asking for anything in return because nothing comes for free in this life, and we did not believe this could happen then. We started from there, and then an NGO from Navarra Spain came. They helped us with everything we needed; we were more than seventy eateries. They started and did it in three parts. First, they gave us help to twenty-five, then twenty-five more and finally, the last twenty-five. (Participant 006)

Finally, on this topic, another participant also commented that she had obtained resources from community organisations to complete some materials she needed for her business:

Yes, because as far as organisations are concerned, their help complements the materials we need for our businesses. (Participant 002)

### **5.3.2 Financial Resources**

Another form of assistance from community organisations is allocating financial resources to entrepreneurs for business purposes. Allocated financial resources to fellow members are community-owned or non-refundable donations from third parties. Initially, the distribution of resources began with non-refundable loans, but as entrepreneurs received this and another type of assistance, financial resource allocation ceased. For example, some participants commented on their experiences receiving financial assistance from the association of women entrepreneurs:

I got a loan from the association of women entrepreneurs that I later had to repay. (Participant 004)

The assistance was broad at the beginning for the restaurants of the women entrepreneurs. They recognise that this aid helped them significantly in their businesses. Below are the comments of some participants:

Through them, I got aid for the kitchen of my restaurant. They gave me two tables, like eight chairs too. This help was given to me by the association of women entrepreneurs, which also gave me a loan. (Participant 009)

The loans they gave us for constructing our eateries and cabins were excellent support for us. (Participant 006)

Another way that the association of women entrepreneurs has supported its members is through direct loans for business purposes. This form of a loan between fellow members is called '*banquitos*', or little banks, for its translation from Spanish to English. This name refers to the small amount of money that the association of women entrepreneurs often lends to its fellow members to be used in their businesses. The association of women entrepreneurs plays the role of a community lender of tiny amounts of money to complete capital needs. A participant commented that the loans she obtained came from formal banks and the association of women entrepreneurs:

The business started with resources that belong to us, but we have required financial assistance from certain institutions such as banks. And that is why we took out a loan. Not much, because it is only during the high season that we do this type of loan to have everything here and not travel every moment to buy supplies in the city. So, we make a big buying in boxes, of plates and other things like that. Yes, we made a loan from the bank for such purposes. My mom has also asked for help from the '*banquitos*' in which women entrepreneurs are involved. The association helps us too because our business is a well-established one. So, they also offer help to us. Moreover, they help us because our business is the only pizzeria here in the village. (Participant 010)

This case is not the only one; another participant commented on his experience receiving financial resources from community members for his business and own expenses. In addition, he explained the collective savings method used to generate the fund that serves as the basis for loans:

When I started my business, I got informal loans from different people. Namely, we call them our little cash boxes from people who get together because you know that the economy here is extremely low. People try to save money because we all have children, and at Christmas, it is always sad if there is no money to give them something. We call them our "*banquitos*" from the community, and about ten or fifteen people save money from their weekly salaries to lend to others and charge ten dollars each month, that is, 10% monthly. I went to borrow it there and paid it back as soon as possible. (Participant 021)

### 5.3.3 Technical Knowledge

Another resource that community organisations have widely provided is technical knowledge. Different participants commented on the provision of this aid by local organisations to community entrepreneurs. Technical knowledge has been mainly provided through training in topics related to customer service and food and beverage production. The organisation involved primarily in this training is the association of women entrepreneurs, but also with the assistance of the Ministry of Tourism, especially in the most complex topics. Some participants reported that because the main commercial activity of the community is tourism, the focus of training programmes has been relevant to this area. One participant commented on this topic:

They have trained us to do all the necessary paperwork for our businesses because they told us we must have all the licenses and complete the forms. In addition, they have trained us to improve customer service day to day and how to provide services to foreign tourists. They have helped us provide safe services to tourists. In addition, we have now received training on how to proceed if customers get dizzy when they come out in the boats, and we now know how to provide help. Yes, then we have learned to provide services safely. Because before, people took them to the sea and brought them back without monitoring them. But now we continually ask how they feel during the tours. (Participant 006)

One participant who owns more than one business of diverse types commented that his wife attends the workshops provided by the association of women entrepreneurs because the topic is relevant to the category of one of their ventures:

As for the association of women entrepreneurs, my wife is also a member; they have also helped us with projects in the form of training and related issues. She also attends those events. Yes! The association ladies bring these training topics, and she attends these customer service workshops. They can vary, but since most of the business members of the association of women entrepreneurs are eateries, they mostly create training programmes related to food and beverages, customer service, and related topics. (Participant 014)

The association of women entrepreneurs is not the only one providing training to its members. Other community organisations have also replicated these initiatives. A participant, who is also an association leader, commented on his experience and how technical knowledge helps other people learn from the activity and enter the business:

People from here, from the community, have come and told me, hey, listen, I have a business where I sell smoothies, and I want to sell cocktails too. I told them, look, that is how it is done, but if you want to learn well, you must attend proper training programmes once you learn from me. Because we created the association, we have learned to master the technique much better. We brought people to give us customer service training for all members, courses on how to prepare cocktails, manage alcoholic drinks, and handle fruits. We have learned all this in training. (Participant 003)

Training in customer service and topics related to food and beverages are seen as strategic for the community. Due to this perception, the association of women entrepreneurs constantly plans workshops for its members on this topic. The non-participation of some members in these types of programmes is seen as one of the factors that deter business success, both for the own business and the community's competitiveness. A participant commented on her perception of this matter:

There is a problem in the community: when the workshops are executed, some do not give them the importance they have. They do not understand! I always tell them that this is self-education for us if we did not have the opportunity to go to college in the past, but this is like the university for us from which we can learn new things. However, for that, it is necessary to attend the workshops. You know, there is a group that does not give importance to training programmes. But I give them the appropriate importance. If you own a business, how will your business improve if you do not use the new knowledge you have acquired? For example, you need new knowledge to make these new dishes efficiently. That would be the competitiveness for the whole community. Don't you think so? They must attend the workshops. For example, I mean all those over fifty years old, and some fellow members are already over seventy. I always tell them they must attend the workshops, but not all do it. (Participant 001)

## 5.2.4 Summary of Findings on Resource Provisions

Community organisations have been highly active in providing resources to entrepreneurs. Initially, they diligently secured external resources through their organisational process, which they then allocated to their members. Securing external resources has been extremely important in this case study, as this purpose initially led to community associativity. More importantly, today, the community is an essential source of resource provision for its members, albeit primarily internal.

The three organisations identified in this case study, namely, the commune organisation, the association of women entrepreneurs and the association of cocktail bars, have been involved in resource provisions for their members. Regarding physical resources, today, the commune organisation owns its assets, including commercial premises and other properties. Business premises owned by the community organisation are rented to its members on a low-cost rental basis. However, due to their welfare nature, they are not rented based on market conditions but according to the specific needs of community members.

To rent commercial premises owned by the community organisation, potential tenants must present their needs to the plenary of the community organisation. Then, in an open and participatory meeting, the members and leaders of the commune organisation decide by polling the allocation of the property to the new tenant, who will pay USD 20 for each premise. The beneficiaries of these allocations see them as positive, not those who do not obtain them. These practices reflect a needs-based model of entrepreneurship with no return on capital.

The association of women entrepreneurs pioneered in securing external resources for their businesses. They initiated both the securing of external resources and the corresponding allocation to their members. The resources that the association of women entrepreneurs obtained at the beginning were primarily physical and served to improve the infrastructure and the equipment of the eateries, cane cabins and other business infrastructure of its members. The procurement and allocation of physical resources by the association of women entrepreneurs were initially simultaneous, but over time, this changed.

Thus, the role of the association of women entrepreneurs in providing financial resources has also been significant. The association of women entrepreneurs first secured financial resources from an international NGO, which were then allocated to their members without any obligation to be paid off. However, when the external securing and allocation of funds from foreign NGOs ended, a resource pooling method was created to provide smaller loans to its members. In this method of pooling resources, some members save an amount per week, which then serves as the basis for a loan to be made to another peer, who will pay interest weekly. Although the maximum amount available for a loan is small, it is still helpful for some community members who need it for business or commercial purposes. This system of savings and loan provisions created by the association of women entrepreneurs has been called *banquitos*, or little banks, from its translation from Spanish to English.

Regarding technical knowledge, the association of women entrepreneurs and the association of cocktail bars have provided several training programs to their members. A recurring theme in the workshops has been customer service training. Training on this topic has been seen as strategic for improving the competitiveness of the whole destination as the business ecosystem

is oriented towards tourism. The training programmes have also covered other topics, such as legal procedures for obtaining operating licences, safety practices for tour operators, English, and other administrative aspects.

Despite the efforts made by the association of women entrepreneurs to implement these programmes, not all their members attend the workshops. This situation, in turn, has been seen as problematic by the association's leaders of women entrepreneurs because they consider this resource under-utilised by some of their fellow members. The heads of the association of women entrepreneurs have also pointed out the importance of tapping into this resource, as the community has low levels of education, and they see this as their way of compensating for this lack. Regardless of the number of entrepreneurs enrolled in the training programmes, community members recognise the importance and effort made by their organisations, especially the association of women entrepreneurs, in this field.

#### **5.4 Evolutionary Trajectory of the Community**

Since starting the entrepreneurial activity decades ago, the community has experienced changes in various realms. First, the association, a group of women created to receive external support, has helped consolidate community entrepreneurial activities over time. However, their eagerness to strengthen their business positioning and common interests of the community has also contributed to strengthening their own and other local associations. Since the creation of the association of women entrepreneurs, some community organisations have evolved from informality to legally constituted organisations with a hierarchical structure and negotiation power. The interest in sustaining their associations has also led to their members performing their entrepreneurial activities and playing various roles within the local organisations.

Below are some comments from participants on the spontaneous way in which the trajectory of the association of women entrepreneurs began:

...a group of women who organised themselves created an association. We started with fifteen or twenty ladies as women who organised themselves. We were in several meetings in the middle of winter. We were in the meetings without asking for anything in return because nothing comes for free in this life, and we did not believe this could happen then. (Participant 006)

...at that time, a group of organised women created an association to help each other. We had to participate in several meetings all the time... (Participant 004)

Comments from participants 006 and 004 show that the association of women entrepreneurs was created through the participation of a group of women in spontaneous meetings. They were seeking external support for their businesses, so they had to organise themselves. Likewise, their trajectory has been observed as a role model to be followed by other associations that have not only replicated their organisational trajectory but have improved it.

Improvements in the associations' conditions are reflected in the legal status that a new association has gained since its creation. Creating a new organisation with a legal personality from the beginning reflects the evolution and improvements that new generations add to the associative process in the community. Below is one participant's comment showing how organisations have evolved in this area over time:

Women entrepreneurs got organised in an association, but not legally; they did not have legal status at the beginning, like us. After we saw their experience, we saw that things became more manageable for them, and that is when other people asked me to create an association... We replicated their idea but improved it because we created our association with legal status since the beginning. (Participant 003)

Second, local organisations have played the role of local governance, mirroring the functions of the central government, albeit on a smaller scale. These actions, in turn, have improved infrastructure for the population's daily life and the business ecosystem. Community members see these changes as positive and attribute them to the excellent work of local associations and their leaders. Regarding the business ecosystem, entrepreneurs see this change as beneficial for attracting more tourists, as the destination is oriented towards the tourism industry. One participant commented on these changes and how the improved infrastructure benefits the tourism industry in the village:

The community helps us to obtain the basic services essential for our society's development. The commune organisation has provided us with drinking water, electricity, and telephone services, all the essential utilities a town or a city should have. And that has helped us a lot in the community's tourism industry. That is a lot. And these are the achievements of the presidents who have been at the head of the community organisation. (Participant 018)

However, since the situation has not always been the same, other participants have also referred to the lack of essential utilities in the community. Here is another comment from a participant recounting the conditions that existed in the past:

I used to explore underground wells to draw water in the mornings. What we have today, piped drinking water, did not exist here. Before, we did not have drinking water anywhere in the village. Water also came to us through tankers and wells. (Participant 016)

On the other hand, community organisations and their members have participated in improving public services and providing other infrastructures that have benefited the village's tourism sector. Thus, a community member got external aid to build an underwater sculpture to attract more diving tourists to the village, bringing another vital change and boosting its tourism-oriented business ecosystem. With the creation of this infrastructure, the community lobbied the central government to declare the area a marine reserve, attracting more diving tourists to

the village. Over time, it has become a sculpture that, although submerged, is symbolic of the village, making the community feel the economic benefits and the pride of obtaining it through one of its members. A participant commented on this issue:

Everybody wants to come here to see the sculpture of Jesus Christ under the water... Six months after we erected the sculpture, the Ministries of Tourism and Environment declared the area a marine reserve. Look how the whole community changed because of this sculpture; it changed everything. Three months after declaring the marine reserve, these institutions gave us a boat to sink it and have another tourist attraction. After a while, they put buoys and signage at the dive sites. Look at what we have achieved; this is happening in our community. Why? Because when tourists come to dive, they bring their families, rent tents, and order food from the women's restaurants. That has been a wonderful thing for our community, so I identify with the work behind it. If something happens to the sculpture of Christ, we take it down and put it back up. We have achieved incredible things for our community and our country because nationally and in our province, it is already identified that people come to this city to dive and see the sculpture of Christ under the water. And that is a beautiful thing. And now, those institutions are entities that give the training to regulate tour operators so that they do things right. We have achieved all that, and now we are here, fighting to continue our tourism activities. (Participant 017)

Regarding the business ecosystem, community members have also created other types of offerings previously unavailable on the market. Thus, although women-owned restaurants date back a few decades, there were no permanent grocery suppliers in the village. The local population had to source their supplies from larger towns far away from the community. However, with the creation of restaurants in the community, an entrepreneur who also owns one identified this problem and created a business to meet the needs of the local population. She described this new offer as beneficial for herself, the community's population, and the tourism-related business environment:

There used to be shops that sold groceries in temporary markets, or they would come and sell them here in little trucks. The village has been transformed from what it was in the past; it is not even a shadow of what it used to be. Before, there were no paved streets; we did not have this promenade by the beach... there was no infrastructure. So, I identified a need because even to buy raw materials for my restaurant, I had to go to the city. So, that need of the community pushed me to have this business. A shop to serve the people who did not have transport to buy food in nearby cities or towns. They

pushed me to give them a good service. And then, as I had already grown my business, others also started their businesses. For example, the one next door and other grocery shops were created in the community after I set up mine. We are all selling because the village has always been a beach destination and a natural swimming pool, and we have always been well known for family tourism. Families who come to stay here use the hotels and go out to buy our services. There is also external consumption by these families. (Participant 005)

Interestingly, this participant's new venture also created other imitative entries to the market that, while not unique, became options for consumers. Davidsson (2016), in this regard, indicated that although imitative businesses do not necessarily represent uniqueness, they are part of the entrepreneurship conceptualisation because they are new offerings for markets that did not exist before. The findings on imitative entrepreneurship are reviewed in depth in chapter Seven.

Another notable change during the community's evolutionary trajectory is the gender development of women entrepreneurs. In this sense, the entrepreneurial ecosystem women entrepreneurs created decades ago has brought about employment opportunities for women and improved their economic and general living conditions. In turn, the possibility to earn their own money and contribute to the household economy has empowered them and reduced domestic violence in the community. Their jobs have also enabled them to combine their roles as mothers and business owners. Here is one participant's account of the intergenerational changes she and another group of women entrepreneurs have experienced along their trajectory:

I am still a simple woman; My generation is no longer like the previous generations, where we only ate one meal per day. I can tell you! In my generation, I include my children and my grandchildren. They have a better quality of life. For example, they have already had babysitters coming home to take care of them so their mothers can work at their businesses. So, it is different because when I was a child, my mother took me to the parish house run by some priests to go to work. So, that is a tremendous

change! Because she had to leave us there all day. It was difficult for everyone. This achievement is a change for our current generation. (Participant 001)

As observed in the previous comment, changes in women entrepreneurs' living and working conditions show substantial improvement between generations. This change is not the only one that has occurred in the community since women entrepreneurs also have created jobs for other women, who, if not for these jobs, would hardly find suitable employment to combine their roles as workers and mothers. The following is one participant's comment on this matter:

It has also improved the quality of life for working women because if our businesses did not exist, I do not know where they would be working. Indeed, I do not know where they could get a job. Why? Because they need to take care of their children, too. For example, this situation would make them late for work because they would have nowhere to leave their children. Here, instead, they coordinate with each other between co-workers, and they create suitable shifts to help one another. (Participant 001)

Continuing with gender development, another significant change is that women entrepreneurs have achieved spaces for participation and defence of their rights within the community due to their role in business. In the past, "*there was still machismo*" (Participant 001), but that changed with the creation of the association of women entrepreneurs. The leadership space created for women in their association has been a means to end domestic violence by raising awareness of the problem. One of the participants expressed her satisfaction at having helped the community on this issue from her leadership position in the local organisations and ending the domestic violence that afflicted her:

I have been a good social support for the community in preventing domestic violence. I am not a psychologist, but I have undergone the necessary training. I have not missed them because that has helped me to be able to defend myself in life within my home and in society. So, it helped me a lot from a psychological point of view. I got certified in preventing violence against women and children. In other words, I can intervene and help others in the community because the law authorises me if a person is mistreated... I do not do it for money in this life; I have never done it for money. I only like to help others, so I have been a community leader and held managerial positions within the commune organisation. That old park that is there was built when I was in charge. Yes,

and that has touched me because I was one of those women who was mistreated, too, but not anymore. (Participant 016)

Regarding resourcing, there have also been changes, as, in the past, resources were mostly external. Over time, this changed as external aid ended, leading the community to develop its method of resource provision. The provision of resources has also strengthened community associativity because they have been allocated in a participatory manner. Thus, in open sessions within the associations, members and their leaders can decide “*by consensus*” (Participant 016) whether to allocate resources to a peer.

Another change in the provision of financial resources by associations is the provision of loans. Thus, in the past, a group of women diligently organised themselves through an association of women entrepreneurs to receive this type of assistance from a foreign NGO. When that support ceased, they also developed a method of lending that, although more modest, has also been useful to other entrepreneurs. The lending method created by members of the association of women entrepreneurs has been called “little banks” (Participant 010 and Participant 021). This method is a system of collective savings that allows the creation of a common fund that serves as a basis for loans. The following section summarises the changes in the evolutionary trajectory of the community in entrepreneurship.

#### **5.4.1 Summary of Findings on the Evolutionary Trajectory of the Community**

Several changes have occurred during the community’s evolutionary trajectory in entrepreneurship. First, the former informal association of women entrepreneurs served as a

model for a new association that replicated this trajectory but evolved it by giving it legal status from its creation. Second, community organisations performed some local government functions, resembling the role that the central government should have in the provision of basic services and other tourism infrastructure. Infrastructure changes are seen as positive by community members, who attribute them to the outstanding performance of community association leaders.

Improvements in infrastructure and basic services achieved by local organisations have helped the community's tourism-oriented business ecosystem attract more tourists to buy their products and services. Moreover, the community business ecosystem has also benefited from creating new offerings in market areas not previously covered by existing businesses. Although some new entrants to market entry have been through business imitation, it has been seen as beneficial to the community and tourists visiting the destination. The full findings on entrepreneurship imitation are presented later in chapter Seven.

On the other hand, entrepreneurship in the community has also contributed to the development of women entrepreneurs. Women's living conditions before becoming entrepreneurs were challenging, with limited access to food and poor childcare options. However, after a group of women restaurant owners created their association to receive external aid decades ago, they succeeded in changing the living conditions of future generations. These actions created jobs for women and provided them with income for their households and representation in the community. These changes also succeeded in empowering women entrepreneurs, "*preventing domestic violence*" (Participant 016) and reducing "*machismo*" (Participant 001) in the community.

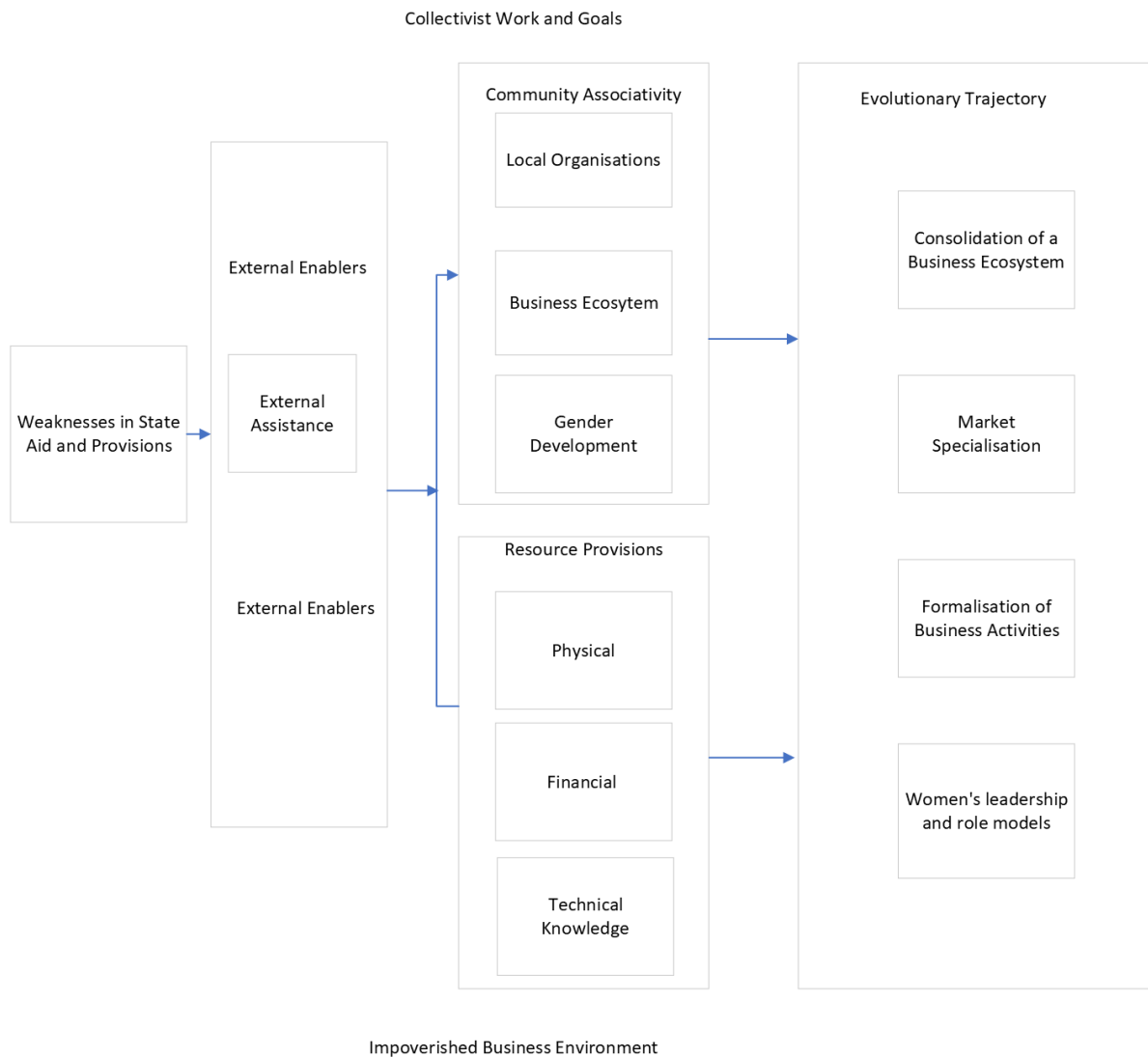
Finally, regarding the provision of resources, there have also been changes in this area in the community's evolutionary trajectory. The community and its organisations moved from receiving external aid to being providers of it. This change, in turn, strengthened the community associativity because the method for resource allocation is participatory. Thus, allocating resources is decided in a participatory assembly by voting.

In addition, regarding financial resources, the association of women entrepreneurs created a system to provide loans to its members when external aid ceased. Although the amount of the loan is modest, this change is striking because of the proactivity of this group of women in providing aid to themselves. In this method, some members contribute money from their weekly income, which is then used as a basis for lending the loans to their peers. This lending method has been called "banquitos" (little banks). The following section summarises the findings of the chapter in an integrative framework.

## **5.5 Integrative Framework**

Figure 8 illustrates an integrative framework for chapter Five, "Community and Entrepreneurship".

**Figure 8 Integrative Framework of Community and Entrepreneurship**



Source: The author

The framework illustrates three important overarching dimensions derived from the thematic analysis of the data that contributed to its construction. These dimensions are community associativity, resource provision and evolutionary trajectory. These dimensions also illustrate the second-order themes that contributed to the integrative framework. The complete integrative model and its explanation, which contains elements from the findings related to community, family, and the individual as an entrepreneur, are presented in chapter Eight.

## 5.6 Conclusions of the Chapter

As observed in the findings on associativity and resource provisions, the community has played a significant role in developing the entrepreneurial phenomenon in this case study (See Figure 8). These findings are consistent with the Global South's collectivist nature, where individuals' participation in mutual economic activities is a cornerstone of society (Rooks et al., 2016). In this case study, the research findings show that community associativity and resourcing had intertwined triggers that have been strengthened throughout the evolutionary trajectory of the phenomenon. Thus, although community associativity began with the need to access external resources for entrepreneurial purposes (Participant 006), today, the associations that originated are the providers of resources for the community, e.g., physical, financial, and technical knowledge.

The research findings also show that entrepreneurship has been a dynamic phenomenon in the community, generating significant changes in the evolutionary trajectory of several generations of entrepreneurs (See Figure 8). The conditions experienced by older generations of entrepreneurs are different from those that exist in the community today. The research findings show that the need for associativity and resource provision originated simultaneously years ago due to the constrained economic conditions of the community. However, community members already had the will to improve the informal business environment they had created to survive in the beach area.

In terms of the infrastructure of businesses in the beach area, the findings revealed that they were extremely poor, mostly made of flimsy materials such as *“branches with wood, palm leaf*

*roofs*” (Participant 006). Despite their spaces and other necessary amenities for their operations being unsuitable for business activities, they used to operate regularly. As the data show, they were survival workers, primarily women trying to cover their basic needs who, despite working hard, remained poor because they lacked adequate resources for their business activities. These findings are in line with the literature indicating that survival workers remain poor even though they work hard (Fields, 2012) due to the precarious conditions in which they work and the harshness of the environment (Grimm et al., 2012; Margolis, 2014; Matos & Hall, 2020; Serviere, 2010).

The findings show that their resources were insufficient to improve their businesses and living conditions, making them want external assistance to improve and continue their activities. On this point, the findings differ from the view that a large proportion of survival workers would prefer to transition to wage employment rather than continue their informal business activities (Fields, 2019) and agree with the position that some of those individuals choose to be entrepreneurs because they want to perform business activities (Gindling & Newhouse, 2014). Data analysis highlights this fact because, far from moving into wage employment, these survivalist entrepreneurs opted for assistance to remain in business for generations.

In the context of developed economies from the Western World, the provision of aid and social protection for necessity-oriented entrepreneurs generally comes from the state, while in the context of the developing world, individuals try to compensate for the lack of public assistance with private transfers from family and friends (Cox & Fafchamps, 2007). In developing countries, the fragility of the state is usually behind the lack of assistance and the increasing number of survivalist workers (Amorós et al., 2019), but it is also behind private transfers from

family and friends. An interesting finding of this case study is that, although the number of survival entrepreneurs was already high decades ago, the community succeeded in unifying and organising itself to receive external assistance from foreign NGOs. This finding is interesting, first because it shows that initial support does not always come from internal sources within the community, such as family or friends, as has been described in much of the literature on survival entrepreneurship in developing countries (Matos & Hall, 2020; Serviere, 2010). Second, it is significant because it shows the creation of long-standing community associativity that has helped to consolidate today's business ecosystem. The literature on local development has described community associativity as a cornerstone for improving the collective positioning of communities reunited around business, as it enhances their joint negotiation capacity and the defence of the grouped members (Melo Torres et al., 2017; Salinas & Sastre-Merino, 2021).

The community's willingness to defend the common interest of its members has led its associations to resemble mutual defence organisations such as labour unions or chambers of commerce. In this case study, the will for mutual protection and the defence of common interests has also led the community to develop a group identification. Regarding business, group identification has led this community to favour intra-community relations over external commercial exchanges. The prevalence of group identification in business transactions within the community can be seen in preferential prices for community members, joint venture arrangements with local firms owned by peers, or the willingness to buy products from local businesses only. In the literature on entrepreneurship in the developing world, the favouring of internal over external business relationships has been called island networks of entrepreneurs (Slade Shantz et al., 2018), where the prevailing collectivism in society plays a substantial role in this choice.

Associativity has also been used to regulate markets, homologating prices for some services to avoid internal price-based competition among members. In turn, the quality of services has been used as a differentiating factor to compete among peers. This factor differs from open market conditions, where price-based competition is almost always the norm. The market regulation has been promoted by the association of women entrepreneurs, who see it as a positive result of their commitment to community associativity. The prevailing collectivism would make price-based competition appear to be unfair between community members.

Regarding gender development, the space created by women entrepreneurs and their associations has brought noticeable participation and visibility for their members in the business environment and community leadership. This change arose because gender roles in the community have been divided for decades, as traditionally, men in the community have been involved in artisanal fishing, while women have been involved in household chores. Women's participation in business activities improved the family economy and also female employment opportunities for different generations. It has also contributed to reducing machismo and the implicit domestic violence that affected women in the community, as evidenced in the accounts of Participants 001 and 016. In addition, the women's associative trajectory has been seen as a facilitator of business and opportunities, causing a new generation of entrepreneurs, both men and women, to replicate the experiences of the women's association in search of the same results. On the negative side, the entrepreneurial ecosystem may also reinforce gender-based roles, as most women entrepreneurs, with some exceptions, work in food production and related areas, which have been described in the literature as extensions of domestic activities (Duffy et al., 2016).

On the other hand, the community has actively provided and allocated resources to its members. Resources have been allocated through participatory methods and in solidarity with members who have needed to improve their household incomes. However, since the allocation of resources has been primarily targeted at native-born members of the community, some participants have also considered it a closed sphere of influence. As mentioned above, the literature suggests that internal relationships prevail over external ones in business exchanges because they occur in isolated business networks (Slade Shantz et al., 2018). Thus, the findings show that, although the objective of community associativity has been to compensate for the fragility of the state in the provision of resources, a local bureaucracy has favoured the internal allocation of resources among its members. This situation, in turn, has generated discontent among some members not associated with local organisations that have commercial interests in the community.

The findings on the community's evolutionary trajectory in entrepreneurship revealed substantial changes in different areas (See Figure 8). First, from having a modest goal of working together to receive external assistance, the community has created solid institutions with visibility, representativeness, and legal status. Second, from having businesses operating in precarious conditions in the beach area, the community has evolved to consolidate a business ecosystem oriented to the tourism industry. Third, community organisations have compensated for state fragility by providing resources to improve infrastructure for the population and the business environment, but unmet needs remain challenging. Fourth, women of the community, from not contributing to the household economy and living in a context of subjugation, have developed a business and associative environment led by women entrepreneurs, whose

experiences continue to be replicated by younger stakeholders. Finally, the community moved from being a recipient of external aid to being a provider of different types of resources for its members.

## CHAPTER SIX

### FAMILY IN ENTREPRENEURSHIP

#### 6.1 Introduction

As mentioned in the previous chapter, the analysis of the findings has been divided into three units of study referring to the structure of society: the community, the family, and the individual in entrepreneurship. Chapter 5 focused on analysing the findings on “Community and Entrepreneurship” as the largest unit of society involved in the phenomenon. This chapter presents the analysis of the findings on “Family in Entrepreneurship” as a unifying factor of related individuals in entrepreneurial activities and is structured into five distinct sections.

The introduction presents an overview of the content of this chapter. Section two presents the findings on family entrepreneurship, where data analysis revealed four themes related to family entrepreneurship. Those themes are connected to the constrained conditions of families, intergenerational entrepreneurship, family business, and labour pooling. Data analysis showed that many families have experienced constrained economic conditions that led them to create businesses decades ago. Likewise, entrepreneurship is intergenerational since there are second generations that not only chose their parents’ business path but have taken their endeavours further. They are family businesses where members of different generations have been embedded for years to create ventures and pool their labour for their endeavours.

The third section of the chapter presents the findings of resource provisions from the family to the business. Data analysis showed that family provided distinct types of entrepreneurial

resources: emotional support, business advice and business resources. The findings revealed some cases in which families encouraged some of their members to create or continue with new or existing ventures by providing them with emotional support or business advice. Furthermore, families provided business resources to their members, either in cash for the creation of the business or through other non-monetised means that also have economic value. An example of a non-monetised means representing an economic value is the exemption from the rent of commercial premises. In such cases, relatives provided a free-of-charge place for the business.

The fourth section of the chapter is related to the evolutionary trajectory that families have experienced through the phenomenon of entrepreneurship. The findings relate to the changes the family clans experienced during their evolutionary trajectory as entrepreneurs, both in their quality of life and business affairs. The last section concludes the chapter and summarises the findings, discussing their significance and integrating the central themes of family in entrepreneurship.

## **6.2 Family Entrepreneurship**

The findings on the overarching theoretical dimension of family entrepreneurship revealed four second-order themes. They are constrained conditions, intergenerational entrepreneurship, family business and labour pooling. Regarding these themes, there were constrained conditions in families that pushed entire clans to rely on businesses as survival entrepreneurs to generate income. In most, if not all, cases, there was a first generation of women entrepreneurs associated with a community organisation who owned and managed businesses while their

male counterparts were engaged in artisanal fishing activities. However, as the findings revealed decades later, a second generation of entrepreneurs joined those businesses.

The second theme of this section is intergenerational entrepreneurship due to the noticeable participation of a second generation of entrepreneurs in family businesses. The findings showed that the inclusion of a second generation of entrepreneurs in family businesses was due, on the one hand, to the community's constrained conditions that have hindered employment availability, but also to the willingness of the first generation that their children go into business. The findings also showed that a second generation of entrepreneurs joined family businesses because of the role models their parents displayed as entrepreneurs. Although the motivations are diverse, more than one generation of entrepreneurs conduct entrepreneurial activities simultaneously.

The third theme is the characteristic of the family business, displayed by firms in the community. The data analysis revealed that some entrepreneurs defined their business ownership as part of the shared family assets and not individually. The existing collectivism in the societies of the Global South has boosted the family ownership orientation of those businesses due to the intrinsic levels of family amalgamation among firms and households. In turn, the amalgamation of family members around their economic and social affairs led them to set up high levels of embeddedness in business, which is displayed in their participation as labour for their firms, among other ways.

The fourth theme that emerged from the findings is labour pooling. Because of the high levels of family embeddedness in the business model, labour pooling is a common theme in the

findings. Several participants indicated that those who usually work in the business are their close or distant family members. In the case of nuclear families, their members tend to contribute directly to the management of the business. In the case of extended families embedded in the business, their members mostly provided labour but generally in operational positions. Participants also revealed that, although some family members no longer worked for these businesses, they had done so in the past. Table 11, which uses the design of Corley and Gioia (2004) and Gioia et al. (2013) for data structure, shows examples of first-order codes and second-order themes within the overarching theoretical dimensions of family entrepreneurship. The full data structure is available in Appendix E.

**Table 11 Examples of Data Structure for Family Entrepreneurship**

Example of First-Order Codes	Second-Order Theme	Overarching Theoretical Dimension
We come from an impoverished family, one of the poorest in the community. That is why my father was always worried about how little he earned. He always wanted to give us something, paying at least the expenses of primary school and part of secondary school to my siblings. However, that was not the case for me, the person you are talking to; I was lucky enough to finish all of high school. (Participant 003)	Constrained Conditions	Family Entrepreneurship
I was 25 years old at the time. My mother had a restaurant before me. I worked there before I was 25, serving tables for customers because the business was family-owned. But then, I already had my own family and had to open my own business. (Participant 001)	Intergenerational Entrepreneurship	
Our business is a tour operator owned by our family group, where my sons are internationally certified diving instructors. (Participant 017)	Family Business	
All my daughters work here; I count on them for that! We have all worked here at some point. My daughters are the four people working here because I can no longer do it. (Participant 009)	Labour Pooling	

Source: Research Data

## 6.2.1 Constrained Conditions

Like other regions of the Global South, the community of Ayangué has faced constrained economic conditions for several decades, leading local people to create businesses to survive. The literature indicates that the poorer the economic conditions, the higher the rate of self-employment and entrepreneurship (Fields, 2019; Margolis, 2014). Given the constrained economic conditions in much of the developing world, nuclear family members and other kinship networks tend to seek mutual protection from hardships (Cox & Fafchamps, 2007). This case study evidences the high rate of survivalist entrepreneurship displayed by the substantial number of small businesses that have been present in the community. Because the constrained conditions have existed in the community for many years, participants from different generations of the same family clans have interacted with businesses at different stages. A participant who today owns two businesses and is the leader of a community organisation for entrepreneurs narrated his story about the constrained conditions in which he grew up and the existing commercial relations of that time:

My dad's economic situation was not very profitable. I used to help my father with what he did. We used to sell firewood to restaurants here in the community. That was when we were little. I was about 10 or 11 years old. My father had a small farm where he harvested only in the winter; he produced corn. And he had some donkeys, too. We brought firewood to the restaurants to sell and, with that money, supported ourselves in the family. Even if my father's money from selling firewood was little, he used it to harvest corn in winter. Then, we also used to sell corn tortillas in other towns, so he paid for our studies. With hard work, he showed us that life was not easy and that we must work hard to be someone in life. That is why I started working when I was 14 years old. I used to sell tortillas like my dad. When I came of age, I worked and studied simultaneously to help my father. So, I decided to go to the city to work in construction. About three or four years later, I came back to the community. I returned to town once I saw that there were other businesses that I could do, not just sell tortillas. (Participant 003)

This example illustrates a case of constrained economic conditions that affected part of the population and the existence of businesses in the community at that time. However, despite such harsh conditions, some members of these family clans have continued their businesses in the community over time, but under better conditions. Such is the case of the participant mentioned above, who is part of a second generation of business owners in the community, but unlike his father (a survival self-employed worker), he owns two businesses and has access to more suitable conditions than his predecessor. The following section presents detailed examples of intergenerational entrepreneurship.

### **6.2.2 Intergenerational Entrepreneurship**

One of the most significant and recurrent findings revealed by the data analysis is the presence of intergenerational entrepreneurship in the community. The research findings revealed cases of second-generation entrepreneurs who followed the entrepreneurial experience of their predecessors. As in impoverished communities, older generations have become role models for younger entrepreneurs (Slade Shantz et al., 2018). On the one hand, role model expectations of the second generation of entrepreneurs have been based not only on the need to overcome the constrained economic conditions of their predecessors but also on the positive entrepreneurial experiences of the first generation of entrepreneurs. Below is an example of a participant who described starting her journey as an entrepreneur following her father's experience:

My business came about because I had a lot of financial needs. I was born in another village, and my husband and I came to live here years ago. Here, we had to live and support ourselves. But I was born and grew up amidst my father's businesses. So that was already in my family. I thought I had to have my own money because my dad always told me not to depend on my husband as he may not be my eternal companion and that I needed to have my own money. (Participant 005)

It is not only the constrained economic conditions of the family that have influenced the second generation of entrepreneurs to own or continue the businesses of their predecessors. The findings also revealed that the willingness to grow businesses created by parents motivated the second generation to continue in business. Here is an example of an entrepreneur who detailed her willingness to continue in the business to grow it and fulfil her father's dreams:

During the pandemic, everything stagnated. At that time, the business was owned by my parents. Then, when the situation started to regulate, my father continued in his job, my mother also found a job and the business was abandoned. Then, I saw an opportunity there; nobody was taking over the business. Here, I can generate daily income, there are good revenues, and you know that when you work for another company, the salary is not good, and there is also labour exploitation. So, I saw an opportunity here, and I decided to stay. I have plans to increase and make this business bigger because I know there are good profits here. In addition, my desire to continue with the business runs in my family. Because my father instilled in me business expertise since I was a child, I already know the commercial side of the business, and I like the activity of selling products. (Participant 008)

As observed in the previous comments, second-generation entrepreneurs value the expertise of the first-generation. Furthermore, the second generation highlights the benefits of coming from first-generation entrepreneurs who have learned from them how to run a business even when their current offerings may be different. One participant commented on how easy it was for her to manage her business because of the knowledge she had gained through her mother's business experience:

My business is a pharmacy. However, I come from a background where my mother had always owned a grocery store. So, I also come from that experience that I know well about customer service, inventory management and everything necessary to run a business. (Participant 012)

In some cases, second-generation entrepreneurs have not only learned about business from their parents but also contributed to first-generation businesses. The following is the case of a participant who decided to open a restaurant in her parents' small hotel offering a wider number

of services. This case shows an example of a second-generation entrepreneur expanding her parents' business and helping them fulfil their wishes to grow it:

First, my parents had a little hostel here. They built this new building for that purpose. Before that, they already had the idea to open a small café as part of the hostel. Then, I was living somewhere else, and my mother told me about her desire to have a café. I told her that I would like to come and open it. So, I returned with my children, but my mother's idea was to open a small café. However, because I knew how to make other dishes like hamburgers, hot dogs, sausage, chips, etc., and since there was not much of that kind of food here, I told her we should have something bigger. And that is how we started it, and it has been going well. It has been well accepted because we work with high-quality materials, and tourists love the food we sell. (Participant 015)

These findings support the work of other authors regarding role models in impoverished settings (Si et al., 2015; Slade Shantz et al., 2018) and within family networks in fostering intergenerational entrepreneurship in the Global South. They also illustrate how younger generations capitalise on the experience and resources of older family members to create ventures. Both role models and the capitalisation of family resources are instrumental in organising intergenerational clan members to create interrelated ventures within the group.

### **6.2.3 Family Business**

The findings revealed that nuclear families and, in some cases, extended ones are amalgamated in their clans within the community. Family amalgamation shows that various members of nuclear and extended families cohabit in their households while using the housing unit for business purposes. The continuous interaction of family members has, in turn, created strong family embeddedness in the business, where the boundaries of domestic affairs and the business are sometimes blurred. Some housing units have commercial premises on the ground floor where families operate their businesses, fostering the embeddedness of their members in their family network. Below is an example of a business functioning inside the housing unit:

We still need to refurbish the infrastructure more because, as I mentioned, the business is a family business, and it is inside our house. We already have the space for the business, but we still need to continue refurbishing the premises for it. (Participant 010)

This example is not the only case where a business operates within the same housing unit. Even the most experienced entrepreneurs who started their businesses in their old houses moved to new houses with the business included as their financial situation improved. One participant commented on his story about creating the business in his home and subsequently moving it to a new one:

I started my business when I was 21 years old. My wife and I devised an idea and made it a reality. This idea was materialised in the first house we had, in another neighbourhood. That is how our first steps in the grocery business came about. I started with a tiny shop. It was a small grocery shop, where my wife worked in the business while I worked simultaneously in shrimp production laboratories. (Participant 018)

As observed in previous examples, there are several cases where the business functions in the same family housing unit. Another example also illustrates the problems in establishing clear boundaries between the house and the business due to space sharing for both purposes, despite infrastructure improvements. One participant commented on her experience of family members taking products from the business for personal use without bearing the cost, resulting in economic losses that she would like to avoid. Beyond family amalgamation, this situation also reflects the existence of distinct family and business interests that those who run the business would like to regulate. However, as the literature indicates, business and family affairs are difficult to regulate because their logic responds to different interests. While family affairs respond to assistance, business logic responds to commercial interest (Arregle et al., 2015).

One participant commented on her experience:

There have also been problems because, as you can see, my family lives here too. Sometimes, they take products without paying, which is not how the business works. So, I am extremely strict in that regard. I want to separate what is for the family from

the business. I can say that up to now, the management of the business is not one hundred per cent implemented because they are still taking products without paying daily. But that is my central point: I want to soon separate business matters from family matters. To do so, I want to separate the house space into what is for living and business. I am going to refurbish the upper floor. But also implement an automated system to manage the inventory. (Participant 008)

The previous example corresponds to a case of a nuclear family with adult children dwelling in the same household. In addition, despite the conflicts, family members are embedded in the business, taking it over when the one in charge cannot do so. One participant commented:

When I must go out, my dad takes over the business, and sometimes, my mom or brother helps me. However, I am responsible for staying there when they cannot do it. I am the one who cannot go out because the business is mine, and the responsibility is mine. (Participant 008)

This case is not the only type of family embedded in the business. There are other examples of nuclear and extended families with adult children and partners embedded in the business. One of the participants, when asked if those who collaborate with him are family members, said:

They are all my family, including my cousins. For example, the one who pilots the boat is my son-in-law. My children are scuba instructors, my daughter runs the office, and my other son manages social media. In other words, everyone has an activity in the firm. (Participant 017)

Another way that families are embedded in business is through the creation of kinship networks for commercial purposes, in which a family member is part of the supply or distribution chain. In those cases, such embeddedness is seen as a moral obligation due to kinship ties. One participant recounted an example of how one of his sons supplies products to sell in his business and justified why he should sell them in his grocery shop:

My son raises chickens. He has a poultry farm. So, what he has is his microenterprise, which he runs himself. Although the three of us live together, it is his solo business. He raises and processes the chickens in his business, and once they are ready, he brings

them here. So, my wife and I, as his father and mother, must help him sell the chicken by the pound he brings here. (Participant 018)

#### **6.2.4 Labour Pooling**

As observed, families are embedded in businesses in diverse ways. Labour pooling is another usual form of family embeddedness in businesses, and families pool labour for distinct reasons. The scarcity of jobs in the labour market (Margolis, 2014) may be one of the most common issues for labour pooling in the developing world (Cox & Fafchamps, 2007), but there are other situations for doing so, such as the need to have someone trusted around, support other family members, hire someone who already has the business expertise, or even to save money on labour costs. One participant commented that she hired her brother even though she could not pay him adequately since she was starting her business:

Here, my siblings work with me. My brother is a permanent employee, and my sister is the casual one. My brother started working with me maybe a month or two after I opened the café in the village. Since I used to sell only empanadas, sandwiches, smoothies, and coffee, it could have been easy for me to go it alone if I wanted to. But then, I started doing other things, too, so I started training him. When he joined, the truth was that I asked him to help me in the business, but at first, I would not be able to pay him much since I was starting. I also asked him to help me grow with his ideas to change that. So, some of his ideas have also contributed to the growth of the cafeteria. I can say that it was a mutual help. (Participant 013)

Another way to pool labour is to share household chores and business activities between members of nuclear and extended families. In this form of labour pooling, family members indistinctly perform activities from the business or the house to support their relatives. The literature describes this as altruism between family members who provide mutual care in return, as there is often no monetary compensation for the work done. The exchange of favours is part of the relationship of families in the developing world (Cox & Fafchamps, 2007).

Intergenerational altruism is common in the countries of the Global South since, in this way, members of the nuclear and extended family assist each other in a quid pro quo relationship or exchange of favours of similar value (Cox & Fafchamps, 2007). The findings show that this type of altruism exists in this case study. One participant who owns more than one business and did not have any externally hired staff commented that he alternated his work and domestic duties with his wife during the day while his parents supported them by working in the business in the evenings:

I have received unconditional support from my mother and father. They supported my decision to have my own business by backing me when we started, as we had no employees under contract. It was just the two of us, my wife and me. We worked in shifts, me in the morning in the business, while she took care of the children in the morning because of school. And in the afternoon, she took over from me when the children came out of school. And in the evening, my mother and father would do us the favour of working in the business. In that sense, I have received unconditional support from my family. (Participant 014)

Another form of quid pro quo relationship between members of nuclear and extended families is the provision of labour that is reciprocated with another good or service of equal value. Reciprocity between family members, which implies the social exchange of goods or services, such as labour pooling, has been widely identified in the context of the family business in the Global South (Grimm et al., 2012; Verver & Koning, 2018). A participant commented that some family members worked in her business, noting that her daughter-in-law helped her when she needed to conduct other activities and that the support is given because she lives in the house she owns:

My son, my husband and I work together in the business. My daughter-in-law must help me with the business when I need to go out. Because I have a daughter-in-law who lives here since she still does not have her own house, and that is why she supports me when I need it. We all live in the same house: six adults and a 3-year-old child. (Participant 016)

The above finding shows that home and business sharing is common in the community and that various members of the nuclear and extended family pool labour. Since members of different generations of the family get involved in the business, the help of children, even if they were minors, was not considered negative. One participant commented on her experience with her daughters helping her with the business when they were still minors:

All my daughters helped me in the business when they lived here before marriage. They all worked in the store with me in the past. It is the same situation that I lived in, how was my life. When they were 12 years old, they started to help me in the store, and when I needed to go out to buy the products for the business, they remained here. That is why my family has always been a very important part of the business; everyone has helped me. They have always shared the responsibility with me. (Participant 005)

Although in Ecuador, as in other countries, child labour is not legally allowed according to international agreements signed with the ILO (Boucinhas Filho, 2019), there are cases like this in which children have helped their parents in their businesses from an early age. Despite this finding being one of the few cases of its kind, it is not without attention. It has been found that informal family businesses of this type, in this and possibly other Global South regions, while generating economic benefits for entire family clans, also intensify labour precarity for members in unpaid work (Cave & Dredge, 2020; Pécot et al., 2018). This statement concurs with some findings on the working conditions of family members who pool labour in this community.

### **6.2.5 Summary of findings on family entrepreneurship**

The community experienced constrained economic conditions for decades. Some individuals ventured into survivalist businesses decades ago to overcome the intense poverty that impacted families. Venture creation in the community gave rise to intergenerational businesses that exist to this day. Due to the existence of intergenerational businesses, today, there is a second

generation of entrepreneurs running businesses in the community. Most second-generation entrepreneurs have mirrored the trajectory of their parents to stay in business or create new ventures, making the role model a factor for entrepreneurship.

The role model of the parents' entrepreneurial journey in the second generation of entrepreneurs in the community has been reinforced with business advice on the benefits of venture creation. Furthermore, second-generation entrepreneurs claim to be business savvy because they have been instilled with the expertise from an early age. Knowledge and previous experience in the business have also made the second generation of entrepreneurs want to take the business to greater heights than those created by their parents. Interestingly, second-generation entrepreneurs want to grow or improve the businesses their parents created and see profitable opportunities in them.

Nuclear and extended families are closely amalgamated around household and economic interests, in which relatives of different generations and degrees of kinship gravitate. Family amalgamation can blur the boundaries between domestic and business affairs, making it difficult to separate the two in some cases. Using the same housing unit for residential and business purposes has contributed to the amalgamation of families and the embeddedness of their members into the business. Family members of different generations, ages and degrees of kinship are embedded into the businesses by running them, as part of the supply chain, or as labour.

As examined in this case study, family labour is essential for this type of business. First, members of the nuclear and extended family ensure access to labour. Likewise, family

members become inexpensive or free labour for this type of venture. Labour for the business is given in exchange for other types of goods or services in an altruistic relationship of one thing for another among family members. Since members of different generations cohabit and work in the same place, providing housing in exchange for labour is an example of reciprocity in family entrepreneurship in developing countries. The quid pro quo relationship of one thing for another has also brought precarious labour conditions for unpaid employees. Although family businesses of this type have created economic opportunities for entire clans, they have also fostered inadequate conditions for some members, such as minors, distant relatives, or in-laws.

### **6.3 Resource Provisions**

The data revealed that family is crucial in providing resources for entrepreneurship. Two themes emerged related to resource provision in the family business: emotional support and advice and business resources. Families have supported their members emotionally by encouraging them in their entrepreneurial activities. In addition, they have contributed to the journey of entrepreneurs by providing ideas in the form of business advice.

The second theme related to resource provisions was the business resources families provided for entrepreneurship. This second theme is broader since business resources have come in two distinctive forms. Money transfer is one of the most obvious business resources since families have contributed to their members with initial capital for venture creation. The other business resources the family provided were non-monetised but equally of economic value. Some non-monetised business resources included using commercial premises and the corresponding exemption from rent payments or subsidising some utility bills. In other cases, the provision of

non-monetised business resources was related to the pooling of assets for obtaining bank loans through common guarantees. Table 12 shows examples of first-order codes and second-order themes within the overarching theoretical dimension of resource provisions. The full data structure is available in Appendix E.

**Table 12 Examples of Data Structure for Resource Provisions**

Example of First-Order Codes	Second-Order Theme	Overarching Theoretical Dimension
The one who motivates me a lot with my business is my dad. For example, my dad has always intended to have a big business; he has always had that vision. So, I also want to fulfil that dream, not just mine, but both of us. (Participant 008)	Emotional Support and Business Advice	Resource Provisions
The support I have had for my business from my family is financial; they helped me with the money to make the initial investment to buy the tents that I rent to clients. (Participant 002)	Business Resources	

Source: Research Data

### 6.3.1 Emotional Support and Business Advice

A particular type of resource families provide to their members engaged in entrepreneurial activities is related to emotional support and business advice (Arregle et al., 2015). Close relatives tend to provide, in most cases, encouragement for those starting business activities, although there are also a few cases of discouraging messages from the family. As shown in Table 12, the findings revealed that some parents motivated their children to fulfil their entrepreneurial dreams, and this is not the only case since other participants also reported having received emotional support from their parents for their ventures. One participant indicated the importance of such messages:

I have been trained through social media, taking courses that are sometimes taught online. Then, I transferred what I learned to my father and my siblings so that they could also acquire that knowledge. However, my father has also given us much advice.

He knows much about marketing and has taught my brothers and me many lessons. Thanks to him, I have my business today and can help him. Although my father and I have been able to get ahead thanks to bank loans, his unconditional support has been moral. Because, well, one also needs words not to give up and keep going, but instead, my father and I have worked with the banks for financial support. (Participant 007)

The above comment illustrated the emotional support manifested in the encouragement to continue with entrepreneurial activities and the business advice evidenced in the marketing lessons. There is also a case where the family has discouraged their children's entrepreneurial activities to prevent risky situations. A participant indicated that she had already received this kind of discouragement message from her father in the past, but despite it, she decided to continue with her business endeavours:

I am already closer to reaching my goal of equipping my business. Hence, there is always the risk, for example, that I will not have enough revenue the following month to pay my debts. But I have never focused on the negative. My family, especially my father, has told me that he would advise me not to ask for bank loans, or in the best of cases, only to do so in the high season because, in the low season, I will not be able to pay off. So, those words were already familiar to me because he told me the same thing when I wanted to enter university. He told me that sometimes I do not have enough money to cover my fixed costs and that I will not be able to cover other expenses, like the University fees. I ignored him, went to the University, and am already a college graduate. I have never been short of money... However, I have thought there may be hard days when few tourists come to my business, but I will manage to attract tourists from other places. In other words, I now have sufficient knowledge, which is much easier. So far, I have not been a month late paying off the loan I took to buy my commercial coffee maker. May, June, July, August, and September have passed, and now that I am close to the high season, I know that I will also be able to pay off the loan for the air conditioner. That is why, although I have felt a certain fear, I understand that having it is natural. It is part of what human beings feel. But it is with that faith that I must continue because it will allow me to achieve many more things. (Participant 013)

Despite this case in which the older generation gave negative emotional support, in most cases, the second generation almost always received positive emotional support from their predecessors. The following case shows another example of positive emotional support provided by first to second-generation entrepreneurs. One participant commented:

My mother has supported me the most in all the businesses I have wanted to start here in the village. So, she plays a significant role in my life because she is the one who has always believed in and been there for me. She knows the commune well because she has lived here for many years. So, she has always told me what we can also improve in the business and what else we can do, and well, I have always had her support. That is special because I do not have another family member in the village. (Participant 014)

In another example, the emotional support of the first to the second generation of entrepreneurs also supported gender development. As discussed in chapter Five, the community had been affected by gender-based violence in the past (Participants 001 and 016), but the entrepreneurial activities of the first generation of women entrepreneurs have also served to curb it. For this reason, families see entrepreneurship as an opportunity for their female members to gain financial and emotional independence. For example, a young female member of the second generation of entrepreneurs explains the emotional support she received from her father to achieve independence through business:

What happens is that I owe a lot to my dad because my mettle is thanks to him. Since we were little, they have taught us how to work hard through their example in the business. Also, now my dad tells me that the day you get married, and you feel that your husband might start to mistreat you, you know that you can work on your own and support yourself financially, so no, never allow yourself to be mistreated. Because my dad has never mistreated us. (Participant 008)

As observed in the previous case, there is already a second generation of entrepreneurs interacting together in the business environment of the community. Because of the long-standing entrepreneurial activities in the community, not only do first-generation entrepreneurs provide emotional support or business advice, but they also come from the younger generations of entrepreneurs. A participant from the second generation of entrepreneurs, who also owned her own business, indicated that she and her sister had some business ideas to improve their mother's old restaurant:

My mother has her own business, a restaurant that only opens during the high season. But our idea, together with my sister, is that with our help, it can be a business that is also permanently open to customers. We do not have any more siblings; it is just the two of us, so we must support our mom. (Participant 010)

These businesses had been operating for several decades with members of different generations mutually interacting, and business advice had also become more refined. One participant, who is a member of the second generation of entrepreneurs, indicated that even though she has received different types of knowledge as part of the regular training for her business, her son had also provided her with business advice, which she labels as advanced because he studied at university. She said:

We have been taught different subjects such as English and accounting as part of the training for our businesses. However, this is not my area because my area has been more operational than administrative. But it has still been helpful for my business. And now, I have a son studying international business at the university. So, he has a different mentality, as if living in Dubai. For example, he is already telling me that now we must implement a cash register to keep control of the business. I find that idea interesting. He tells me that we must implement that system next year. (Participant 001)

Emotional support and business advice were also found to have occurred vertically between intergenerational members and horizontally between siblings of the same generation. One participant reported that he provided business advice to his siblings so they could start businesses in the same field as him:

My brother also has a cocktail bar, and another sister opened a business like ours. I was the one who helped them get into the cocktail market by giving them the idea because, at first, the only one who started this business was me. I gave them that idea because they already had their smoothie place, and there was little room for that type of business in the market. There were too many businesses of the same type in the village. When I opened my place, I started to sell quite a lot; that is when they came to help me prepare the cocktails and serve them to the customers. As they already had experience in their smoothie business, I told them to go one step further and open their cocktail bar. I told them that they were not going to compete with me because where there are more businesses, there is also more tourism. I have that vision of development... I helped them. I taught them how to make cocktails and helped them financially. I also bought

them materials so they could start with everything they needed, the basics. And from there, they continued their own. (Participant 003)

The previous case is an example of the distinct types of support that family members provide one another. First, this illustrates that some entrepreneurs have obtained sufficient experience during their trajectory to provide business advice to other family members. Second, this example also involved protection and care among family members, as business advice was intended to reach the economic well-being of other clan members. Third, business advice also includes business imitation to create new ventures. Business imitation in this example does not constitute a hazard to the participant involved, as it would be in market-oriented relationships, where intellectual capital and business ideas are more jealously protected against rival firms.

Furthermore, the logic of the family prevailed over the logic of the business due to the welfare nature of the family in the example. The provision of business resources for the creation of businesses among family members is also illustrated in this example. The following section reviews the findings on the distinct types of business resources that family members can provide to their members.

### **6.3.2 Business Resources**

Along with emotional support and business advice, business resources form part of the diverse types of resource provisions that families typically give to their members for entrepreneurial activities (Arregle et al., 2015). However, business resources are not homogeneous, as they can be given in monetised and non-monetized forms. Monetised business resources refer to providing money to family members to create new businesses or continue existing ones. Non-

monetised business resources refer to the provision of assets, goods, or services that, although not involving cash, have a monetary value corresponding to what is being provided. Informal agreements between family members to transfer non-monetised resources have been attributed to typical family dynamics (Becker, 1974; Cox & Fafchamps, 2007).

In the context of developing countries, the provision of monetised or non-monetised business resources by family members aimed at entrepreneurial activities has been a common practice to compensate for the lack of state support and to fight poverty (Matos & Hall, 2020; Verver & Koning, 2018). However, as outlined in the previous chapter, in this community, the most notable initial support for entrepreneurial activities did not come from family but from external assistance from a foreign NGO that provided significant business resources to the first generation of entrepreneurs decades ago. The findings also showed that business resources for family members have been more frequently given through non-monetised than monetised resources. This type of resourcing does not mean that there has been no provision of monetised business resources but that they have been less common in the stories of participants. Below is an example of a participant who indicated receiving money as part of the initial support for her business:

The support I have had for my business from my family is financial; they helped me with the money to make the initial investment to buy the tents that I rent to clients. (Participant 002)

The provision of non-monetised business resources takes distinctive forms, including acquiring raw materials for production and operations, pooling resources to obtain bank loans through joint guarantees, using rent-exempt commercial premises or subsidies on utility payments and other bills at locations used for business activities. The following is a comment from a

participant who indicated that besides providing business advice to his siblings, he also bought the raw materials needed for the initial operations of their ventures:

I helped them. I taught them how to make cocktails and helped them financially. I also bought them materials so they could start with everything they needed, the basics. And from there, they continued their own. (Participant 003)

In this instance, the participants' accounts of receiving business resources from family members through non-monetised means are greater and more diverse than those who received monetised resources. One of the distinct types of non-monetized business resources that family members provide to each other is the use of commercial premises exempt from rental payments for the business. Since some houses have been built for both purposes (home and business), families do not weigh the economic value of providing rent-free premises to their members. Below is an example of a participant who indicated that her family planned the construction of the house where they live with the idea of providing space for her business:

The business started in an empty house that we owned. We only ran the business there but lived much further away, in another house. So, my parents took the risk of rebuilding the house where the business was because we finished working at 10 or 11 p.m., only after we had finished selling everything. So, it was dangerous because it was just me and my mother. They decided to sell the other house, and with that money, they rebuilt this one. Downstairs, they built the commercial space and the kitchen, whereas upstairs, they built our bedrooms. We built a two-storey house thinking that we could run our business there. We made it bigger than it was. (Participant 010)

As the example above shows, families embrace their housing units as a business resource their members can exploit. Although the house also serves business purposes, they are loaned to family members as a free, non-monetised business resource. The following is a comment from a participant who indicated that her family lives on the top floor of the house and that she has rent-free commercial premises for her business in the same unit, for which she is willing to pay tenancy in the future:

My family has played a crucial role because my father owns where my business functions. But he helps me grow; he does not limit my dreams in what I want to do with the business. For now, he has given me the premises for the business rent-free. But I have already told him that one day, when the business is more financially solvent, I want to pay him the rent for the premises. (Participant 008).

It is not only the rent-free use of family assets for personal and business purposes, a non-monetised business resource that families provide to their members, but also free-of-charge utilities at the premises where the business operates. In this regard, one participant indicated that she received several types of support from her family, such as accommodation for her and her children, commercial space for her business within the same housing unit, and free utilities in exchange for a small monthly contribution for everything she receives. The participant, who runs an eatery on the ground floor of her parent's house, also recognised this great support from her family:

My parents have substantially helped me with my business because I live here with them in their house, and I do not pay rent. I pay an amount of 100 dollars a month, which is like paying part of the power bill instead of rent. But for that amount, I also live here, and I do not pay for electricity, water, or internet, which is a great help for me. It is a benefit I have now, but when things get better in business, I want to rent my own house with more rooms for myself. I want a house for my children. So, I will move from here if I have my house or land to build on. (Participant 015)

In another topic related to non-monetised business resources, a participant indicated that she had gotten support from her relatives to obtain a bank loan. Although she got financial resources for her business, the money did not come from her relatives but from the bank, making the support she received from her family a non-monetised business resource. The help she obtained from her family-in-law was the assignment in her name of a property, to which her husband had shared ownership rights, to be used as the collateral necessary to obtain the bank loan. She said:

My family-in-law has also helped me. They transferred land that belonged to my husband into my name. That was the help they gave me because I needed to attach this requirement to my bank loan application. Precisely, I needed to certify that I had assets in my name. (Participant 012)

The literature has described the willingness of families in the developing world to share risk through informal arrangements between their members to obtain capital for their businesses (Cox & Fafchamps, 2007; Grimm et al., 2013; Matos & Hall, 2020). Families pool assets or other liabilities to obtain bank loans in these circumstances. The participant mentioned that she has received support from her family to obtain bank loans because they have served as guarantors:

My family has supported me because we have applied for bank loans, and they have served as guarantors; that is my family! (Participant 012).

Like business advice, the second generation of entrepreneurs also provided business ideas and entrepreneurial resources to the first generation. Off-spring, whether involved in the business or not, support their parents with monetised and non-monetised resources for their ventures. The following is a comment from a participant who indicated that after many years of working in her bakery and performing the activities manually, her son, through a loan from his employer, provided her with the necessary equipment to automate part of the bread production. The equipment her son gave to her has become an essential non-monetised resource for her business:

Since we started the business, we have made bread with our hands. We kneaded all day long. But that has changed thanks to God and my son who lives here. One day, he told me I would no longer work with my hands because I could no longer do strenuous work. It was hard, working the dough with my hands all day long. So, he told me, I will buy you a commercial dough mixer. Then, my dear son, with his work in a company, managed to buy us a commercial dough mixer. He was able to buy it through his boss, who then paid off it little by little. We did not buy it for cash. His boss bought it for him, and then my son paid off it in instalments. (Participant 004)

### **6.3.3 Summary of Findings on Resource Provisions**

Families are vital stakeholders in the provision of resources for their members. The resource provision types that family members provide one another can be emotional support, business advice and business resources (Arregle et al., 2015). Emotional support usually comes from the first generation of entrepreneurs. Older generations, such as parents, encourage their children to continue their entrepreneurial activities as part of the emotional support. This type of support is highly appreciated by those who receive it, assessing it as positive and necessary for their entrepreneurial endeavours.

Families have also provided negative emotional support to their members. In negative emotional support, those who have received it do not perceive it favourably because it discourages them from continuing their business endeavours. However, the reported case of negative emotional support was not malicious intrinsically but intended to prevent dangerous situations for those who take risks as part of their entrepreneurial and daily activities. Despite this single case, the findings show that new generations of entrepreneurs have mostly received positive emotional support from older members of their families. In addition, due to the gender-based violence examined in chapter Five, emotional support among generations to continue business activities has also been used as an empowerment tool for new women entrepreneurs.

While members of the first generation had provided emotional support to new entrepreneurs to continue their business endeavours, second-generation entrepreneurs had been active in providing business advice. Business advice came in some cases in the form of new knowledge to be applied in the business, but also with ideas to underpin current situations. More

importantly, business advice provisions demonstrate that some community members can provide business ideas to their family members because they have business experience or a university education. Business advice has also been provided between siblings and not only between members of different generations. In some cases, business advice has also included giving ideas to family members to start their businesses by imitating their relatives' entrepreneurship. In these cases, families favour entrepreneurial imitation because copying business ideas is not seen as unfavourable. The theme of entrepreneurial imitation is presented in greater detail in the next chapter.

In terms of business resources, in the developing world, the family is one of the primary providers of initial resources for venture creation, perhaps because of the harsh economic conditions and the weakness of the state in providing social assistance (Cox & Fafchamps, 2007). However, as observed in chapter Five, in this community, the most notable support for grounding today's business ecosystem came first from external sources, such as NGOs. Over time, the family took over the external role of NGOs and became an essential player in providing resources for entrepreneurial activities. The provision of business resources has been through both monetised and non-monetised means.

The most apparent form of monetised resource provision is through cash that families, as their situation has improved over time, have provided to their members to create or continue their business activities. Similarly, families have been major providers of non-monetised business resources for their members' entrepreneurial activities. Non-monetised business resources have taken different forms and adapted to families' and businesses' conditions and needs. One of the

non-monetised business resources that families have provided their members is the raw materials needed to start new ventures.

On the other hand, housing units have not only been a place of residence for family members but have also been used for business purposes. The findings revealed that some entrepreneurs had obtained business premises within the same housing unit without paying rent. In this case, family assets have also become an essential non-monetised business resource that has allowed entrepreneurs to develop their business activities with more significant support. In other cases, entrepreneurs have also been exempted from paying utility bills in addition to rent-free space.

In all these cases, participants see this support as positive but are also willing to start paying rent as soon as their businesses are financially profitable. In addition, families are also willing to share the risk to support their members. These examples support the literature that in the Global South, families share risk in providing capital and other resources for their members' businesses (Grimm et al., 2013; Matos & Hall, 2020). In this sense, the findings show that some families are willing to transfer assets in the name of one of their members to serve as proof of creditworthiness when applying for bank loans. Some family members are also willing to share risk by acting as guarantors of bank loans for their members' businesses. In both cases, the risk is shared because helping family members is part of the family's role.

As with business advice, younger members also provide resources for their parents' businesses. The findings show that some children have contributed to improving their parents' business by providing them with equipment that they could not acquire in the past. This case exemplifies the intergenerational solidarity of some members willing to assume the role of resource

providers for the family business. It also shows that there have been changes in family businesses in the community, but they have taken more than one generation. The following section reviews the changes in the evolutionary trajectory of family businesses.

#### **6.4 Evolutionary Trajectory of Family Entrepreneurship**

There have been significant changes in the evolutionary trajectory of family entrepreneurship. These changes have been both in families' and businesses' living conditions. However, these changes have not occurred instantaneously but over time. Thus, concerning the quality of life of families, some participants indicated that it has improved remarkably. Family businesses have substantially changed business owners' living, housing, and work conditions. Below are the accounts of one participant about some changes she perceived in their quality of life:

My generation is no longer like the previous generations, where we only ate one meal per day. (Participant 001)

The participant mentioned above, who experienced constrained conditions in her childhood and whose mother was a first-generation entrepreneur, now has her own business and employs other family members. In her case, she accounts for her business as a family asset. Below is her comment on the current situation of her business:

I will give you an example of how my business is. They work with me here, my husband, my children, and my daughter-in-law. Everything is related to the family. More and less than fifteen people collaborate with me. But they are all family, my nieces. The ownership of my business is a family asset. (Participant 001)

In a different part of the interview, Participant 001 also indicated that she already had two businesses and a house with an empty commercial space that she will use one day for a third business that she had not decided yet what to open:

I have a house with an empty commercial space where I can start another restaurant, but I see too many. So, I am thinking of creating another type of business because I cannot open one of the same types. I know I am capable, but I also know that there is no room for more restaurants in the market. But if I open a business in other areas where I will not have competition, I will be successful. (Participant 001)

This participant has experienced substantial changes in her quality of life resulting from the family business. That is not the only case, as the findings show that other participants have also experienced changes. For example, Participant 003 (p. 172) experienced constrained conditions and now supports his siblings with business advice and resources to start their businesses. He mentioned that:

The economic situation of my dad was not very profitable. I used to help my father with what he did. We used to sell firewood to restaurants here in the community. That was when we were little. I was about 10 or 11 years old. (Participant 003)

Although he considered that he comes “*from an impoverished family, one of the poorest here in the community*” (Participant 003), he had set up two businesses with his wife. He had also assisted his siblings in starting businesses by giving them capital and buying “*them materials so they could start with everything they needed*” (Participant 003). This participant’s account shows his evolution from a childhood of constrained conditions to a more stable financial situation.

These are some of the changes in the constrained conditions experienced by families of this community during the evolutionary trajectory of family entrepreneurship. However, the changes are broader and have covered other areas as well. Participant 005, for example, described how, in the past, her daughters helped her by working in her grocery shop as soon as they turned 12, even though Ecuadorian law, like others around the world, prohibits child

labour (Boucinhas Filho, 2019). She mentioned, *“As soon as they were 12 years old, they started to help me in the store”* (Participant 005). However, despite this happening in the past, the overall conditions for children and mother entrepreneurs have changed in the community. Regarding children’s care, one community leader and entrepreneur indicated that *“they have already had babysitters coming home to take care of them so that their mothers can go to work at their businesses”* (Participant 001).

Despite those changes, it is clear that child labour was a problem that has improved in the community. Participant 003, who also *“used to sell firewood to restaurants”* to help his father and sold *“corn tortillas in other towns”* to pay for his studies, now owns two businesses after returning to his home town when he noticed that he could do more than *“just sell tortillas”*. Furthermore, Participant 013 has also indicated that she has experienced substantial changes in her life. Despite mentioning that *“since I was little, maybe when I was 8 or 9 years old, I used to sell soft drinks on the beach”*, today she owns a cafeteria, rents two premises and employs her siblings. She also had university studies, and despite not having had the emotional support of her parents to get her college diploma, she considered herself solvent. She said, *“I am already a college graduate. I have never been short of money”* (Participant 013). This case is not the only one of a participant who, after facing constrained conditions during childhood, had gained access to a university education, as others have also done so.

Access to university education for new generations has been critical for distinct reasons and in different realms. First, older generations of entrepreneurs had limited access to schooling, and therefore, they see their children’s access to university education as an achievement of their work in their businesses. Second, because of the disparity in educational levels, older

generations see the business advice that younger generations can bring to their parents' businesses as positive. Third, the new generations are proud to be the first generation in their family to access tertiary education and to provide business advice to their parents thanks to the knowledge acquired at university.

To illustrate the changes in the access to education resulting and impacting family entrepreneurship, for example, Participant 001 indicated that because she *“did not have the opportunity to go to college in the past”* to improve her business operations, she tries to *“look for someone who has other knowledge, who is attending university”*. Participant 001 also mentioned that she looks *“for at least two people who have another level of education”*, one of whom is her son because he *“is studying international business at the university. So, he has a different mentality as if living in Dubai”*. One business advice that the son of Participant 001 provided is that they *“must implement a cash register to keep control of the business”*, and she finds that *“idea interesting”* for her restaurant. Therefore, it will be implemented in the following year.

Similarly, another member of the second generation of entrepreneurs is also happy to be the first in his family to attend university, thanks to his work in his father's business:

I started working incredibly young in my father's business. Thank God I work with him. Because of this, I can pay for my studies; I am currently studying at university, in the fifth semester of business administration. My quality of life has also improved a lot. I am the first of my siblings to achieve this dream of attending university and getting a degree. And if the opportunity arises, I want to continue studying more. Why not try it? (Participant 007)

Being the first member of his family to attend university, thanks to the work in his family business, is not the only change that Participant 007 has experienced. His living conditions had experienced other changes as well. For example, to the question about changes during his trajectory because of the family business, the participant responded:

We used to live in a little house made of cane. Little by little, my father started to build a new house. We now have eight people in the new house, and although it is still uncomfortable, it is better than the other one. (Participant 007)

Data analysis revealed that, as in this and other cases, there have been significant changes in housing infrastructure due to improvements in household economic conditions resulting from family businesses in the community. These improvements are not only positive because they have improved the living conditions of families but also because they have provided infrastructure for businesses and the opportunity to get revenues from them. In this regard, one of the participants commented on the changes experienced because of his business, including education for his children and improvements in housing conditions:

A long time ago, neighbourhoods began to form in the village. In the neighbourhood where I started, there was not a single business. I was the pioneer. And so, I gave shape to the idea of my business. First, my little house was made of cane, and through a small window, I used to sell candies, sugar, and all the basics. The idea was not bad, thanks to God, and here we are... The changes are there for all to see. The first result is noticeable, and that is the education of my children. I had three children, two of whom were university graduates. About the infrastructure, I have built houses. During my business trajectory, I have had three houses, which are the product of my business. I still have them because they will be the inheritance for my children. (Participant 018)

#### **6.4.1 Summary of Findings on the Evolutionary Trajectory of Family**

##### **Entrepreneurship**

Several changes have occurred slowly over at least two generations during the evolutionary trajectory of family entrepreneurship in the community. The overall economic conditions of

the community have improved due to the existence of a robust number of family businesses in the village. Some improvements in families' quality of life have been access to food, housing, education, and childcare. Improvements in these areas have been related to living conditions and business operations.

Improved economic conditions and childcare have also been linked to eradicating child labour. While some entrepreneurs experienced child labour in the past, some have now accessed university education, becoming business owners capable of providing employment and even aiding other family members. Moreover, the children of the current generation of entrepreneurs were no longer exposed to occupational hazards, as they had access to babysitting services at home, which allowed their mothers to dedicate themselves to the business.

Another significant change is the access to university education that some entrepreneurs in the community have experienced, defying the conditions of poverty that prevented them or their parents from doing so. Access to education was seen as a positive change in some participants' living conditions, which they were proud of because it meant they were the first generation of family members to attend university. In addition, access to university education has also been considered strategic, as it has enabled them to offer business advice through ideas or expertise to their own or other family members' businesses. Alternatively, emotional support has also been provided to new generations of entrepreneurs to foster business activities and even, in other cases, to achieve financial independence for new generations of women in business.

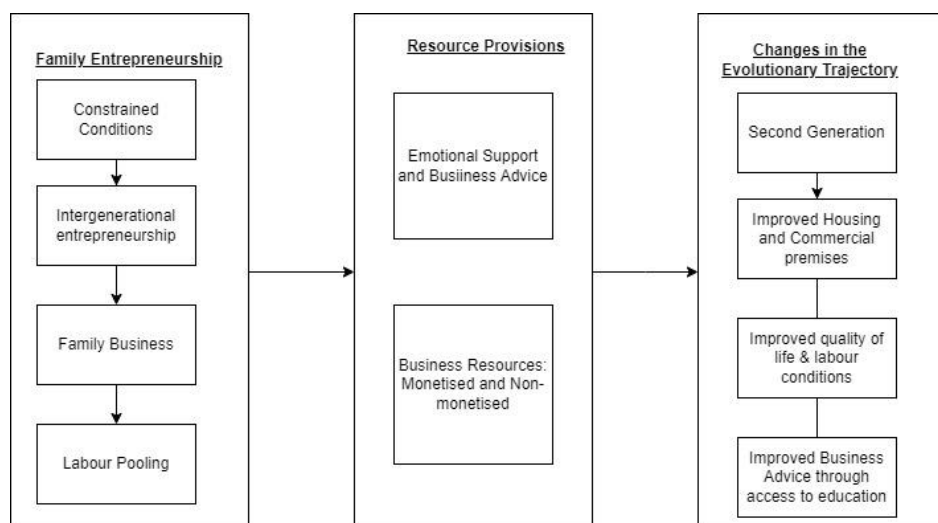
Finally, because family members of different generations have been closely amalgamated in shared households and embedded in their businesses, the boundaries between the two have

blurred. The blurred boundaries have led to long-term dual use of housing units to live in and operate businesses simultaneously. Over time, the housing conditions of the families improved as houses were built with more suitable materials and commercial space for the business to operate. Their intention to use the house for dual purposes has not changed over the evolutionary trajectory of family entrepreneurship in this community because when housing conditions improve, so does the business infrastructure. The housing unit continues to be seen as a highly valued family asset and business resource.

### 6.5 Integrative Framework

Figure 9 illustrates the integration of the findings of chapter Six, “Family in Entrepreneurship”. The framework illustrates three important overarching dimensions derived from the thematic analysis of the data that contributed to its construction, family entrepreneurship, resource provisions and the evolutionary trajectory. These dimensions also illustrate the second-order themes that contributed to the integrative framework.

**Figure 9 Integrative Framework of Family in Entrepreneurship**



Source: The author

The full integrative model with the findings of the three chapters is presented in chapter Eight. The following section concludes chapter Six.

## **6.6 Conclusions of the Chapter**

The findings show that many families in the community have experienced constrained economic conditions over the years (See Figure 9). Their background in poverty prompted them to create family businesses to fight against the harsh conditions for decades, leading to the participation of a second generation of entrepreneurs in the businesses. In doing so, members of different generations have amalgamated around their households to survive and embedded into their businesses. While the amalgamation of families has led nuclear and extended family members, such as married children and their partners, to live in the same household, the embeddedness in the business has led them to collaborate in it in diverse ways.

One of those different forms of family embeddedness is labour pooling (See Figure 9). The findings revealed that family members of diverse ages have worked for the business during different stages. Unfortunately, labour pooling has also included the participation of underage family members. Over time, this has changed, and younger members have obtained better conditions. One of the improvements has been accessing education, including university studies. Access to education, in turn, has enabled the younger family members to have advanced knowledge, be better prepared for business, and even offer business advice to older generations. Furthermore, access to university education has been seen as a positive outcome of family businesses in the community, which, on the one hand, makes family members proud

of such an achievement and, on the other hand, provides other business perspectives to family members.

Alongside business advice, emotional support and business resources are other types of resource provision families give their members. The findings show that some family members had provided positive emotional support to other relatives to continue entrepreneurial activities. However, one case of negative emotional support was found to prevent risk-taking related to taking on debt for bank loans.

Families also contributed monetised and non-monetised business resources to their members engaging in entrepreneurial activities. The monetised resources provided members with the initial capital to start businesses. However, as noted in chapter Five, in the case of this community, the seed capital for venture creation initially came from external funds from an international NGO. The findings showed that families had actively contributed different types of non-monetised resources to their family members in entrepreneurship.

The non-monetised resources families contributed to their members engaged in entrepreneurial activities are not homogeneous. The findings showed that some of these resources were raw materials, infrastructure, utilities, or risk-sharing for entrepreneurial activities. Of these types of provisions, commercial premises within the same housing unit were one of the most distinctive resources families provided to their members. Housing is seen as an essential asset for the family and a business resource for their members (See Figure 9). This view has been maximised because the housing unit is not only used by the nuclear family but also by the extended one.

## CHAPTER SEVEN

### THE INDIVIDUAL IN THE COLLECTIVIST ENTREPRENEURSHIP MODEL

#### 7.1 Introduction

Chapter Seven is the last chapter that explores the findings of this study and examines “The Individual in the Collectivist Entrepreneurship Model”. The chapter is divided into five sections, the first being the introduction. Section two is related to venture creation. Data analysis revealed three themes related to venture creation: entrepreneurial orientation, entrepreneurial imitation, and business portfolio. The findings showed that individuals’ orientation to start businesses was due to necessity and voluntary reasons. The findings also showed that entrepreneurial imitation was one of the most common ways for individuals to start a business. Additionally, the findings showed that individuals create ventures through business portfolios.

Section three examines resource provisions. Two themes were identified in this section, reflecting formal and informal access to resources for business purposes. Data analysis revealed that some individuals accessed formal resources for their businesses through bank loans or were willing to take risks for such purposes; however, risk aversion was also present in other cases. On the other hand, the findings also indicated that for a long time, some individuals accessed informal resources for their businesses, which involved greater risk than access to formal resources.

Section four examines the evolutionary trajectory of individuals as entrepreneurs. This section shows the changes in economic and social status, self-realisation, and other changes in the individual during their trajectory as entrepreneurs. This is followed by the conclusions, which summarise the chapter's findings, discuss their significance and integrate the central themes of the individual as an entrepreneur.

## **7.2 Venture Creation**

The findings on the overarching theoretical dimension of venture creation revealed three second-order themes. These are entrepreneurial orientation, entrepreneurial imitation, and business portfolio. Entrepreneurial orientation is the first second-order theme of this section. The findings revealed that individuals have become entrepreneurs motivated by necessity and choice. In several cases, individuals were compelled to become survival entrepreneurs because they urgently needed to generate income. However, in other cases, they became entrepreneurs voluntarily because they saw better opportunities than getting a waged job in the labour market.

One of the most traditional forms of venture creation in this community, as in other developing contexts in the Global South, is entrepreneurial imitation (Dencker et al., 2021), a second-order theme of this section. However, an important finding revealed that due to the collectivism prevalent in Global South societies, entrepreneurial imitation in this community was often facilitated by friends and family members of the individual wanting to become an entrepreneur. Friends and family members who facilitate entrepreneurial imitation do not see those who copy their business ideas as competition but as beneficial for the community and the economic situation of the individual they are helping.

The third second-order theme of this section is the business portfolio. Data analysis revealed that one of the most common forms of venture creation in this case study is through the business portfolio. The findings revealed that some established entrepreneurs had created new ventures to diversify their businesses. Having alternative sources of income was the primary motivation of individuals to create a business portfolio. Table 13 shows examples of first-order codes and second-order themes within the overarching theoretical dimensions of venture creation. The full data structure is available in Appendix F.

**Table 13 Examples of Data Structure for Venture Creation**

Example of first Order-Codes	Second-Order Theme	Overarching Theoretical Dimension
<p>The first one who started the business here was my father. Before he worked here, he was a street vendor in the city, selling socks and CDs. There was a time in the city when they were evicting street vendors, though they are doing that, too. They do not want to see street vendors in the city. And because we were from this village, we decided to return from the city because we did not see any option to survive there. When we returned to the village, my father continued with the business, selling CDS and other things like that, until he saw that the beachwear business was good, so my father set up that business in a small tent on the beach. (Participant 007)</p>	<p>Entrepreneurial Orientation</p>	<p>Venture Creation</p>
<p>I started a business selling beer in a reed hut there on the last rocks of the beach. At that time, my son-in-law, who was a student, attended cocktail workshops and set up his cocktail bar. Then, I watched him making cocktails until I learned to work independently. But in the beginning, I did not know anything. I was extremely nervous when customers came because I did not know how to make a cocktail or which ingredients to use. I learned about the business gradually because I also took his books to learn. Then, I started to make my creations. I have about three whole pages of cocktails that are my creations. (Participant 019)</p>	<p>Entrepreneurial Imitation</p>	
<p>I have two businesses. One of the businesses is a grocery store, and the other is a hostel. (Participant 018)</p>	<p>Business Portfolio</p>	

Source: Research Data

### 7.2.1 Entrepreneurial Orientation

Data analysis revealed that most entrepreneurs were necessity-oriented, while others were also voluntarily motivated. In some cases, those who created businesses by necessity were survival entrepreneurs in critical situations. The example in Table 13 illustrates the case of how the harsh economic environment forced one participant to become a street vendor before creating a more stable type of business. This example also shows that the first generation of entrepreneurs faced the most complex situations, laying the foundations for the new generations to follow their predecessors' path smoothly.

This example is not the only case of necessity entrepreneurs who created ventures due to harsh environmental conditions, as other participants experienced similar situations. These conditions reflect intergenerational poverty, affecting families and forcing minors to work. Similarly, in other cases, the necessity orientation of entrepreneurs is reflected in businesses being set up in flimsy facilities made of cane and other fragile materials unsuitable for ensuring an adequate working environment. Despite these chaotic economic circumstances, entrepreneurs had to resort to necessity entrepreneurship as one of the few means of survival. The following is a compilation of some cases of necessity entrepreneurship identified in the data.

My business is only four years old. But I have been a dressmaker since I was 13 years old. I started making clothes at home to pay for my studies. My life has been hard; if I told you how it was, we would not end today, but well, I started making trousers for small children and selling them. Little by little, I was able to pay for my studies. That was my life from the age of thirteen. Then, gradually, I got ahead. (Participant 016)

When I created this business, I was extremely poor. Yes, so these are things that mark one's life forever. Wanting to get ahead, that is the purpose of entrepreneurship, to get ahead. And realise that not everything is rosy in life. There are ups and downs in everyday life, but that is life. There is a saying that this life belongs to the brave. And the results of having been brave can be seen afterwards. (Participant 018)

First, I started my business in the centre, in a hut made of reed and straw, but it was not mine. It belonged to my brother, who lent it to me to set up a business there. That is where I started selling smoothies, juices, and toasts. Then, over time, I started looking for alternatives because I am a single mother. I have a son. So, I had to look for better options to give my son what he needed because he was on his way. I was already pregnant at that time. (Participant 020)

I started my business in 2011. Before that, I was working in construction. I worked as a bricklayer. First, I worked as a helper and then as a main bricklayer in the city. Then, I returned to the village and saw the beach on the horizon. Sometimes you must go to other towns to get to know other things, refresh your mind and realise what else you can do in the place where you live. That is why I started selling coconuts with straws on the beach when I returned. Yes, I was doing well in a little hut on the beach where I now have my cocktail bar business. (Participant 003)

When we came to the village, my husband's uncle helped us. Then, his uncle got a job fishing and catching lobster. When he left, we were alone and selling bread was the only means we had to eat because we came here thanks to him... The business itself started when his uncle left because he owned the oven. At first, I did not want to use the oven because I thought his uncle would be upset if we did it without his permission. But my husband told me that if we did not use it, how would we survive? So, we started making bread little by little until we were well settled here. (Participant 004)

As mentioned above, data analysis revealed that the first-generation members were mostly necessity-oriented entrepreneurs who started modest businesses to survive. However, analysis of the data also showed that in some cases, members of younger generations became entrepreneurs by choice. In these cases, participants were not oblivious to the constrained conditions that the community faced; however, despite that, they voluntarily chose to create new ventures or continue their parents' existing businesses. These cases are related to the

opportunity discovery theory, in which individuals' cognitive ability leads them to identify business opportunities (Alvarez & Barney, 2007). One example of a second-generation entrepreneur who chose to continue her father's business because she identified an opportunity is highlighted below:

Then, I saw an opportunity there; nobody was taking over the business. Here, I can generate daily income, there are good revenues, and you know that when you work for another company, the salary is not good, and there is also labour exploitation. So, I saw an opportunity here, and I decided to stay. I have plans to increase and make this business bigger because I know there are good profits here. In addition, my desire to continue with the business runs in my family. (Participant 008)

Like Participant 008, another interviewee indicated that her motivation for starting a business was to obtain opportunities other than waged jobs. Specifically, in the following case, venture creation was motivated by voluntary reasons and the pursuit of entrepreneurial opportunities:

I started my business in 2018 when I quit my job in a factory. It was a tuna factory. The day I quit, I told myself, well, I am going to the village to see what opportunities there are. Sometimes, to find opportunities, people hope first to get a job, but if they do not get one, they do not quit either. It was not my case; my decision was firm, and I said I would quit, and I did it. I knew I would have clearer thoughts if my mind were no longer so exhausted. When I came here, I rested and looked for what I could do again. I said to myself, well, the village is a tourist place. First, I was motivated because the village receives many tourists yearly. In the high season, people make most of their income. I said to myself, if others have been able to create ventures, why couldn't I? (Participant 013)

Although the data analysis revealed that necessity-oriented entrepreneurs outnumbered those by choice, some new-generation entrepreneurs seek entrepreneurial opportunities for voluntary reasons. These findings support the literature, which suggests that, given that there are entrepreneurs by necessity and choice, entrepreneurship is a heterogeneous phenomenon in the developing world (Gindling & Newhouse, 2014; Puente et al., 2019). In addition to supporting the literature on the heterogeneity of entrepreneurial orientations in the developing world, the findings also reflect that some entrepreneurs chose entrepreneurship over wage employment.

This situation is reflected in the case of Participant 013, who, despite voluntarily choosing to be an entrepreneur, started her business as a street vendor because of her limited economic conditions. Despite her beginnings, her entrepreneurial motivation eventually led her to have a well-established business. She said:

I started selling desserts on the street. I went out and sold everything. However, I realised I was uncomfortable; I needed a proper kitchen... So, I put my faith more than anything else. And although people say you cannot live on faith, it worked for me. I said no; I believed in myself, my potential, and what I could become, and I succeeded. First, I set up one of the premises because the other one was rented. But I kept insisting because renting both premises would benefit my business until I succeeded. (Participant 013)

The case of Participant 013 demonstrates the amalgamation of entrepreneurial orientations in the Global South, with individuals who voluntarily choose to be entrepreneurs because they see some opportunities but at the same time have behind their motivations the necessity to survive. It has been argued that entrepreneurship in the Global South is heterogeneous (Gindling & Newhouse, 2014; Puente et al., 2019), and the amalgamation of entrepreneurial orientations could be one of the arguments supporting these claims; however, it is also evident that behind these motivations lie strong backgrounds of necessity. The following section examines venture creation through entrepreneurial imitation among community entrepreneurs.

## **7.2.2 Entrepreneurial Imitation**

The research findings showed that entrepreneurial imitation was one of the most common ways of venture creation in this case study. This finding supports the literature that entrepreneurship in the Global South is imitative (Slade Shantz et al., 2018). Moreover, it supports the literature that necessity-oriented entrepreneurship is largely imitative (Angulo-Guerrero et al., 2017).

Entrepreneurship in the Global South is mainly imitative, especially among necessity entrepreneurs, and has distinctive features from their societies.

One of the most distinctive features that emerged from the research findings is that the collectivism prevalent in the Global South is also manifested in entrepreneurial imitation among individuals in this case study. There is a willingness among different individuals to facilitate entrepreneurial imitation as a driver for venture creation among community peers. The following is an example of how collectivism has facilitated peer-to-peer entrepreneurial imitation and how this, in turn, has also fostered associativity among some individuals in the community:

A friend instilled the business in me. He helped me in the beginning. He gave me a hand to learn the same activity. But I did not keep it for myself. I replicated it. I did not stay alone with the business idea he gave me. I initiated other colleagues into the business. We created an association to consolidate the activity in the village and make it stronger. I was looking for an improvement for everyone. And that changed our lives. After doing all that, the lives of the sixteen association members, the 16 families, changed. They were no longer fishers who went fishing and brought nothing to support their children. Because that is how fishing is: you go to the sea, cast your nets, and hopefully, you can bring back something good to sell. Having a business changed their lives. They were able to do something good with their lives. Of course, they have more obligations as entrepreneurs because they must be permanently in the business to make it work. Because if they leave it abandoned, it never works. So, they improved as human beings and economically. They were also able to build their houses. Now, they depend on their business, but they spend more time with their family, too. They have excelled in life. (Participant 003)

The business ideas of kinship network members with experience in the sector have been imitated by other individuals wanting to create ventures. To this end, experienced entrepreneurs have contributed to entrepreneurial imitation by encouraging other kin to start businesses in the same field or by sharing the necessary knowledge to start operations. The following is the

story of a participant who, on the one hand, was encouraged by her cousin to imitate her business and, on the other hand, also learned from her the skills required for the venture:

The idea for the business came from my extended family. It was part of a conversation we had at my grandparents' house ... It started when my cousin said she was leaving because she had to make pizzas, and I asked her if she was selling pizzas. She said, "Yes, I have a pizzeria", and I said really, how hard is it to make them? She said no, it was easy, "Look, come one day, and I will teach you", and so we went. I learned to make the dough together with my mum. My cousin gave us the instructions, and we put them into practice. And as my grandparents were bakers, it was not complicated for us. So, we bought the material, and they lent us their oven because, in the beginning, we did not have one. With the loan we got from the bank, we bought the oven and the rest of what we needed for the pizzeria. (Participant 010)

The collectivism prevailing in the Global South has also favoured the transmission of business ideas and knowledge from experienced entrepreneurs to their employees, with whom they are often related. In this case, the interest in creating a business through entrepreneurial imitation has been the primary purpose of working inside kinship networks. The following is an example of a participant who created her business by imitating the entrepreneurial idea of her brother, who was also her boss:

I started working in my brother's business, hoping he could teach me how to make cocktails. That is how I learned, practising in his business. Gradually, I learned how to make cocktails on my own until I decided to create my own business. I did it because I already knew the business enough to open mine; specifically, I knew how to make cocktails better. Since then, I have been working in the business for years... My brother was the first to learn about the cocktail business in another city. Then, he created his venture here and taught me his business. I learned with him. Then, we all went to a bartending course. (Participant 020)

In some communities in Ecuador, it has been described that community fellows are perceived as kinship networks (Peredo, 2003). That gaze of collectivism is present in entrepreneurial imitation between individuals who share friendship bonds. Like family networks, friends facilitate entrepreneurial imitation by contributing ideas and encouraging their peers to create

ventures like theirs. In addition, friends facilitate entrepreneurial imitation by providing the knowledge necessary for business operations. The following is an example of a participant describing how his friendship networks facilitated business imitation to create his venture:

I graduated with a technical specialisation in fishing in the next town's secondary school. One day, I met one of my high school friends who had a cocktail business. He asked me, "Why don't you start this business in your town?" At first, I did not listen much to him. I mean, I did not see it as something that I could do. Indeed, I had never made cocktails. I did not know what a cocktail was. So, then he told me to try a little. He made me try one cocktail, and it was delicious. I kept buying from him until he told me to open this business again and that he would help me. He motivated me to start this business in the town. He taught me the business. He showed me the ingredients. He explained that when I start getting clients, I will get experience. Until one day, I had already started my small business. In the beginning, since I did not have much capital, I only had about four or five bottles of liquor. However, since no one else sold that in the village, I ran out of products to sell quickly. I opened at 9 a.m. and 5 p.m. I no longer had anything to sell; everything ran out because I was the only one. (Participant 003)

### **7.2.3 Business Portfolio**

Data analysis revealed that the business portfolio is another theme related to venture creation. The findings showed that some individuals in the community had created business portfolios to diversify their sources of income. In the literature on entrepreneurship in the Global South, the business portfolio is not a common topic for the focus of scholarship, perhaps due to the survival orientation of most entrepreneurs in the region. However, in this case study, the business portfolio takes the form of several ventures in different productive fields owned by the same entrepreneur or a close family member. On this topic, Grimm et al. (2013) indicated that the activity portfolio of household members in West Africa directly impacts the performance of entrepreneurs' businesses because it diversifies access to capital.

The difference between the portfolio described by Grimm et al. (2013) and the portfolio identified in this research is that the former is a portfolio of activities, and the latter is a portfolio

of businesses. The activity portfolio refers to all occupations that generate income for household members, including wage employment, and the business portfolio refers only to the various businesses that entrepreneurs have created to generate extra income. The following is a collection of entrepreneurs' stories about their business portfolios:

I have another economic activity. I have another business, which is a restaurant bar. In the restaurant we sell food. We make all kinds of food... The restaurant is a new business; I created it from scratch. It is new. It is approximately a year old, maybe a year and two months old. I do not own the place; I rent it. The idea originated because I have good experience in the cocktail business. I have always been known for offering good customer service... My clients always told me to open a hotel or a restaurant, but I was not listening to them... But finally, I did it because of the pandemic. As you remember, all the businesses closed. All the bars shut down. I started working in fishing until I realised that restaurants were the only ones that could open. Then, I saw the opportunity to start a restaurant. My wife told me to start the restaurant because she could cook. I told her it was a good idea, and we started looking for a place to do it. Because the pandemic affected almost all of us, we had no financial means or capital. I applied for a loan from a bank that gave me a certain amount of money to set up the business. As I had never defaulted on my loans, they said yes. That is how we rented the premises. (Participant 003)

I have several businesses. I sew clothes, which is my main business. I make clothes and, at the same time, I have a shop where I sell the garments to tourists. My shop is next to the beach, in the promenade area. I also have another business making wedding decorations for social events... I am also the president of the tourism committee of the commune organisation. I try to cover everything. I also own a restaurant. I work only in the high season to provide services to tourists. (Participant 016)

I like my business, although my husband has always told me not to continue with a grocery business because there is too much competition. When I started, I sold vegetables, rice, and everything needed in a grocery shop. However, other people have now set up the same kind of business. There are grocery shops even bigger than mine in the village. They supply wholesale, so for small traders like me, our sales are lower, so I looked for another alternative. I decided to have an eatery because I said, well, if the shop does not work, I am not going to leave it, but I already have the eatery, so at least it is an extra income. (Participant 005)

The collectivism prevalent in the developing world has led some individuals to involve other members of their families in the series of businesses they have created. This involvement, in turn, has created a business portfolio for the clan. Below is the case of a participant with a

grocery shop and a farm as part of his business portfolio. Several members of his extended family are involved. In addition, as part of the portfolio, his mother also has her own business. The series of businesses belonging to the same clan has created a complex network in which the individual creates ventures as part of their business portfolio:

My other economic activity comes from agriculture; I have a small farm here in another village sector, where I have planted a hectare of lemons. So that is where I earn an extra income. My mom also has another business, which is an eatery. She is also part of the association of women entrepreneurs because of the restaurant. But I do not manage that business; she manages it alone. My other business is a lemon farm business. This business is shared with my dad, meaning we both manage it. We both do the maintenance and water the trees when it is harvesting time. My brother-in-law also comes to help us when we harvest. Everything also depends on the price of the lemon sack because sometimes it is too cheap, and other times it is expensive. For example, it is currently profitable, about 25 or 30 dollars a sack of lemon. So, in each harvest, five sacks of lemon are collected. Then, it is already 150 dollars more of income, which is an extra. But sometimes, there are seasons when a sack of lemons costs 5 or 10 dollars. So, no, it is not always profitable. Sometimes, it is better to lose the crop. But right now, it is pretty profitable. (Participant 014)

Similarly, other participants also reported that other clan members living in the same household have their own businesses. The business portfolio is typical among participants whose spouses, parents or children own other businesses. Here are some of the participants' stories:

We have various businesses, such as this restaurant, and we also have a boat to do diving, but my husband manages the boat. (Participant 001)

My mom has a restaurant but only opens it in the high season, or sometimes she does not. She also has a tent rental service. (Participant 010)

Finally, although not all individuals have managed to create a business portfolio, the idea is positioned in the minds of some of them in pursuit of obtaining extra income. Below are the comments of some participants wanting to create more businesses:

The main project I have is the grocery shop. I also want to set up a bar next to the shop. I even hope to sell mobile phones, wine, and whisky, among other products. And since

my commercial premises are on a corner, it is an excellent location. Now, I have made new friends who are police officers. They have told me that I have a good location for the market. So, it will be good to have a variety of products. Who would not like to have a commercial place like mine? It is the people that motivate me to do it. Besides that, I also want to rent out rooms or units, which is the best job you can live in because you know you will rent them for a year. You know the money is there. I learned something important at university: You cannot have only one income. The more income you have, the better. You can have three or four incomes, and that is great. (Participant 008)

My goal is to have other stores. I am gradually going because I did not take out loans to start this business. However, I obtained a loan to buy the commercial coffee maker because it was an opportunity. Although I try to go slow, it is okay to take risks but not to go crazy. I cannot get another loan beyond what I have calculated in my budget because I also have children. So, there are many things where money is also spent. I need to go little by little before opening other businesses. I need to grow this one first. And this one is still too small for what I want. When I say small, I mean the infrastructure, the physical space. For example, I need more shelves and more comfort to have things right here. I need a bigger coffee maker. Certain things are still needed in this business. So, I cannot set up another business if this one is not well established. But I want my cafeteria to be recognised as a cool place and for the products to be delicious. Finally, one day, I would like to sell franchises of my business to other people. I have a gigantic vision. (Participant 013)

#### **7.2.4 Summary of Findings on Venture Creation**

The research findings showed that many entrepreneurs in this case study are necessity-oriented entrepreneurs. The entrepreneurial orientation of these participants responded to the need to survive amidst the constrained conditions of the community. However, another smaller group of participants indicated they chose to create businesses or continue their parents' endeavours voluntarily. In these cases, some entrepreneurs chose to create ventures instead of obtaining waged employment because they observed better opportunities in entrepreneurship. These cases are related to the opportunity discovery theory, in which individuals use their cognitive abilities to identify business opportunities (Alvarez & Barney, 2007).

Other entrepreneurs, by choice, were survival-oriented, too. One participant noted that, despite her need to generate income to survive, she chose to become an entrepreneur voluntarily instead of continuing in her waged job. These findings are consistent with the literature on self-employment in the developing world, according to which some individuals are entrepreneurs by choice and others by necessity (Gindling & Newhouse, 2014; Margolis, 2014). In turn, this means that the amalgam of entrepreneurial orientations in the Global South is varied, with survival, necessity and choice entrepreneurs coexisting in the same business ecosystem.

On the other hand, venture creation in the community is highly influenced by entrepreneurial imitation. Thus, a significant number of entrepreneurs have created ventures by imitating the businesses of peers. Individuals facilitating entrepreneurial imitation are usually members of their kinship networks. The collectivism prevailing in the societies of the Global South has led individuals to facilitate entrepreneurial imitation by providing their peers with business ideas, encouragement, and knowledge to create businesses like their own. The collectivism of the Global South has also led individuals to view entrepreneurial imitation as a positive fact for entrepreneurship development in the community.

The business portfolio is another theme related to venture creation in this case study. Entrepreneurs have created ventures to diversify their source of income. Collectivism is also present in the business portfolio through the creation of businesses for different members of the household. In the literature, the portfolio of activities of household members has been described previously in Western Africa, another region of the Global South (Grimm et al., 2013). However, the business portfolio is different from the activity portfolio because although both generate alternative sources of income for households, the former refers to the creation of

various ventures by entrepreneurs and the latter to all paid occupations of its members. Finally, although not all individuals have created business portfolios so far, creating more than one business is well-positioned in the minds of some entrepreneurs. These intentions have made some entrepreneurs want to create more than one business in the future to diversify their source of income.

### **7.3 Resource Provisions**

The findings on the overarching theoretical dimension of resource provisions revealed two second-order themes. These are formal access to resources and informal access to resources. Formal access to resources refers to the individual's ability to obtain loans from banks and other financial institutions or the willingness to take risks for those purposes. Furthermore, due to the collectivism of the Global South, formal access to resources involves the pooling of risk through peer-to-peer guarantees that facilitate an individual's access to bank loans.

Access to resources through informal channels has been another way for individuals in the community to obtain loans. However, unofficially, this way has been used by individuals in the community for years to obtain capital for their ventures. Research findings show that the conditions of informal access to resources for entrepreneurs have generally been unfavourable to their commercial interests. Table 14 shows examples of first-order codes and second-order themes within the overarching theoretical dimension of resource provisions for the individual. The full data structure is available in Appendix F.

**Table 14 Examples of Data Structure for Resource Provisions of the Individual**

Example of First-Order Codes	Second-Order Theme	Overarching Theoretical Dimension
I have always obtained loans for my businesses. With loans, I have raised capital to create ventures. But the loans have not come from the family; they have always come from a bank. To buy the boat, we got a loan through the cooperative bank. (Participant 001)	Formal access to Resources	Resource Provisions
Banks did not lend much money to microentrepreneurs. They lent truly little, and the requirements were extremely high. The requirements were impossible to meet. That is why most people opt to get money through loan sharks. But thank God I did not fall into that trap. I did not lend money to loan sharks. (Participant 003)	Informal Access to Resources	

Source: Research Data

### 7.3.1 Formal Access to Resources

The research findings show that formal access to resources is one of the themes related to resource provision. Since the phenomenon of entrepreneurship in the community started several decades ago, a significant number of entrepreneurs have managed to access formal resources. The findings showed that entrepreneurs are willing to take risks to access such resources; however, there is also a case of risk aversion. The prevailing collectivism in the Global South has also led some individuals to pool risk to access formal resources. The following sections show the findings concerning access to formal resources, risk-taking willingness and aversion, and the pooling of risk by the individual as the entrepreneur.

Entrepreneurs in the community have had access to formal resources for their businesses over the past decades. Entrepreneurs' borrowing from banks and cooperative banking has been seen as beneficial because of the better terms offered than the informal lending that used to

characterise business financing in the past. The conditions of bank loans have allowed entrepreneurs to equip their businesses and plan their expenses. Below is one participant's account of her access to formal loans and its impact on her business:

I started with a domestic coffee machine when I set up my business. Domestic ones take a long time to make coffee because they are designed for home use. Then, it was the end of the high season, when you still had money and could decide to invest... But then comes the low season. And in the low season, you know you will spend at least two months without money. We are used to it. But despite that, I got a loan through a credit card from a bank. It is a loan that the credit card gives you to make monthly payments. So, I told myself I would not let this opportunity pass me by. And because I have always had positive results in my business experience, I decided not to pass it up because otherwise, the opportunity to get the loan would be wasted. I have done well in the past; why should it be any different now? Then, I got the loan because I needed a commercial coffee machine so the customer did not have to wait 10 minutes for a cup of coffee. That was too long. (Participant 013)

The above case is not isolated. Other individuals accessed higher-value bank loans to rent or buy bigger business assets. The following examples show that some individuals achieved greater creditworthiness and, with it, the possibility of accessing resources in the formal financial system:

I have a wife who is highly creative and supports me. She is very enthusiastic. She is not afraid of risks. We asked the bank for a big loan of about 30,000 dollars to do this business. And thank God we are doing well. I am not afraid of risks, and neither is my wife. (Participant 018)

I borrowed a loan from a bank to buy the office in the neighbouring town because I was renting it then. After three years of renting it, the owner asked me to vacate it because he would sell it. We had a meeting with all my children. And because our company, a tourism firm, was doing very well. We took a loan of 50,000 dollars to buy the office. (Participant 017)

I got a 20,000 dollars loan from a bank. I took it out to rent the premises for the business. I did it to renovate it, buy everything I needed for the restaurant, set it up and have everything ready for the operation. I bought televisions and everything for the kitchen. I changed all the flooring material as well. I invested a lot there. (Participant 003)

My husband was a fisher. However, he was attracted by the inflatable banana that was piloted from a boat... Thus, my husband started that business as a boat operator and diver. We started the business with a boat that we still have, but it is small. That was our first venture. Then, we started another business with a bigger boat for whale watching. He wanted to do it because many tourists were coming to see the whales. He said: I have to offer that because the cold season is coming and there were not enough tourists for the other boat. So, we made a loan to buy a bigger boat, which worked well. A state bank gave us that amount of money, and we used all of it to buy the new boat. (Participant 006)

Similarly, other participants are willing to take risks to access formal resources to improve their businesses. The following is the case of one participant who expressed her willingness to obtain a loan for such purposes:

I want to apply for a bank loan of 25,000 dollars for the business. I already have a good credit history from the USD 10,000 student loan, which I will repay soon. I know I will be able to do it. It is a considerable risk because anything can happen, like the pandemic. For all of us, it was a great learning experience. It is also because of the pandemic that I want to have my own business because, you know, during the pandemic, there were many redundancies. (Participant 008)

Unlike the above case, there is also one case of risk-avoiding. In this case, the fear of being unable to repay bank loans prevented the entrepreneur from accessing formal resources for his business:

It scares us; I have always been afraid of bank loans. That is why I have never taken out a loan. I have never even bought an appliance with a loan directly from the store. I have always liked to save, even if it is little by little. I prefer to always buy in cash because I fear being unable to repay the loan. I have never liked to owe anyone. (Participant 021)

Another topic related to formal access to resources is the pooling of risk by entrepreneurs. In such cases, entrepreneurs have required the help of friends or relatives to access formal

resources. Family and friends often become guarantors of bank loans for entrepreneurs who otherwise would not have access to these financial resources. In the words of some participants:

When I set up the business, I took a small loan from a bank. My mother was the guarantor, and that debt was paid off. Then, we managed to run the business with our resources. When better times come, we hope to invest more. We want to change and renew certain things because something is always missing or broken in the business. (Participant 015)

I asked a friend to help me get a loan from a bank. I asked him to please be my guarantor. Luckily, because we were good friends and he knew I was a hard-working guy, he liked me and knew I would not make him look bad, so he helped me. (Participant 003)

### **7.3.2 Informal Access to Resources**

The findings reveal that accessing informal resources has been a common feature of resourcing for individuals in this community. Difficulties in accessing formal resources have led entrepreneurs to resort to this type of informal lending. As shown in Table 14, the requirements that banks ask for to grant loans have been one of the reasons why entrepreneurs have resorted to informal lenders.

Participants referred to informal moneylenders as usurers because of the conditions of the loans. Usually, the conditions of usury loans include higher interest rates than those offered by banks. In addition, these conditions also include the pledging of jewellery or household appliances as collateral for the loans. Due to high-interest rates, some individuals indicated that these informal loans are unfavourable for their businesses, but they have resorted to them during their entrepreneurial trajectory. Below is one participant's account of informal lending conditions:

One takes a risk when borrowing money for a business. Many people do it because they have little income. But the risk is even greater when borrowing loans from a usurer. These are short-term loans that need to be repaid within a month. But remember that the usurer charges 20% interest per month. On the other hand, when the bank gives you a loan, the interest rate is 18% or 19%, but it is per annum. It is more advantageous to work with banks then. (Participant 007)

In some cases, the inability to repay bank loans and other obligations has led some individuals to resort to formal and informal borrowing. Below is one participant's account of his experience resorting to this type of informal lending due to his inability to pay a bank loan:

I have borrowed money from usury lenders from other towns, the usurers, as we call them. Why? Because we have obligations, but sometimes, let us put it this way: the business is stagnant. And because I also had other loans from some banks and I did not know how to pay them, I had to resort to them. So, I kept working hard and tried to pay them off... I had to resort to them even if I had to pay 20% a month. I did it to go ahead. (Participant 019)

Due to the complex conditions of informal lending, the risk of borrowing money from these sources is high. Thus, one entrepreneur reported that in the past, she had resorted to borrowing money from informal sources, resulting in the loss of several items used as collateral. The inability to repay the informal loans was due to high-interest rates. She said:

Before, I used to borrow money from the usurers. But they always tried to harm us. So, unlike before, I can now borrow money from the bank. When I borrowed money from the usurers, I gave gold jewellery as collateral. I went to another city to borrow money but lost a lot there. I lost some items of high value there because I had no way to repay the money. I could not pay it off because of the high-interest rates. Among the things I lost were some valuable things, like gold chains and my wedding ring. I can never forget that. But now I borrow from banks because there are more facilities than before. Now, I have not only one business but two. Thanks to that, I have the means to repay a loan... I have more solvency, so I can take out a bank loan. That is why I no longer borrow money from usurers to get capital. (Participant 005)

As the findings show, some individuals from this community have taken risks to raise financial capital for their businesses. However, the risk for entrepreneurs in accessing informal resources

has been greater than under formal conditions. This finding supports previous research indicating that some entrepreneurs, under poverty conditions, experience higher risks than more prosperous ones (Venugopal et al., 2015). The higher risk is due to the difficulties in accessing formal resources and the unreliable conditions of informal lending.

### **7.3.3 Summary of Findings on Resource Provisions**

The findings show that some entrepreneurs have accessed formal business resources through bank loans and cooperative banks. Access to formal resources has enabled entrepreneurs to improve the infrastructure and equipment of their businesses. Since some entrepreneurs have reached higher degrees of maturity in their business trajectory, they have obtained larger loans. Access to greater resources, such as larger bank loans, also shows the better creditworthiness of some entrepreneurs in the community.

Due to the more advantageous conditions offered by banks and other financial institutions, some entrepreneurs are willing to take risks to access formal sources of finance. The advantageous conditions of formal resources and the confidence gained through their business experience underpin this willingness to take risks for such purposes. However, the research findings also show a case of risk aversion. In this case, the fear of being unable to repay bank loans prevents the entrepreneur from taking risks to access formal resources for the business.

Accessing formal resources has also meant pooling risks. Thus, some entrepreneurs have needed family or friends to access financial resources from banks. In these cases, entrepreneurs have asked family and friends to be guarantors for their bank loans. Proximity and trust have

enabled risk pooling to access formal resources for some entrepreneurs who otherwise would not have been able to do so.

On the other hand, entrepreneurs' access to informal resources also characterised the provision of resources in the community. To access these resources, some entrepreneurs have turned to informal moneylenders. Informal lending conditions are often unfavourable for entrepreneurs. In these cases, the interest rate of informal moneylenders is considerably higher than that of banks.

In turn, informal lenders' unfavourable terms have led entrepreneurs to take greater risks than when accessing formal resources. Due to the high interest rates of these loans, entrepreneurs have called informal moneylenders 'usurers'. Limited income, poor creditworthiness, and obstacles to accessing formal resources have been some of the reasons for entrepreneurs to turn to these lenders. Because of the warranty conditions, informal lending has also involved more risk for entrepreneurs. The inability to repay informal loans due to high-interest rates has led to the loss of valuable items given as collateral. However, access to resources has changed due to the business trajectory of some entrepreneurs, resulting in better economic and living conditions. The following section reviews the evolutionary trajectory of entrepreneurs.

#### **7.4 Evolutionary Trajectory of the Individual as an Entrepreneur**

Despite the necessity orientation of most individuals in the community, there are significant changes in the evolutionary trajectory of some participants. The research findings show that economic conditions, business knowledge and social status are some areas in which

entrepreneurs have experienced changes during their evolutionary trajectory. The following section reviews the changes in these areas.

First, although most individuals started businesses driven by necessity, many indicated they had experienced changes in their economic conditions over the years. According to some participants, those changes in the economic conditions are the result of their business endeavours. For example, Participant 018 indicated that he was poor when starting his business but that his economic conditions have gradually improved. Below are three accounts of this participant stating these changes:

When I created this business, I was extremely poor. Yes, so these are things that mark one's life forever. (Participant 018)

I used to work in the business from 8 in the morning to 5 or 6 in the afternoon when we started. Then we moved to the city centre. I created a business and built a house there; it went well... I have been here for about 6 or 7 years with this business I have now. Here, I started from nothing. First, I bought the land, and then we built the house. The work has been hard; it has cost us a lot. One must realise that achieving a goal requires perseverance, love of work and sacrifice. The results are there at the end. (Participant 018)

The changes are there for all to see. The first result is noticeable, and that is the education of my children. I had three children, two of whom were university graduates. About the infrastructure, I have built houses. During my business trajectory, I have had three houses, which are the product of my business. I still have them because they will be the inheritance for my children. (Participant 018)

As evidenced in the accounts of Participant 018, he has experienced significant changes in his economic conditions throughout his evolutionary path as an entrepreneur. He is not the only one who has experienced these types of changes. Participant 013 indicated that she was a street vendor during her childhood but had also, in her adulthood, undergone significant changes in

her economic conditions resulting from her studies and entrepreneurial endeavours. Accordingly, she first graduated from university thanks to a student loan. She then started a business after leaving her waged job, which led her to improve her economic conditions through her new venture. Below are two accounts from Participant 013 about these changes:

Since I was little, maybe when I was 8 or 9, I used to sell soft drinks on the beach... I am already a college graduate. I have never been short of money. (Participant 013)

Now, it is easier for me because of my business. I do not say I earn a lot, but I feel more relaxed financially because everything flows. Every day, I have the means to cover all my expenses. (Participant 013)

Participant 013's accounts showed significant changes in her economic situation and as a human being, as she was no longer a child street vendor but an entrepreneur who managed her finances through a business. On the other hand, Participant 016 also indicated that she started working as a dressmaker at an early age but, over the years, had created multiple businesses that have allowed her to improve her economic conditions. Her path in entrepreneurship has evolved into a business portfolio. Below are her comments:

I have been a dressmaker since I was 13 years old... I used to sew with a small machine I purchased for \$100, with two scissors and a tape measure. That was all I had for sewing. I sewed people's clothes with their fabrics. But not anymore, now I have my shop. If a customer wants a dress or a costume, I sell the fabrics here. I look for the best choice of fabrics, set a delivery date and make it. I have fabrics of different qualities for sale. So, my life has changed a lot over the years. (Participant 016)

Other participants also reported changes in their economic conditions resulting from their businesses. One participant described the availability of money and financial independence as some of the changes she has experienced along her evolutionary path as an entrepreneur. Below are the participant's accounts of these changes:

The most significant change is that now I have money to buy my things. I have grown in the sense of being able to pay my bills thanks to my business. Living only on your husband's salary is different from having your income through a business. (Participant 005)

Bruyat and Julien (2001) argued that, during the entrepreneurial process, individuals experience changes in their business knowledge, networks, and social status. As noted above, changes in the economic conditions of some individuals are notable, as are the advances in business knowledge that some entrepreneurs have experienced throughout their entrepreneurial path. Due to constrained economic conditions, few entrepreneurs, especially first-generation entrepreneurs, gained access to formal education in their youth. However, despite the lack of access to formal education, some individuals indicated they had experienced substantial changes in their business knowledge over the years. Below, some participants explain these changes:

On a personal level, I have learned a lot during my path in this business. I have learned many things. For example, I learned how to deal with customers. How to be kind and polite to customers to offer a good service. I have learned to make the most of my business relationships because sometimes you need help from them, such as wholesalers and sales agents. I have also learned from the bank agents who offered me loans. These are cornerstones to progress. (Participant 018)

I have learned about business management. We have now learned that not all the money that comes in is profit for us. Because we know that it is important to separate what are profits from the investment and the payments that each of us receives. But because it is a family business, we have learned to pretend it is not ours. We now set aside the profit from the investment. With that difference, we get our payments. We learned that only a percentage is for ourselves. That is how we are working. (Participant 010)

In the case of Participant 018 he is a first-generation entrepreneur who started a business by necessity. Despite stating that he created his firm when he was "*completely poor*" (Participant 018), he has experienced changes in his knowledge throughout his entrepreneurial journey. In contrast, Participant 008, a second-generation entrepreneur, indicated that although she

obtained a university degree, her family, especially her father, instilled relevant business knowledge “*through his example in business*” (Participant 008). Therefore, the comments of both participants suggest that not only formal education but also the experience gained by the first generations during their entrepreneurial journey contributed to the significant changes in business knowledge experienced by individuals.

Similarly, the findings showed that some individuals had experienced changes in their social status during their trajectory as entrepreneurs. Bruyat and Julien (2001) have included changes in social status as part of the value creation experienced by the individual in the process of entrepreneurship. Specifically, there have been changes in the social status of some participants over their entrepreneurial path, both in how they are perceived by other peers in the community and their self-realisation as entrepreneurs. These changes reflect how they see themselves as individuals due to their entrepreneurial journey. The following are the accounts from a participant who indicated that, although she had a childhood marked by the constrained economic conditions of the community, she has experienced changes in her social status due to her entrepreneurial activities:

My generation is no longer like the previous generations, where we only ate one meal per day. (Participant 001)

I am recognised for my restaurant. I created my restaurant ten years ago, and my clients continue to recommend it to new customers. Recognition is important because I am seen as a strong woman and fighter. I have been an example for other people. Last year, I also had cancer, but I recovered; people consider me a fighter... I am recognised as a successful woman. My fellows and I are recognised as successful women. (Participant 001)

As the case of Participant 001 shows, she has gone from living in poverty in the past to being recognised as an entrepreneur for the business she created more than a decade ago, both by her

customers and by the community. Similarly, there are other cases, like the one above, where individuals have gained community recognition for their entrepreneurial and community support work. Community recognition for some individuals came from their work in local associations, where they represented collective interests. The following is the case of Participant 016, who, despite starting her business with a basic sewing machine that she “*purchased for \$100, along with two scissors and a tape measure*”, has gained recognition from her clients and community peers for her entrepreneurial and associative activities:

The clothes I have made have been sold even in Germany. I sold them because some German tourists came here saying that the laundry services there cost more than one of the clothes I make. My German customers like the clothes I sew. So, my client came almost every year... I made dozens of garments for him. My business has helped me because I have met many people through it. Also, through my organisation, I have represented the community. I have attended meetings of all kinds. I have won awards as a community leader... I have been awarded at the provincial level almost every year... I humbly say that I have supported a lot and have also known many places. Sometimes, I have forgotten my duties as a mother or wife, but I have fulfilled my duties in this community. (Participant 016)

While some individuals have enhanced their social status through recognition within the community, others have found self-realisation due to their businesses. The following is the case of a participant who indicated that she felt fulfilled by owning her business:

Having a small business is satisfying because I have met people from other places. They have recommended my business. On a personal level, I feel more encouraged, with more strength, to continue working because I see that my business has been positioned. So, that has created a positive change in me because I wake up with more energy to work and serve my clients. After all, that is what I like to do. (Participant 015)

Other participants have also indicated that they have grown through their businesses. For example, dealing with customers has helped them to learn human relations. Here is the case of one participant, who indicated that she has learned from the customers who visit her business:

Through the business, I have learned a lot and educated myself. Because I learned about customer service, I learned that I must always focus on good service. That helped me to grow spiritually because I learned from the contact with other people who came here. (Participant 015)

Notions of self-realisation have also emerged with perceptions of success about oneself due to the entrepreneurial trajectory and material achievements. Below are the accounts of one participant who indicated that he started his business as a poor entrepreneur but now feels fulfilled with his business success and the assets he has acquired along his entrepreneurial path:

If there were a person who would follow my example, I would not say that as a compliment because everyone has their way of going on with their life. But I tell others that many people have made much effort like me to get ahead. (Participant 018)

Regarding material things, I have obtained them through my business. In the past, I used to look jealously at other wealthy men when I visited another city. And I said to myself, why does this gentleman have money? Why does this gentleman have rents and houses? And I have seen that the way to achieve material things is through perseverance, sacrifice, and work. And I believe this has been the reason for the success of entrepreneurs like me. Work, work hard and get ahead. (Participant 018)

Perceptions of self-realisation emerge not only from business success and material achievements but also from activities within the business. On this topic, a participant indicated feeling fulfilled with the services she offers to her customers in her business:

I am very motivated by tourism because the people who come here are delighted to see the beautiful sea. They like to see the monument of Christ under the water and watch the sea lions and the whales. That joy and excitement make me want to keep on with my operator. Why? Because they come back delighted. I feel nurtured when they tell me everything has been excellent and gorgeous. Then, their words motivate me. They make me think that I am doing things well. I imagine that my fellows from other tour operators also feel the same emotion as I do. (Participant 006)

## **7.4.1 Summary of Findings on the Evolutionary Trajectory of the Individual as an Entrepreneur**

The research findings show that some individuals have experienced significant changes during their evolutionary trajectory in entrepreneurship. The areas in which these changes have occurred are in the economic conditions, business knowledge and the social status of individuals as entrepreneurs. These findings are consistent with the assertions of Bruyat and Julien (2001) that entrepreneurship as part of the creation of value brings about significant changes for the individual. This section summarises the findings on changes in economic conditions, business knowledge and social status as part of the evolutionary trajectory of the individual as an entrepreneur.

The findings showed that there had been significant changes in the economic conditions of the individual as an entrepreneur during their evolutionary trajectory. Accordingly, the research findings show that although most individuals started their businesses as necessity-oriented entrepreneurs, their economic conditions have progressively improved. Due to the constrained economic conditions in the community that characterise the environment in many regions of the Global South, some entrepreneurs experienced child labour. This case reflects the situation of one participant who was a street vendor during her childhood. Other participants created their businesses as a last resort because they had no other means to survive.

Despite its origins and the fact that the phenomenon of entrepreneurship has been in the community for many years, today, several entrepreneurs indicate that they have money available due to their business activities. Another entrepreneur also indicated that her business

has allowed her to gain financial independence. The financial independence gained from her business is an extraordinary change for this participant because she is no longer dependent on her husband's salary alone. This change contributes to the gender development of women entrepreneurs in the community.

Another change during the individual's evolutionary trajectory as an entrepreneur is the advancement of business knowledge. Due to the constrained conditions prevailing in the community decades ago, few entrepreneurs have had access to formal education. The changes in the business knowledge of some entrepreneurs are in the areas of customer service, networking, and financial management.

Some participants indicated that they have improved the quality of customer service in their business and human relations management through daily interaction with customers. One of the participants also indicated that he has improved his networking because of his business journey. Thus, this participant manifested that he learned from networking with customers, suppliers, and bank agents. Another change experienced in business knowledge by a participant is in financial management. This participant indicated that she learned to manage her finances by differentiating between her total income, the invested capital and the profits.

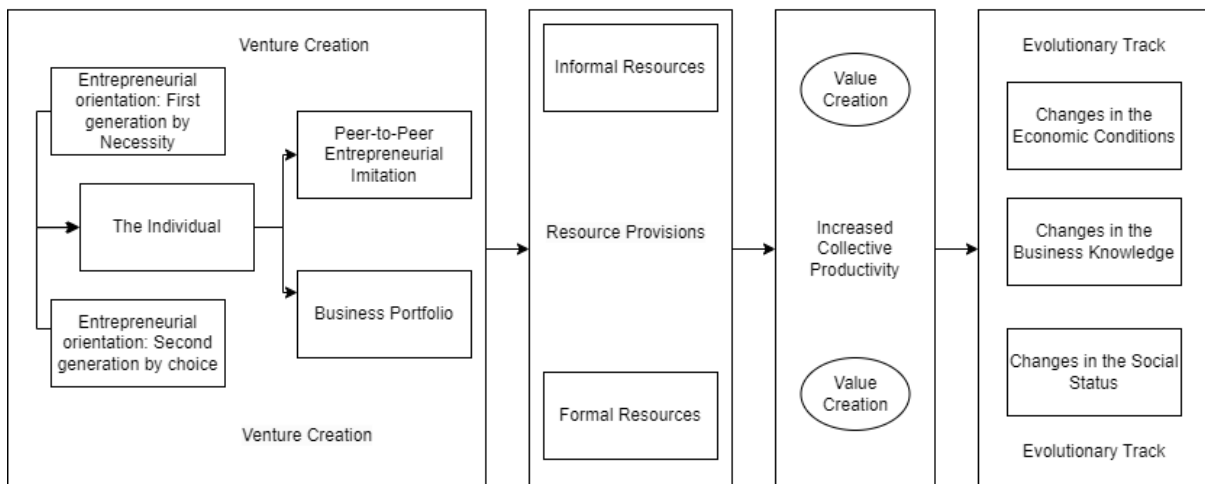
Relating to changes in social status, some individuals gained recognition from their peers in the community and self-realisation by being entrepreneurs. Changes in their recognition as entrepreneurs were due to their business trajectory and their involvement in community associativity. Self-realisation is also another change in the social status of entrepreneurs. Some entrepreneurs indicated a sense of fulfilment in owning their businesses, which has brought

them growth and learning throughout their evolutionary journey as entrepreneurs. The self-realisation of individuals has also arisen from feeling successful as entrepreneurs, achieving material growth, and performing the activities of their businesses.

### 7.5 Integrative Framework

Figure 10 illustrates the integration of the findings of chapter Seven, “The Individual in the Collectivist Entrepreneurship Model”. It contains three overarching dimensions derived from the thematic analysis of the data, venture creation, resource provisions and the evolutionary trajectory. These dimensions also show the second-order themes obtained through thematic analysis.

**Figure 10 The Individual as an Entrepreneur in the Collectivist Entrepreneurship Model**



Source: The Author

### 7.6 Conclusions of the Chapter

The research findings showed that the orientation of most entrepreneurs in the community was driven by necessity (See Figure 10). However, the findings also showed that some individuals

became entrepreneurs by choice, especially second-generation members. These findings support the theory that entrepreneurs in developing countries are driven by necessity and choice (Gindling & Newhouse, 2014). Nevertheless, the data analysis also revealed that the orientation of entrepreneurs often overlaps, with entrepreneurs creating ventures for survival reasons but equally voluntarily choosing the entrepreneurship path rather than pursuing other options such as salaried employment.

For these reasons, it can be asserted that although entrepreneurship in this Global South region is a canvas permeated by necessity, it is tinged by the amalgamation of other entrepreneurial orientations. The amalgamation of the entrepreneurs' orientations found in this research helps to reinforce the claim that entrepreneurship in the developing world is a heterogeneous phenomenon (Gindling & Newhouse, 2014; Puente et al., 2019), hence the need to investigate it.

The findings showed that necessity-oriented entrepreneurship in this region is imitative (See Figure 10), as in many Global South regions (Schoar, 2010; Slade Shantz et al., 2018). The data analysis also revealed that entrepreneurial imitation dominates venture creation. These facts are consistent with the literature claiming that entrepreneurship in the developing world is imitative (Dencker et al., 2021). However, the research findings also showed that entrepreneurs deliberately used entrepreneurial imitation to help family or friends create ventures and strengthen the market with new participants. These findings help to turn around the perception that entrepreneurial imitation is only a last resort for venture creation in the developing world and move it into territory where entrepreneurs use it as a deliberate strategy for development, both for other community peers and the market.

Behind entrepreneurial imitation is the collectivism prevailing in this Global South region's society. Thus, family and friends often contribute to entrepreneurial imitation, either with business ideas or encouragement for their peers to imitate their businesses. From informal settings, such as the homes of nuclear or extended families, more experienced entrepreneurs often provide their peers with the skills needed to create and manage their new ventures. In other cases, individuals are hired by their relatives or friends to learn the business that they will then imitate. Entrepreneurial imitation has also strengthened the associativity process because, on the one hand, it has aligned with the community's social cohesion to create new ventures in a single market industry, and on the other, new entrepreneurs have continued joining existing associations. Without the collectivism that prevails in the Global South, imitative entrepreneurship would not have the strength and recurrence it has today in this case study.

The business portfolio is another factor that has fostered venture creation (See Figure 10). Individuals have created several businesses to diversify their source of income. For this purpose, entrepreneurs have created business portfolios involving nuclear and extended family members living in the same household or outside it. The collectivism prevalent in the Global South also shapes the creation of the business portfolio as it involves members of nuclear and extended families in complex networks seeking to obtain alternative income.

Regarding resource provision, some entrepreneurs have had access to formal and informal resources through several types of loans, suggesting a willingness to take risks. Access to formal resources through bank loans, which in some cases are of higher value, suggests that entrepreneurship has provided creditworthiness to participants over the years. This situation is

corroborated because in the past, and in some cases today, some entrepreneurs have resorted to informal resources from lenders considered usurers. Informal resources have not contributed to business activities because they tend to have unfavourable conditions, such as higher interest rates and a greater risk of collateral losses. Although many participants indicated that they now have access to formal resources, some also referred to the unfavourable conditions of informal resources, suggesting that usurious borrowing has characterised the community's access to resources.

In terms of the evolutionary trajectory of entrepreneurs, there have been changes in the economic conditions, business knowledge and social status of participants (See Figure 10). Despite the necessity orientation of some entrepreneurs in the community, some individuals have substantially improved their economic conditions over the years. Entrepreneurs have also improved their business knowledge in customer service and financial management. These improvements have occurred despite the lack of formal education of some entrepreneurs. Entrepreneurs have also experienced changes in their social status.

These changes are significant because they have contributed to the recognition of entrepreneurs by their community peers and their self-realisation. Success in business, material achievements, ownership, and day-to-day operations have contributed to individuals' self-realisation. These changes are consistent with the assertion that value creation in imitative entrepreneurship generates significant changes in the individual rather than in other domains (Bruyat & Julien, 2001). All these changes in the individual's trajectory as an entrepreneur directly result from their business activities despite the constrained conditions that have ruled the community.

## CHAPTER EIGHT

### DISCUSSION AND DEVELOPMENT OF THE PROPOSED MODEL

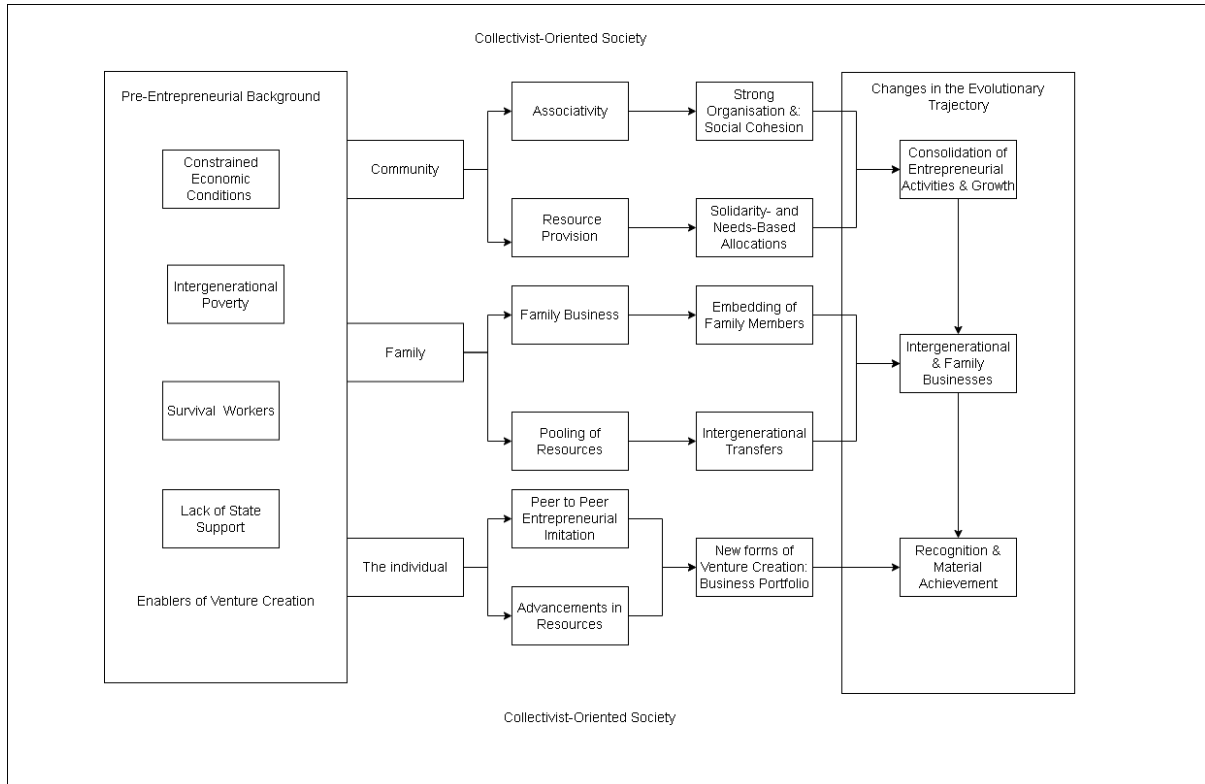
#### 8.1 Introduction

The research findings in chapters Five, Six and Seven on Community, Family, and the Individual, respectively, evidenced the robust features of collectivism in the nature of the entrepreneurship phenomenon in the Ecuadorian Coast, a region of the Global South. This chapter presents the model, a summary of the findings that contributed to creating it and the theoretical contributions of this research. For this purpose, the chapter is divided into two sections and the conclusions.

The first section presents an overview of the model and summarises the findings that contributed to creating it, i.e., the community, the family, and the individual. These findings emerged from the attempt to answer the research question of this academic work: **“How does collectivism affect the entrepreneurship model in a region of the Global South?”** Addressing this research question was crucial because, while the effects of collectivism on entrepreneurship have been previously studied in the literature (Rooks et al., 2016; Slade Shantz et al., 2018), the phenomenon is not homogenous in the region (Gindling & Newhouse, 2014; Puente et al., 2019), requiring further investigation. The second section presents the theoretical contributions of this research: 1) the role of entrepreneurial imitation, 2) resource development, and 3) collective growth as a means of development in necessity-driven entrepreneurship in the Global South. The chapter ends with the conclusions.

## 8.2 Proposed Model

**Figure 11 An Integrative Model of the Influences of Collectivism on Entrepreneurship in a Region of the Global South.**



Source: The author

This section summarises the findings that contributed to creating the model (See Figure 11). As observed in the previous chapters, the findings were analysed at different levels that coincide with the social structure: the community, the family, and the individual. The analysis at multiple levels of the social structure was done, expecting “*a more complex picture*” of the phenomenon to emerge (Davidsson, 2016, p. 12). Since this research is positioned in the interpretive paradigm and uses the qualitative research approach, the analysis of the influences between the different levels of the social structure was conducted by interpreting the ideas, thoughts and feelings expressed in the participants’ accounts. Other methods, such as multi-

level theorising to identify interactions (Breslin, 2008) through regressions, were not considered because this type of analysis is related to quantitative approaches.

In this collectivist entrepreneurship model, the different levels of the social structure influence other levels through social cohesion. Thus, at the community level, members are organised and distribute resources based on solidarity values to create and grow firms in a single entrepreneurial activity. Consolidating and growing this single entrepreneurial activity in the market reflects the cohesive goal of the community associations. Likewise, working cohesively in associations to achieve this goal within the community reflects the collectivist orientation of the model and the presence of kinship networks, as the entrepreneurs, although not related, see themselves as one big family, which facilitates the influence between the different levels of the social structure.

At the family level, the community's influence is internalised when family members also organise and embed themselves in their family businesses and make intergenerational transfers to create new firms in the same field. The family businesses are, on the one hand, related to each other because of resource sharing and, on the other hand, aligned with the community's cohesive goal. Finally, at the individual level, through entrepreneurial imitation, entrepreneurs facilitate the copying of ideas and help others create businesses to meet the community's cohesive goal: to create firms that strengthen market productivity in a single economic sector, namely, tourism. Advances in resources produce new approaches to creating ventures, such as business portfolios. All these actions generate changes in the evolutionary trajectory of entrepreneurs.

The following section summarises the findings that contributed to the creation of this model, starting at the community level, because, during the interviews, entrepreneurs emphasised its importance for the development of entrepreneurial activities in the region.

### **8.2.1 The Effects of Collectivism on the Model at the Community Level**

The findings on the effects of the community in entrepreneurial activities showed that a first generation of survival-oriented workers needed external assistance to fight poverty due to constrained economic conditions (See Figure 11). To this end, some community members organised a nascent and informal association of women entrepreneurs who obtained micro-funding from an international NGO to improve the infrastructure of their businesses. This initiative became a powerful external enabler for venture creation because it introduced resources and business opportunities previously absent in the impoverished ecosystem of the region.

The perceived success of the women's association gave rise to other associations created by new generations of entrepreneurs, consolidating a strong community associativity process (See Figure 11). The findings showed that associations had been instrumental in filling some state gaps in terms of infrastructure and planning, improving business conditions and the population's quality of life. Particularly, associations brought group organisation with leadership that fostered social cohesion, which translated into the creation of businesses in only one market industry<sup>1</sup>. Achievements in economic development obtained through the cohesive work made the associativity process seen as beneficial for the community's business interests.

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<sup>1</sup> The community's business ecosystem is oriented toward the tourism industry.

For this reason, local organisations continued strengthening their positioning and gaining the commitment of fellow members to participate in the associativity process. Furthermore, the findings showed that associativity increased the sense of belonging within the community, favouring internal transactions between affiliated members.

On the other hand, the findings revealed that associations provided their members with resources for entrepreneurial activities<sup>2</sup>. Remarkably, the allocation of physical resources to community members was grounded in solidarity, specifically needs-based (See Figure 11). To this end, both leaders and other community members decided by voting on the allocation of resources based on the needs of fellow members and not on the viability of a business. This method of resource provision was not market-oriented but exemplified, on the one hand, the community's solidarity<sup>3</sup> towards members who needed help to improve their income and, on the other, the empathy to connect with the needs of others. Likewise, this resource allocation method made other entrepreneurs not yet affiliated with a local organisation want to join one because they perceived limited support to others outside the associations.

The organisations within the community worked cohesively to solidify the business ecosystem and drive its evolution. As a result of these efforts, existing infrastructures were improved, and new businesses emerged within the same industry. Although consolidating one market industry created an over-dependence, it also enabled more market entries. Rather than being viewed as competitors that crowded the market, the proliferation of more businesses was seen as a way to strengthen the entire ecosystem and promote productivity. This emphasis on collective

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<sup>2</sup> Associations provided commercial premises and training to entrepreneurs.

<sup>3</sup> Beneficiaries of the aid only have to make small payments in exchange for the resources provided by the community.

growth and development blurred individual interests as associations developed activities that benefitted the group, such as sharing resources, providing training to improve human capital, seeking legal recognition for business activities, and homogenising prices to avoid internal competition. The findings showed that the community's collective approach contributed to this perspective, as members focused on group growth.

### **8.2.2 The Effects of Collectivism on the Model at the Family Level**

According to the findings, families played a crucial role in the entrepreneurial activities in this community. Due to challenging circumstances that resulted in intergenerational poverty, family businesses were essential in the fight against this issue. As a result, family members became deeply embedded in their businesses (See Figure 11), working together to improve the business and their economic condition. The strong family embeddedness was evident in labour pooling to run businesses. Both immediate and extended family members were involved in these businesses, each taking on various roles with different responsibility levels. However, it was noted that nuclear family members tended to hold more prominent positions in the business. Some families even were amalgamated, with married children and their spouses considered part of the nuclear family due to their shared living arrangements. The findings showed that labour was sometimes pooled in exchange for favours, goods, or services.

Regarding business resources, families often served as a reliable source for these inputs. Specifically, participants noted that close family members provided the necessary infrastructure for the business, with the family home being a crucial asset for both living and operating the business. As a result, it was common to find family businesses operating on the house's ground floor while the family resided on the upper levels. Typically, parents were the ones who offered

their homes to their children's businesses, allowing them to use the infrastructure without having to pay rent or utilities. The findings also revealed that having a house for this double purpose was one of the highest aspirations for new entrepreneurs in the future.

Family members were also an important source of emotional support and business advice. Regarding emotional support, family members encouraged each other to continue entrepreneurial activities. In some cases, this support prompted second generations to follow the entrepreneurial path of their parents by taking over the businesses created by the first generation. Business advice showed an active dynamic between generations. Thus, in some cases, parents who are first-generation entrepreneurs provide business advice to their children based on their experience in entrepreneurial activities.

Given that the phenomenon of entrepreneurship dates back several decades, there are first- and second-generation entrepreneurs within families. For this reason, it is no longer only the parents who have provided business advice to their children, but also the other way around. In these cases, as economic conditions in the community improved, new generations gained access to university education, to which their parents did not have the same access<sup>4</sup>. Access to university education, in turn, allowed new generations to provide technical business advice to their parents and seek business opportunities with greater growth possibilities.

Changes in the trajectory of family businesses were found in a group of firms within the family clan operating in better conditions. Resources for those businesses were given in monetised

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<sup>4</sup> Access to university education was noted as an indicator of economic development derived from entrepreneurship.

and non-monetised means among different generations. Some of those businesses within the clan were closely interrelated, complementing the operations and providing services within the group. Notably, this way of intergenerational resource provision (See Figure 11) evidenced the optimisation of resources inside the network as they share the same infrastructure and demand. Some of these new family firms did not reflect the same conditions of poverty that pushed the first generation into entrepreneurship but were voluntarily created by a new generation of entrepreneurs with higher knowledge and financial resources.

### **8.2.3 The Effects of Collectivism on the Model at the Individual Level**

In the collectivist entrepreneurship model, the individual as an entrepreneur had a crucial role in venture creation. The study uncovered that initially, individuals created businesses for survival purposes, focusing on low-cost and low-skill activities. The collectivist orientation of the individual was apparent in the way they encouraged entrepreneurial imitation (See Figure 11) among their peers in the community. Contrary to competitive markets, the individual and the community viewed imitating another entrepreneur's business ideas positively. For the individual, it presented an opportunity to generate income from a new venture, while the peer facilitator was content knowing they were assisting a fellow community member. These findings emphasised the high levels of solidarity expressed through the collaboration of individuals and highlighted the collectivist orientation of society because even though the new entries meant that entrepreneurs reduced their space for new entrants, they were willing to do so.

Similarly, peer-to-peer entrepreneurial imitation was also seen as beneficial to the community because imitative market entries could help attract more consumers with increased offerings.

The findings revealed that imitation occurred between close individuals, such as friends or family members. In some cases, imitation among individuals was encouraged by providing business ideas, expertise, financial means, materials, or equipment. In other cases, the facilitation of business imitation among individuals also occurred in work environments through mentoring. In this case, an experienced entrepreneur would hire a friend or family member as an employee to learn the business, who would later replicate a business similar to that of the mentor. The findings revealed that trade knowledge was not protected but openly shared in these cases.

In addition to entrepreneurial imitation, some individuals also created ventures through a business portfolio (See Figure 11). While the main objective of some individuals in creating a business portfolio was to diversify their sources of income, some involved other members of the nuclear or extended family. In these cases, involving a relative in the business was to obtain support through labour to operate the group of businesses. In other cases, the individual alternated their time between the group of businesses. Business portfolio also represented the opportunity to do business within the group of firms. Despite not all entrepreneurs had created a business portfolio, some had the intention to do it in the future because they recognised the advantages of diversifying their sources of income. Striking from this finding is that some entrepreneurs who had not created a business portfolio had financial difficulties due to the lack of diversification of income sources and the high seasonality of the market<sup>5</sup>.

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<sup>5</sup> The tourism industry in the region is highly seasonal, with a long period of low production and stagnation.

As entrepreneurial activities were consolidated in the community, the individual's orientation towards entrepreneurship also diversified. Thus, while the entrepreneurial orientation of the individual in the first generation was mainly driven by the need to survive, new generations of entrepreneurs were driven by choice, too. In the second generation, some individuals gained access to university education and had waged jobs in the formal sector of bigger places. Nevertheless, some voluntarily created new businesses or continued their parents' existing firms. Moreover, some second-generation entrepreneurs, by choice, were motivated to leave wage employment because they identified better opportunities in a business with higher growth options.

According to the findings, certain individuals experience significant transformations during their evolutionary trajectory in entrepreneurship (See Figure 11). One of these shifts had a collective implication and related to the recognition that certain individuals received from their peers due to their successful entrepreneurial journey. Additionally, recognition also came from leadership roles in associations, with some women entrepreneurs reporting feeling valued for their contributions to local organisations. This change holds particular significance since women were previously excluded from economic opportunities but found new financial prospects through entrepreneurship.

Finally, the findings also indicated that, in many cases, individuals achieved self-fulfilment through the material growth generated through their businesses. As mentioned earlier, one of the most notable material achievements was the acquisition of a house to operate the business and for family housing. This change was important for entrepreneurs because many businesses started operations on modest premises with flimsy materials. Gains in material achievement

were also evident in the findings on acquiring infrastructure or equipment through bank loans. This change was significant because, in the past, financial resources were obtained from informal sources, often less secure and advantageous than loans from banks. However, material achievements, networking and experience from the business laid the foundations for participants to access higher-value loans<sup>6</sup> from the banking system. These changes reflected the evolution of the entrepreneur during their entrepreneurial journey.

### **8.3 Theoretical Contributions**

Research on entrepreneurship has been conducted following the traditional notions of newness, business alertness and risk-taking based on Schumpeter, Kirzner and Knight's ideas (Davidsson, 2016; Landström et al., 2012; Shane & Venkataraman, 2000). These approaches have been well suited to study maximised varieties of the phenomenon, commonly occurring in the developed economies of the Western world, where Silicon Valley-style outcomes are expected (Slade Shantz et al., 2018). The context of rapid industrialisation and change in which these views were created make them more responsive to industrialised economies (Landström et al., 2012) and not to a phenomenon in the Global South that is more manual (Spencer & Gómez, 2004) and handcrafted (Middleton, 2019).

The problem when studying entrepreneurship in the Global South from a Western view is that the phenomenon has different scales in the two regions. While the phenomenon in the Global South is widespread, it is comprised of numerous micro and small firms (Keskggn et al., 2010), which *“account for an important share of production in many developing countries”* and generate *“80% of total employment”* (Grimm et al., 2012, p. 1364). The small scale of firms

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<sup>6</sup> Participants reported obtaining bank loans from USD 10,000 to USD 80,00.

and production in the Global South (Grimm et al., 2012; Rooks et al., 2016) opposes the reality in the developed economies of the Western World, where big firms dominate markets (Schoar, 2010). Furthermore, underlying entrepreneurship, there are “*interesting and important social phenomena*” (Davidsson, 2016, p. 3), with collectivism a significant dimension behind the phenomenon in countries with collectivist societies (Harris, 2009).

Collectivism in the Global South is an essential dimension of societies and a critical factor affecting entrepreneurship in resourcing (Rooks et al., 2016) and networking (Dodd & Patra, 2002). In this context, and with the need to investigate the phenomenon through lenses more congruent with the Global South reality, this thesis addressed the investigation with the research question: “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” Answering this question led to the unveiling of three significant theoretical contributions: 1) the role of entrepreneurial imitation, 2) resource development, and 3) collective growth as a means of development in necessity-driven entrepreneurship in the Global South. The following sections explore each theoretical contribution.

### **8.3.1 The Role of Entrepreneurial Imitation in Collectivist**

#### **Entrepreneurship**

The first theoretical contribution is that this research provides new insights into understanding the role of entrepreneurial imitation in value creation in a collectivist business ecosystem in the Global South. This new understanding of entrepreneurial imitation differs from previous research in the meaning and interpretation that has traditionally been given to this practice in the Global South. Thus, while in Western contexts, some strategies used by small entrepreneurs to enter and participate in the market by relying on their networks, e.g. through cooptation

(Mathias et al., 2018) or ethnic identity (Portes & Shafer, 2007), tend to be viewed more favourably, in the Global South, this is not always the case. Many of these practices tend to be seen as the cause of impoverished entrepreneurs' problems rather than alternative market participation strategies.

Notably, it is theorised that imitation in the Global South results from market homogeneity (Dencker et al., 2021), resource constraints (Schoar, 2010), or due to obligations imposed by social values (Slade Shantz et al., 2018). While these factors exist, this research has uncovered that entrepreneurial imitation also responds to deliberate market strategies that reflect the humanness of entrepreneurs in their quest to collectively increase productivity and income generation. The following discusses how imitation creates value in the collectivist business ecosystem in an impoverished region of the Global South.

Today's understanding of the role of entrepreneurial imitation in value creation has blurred views. Mixed views on imitative entrepreneurship have emerged from the definitions of entrepreneurship based on Schumpeter's ideas of innovation (Landström et al., 2012). However, it is essential to remember that Schumpeter's ideas on entrepreneurship were born in an era of big changes following the Second Industrial Revolution, which brought rapid industrialisation and economic growth to some Western nations (Mohajan, 2019). While Schumpeterian definitions of entrepreneurship emerged in this industrialised context, many countries in the Global South were still far from achieving industrialisation (Kay, 2002), which, according to this research, hinders the understanding of the phenomenon in the Global South because of its different nature marked by the absence of consolidated industries.

This study found that this issue affects the entire course of entrepreneurship research in this Global South setting, and therefore, it was necessary to contextualise the investigation. Moreover, after observing these two distinct realities, this researcher found that for studying the capacity of entrepreneurship to create value in the small business ecosystem of an impoverished Global South community, it is also required to adapt theory to its more modest reality because these markets are in the early stages of construction. These observations led the researcher to establish that to better understand entrepreneurship's ability to create value in a setting marked by entrepreneurial imitation in the Global South; it is essential to contextualise and adapt the theory accordingly.

In the literature on entrepreneurship, the notions of newness, value creation and innovation have been commonly associated with Schumpeter's functionalist ideas related to "*reforming or revolutionising the productive system*" (Bruyat & Julien, 2001, p. 167). Moreover, according to Schumpeter-based views, if entrepreneurs do not introduce newness, they do not fit into his conceptualisation of an entrepreneur (McDaniel, 2005). These notions in the literature have led scholars to debate whether imitative entrepreneurship can create value by replicating existing business ideas (Davidsson, 2016). Upon examining the findings of this research, it is evident that entrepreneurship in this Global South region does not align with Schumpeter's conceptualisations due to the lack of novelty in the entrepreneur's endeavours. Nevertheless, the interpretation of the findings also demonstrated that this should not be observed as the inability of entrepreneurs to make noteworthy changes in the business ecosystems through imitation.

It has been said that entrepreneurial imitation creates limited value and innovation in the environment and that in this entrepreneurship type, the “*entrepreneurial phase may be destroyed by the cessation of new value creation*” (Bruyat & Julien, 2001, p. 175). In contrast to this view, Davidsson (2016) argues that entrepreneurial imitation “*drives the market process in the sense that consumers get additional choices and incumbent firms get a reason to change their behaviour to meet this new competition*” (p. 10). In the face of these opposing views in the literature, the research findings support the perspective of Davidsson (2016) because imitative entries have meant the creation of more options available to consumers in the market expressed through numerous outputs that met broader demands.

Furthermore, the research findings revealed that imitative market entry is a critical factor in enabling venture creation in the Global South and is, therefore, highly valued by current and future entrepreneurs. The findings evidenced that for current entrepreneurs, imitative entry represented the possibility of increasing the market productivity and being a source for collective development, while for future entrepreneurs, it often meant the few options to enter the market. Hence, the entrepreneurial phase is not destroyed by imitative entrepreneurship, as mentioned in the literature (Bruyat & Julien, 2001), because in this Global South context, it meant a steady form of venture creation and increased market productivity, which brought value to the business ecosystem. Its value for the impoverished ecosystem of this community is supported by the theory indicating that it occurs by introducing a new activity into the market (Davidsson, 2016), which has meant economic opportunities despite not being innovative. With these findings, this research helps clarify the debate in theory on the role of entrepreneurial imitation from a Global South perspective, demonstrating its value for the impoverished business ecosystem of a community in the region.

In the literature, it has also been said that under Schumpeter's view, imitation "*finally brings the flow of innovator's profits to an end*" (Baumol, 1993, p. 202), a reason why the innovative entrepreneur needs to continuously seek for innovation to maintain their profits. It has also been argued that value creation through entrepreneurship is expressed in economic growth and wealth generation (Gartner, 1990). The research findings supported that entrepreneurial imitation contributed to the profit generation of entrepreneurs, demonstrating its value for an emerging market in the Global South. While the growth achieved through imitation in this community in the Global South may be insignificant compared to the wealth generated by large corporations in Western markets, it has certainly served to tackle widespread poverty. Hence, this research argues that the role of entrepreneurial imitation should not be seen as negative in impoverished environments in the Global South because it can improve the economic conditions of entrepreneurs by incentivising the sources of profit generation.

The simplicity of business, low capital and relatively limited skills (Gindling & Newhouse, 2014; Matos & Hall, 2020; Schoar, 2010) that most individuals use to enter the market by imitation may raise doubts about their ability to generate changes and economic opportunities in the emerging markets of the Global South. Baumol (1993) indicated that the individual who creates a new venture, "*whether or not there is anything innovative in those acts*" (p. 198), is still an entrepreneur even if they open a simple business like "*a new grocery or a new fast-food restaurant*" (p. 199). The research findings showed that most of the firms in the business ecosystem were simple and required little capital and few skills to enter the market, but that they also needed to effectively leverage networks, with enhanced networking being part of the value creation experienced by individuals in the entrepreneurial process (Bruyat & Julien,

2001). These findings suggested that the simplicity of this type of imitative entry should not overshadow the value creation that entrepreneurs from the Global South bring to the market through their networking capabilities, as it is one of the most critical assets for venture creation and economic opportunity in the region.

Despite the belief that these modest business types cannot bring about changes to the market because the entrepreneur is not an “*agent of innovation*” (Schoar, 2010, p. 58), the findings evidenced that entrepreneurs as drivers of imitation can also bring those changes. However, this research found that in this Global South context, entrepreneurial imitation does not foster market entries and change through “*increasing competition*”, as Schumpeter postulated (Schoar, 2010, p. 58), nor does it make entrepreneurs “*change their behaviour to meet this new competition*” (Davidsson, 2016, p. 10). Conversely, entrepreneurial imitation encourages collaboration within networks, as discovered by this study. These findings vary significantly from the assertions made in the current literature concerning market competitiveness and entrepreneurship.

Collaboration to participate in markets diverges from Schumpeter’s ideas about competitive behaviour as a driver to shape markets (Schoar, 2010). This research uncovered that the collectivist dimension of society prevalent in the Global South plays a role in this type of collaborative behaviour because it embraces solidarity among network members. Individuals in collectivist societies are known to exhibit higher levels of in-group collaboration (Katz et al., 2021; Triandis et al., 1985), which the research findings showed led entrepreneurs to facilitate entrepreneurial imitation among peers. However, perhaps because of the context of individualistic societies in which Schumpeter developed his ideas about new market entries

based on competition as a means of innovation, it is unthinkable that imitative entries would foster and leverage collaboration to shape the market, as this research found.

While the research findings showed that entrepreneurial imitation was strongly linked to solidarity through collaborative behaviour, they also showed that this behaviour was market-oriented as imitation was used deliberately to foster venture creation and develop economic opportunities. The current literature has not sufficiently delved into how the integration of market orientation and collaborative behaviour influences entrepreneurial imitation in Global South environments with high levels of collectivism. For instance, one position in the literature relates imitative entrepreneurship in developing countries to low levels of human capital, the prevailing constrained conditions and the lack of heterogeneity in “*market structures*” (Dencker et al., 2021, p. 70), while another attributes the limited transformative capacity of entrepreneurs to the lack of social incentives to attract more qualified people into entrepreneurship (Schoar, 2010).

Another position in the literature has also asserted that collectivism and fatalism hinder innovation because entrepreneurs do not use their resources to explore new opportunities, compete and grow (Slade Shantz et al., 2018, p. 431). While the research findings support that entrepreneurs do not use their resources to explore new opportunities or compete but rather to help others, they also show that fatalism in this region of the Global South is not a determinant of entrepreneurial imitation. Fatalism implies that entrepreneurs do not control their own willingness to redistribute their material or knowledge resources, suggesting the existence of forced collectivism for entrepreneurial purposes (Grimm et al., 2013; Slade Shantz et al., 2018). Conversely, the findings showed that entrepreneurs deliberately used entrepreneurial imitation

to foster venture creation without being forced to do so, as demonstrated during the knowledge-sharing phase.

The findings support other studies suggesting that pervasive constraining conditions in developing markets influence individuals during the *“imitation entrepreneurial process”* (Dencker et al., 2021, p. 70); however, the findings also showed that entrepreneurs used imitative entrepreneurship to collaborate and not to play in isolation as may be the case in more individualistic societies. Current and previous sociological studies agreed that individuals from *“collectivist cultures favour cooperation while those from individualistic cultures favour competition”* (Katz et al., 2021, p. 7). Despite the extensive research on collectivism in the Global South societies, there is limited discussion in the existing literature on how the presence of collaborative behaviour and, thus, the absence of non-competitive behaviour affects the imitative nature of entrepreneurship in the Global South. Since existing views in the literature postulate competition as a driving force of innovation (Baumol, 1993; Schoar, 2010), adding the collaborative behaviour dimension of collectivism has been particularly important to better understand the nature of imitative entrepreneurship in this region of the Global South.

Scholars have explored the potential link between entrepreneurs' inability to safeguard their business ideas and imitative entrepreneurship in communities with compelled collectivism (Slade Shantz et al., 2018). However, that link was not found in this study; instead, this research found a connection between the willingness of entrepreneurs to collaborate and entrepreneurial imitation. The findings showed that the link between collaboration and imitation was strongly anchored in social cohesion. The literature has argued that cohesion among network members may impact firm growth (Arregle et al., 2015). In this study, the findings evidenced that social

cohesion's impacts were manifested in the facilitation of entrepreneurial imitation, with individuals cohesively sharing business knowledge rather than safeguarding it, as in other competitive-based markets. Social cohesion among entrepreneurs helps to interpret why collaboration is embedded in imitation, even if helping others enter the market supposes sacrificing market share in the pursuit of collective growth.

As evidenced in the findings, individuals did not display competitive behaviour but collaborative, suggesting that innovation in this Global South setting may not occur from competition as a driving force, as has been stated in the literature (Baumol, 1993; Bruyat & Julien, 2001; Schoar, 2010). This evidence reveals an alternative approach to fostering entrepreneurial ventures based on collaborative behaviour that diverges from Schumpeterian notions of market competition, which are associated in the former case with imitation and in the latter with innovation. Notably, the cultural aspect of collectivism has dramatically shaped the role of entrepreneurial imitation in this region.

### **8.3.2 Resource Development in Collectivist Entrepreneurship**

The second theoretical contribution of this research is to enrich the understanding of the role of resource developments in the collectivist entrepreneurship model of an impoverished Global South setting. This research discovered that optimising risk in networks of impoverished entrepreneurs contributes to resource developments and the evolution of entrepreneurial opportunities created by necessity in the Global South. These new insights challenge theoretical postulates about the inability of these types of opportunities to evolve (Alvarez & Barney, 2014) and grow (Dencker et al., 2021) to tackle the pervasive poverty in the region, representing an inefficient use of resources (Margolis, 2014).

Moreover, this new understanding introduces another perspective on the theory of risk associated with venture creation and resources in the Global South that goes beyond aversion or risk-taking, introducing the concept of risk optimisation. This research discovered that while it is true that many impoverished entrepreneurs do not take Knightian types of risks under real conditions of uncertainty to grow a business (Shane & Venkataraman, 2000), they optimise risk by investing resources inside their networks and in areas that are well known to them to avoid failure. This new understanding also clarifies the true entrepreneurial nature of some Global South self-employees, which has been questioned due to their low investments and limited risk for growing a business (Fields, 2019). Below is a discussion of this new understanding of the role of resource developments in the collectivist model of entrepreneurship in the Global South.

Existing literature has extensively described that family and kinship networks represent one of the most important sources of access to business resources in collectivist societies and worldwide (Stewart, 2003; Verver & Koning, 2018). It is known that entrepreneurship under harsh conditions and with limited resources causes entrepreneurs to pursue alternatives through organisational strategies (Gianiodis et al., 2021). It has also been mentioned that, in a context of scarcity in the developing world, the pooling of all types of resources among family members and other kin is pivotal for starting new businesses (Cox & Fafchamps, 2007); therefore, these networks are a critical factor used for productive purposes (Matos & Hall, 2020). Verver and Koning (2018) indicated that studying these networks is essential to uncover “*how and why entrepreneurship happens*” (p. 656), and this research found that deepening the role of resource development within this network helps to understand how entrepreneurship evolves in the Global South.

The literature has stated that kinship networks have different categories reflecting their relatedness, trust and solidarity (Stewart, 2003; Verver & Koning, 2018). It is known that group identification varies (Levin & Trost, 1992), being broader in collectivist societies in the Global South (Harris, 2009). Because of the variations in the concept of family and self-identification, in some contexts, it can include family, friends, community peers and ethnic groups (Peredo, 2003). According to the findings, the kinship-based network in this study had three distinct categories - the nuclear family, the extended family, and the community. These findings support the existing literature on the broader nature of kinship networks in collectivist settings and highlight their importance in fostering entrepreneurship.

It has been established in the literature that kinship networks have different degrees of trust and solidarity that moderate resource transfers between members (Stewart, 2003). Notably, the largest contribution of resources within these kinship networks tends to be attributed to the smallest and most socially proximate level, i.e. the family (Verver & Koning, 2018). The literature has stated that in developing countries, families compensate for the fragility of the state in providing support (Amorós et al., 2019). Surprisingly, the findings showed that, in this case, the community shared that role with the family, revealing the existence of a strong kinship network with high levels of relatedness. Beyond confirming the kinship nature of this network and the functions attributed to them in the literature on the provisions of business resources (Peredo, 2003) and filling state gaps (Cox & Fafchamps, 2007), this finding revealed that kinship networks do not have fixed behaviours but are dynamic. Given the active dynamics within these strong kinship networks, this research found that behind their resource provision lies their entrepreneurial nature.

There are doubts in the literature that most self-employed workers are genuine entrepreneurs in the Global South (Fields, 2019; Margolis, 2014). These doubts arose from the simplicity of most economic activities that individuals in the developing world engage in for survival motives, i.e., satisfying physiological needs (Dencker et al., 2021). In this regard, Alvarez and Barney (2014) discussed three distinct types of entrepreneurial opportunities: “*self-employment, discovery, and creation*” (p. 162). According to the authors, self-employment opportunities usually require little financial and human capital and occur in places with few property rights, which are these three factors required for entrepreneurship development. Furthermore, the authors argue that the potential for self-employment to evolve into other types of entrepreneurial opportunities does not match the requirements of these three types of resources needed under the framework of opportunity-discovery and creation theory (Alvarez & Barney, 2014).

However, despite this earlier position in the literature, the findings that showed gains in the availability of resources, particularly financial and human capital, suggested that the survivalist self-employment that began in this impoverished community decades ago evolved into another type of entrepreneurial opportunity. Remarkably, the human capital within families showed progress between generations, especially in access to university education, as it is known that to develop better entrepreneurial opportunities beyond self-employment requires a higher level of preparation (Alvarez & Barney, 2014) than the inadequate education with which the impoverished first generation entered into business. This finding also proved that entrepreneurship in impoverished settings produces advances in human development resulting from an entrepreneurial trajectory.

It is known that *“variation in human capital endowments have non-trivial effects on the entrepreneurial process”* and that necessity-oriented entrepreneurs with higher education levels will engage in more effective opportunities (Dencker et al., 2021, p. 73). The findings on knowledge advancement and expertise, which are also shared with the network due to the collectivist nature of the community, explain why some entrepreneurs now engage in different business practices, including creating business portfolios as a means for income diversification. Furthermore, the findings showed that sole proprietors no longer operate some of these businesses, as the literature describes self-employment (Alvarez & Barney, 2014; Dencker et al., 2021), but hire others from the same network, suggesting a growing need for human resources. It is hard to believe that there are no true entrepreneurs but self-employed workers in a business ecosystem where entrepreneurs show tangible advances in human capital and the exploitation of other, more intricate business practices resulting from better knowledge and expertise.

On the other hand, the literature indicates that self-employed workers start with funded opportunities that are given *“typically to individuals struggling to exploit self-employment opportunities that require minimal levels of human capital skills and property rights protections”* (Alvarez & Barney, 2014, p. 168). As evidenced in the findings, this was the case for entrepreneurs in this impoverished setting. However, the findings also revealed that some entrepreneurs had gained greater availability of financial capital and other material resources for the business, with some entrepreneurs obtaining bank loans - from USD 10,000 to USD 50,000 for their endeavours. Notably, this is more than the small funded opportunities with which some entrepreneurs started their journey, as well as more than the small amounts used

as a reference in the literature on typical micro-funding – less than USD 350 - obtained by self-employed workers to start their businesses (Alvarez & Barney, 2014; Schoar, 2010). Access to larger amounts of financial capital requires greater negotiation skills, networking, risk optimisation and possibly a business plan that guarantees returns on capital, even in the simplest banking system, and these activities require cognition.

It is well known that entrepreneurs' most important functions are to foster economic growth and wealth generation (Baumol, 1993; Gartner, 1990). With the findings on access to increased financial capital and other business resources, e.g., new infrastructure, it can be perceived that some entrepreneurs in this impoverished Global South setting do not resemble the characteristics of survivalist self-employed workers anymore. The time entrepreneurs in this impoverished community did not meet their basic physiological needs, e.g., having three meals a day, is from the previous generation before entrepreneurial activities started. It is clear from the findings that some entrepreneurs, despite their survival-oriented origins, are nowadays not only seeking to satisfy basic physiological needs, as described in the literature are the motivations of entrepreneurs by necessity in developing countries (Dencker et al., 2021). Therefore, these changes provide evidence of the evolving nature of entrepreneurial opportunities in an impoverished setting in the Global South despite some positions in the literature indicating that this is not possible.

It is impossible to generalise the current nature of entrepreneurial opportunities for all individuals in a Global South setting, with some still in a condition of necessity, according to the characteristics described in the literature on the topic (Amorós et al., 2019; Dencker et al., 2021; Margolis, 2014; Serviere, 2010). Conversely, the findings showed that some

entrepreneurs were individuals identifying new opportunities to exploit, e.g., through small business portfolios, renewed infrastructures, and equipment. It can be argued that the mere exploitation of new opportunities does not change their nature to the discovery or creation theory, nor does having enough capital to exploit them because of their different ethos (Alvarez & Barney, 2014). It is also known that opportunity discovery requires cognition to be alert and identify profitable opportunities external to the individual to exploit, while creation requires internal actions to form non-existent opportunities through trial and error (Alvarez & Barney, 2007).

With findings demonstrating a different situation than the pervasive poverty conditions that propelled venture creation in this Global South setting, it is safe to say that some entrepreneurs, albeit not all, changed the nature of their entrepreneurial opportunities from self-employment to opportunity discovery. This assertion is also substantiated by findings about second-generation entrepreneurs using their cognitive abilities to discover untapped opportunities in businesses created by the first generation. The cognitive process of the second-generation member for the discovery required the alertness to identify opportunities to exploit in businesses that were under-exploited by the previous generation, using new combinations of resources, i.e., the knowledge gained through university education and renewed infrastructures. It is evident that this process does not match the overwhelming poverty that forces individuals to entrepreneurship because they are dissatisfied with the status quo (Serviere, 2010).

Although the property rights necessary to exploit opportunities in the discovery theory (Alvarez & Barney, 2014) may be more difficult to secure due to the chaotic context characterising the Global South (Serviere, 2010; Slade Shantz et al., 2018), networks are known to fill some of

the gaps left by the state (Amorós et al., 2019; Cox & Fafchamps, 2007). The findings demonstrated that the network created in this setting performed some functions corresponding to the government, i.e., planning, legalising associations, and business activities. It is impossible that this function equates to state support because they do not lie on the bigger capacity of a government to regulate the environment, nor does this network have resources from taxation to provide big public goods (Cox & Fafchamps, 2007), but it is an alternative compensation that reduces the instability in a chaotic context.

The findings on the changes in the nature of entrepreneurial opportunities for some individuals in this impoverished Global South setting help clarify doubts raised in the literature about the existence of genuine entrepreneurs among the largest group of self-employed in the region (Fields, 2019; Margolis, 2014). Moreover, these findings suggested a different reality from that established in the literature, whereby self-employment activities cannot evolve into other types of opportunities with greater growth implications (Alvarez & Barney, 2014), proving that they can evolve, but it can take longer time than in other contexts with greater resource availability. This research also illuminates an alternative side of resourcing from social networks and microfinance, where individuals under poverty conditions do not always have unproductive outcomes (Matos & Hall, 2020) or become trapped in more poverty (Alvarez & Barney, 2014). Finally, on this topic, this research brought to the theory a new perspective on what was hitherto known about entrepreneurs under poverty conditions by demonstrating that they can evolve to states where they seek to discover better opportunities to exploit using enhanced combinations of resources.

On the other hand, having greater access to resources also implies the possibility to expand current business endeavours to different areas. As the literature indicates, an entrepreneur is focused on using resources and taking risks (Serviere, 2010; Stewart et al., 1999) to create new organisations (Gartner, 1988) and exploit new profitable business opportunities. In this view, if entrepreneurs are oriented to achieve growth, they need to be prone to take risks and venturing into unknown arenas (Stewart Jr & Roth, 2001). Hence, for some authors, the limited resources individuals in the developing world use when setting up a small business are incompatible with the view of an entrepreneur geared to take risks and achieve growth and prosperity (Fields, 2019; Margolis, 2014). As the findings showed, the businesses entrepreneurs created were easy entries to the market and not new, which might lead to thinking that no real risk was involved in those endeavours, nor did they want to achieve greater levels of growth and prosperity but survive.

These doubts may be compounded by the current understanding of the risk involved in entrepreneurial activities, often associated with Knight-based views of using large amounts of resources under genuine uncertainty (Landström et al., 2012). The findings evidenced that for individuals under poverty conditions, the path to accessing larger resources had been long and challenging, taking at least two generations. In this context, it is hard to believe that entrepreneurs in an impoverished community are willing to take major risks that involve the possibility of losing decades of hard work, time, money and other assets for the sake of achieving bigger business outcomes in scenarios that they cannot calculate potential threats due to uncertainty conditions, as implied in Knight-based risk perspective (Shane & Venkataraman, 2000).

Conversely, it is more logical to think that entrepreneurs in an impoverished community will look for certainty because there are not enough property rights (Alvarez & Barney, 2014) favouring entrepreneurs (Serviere, 2010) in case of failure, as it happens in more developed countries (Amorós et al., 2019). It has also been argued that entrepreneurs in impoverished communities in the developing world pay a higher price for risk-taking because their funding sources calculate a higher risk in providing capital for their entrepreneurial activities in unsettled conditions (Venugopal et al., 2015). It is evident in the findings that entrepreneurs in this impoverished community are not high-risk takers, under Knight's perspective, despite some members of the second generation having greater access to resources, e.g., from their networks or banks, preferring to invest in familiar areas.

While investing in familiar areas may not pose a significant risk in the well-defined conditions of the Western world, in the developing world, taking excessive risks in unknown arenas may imply a return to poverty without the safety nets of a rich state protecting entrepreneurs (Amorós et al., 2019). Although it has been argued in the literature that the lack of risk in these activities means that there will be no growth because they are easy opportunities to exploit without uncertainty (Alvarez & Barney, 2014), the findings showed that investing in known areas has been useful for fostering economic development in an impoverished setting in the Global South. This strategy entailed homogenising economic endeavours in select areas rather than diversification, optimising resource utilisation within the network, including recycling or imitating business ideas, assets, and capital. Exploring uncharted territories can be costly for entrepreneurs operating in impoverished regions with limited resources and slow development.

However, this does not mean that entrepreneurs in the developing world are unwilling to take risks because, as the literature indicates, risk-taking and risk aversion exist in all types of entrepreneurs (Grimm et al., 2012). Conversely, the embeddedness of necessity entrepreneurs in their networks to access, manage and re-use resources in known arenas represents the optimisation of risk-taking derived from entrepreneurial endeavours in a context of scarcity. It is known from the literature that “*extended family and kinship networks provide many forms of insurance and protection*” in the developing world (Cox & Fafchamps, 2007, p. 3716), whereby this research found that without this form of embeddedness that generates certainty, entrepreneurship would not have been possible in this community.

As mentioned above, previous studies have suggested that self-employment activities pose a low level of risk, but the problem lies in their inability to create wealth (Alvarez & Barney, 2014). Doubts about risk in these endeavours raised questions about the authenticity of the entrepreneurial orientation of self-employed workers in the developing world (Fields, 2019; Margolis, 2014), where wealth creation is crucial to combat the pervasive poverty in the region. This research has demonstrated a different approach to risk-taking in networks of entrepreneurs based on resource optimisation. This different approach has unveiled the genuine entrepreneurial nature of some individuals in the developing world, enriching the understanding of how entrepreneurship evolves to foster development, even in the unfavourable conditions of a Global South setting.

### **8.3.3 The Role of Collective Growth as a Means of Development**

The third theoretical contribution of this thesis is a new understanding of the role of collective growth as a means of development through entrepreneurship. This contribution brings to the

theory a new understanding of entrepreneurial growth that occurs collectively and not individually, as it is traditionally understood according to Western criteria based on competition (Schoar, 2010). Thus, this new understanding of growth challenges positions in the literature on entrepreneurship in the Global South that incorporate competitiveness as a dimension of entrepreneurial culture (Kisaka & Anthony, 2014) but omit collaboration as a form of market participation (Lumpkin & Bacq, 2019). This research discovered that incorporating collaboration as a critical factor in achieving collective growth in entrepreneurship studies in the Global South helps to better understand entrepreneurial development and how it occurs in impoverished communities in the region. The following is the discussion of this new understanding of collective growth.

As mentioned earlier, collectivism is an important dimension for many Global South societies (Rooks et al., 2016), and this research found that this dimension affects all aspects of entrepreneurship development, including growth. Likewise, various studies in the literature have stated that the most common type of entrepreneurship in the developing world is not growth-oriented (Alvarez & Barney, 2014; Schoar, 2010). These views have often attributed the low levels of growth to the necessity orientation that has propelled many individuals into entrepreneurship in the Global South (Dencker et al., 2021; Serviere, 2010). Due to low growth, it has been argued in the literature that necessity entrepreneurs could “*have negative characteristics*”, having also said that it is a heterogenous phenomenon (Puente et al., 2019, p. 953). In line with the heterogeneity of the phenomenon, this research found realities other than those commonly discussed in the literature, which require different approaches to understand growth in the context of necessity entrepreneurship in a collectivist society of the Global South.

The literature has clearly established that one of the most important functions of entrepreneurship is generating growth as part of the value-creation process (Gartner, 1990). This close relationship between entrepreneurship and growth has led scholars to assess “growth” in terms of the ability of entrepreneurs to create new business initiatives that outperform their previous market conditions and those of their competitors, including productivity and profits (Baumol, 1993). This approach to studying growth has increased the pressure on academics to study successful entrepreneurship cases where there is market growth, ignoring failed entrepreneurs with low or no growth rates (Davidsson, 2016).

Contrasting the literature and the research findings, these views of growth do not correspond to the reality of this impoverished place in the Global South because firms do not display competitive behaviour, wanting to surpass others in the market to be perceived as successful. They have created a different approach to notions of success and market participation based on collaboration, which resembles the cooptation reported in other studies, i.e. cooperation and competition that are strongly linked by their collective identity (Mathias et al., 2018). However, while some of these practices are seen as efficient for small entrepreneurs in developed market environments because they foster collaboration to compete with larger players, in the case of the Global South, they still raise doubts.

On the other hand, the problem in studying different approaches to growth in the Global South with traditional views in the literature is that it is compared with the performance of technology start-ups (Schoar, 2010), which can evolve rapidly and transform markets single-handedly. It is clear from the findings that the small firms in this impoverished business ecosystem did not fit this reality, and if the benchmark for studying growth is a large technology player, these

firms will remain small and poor. However, the findings showed that, in this collectivist society, the resulting growth of entrepreneurial activities did not occur only individually but in the expansion of the group of firms within the business ecosystem. Difficulties in observing growth in the collective lie in more individualistic perceptions of how the expansion of wealth occurs and a Cartesian tendency to fragment reality to obtain knowledge (Capra, 1996). Although understanding growth in the collective may be challenging from Western perspectives of entrepreneurship based on competition and individualism, for collectivist-oriented entrepreneurs, the expansion of gains across the group is synonymous with development, according to the research findings.

This particular way of understanding growth and development in the collective was evidenced in the findings on venture creation and resource allocation. As the findings showed, venture creation occurs through peer support, sharing knowledge and facilitating the imitation of business ideas. At the same time, resource allocation was based on solidarity, taking different forms, i.e., intergenerational transfers and needs-based. These forms of collaboration have been previously discussed, especially in societal networks displaying high levels of trust and solidarity (Stewart, 2003; Verver & Koning, 2018). Moreover, this view of group growth evidenced an empathetic system of organisation where the self has blurred to give way to the collective interest being the “*glue for social cohesion*” (Pavlovich & Krahnke, 2014, p. 4). Notably, social cohesion was reflected in the self-realisation of entrepreneurs that development could not emerge individually, hence the need to advance common interests.

Social cohesion facilitated the growth of entrepreneurial activities by merging the interests of individuals into a single market activity. This cohesive work increased production in the

business ecosystem through new small businesses offering similar services and the possibility of attracting a bigger demand. With these findings, this research responds to the need raised in the literature by Venugopal et al. (2015) to investigate the effects of social cohesion on necessity entrepreneurship in impoverished communities in the developing world.

However, this view of growth reached by entrepreneurs and grounded on social cohesion seems incompatible with some business practices of traditional markets. These practices work against the market because solidarity has led to collaboration in which entrepreneurs with higher material achievements or in leading positions share and support new, less affluent entrepreneurs. Hence, growth is a shared experience that occurs horizontally in the network, not vertically, as in traditional markets, where one individual achieves substantially more growth than others. The shared experience during entrepreneurs' trajectory blurred the ideas of individual business units with an urge of accumulation and gains to merge them into a single organisation that empathically (Pavlovich & Krahnke, 2012) perceives the achievements, e.g. growth and also the needs, e.g., resources, in the group and not just in one of its members.

As the findings showed, these actions based on solidarity - the willingness to help others - and empathy - the connection to the achievements and needs of others - materialised in prominent associations that drove entrepreneurship activities in the region. Through social cohesion, the associations channelled individual efforts to consolidate business activities in one market sector, forming a single phenomenon composed of different productive units, with the few firms in other fields gravitating towards the main industry. Since each entrepreneur's contribution added to the group effort, it is difficult to fragment the phenomenon unless it disappears or changes its ethos. Bruyat and Julien (2001) argued that a group should be

considered part of an ‘individual entrepreneurship initiative’ when “*the project would clearly have been impossible without the contribution of all team members*”, making this endeavour “*an organised living body with its own existence that cannot be divided without being destroyed*” (p. 170).

According to the findings, the collective body of entrepreneurs reflects a cohesive existence, with each member’s contribution being essential for entrepreneurship development and subsequent growth. The findings revealed that the feeling of cohesive existence among participants was represented as that of a “big family”, and achievements also included the form of a “we”. In this context, it is necessary to follow individuals’ feelings and see the growth derived from entrepreneurial activities through their eyes to understand their unique collective growing perspective.

Examining growth in this way reveals why individuals achieved the social cohesion needed to develop activities that fit the group into a single industry, helping others to enter the market and not placing barriers like in competition-based markets. As the findings revealed, developing a single industry in the market was a strategic, self-determined decision despite having several options over the desk. While this decision has created a reliance on a single industry in the market, it has also encouraged the growth of a larger number of participants by applying anti-market strategies. For example, the findings revealed that network embedding for labour pooling, trading with solidarity methods, needs-based resourcing, micro-crowdfunding, and price homogenisation, among others, were normal practices in this community.

While some may argue that such practices do little to promote competitiveness in the market, it has been noted that the nature of kinship networks is against the logic of markets (Stewart, 2003). Others may argue that this collective approach to growth does not allow high-potential entrepreneurs to excel beyond their peers; however, this research has demonstrated that individuals with established business portfolios or leadership positions actively support others. This growth strategy indeed presents significant challenges, such as confronting precarious labour conditions (Cave & Dredge, 2020), informality (Pécot et al., 2018), higher revenues, and dependence on a single market. Nevertheless, as the findings showed, it also lifted many out of extreme poverty and marginalisation, with previous generations struggling with daily meals and today's generation enjoying greater educational and business prospects and gaining material wealth.

Notably, this form of growth does not match that of the large multinationals (Schoar, 2010) used in the literature as a reference to compare advances in growth levels between transformational entrepreneurship and necessity entrepreneurship. Using such benchmarks would make the growth of these small businesses appear insignificant and reductionist from a research angle (Capra, 1996) because it would ignore the complicated context and dense collectivist dimensions in which this community of entrepreneurs seek growth. In regards to the views in the literature suggesting that entrepreneurship by necessity or that started by self-employment has limited or no possibilities to grow (Alvarez & Barney, 2014; Schoar, 2010), representing inefficient resource utilisation (Margolis, 2014), this research has demonstrated that there are other realities. In this new perspective, a community body organised through various associations has built solutions to the main problems of a small and impoverished community, reflecting the intention to pursue impactful entrepreneurship (Markman et al., 2019).

In conclusion, through these compelling findings, this research has unveiled a new perspective on entrepreneurship by necessity in the Global South that diverges from the commonly described in the literature. In this distinct reality, entrepreneurship by necessity can still yield growth despite its beginnings under poverty conditions. Yet, in this unique context marked by strong dimensions of collectivism, growth manifests in various forms centred on solidarity and empathy, redefining outcomes and objectives from individualistic to communal. This collective approach fosters a business ecosystem where participants no longer compete to distinguish themselves in the market but instead aim to grow with anti-market actions alongside fellow entrepreneurs, recognising entrepreneurship as a communal experience despite the unresolved challenges in the environment. This fresh perspective complements the knowledge of entrepreneurship by necessity and growth developments in underprivileged environments in the Global South.

#### **8.4 Conclusions of the Chapter**

This chapter presents a model representing the effects of collectivism on entrepreneurship in an impoverished setting in the Global South. The findings that contributed to the model emerged from addressing the research question of this academic work: “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” The analysis was conducted at multiple levels, i.e., the community, family, and the individual. While these levels coincide with the structure of society, the discussion started at the community level because the data analysis revealed that it has been pivotal for entrepreneurship development in the region. After the community, the discussion continued at the family and individual levels. The analysis and discussion led to three theoretical contributions: 1) the role of entrepreneurial imitation, 2)

resource development, and 3) collective growth as a means of development in necessity-driven entrepreneurship in the Global South.

The first theoretical contribution on the role of entrepreneurial imitation in collectivist entrepreneurship raises the difficulties of studying imitation from Western perspectives based on Schumpeter and that it is necessary to adapt the theory to the reality of a phenomenon in the less industrialised Global South. The discussion on entrepreneurial imitation led to clarifying doubts in theory on its ability to create value for the environment, confirming that imitative entrepreneurship creates value by encouraging new entries with more offerings that can drive a market process (Davidsson, 2016). However, this research found a significant departure from the literature, indicating that imitative entries foster competition by modifying behaviours to meet new competitors (Davidsson, 2016; Schoar, 2010). On the contrary, this research found that entrepreneurial imitation in the Global South can foster new entrants based on peer-to-peer collaboration due to the collectivist orientation of the society. Based on these findings, this research offers new avenues for understanding entrepreneurial imitation in the context of collectivist societies in the Global South.

The second theoretical contribution on resource development in collectivist entrepreneurship helped to shed light on the evolution of the entrepreneurial nature of the phenomenon in the Global South. Doubts have been raised in the literature about the existence of genuine entrepreneurs among the largest group of self-employed workers in the region (Fields, 2019; Margolis, 2014); it has also been argued that self-employment has limited possibilities to evolve into other types of entrepreneurial opportunities because of resource limitations (Alvarez & Barney, 2014); and that necessity-oriented entrepreneurs have other priorities than

seeking to evolve (Dencker et al., 2021). Concerning these doubts in the literature, this research proved that some genuine entrepreneurs exist in the Global South because their entrepreneurial activities are not only subsistence-oriented, like in the past, but also geared towards the discovery of business opportunities to exploit with higher growth prospects. In doing so, this research adds to the theory a new reality in which entrepreneurial opportunities can evolve even if they started with the micro-funding typical of self-employment. This theoretical contribution enriches the understanding of how entrepreneurial opportunities evolve in the context of necessity entrepreneurship when resources are enhanced and optimised.

The third theoretical contribution illuminates a new understanding of collective growth as a means of development in the context of an impoverished Global South community. Current notions of growth are based on market competition and a player's ability to use a set of resources to innovate and stand out from the crowd (Baumol, 1990), typically with large technological corporations as the benchmark for assessing growth (Schoar, 2010). Although small firms in the Global South do not compare with large corporations, this does not mean they cannot generate growth. This research uncovered a different approach to growth, in which entrepreneurs prioritise collaboration using anti-market techniques based on solidarity and empathy to pursue development. In this view of growth, entrepreneurs with higher potential and leadership profiles help the less affluent to grow. With this new perspective on growth, this research contributes to the theory with a richer understanding and new approaches to how growth resulting from entrepreneurship occurs in collectivist environments in the Global South.

## CHAPTER NINE

### CONCLUSIONS

#### 9.1 Introduction

This thesis has investigated the collectivist model of entrepreneurship in a region of the Global South, using a community on the coast of Ecuador as a case study. Researching the model in this region was necessary because, on the one hand, collectivism is known to be an influential dimension of entrepreneurial activities in some societies in the developing world (Harris, 2009; Rooks et al., 2016; Slade Shantz et al., 2018), and on the other hand, because entrepreneurship in the Global South is a heterogeneous social phenomenon (Gindling & Newhouse, 2014; Puente et al., 2019), whose nature still generate doubts (Fields, 2019; Margolis, 2014). Hence, the research question for this thesis was “**How does collectivism affect the entrepreneurship model in a region of the Global South?**” The following section presents a summary of the theoretical contribution that emerged from the analysis of the findings.

#### 9.2 Implications for Theory

##### 9.2.1 The Role of Entrepreneurial Imitation in Collectivist

##### Entrepreneurship

This theoretical contribution is about the role of entrepreneurial imitation in creating value for the business ecosystem of a Global South setting under poverty conditions. The findings showed that it is difficult to observe the value creation derived from entrepreneurship in the Global South using notions based on Schumpeter’s ideas of innovation (Bruyat & Julien, 2001;

Landström et al., 2012) because the phenomenon in the region is less industrialised and more manual (Middleton, 2019; Spencer & Gómez, 2004). These differences made it necessary to adapt the theory and contextualise the phenomenon.

Regarding the capacity of entrepreneurial imitation to create value for the business environment, some scholars have contrasting positions. One position stands for the limited changes that entrepreneurial imitation creates for the market (Bruyat & Julien, 2001), while the other argues that it drives market processes because imitative entries bring more options for consumers and foster competition among market participants (Davidsson, 2016). Amidst this debate, this study uncovered that entrepreneurial imitation could create value by fostering new entries, increasing productivity, and attracting new demand. While clarifying contrasting positions in the theory, this research also found distinctive characteristics in entrepreneurial imitation in the Global South. Therefore, contrary to the argument in the literature that imitative market entries foster competition (Davidsson, 2016), this research found that imitation is based on collaboration in the Global South. This finding revealed the importance of cultural dimensions of collectivism in the entrepreneurship phenomenon in the region.

On the other hand, despite Schumpeterian ideas that imitation undermines the profits of innovators (Baumol, 1993), and although most entrepreneurs in the Global South do not conform to concepts of innovation based on this position, this research found that imitation stimulates profit generation in the region. Imitative entrepreneurship fosters profits when it enables venture creation and the possibility to generate income for participants who otherwise cannot enter the market by themselves. As it is known, one of the functions of value creation is to create growth and wealth (Gartner, 1990); although the achievements of imitative

entrepreneurs are not as big as market players in other realities, the findings evidenced substantial progress in these matters. This finding confirms the capacity of entrepreneurial imitation to create value in the business ecosystem of an impoverished community in the Global South.

Studies on entrepreneurship in the Global South have often attributed the large imitative pattern of entrepreneurs to the limitations in knowledge, the constrained conditions and homogeneity of the markets (Dencker et al., 2021), the lack of social stimulus (Schoar, 2010), and forced versions of collectivism (Slade Shantz et al., 2018). However, as this research found, entrepreneurial imitation is also strongly related to the collaborative behaviour of entrepreneurs underpinned by collectivism. With these findings, this research offers new avenues for enriching the understanding of the causes and the role of entrepreneurial imitation in creating value for the markets in the Global South.

### **9.2.2 Resource Development in Collectivist Entrepreneurship**

The second theoretical contribution is enriching the understanding of the role of resource development in collectivist entrepreneurship. The literature has extensively described the important role of social networks in providing resources for business (Matos & Hall, 2020), highlighting the function of the family in this matter (Stewart, 2003; Verver & Koning, 2018). Surprisingly, this research found that the community in a collectivist context shared this role with the family. This finding, while supporting the theory that in certain contexts, the concept of kinship network is broader (Peredo, 2003), also showed that the dynamics of these networks in resource provisions are variable, requiring further investigation. It has been said that studying these networks helps to understand entrepreneurship better (Verver & Koning, 2018),

and this research found that understanding the active dynamics of resource provisions reveals the evolving nature of the entrepreneurial opportunities in the region.

Some scholars have doubts that there are genuine entrepreneurs in the broader group of self-employed workers in the Global South (Fields, 2019; Margolis, 2014). It has also been argued that self-employment opportunities cannot evolve into other types with higher growth prospects, like discovery and creation-based opportunities, because there are limitations in human and financial capital and property rights (Alvarez & Barney, 2014). However, the findings revealed that some entrepreneurs were now engaged in other entrepreneurial opportunities with more intricate possibilities for growth despite starting as self-employed workers for survival motives.

While one of the problems stated in the literature for self-employment to evolve into other entrepreneurial activities was because of the limitations in human capital, i.e. education and expertise (Alvarez & Barney, 2014), this research found that access to university education and business experience brought substantial changes to this need. Particularly because entrepreneurship occurs in networks in this Global South setting, some first-generation members with more experience and leadership skills and second-generations with university education now use their cognitive capacity to discover new opportunities to diversify income sources, e.g., through business portfolios or intergenerational family businesses. The findings also revealed that, in some cases, second-generation members discovered opportunities in their under-exploited parents' businesses, identifying greater growth potential.

On the other hand, another problem attributed to self-employment -and necessity-oriented entrepreneurship- to evolve into other entrepreneurial opportunities relates to the limitation of financial capital and the modest amount with which this type of business starts (Alvarez & Barney, 2014; Schoar, 2010). It has also been said that necessity entrepreneurs are focused on more basic objectives, like meeting physiological needs (Dencker et al., 2021). Nevertheless, the findings revealed that some entrepreneurs obtained access to significant amounts of financial capital through formal sources despite starting their businesses with micro-funding. These findings suggested that entrepreneurs use cognitive skills for this purpose, i.e., negotiation capacity, networking, risk assessments, and business planning, because of the complexity of the requirements to access capital from the banking system. Evidently, this reality does not match the modest funding and orientation described in the literature about self-employment and necessity entrepreneurs.

Likewise, it is also true that the findings showed that most entrepreneurs invested in businesses that required low capital or skills and that were interrelated, not taking risks under the Knightian notions of uncertainty, which enables greater profits (Landström et al., 2012; Shane & Venkataraman, 2000). Although it might be said that the absence of risk made individuals not conduct entrepreneurial activities but self-employment (Fields, 2019; Margolis, 2014), this research found that investing in familiar areas by recycling and imitating ideas, sharing facilities and embedding in their networks, was a form of resource optimisation. They needed to optimise risk-taking because, as the findings showed, growth in the region was slow, taking at least two generations.

The findings on the advances in human and financial capital, coupled with network efforts to cover some gaps in property rights, showed that self-employment opportunities in the Global South could evolve into discovery-based opportunities. The evolution of opportunities also revealed the genuine entrepreneurial nature of some entrepreneurs. Moreover, these findings showed that although some self-employed workers started with micro-funding from social networks, they were not always unproductive or could not grow. In conclusion, with these findings, this research demonstrated that the entrepreneurial orientation of opportunities could evolve towards others with higher growth potential when resource development and risk-taking were optimised. This theoretical contribution reveals other realities than those existing in the literature and sheds light on the role of resource development in the evolving nature of entrepreneurial opportunities in an impoverished Global South setting.

### **9.2.3 The Role of Collective Growth as a Means of Development**

The third theoretical contribution provides a richer understanding of the role of collective growth as a means of development in an impoverished setting in the Global South. As mentioned earlier, there are doubts in the literature that entrepreneurship in the developing world can grow because of its origins in self-employment or necessity (Alvarez & Barney, 2014; Margolis, 2014; Schoar, 2010). These doubts in the literature have led some scholars to attribute negative characteristics to necessity-oriented entrepreneurs, but other views claim that the phenomenon in the region is heterogeneous (Puente et al., 2019). In line with the view on the heterogeneity of the phenomenon, this research uncovered a different form of growth derived from the collectivist orientation of entrepreneurship in a Global South setting.

However, the form of growth uncovered by this research does not coincide with the traditional way of observing growth described in the literature, which usually focuses on the performance of a single player using resources to create innovative business ideas or products that outperform their previous market conditions and those of competitors (Baumol, 1993). Moreover, the literature often uses the performance of large technology companies that can radically change the market single-handedly as a benchmark for assessing growth (Schoar, 2010). The small firms of an impoverished community, like in this case study, are far from reaching the status of those big technological players, but this does not mean they cannot grow.

This research found that entrepreneurs, motivated by collectivism, have an alternative form of growth that is not based on market competition but instead choose to collaborate with other market participants. Therefore, in this different form of growth, entrepreneurs seek to grow together, not by outperforming others, unlike participants in competition-based markets described in the literature. The findings revealed that this form of growth was based on solidarity -the willingness to help others- and empathy -the connection with the needs and achievements of others. These empathy-based actions fostered social cohesion (Pavlovich & Krahnke, 2014) to work towards common goals. The findings showed that the cohesive work blurred the boundaries between individual firms and the whole entrepreneurial activities of the region, making it difficult to assess separate growth achievements.

This form of growth could be difficult to observe from perspectives based on competition (Baumol, 1993; Schoar, 2010), so does it to understand the anti-market actions based on solidarity that these firms apply to growth, i.e., embedding in the network to pool labour, solidarity trading, needs-based resource allocation, micro-crowdfunding and homogenising

prices to avoid internal competition. In addition, the findings showed that entrepreneurs with higher profiles and leadership skills help less affluent or new players to participate in the market by seeking growth as a group rather than individually. It has been said in the literature that because of the limited growth capacity of self-employment (Alvarez & Barney, 2014) and necessity-driven entrepreneurship (Dencker et al., 2021; Schoar, 2010), it could represent an inefficient way of using resources (Margolis, 2014). However, the findings evidenced a different reality where entrepreneurs could grow by collaborating with others despite their origins in necessity. The form of growth uncovered by this research posits an alternative way of growing in a collectivist environment in the Global South, illuminating the understanding of how it is produced from different perspectives.

### **9.3 Implication for Practice**

#### **9.3.1 Implications for Current Entrepreneurs**

A central implication for current entrepreneurs is to recognise that society's collectivism has effectively created an associative process in the community to plan and conduct entrepreneurial activities in the region. This process has been significant because it has equipped the group's organisation with the leadership and role models needed to foster venture creation as a means of development in this impoverished community. Likewise, it has been instrumental in achieving social cohesion within the group, developing and strengthening a single industry in the market that has displayed increased productive capacity.

Although social cohesion has been the expression of the community's self-determination to engage in one market area, it has also been responsible for dependence on a single economic activity. Because of this overdependence, when there are normal variations such as seasonality

of markets or drastic downturns due to pandemics, all the firms in the business ecosystem suffer due to a lack of diversification. This thesis posits that drawing on previous experience of associative processes and group organisation, the community could again resort to social cohesion to develop other market areas that diversify the region's production. Failure to do so will maintain the economic dependence on a single industry in the market.

At the family level, while the cohesion and organisation of the group have led clan members to create interrelated businesses, it has also embedded them in a network that relies on the same economic resources and markets. Although members of the younger generation have created new ventures, this research found that their efforts to diversify have not been sufficient. Therefore, based on these observations, family members, especially the second generation with greater access to higher education and resources, could identify new areas to create businesses for the group that are not linked to current markets.

Finally, at the individual level, since entrepreneurs have been responsible for materialising social cohesion to create ventures in a single field through peer-to-peer entrepreneurial imitation, they have become the region's largest source of business knowledge. However, since their business knowledge is limited to one industry, to help others start businesses, they must reduce their market share. Based on these findings and on the willingness of entrepreneurs to help one another, they could acquire knowledge in different fields and encourage new entrants in less crowded sectors, which, instead of a downsize of their market space, would mean growth in more than one industry.

### **9.3.2 Implications for Policy Makers**

The most important implication for policymakers to consider when planning entrepreneurial activities in this region is the strong presence of collectivism in society that drives the actions of community members. This implication is supported by participants' accounts of the robust associative process that provided group organisation and social cohesion to consolidate entrepreneurial activities in the community that exists to this day. Therefore, if there were to be government interventions in the future, they should be framed around the existing community associative process since there is a solid group organisation with recognisable leadership and role models for entrepreneurs. New economic activities to be developed in the region by governmental institutions must also be based on the community's social cohesion, as there is clear evidence of their effectiveness in sustaining enduring entrepreneurial activities.

Another aspect that needs to be addressed by policymakers is the lack of diversification of economic activities in the region's entrepreneurship model. While the consolidation of a single industry in the market and the collective view of growth have brought greater business opportunities, it is clear that it has also brought over-dependence on it. In addition, this interest in consolidating tourism as a single, mainstream industry in the market has also caused the displacement of artisanal fishing as a traditional economic activity in the region because entrepreneurs do not see the value and economic opportunities in it. With agriculture and fishing being two of Ecuador's main export items, there is an opportunity for policymakers to reinvent the value behind artisanal fisheries, leading to the diversification of opportunities for current and future entrepreneurs.

#### **9.4 Future Research**

In terms of future research, there are multiple avenues through which it can move forward. First, this thesis found that the society's collectivism enabled group organisation and social cohesion to develop entrepreneurial activities in this region. However, at the same time, social cohesion has also generated reliance on a single industry in the market. Given the effects of collectivism that make individuals work towards common goals, future research could address how, despite cohesive factors, some collectivist communities can diversify their entrepreneurial activities.

Second, this thesis found the existence of business portfolios within kinship networks. While there are some mentions in the literature of kinship networks on business portfolios in the developing world (Verver & Koning, 2018), they are not sufficient to understand their full dynamics. Therefore, there is an opportunity to investigate the intersection between collectivism factors and the creation of business portfolios within kinship networks in the Global South.

Third, this thesis found that due to the effects of collectivism and social cohesion, entrepreneurs use peer-to-peer entrepreneurial imitation to, on the one hand, help others to create ventures that provide them with income generation opportunities and, on the other hand, strengthen markets. However, in this attempt, entrepreneurs must also reduce their market share to allow new entrants when marketplaces are not expanded. In this regard, future research could address how, in collectivist and impoverished communities where entrepreneurial imitation is the norm to enter the market, some entrepreneurs can help others create businesses without sacrificing their market share.

## **9.5 Conclusions of the Chapter**

The chapter started with a summary of this thesis, followed by the implications for the theory, which emerged from the analysis of the findings. The first theoretical implication is on the role of entrepreneurial imitation in creating value for the business ecosystem of a Global South setting under poverty conditions. This contribution helps clarify doubts in theory on the role of entrepreneurial imitation, demonstrating that it creates value in the Global South by fostering new entries and enhancing production (Davidsson, 2016). However, it also shows that contrary to what has been reported in the literature, entrepreneurial imitation does not stimulate competitive (Davidsson, 2016; Schoar, 2010) but collaborative behaviour. This finding presents a different alternative to those found in the literature on the causes of entrepreneurial imitation, demonstrating that the cultural dimension of collectivism influences the phenomenon in the region.

The second theoretical implication is on resource development in collectivist entrepreneurship. This contribution argues that, although the literature proposed that the nature of entrepreneurial opportunities in the developing world cannot evolve due to resource constraints and other limitations (Alvarez & Barney, 2014; Dencker et al., 2021; Schoar, 2010), this research demonstrated that they can evolve into other with higher growth prospects. Particularly, this research demonstrated that self-employment and necessity-driven entrepreneurship can evolve into discovery-based opportunities due to resource advancement and optimisation. This contribution also clarifies the genuine entrepreneurial nature of some individuals in the Global South, often questioned for their lack of risk-taking in their business endeavours and more

modest goals (Fields, 2019; Margolis, 2014), and demonstrates that there are genuine entrepreneurs in the region.

The third theoretical implication is on the role of collective growth as a means of development through entrepreneurship. This contribution postulates that entrepreneurship in the Global South can generate growth differently than in competition-based markets. The literature indicates that growth derived from entrepreneurship is produced by competitive performance that stimulates innovation (Baumol, 1993), using large competitors, such as technology giants (Schoar, 2010), as benchmarks for measuring growth. This research found that while small business growth in the Global South is not on the same scale as large participants in developed markets, it can generate growth through solidarity-based anti-market actions in which high-profile entrepreneurs and leaders help the less advantaged to grow. The collectivism of the region notably marks these actions.

This thesis also presents the implications for the practice and policymakers. Regarding the implications for current entrepreneurs, this thesis evidenced that they should recognise that social cohesion has effectively fostered entrepreneurship development in their community. However, they must also be aware that social cohesion has been responsible for their over-reliance on a single economic activity, which causes problems when markets vary. As for the implications for policymakers, this thesis demonstrated that entrepreneurship development in this community is collective. Therefore, any intervention that seeks changes must consider that in this model, entrepreneurs have a strong group orientation and a view of collective growth.

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## APPENDICES

### Appendix A: Interview Questions for Participants

#### General Questions

1. What is your business about?
2. How long have you had your business?
3. Are you the sole owner of the business?
4. How many employees do you have?
5. Does any other member of your family work with you?
6. Is this your sole economic activity? If not, what is your other activity?
7. Do you have all the legal requirements to operate? If not, which one you do not have? (You are not asked to provide any physical evidence or explicit number here).
8. Do you regularly earn more than USD 3 a day?

#### Core Questions

1. Tell me your story about the motivations, ideas, and expectations to create your business.
2. What are the main changes you, as an entrepreneur or as an individual, have experienced until now since you created the business?
3. What role do your family, relatives, and other members of the community have in your business?
4. Were other businesses offering the same products or services before your business opened? How does your business differ from others offering the same products/services?
5. What type of risk have you or your family members taken to open and operate your business?
6. Is there anything else (extraordinary) you would like to add?

## Appendix B: Consent Form for Participants

**Waikato Management School**  
Te Raupapa



### *Consent Form for Participants*

***I have read the Information Sheet for Participants for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.***

***I also understand that I am free to withdraw from the study 4 weeks from the final interview or to decline to answer any particular questions in the study. I agree to provide information to the researchers under the conditions of confidentiality set out on the Information Sheet.***

***I agree for this interview to be audio recorded.***

***I agree to participate in this study under the conditions set out in the Information Sheet form.***

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Researcher's Name:  
Julio Gavilanes Valle

Supervisor's Name:  
Prof. Kathryn Pavlovich, PhD.

## Appendix C: Participant Information Sheet

*Waikato Management School*

Te Raupapa



THE UNIVERSITY OF

**WAIKATO**

Te Whare Wānanga o Waikato

### *The collectivist Model of Entrepreneurship: the case of coastal Ecuador*

#### Overview

My name is “*Julio Gavilanes Valle*”, and as part of the PhD in Strategic Management Studies, I am required to conduct and report on a research project. This “Report of an Investigation” forms an important part of my Doctoral degree. For my project, I wish to research entrepreneurship in the Global South.

For this project, I am investigating cases of “entrepreneurship in Coastal Ecuador”. The goal of this research is to explore the nature of entrepreneurship in the Global South, focusing on different aspects that influence the entrepreneur, business, and the whole entrepreneurial ecosystem. The entrepreneurship sector in the developing world is made up of hundreds of micro and small businesses that are real drivers for the economy and society of the Global South. I want to investigate the transformation that the entrepreneur, the business, and the entrepreneurial ecosystem experience through this highly dynamic process. The findings of this research will serve the scientific community to understand how entrepreneurship in the developing world creates value with a view emerging from the Global South. In addition, this research can also help governments and policymakers understand the characteristics of local firms from their own views.

#### What will you have to do, and how long will it take?

I would like to interview you to obtain meaningful data on entrepreneurship in Coastal Ecuador. I would like you to answer some open questions regarding how you see your activity as an entrepreneur in this area and how they have impacted your business and the business environment of your community. I would also like to know how your family and other community members are involved in this process.

Your participation here is voluntary and should not cause any disadvantages or discomfort. As part of your participation in the research, you will not receive any monetary payment, prize, goods, services, or others, but your insights will help to create new knowledge. Your experience is important for creating this knowledge with a view of local actors.

If there is a question you do not want to answer, do not feel obligated to do it. I want to record this interview, but you are free to accept or not. In case you say no, I would ask your permission to take notes of the interview.

What will happen to the information collected?

Your responses will be used to write a 'Report of an Investigation'. Only my supervisors and I will have access to the information you provide me in the interviews or notes. Afterwards, all questionnaires and notes will be destroyed and tapes erased. I will keep a copy of the paper on file but will treat it with the strictest confidentiality.

I will encode your name and the name of your business, and no explicit information will be published.

The outcomes will be published in my thesis and conferences or journals, but your information will be anonymous. The results may be shared with the Ministry of Tourism, Chamber of Commerce, or other international agencies. However, participants will not be named in the research reports.

Declaration to participants

If you take part in the study, you have the right to:

- Refuse to answer any particular question and withdraw from the study 4 weeks before the final interview.
- Ask any further questions about the study that occurs to you during your participation.
- Be given access to a summary of the findings from the study when it is concluded.

If you have any questions about this research project, you can contact me or Professor Kathryn Pavlovich who is supervising my project.

## Appendix D: Data Structure at the Community Level

First-Order Codes	Second-Order Themes	Overarching Theoretical Dimensions
<p>The moment they came together and organised themselves in the association of women entrepreneurs, many doors were opened for them. Life became more manageable for them as entrepreneurs. (Participant 003)</p> <p>The group of women entrepreneurs has helped us because, through them, there have been different projects to support our businesses, such as the restaurants on the beach. Specifically, the Spanish cooperation and the efforts of NGOs have helped us because, in the past, they gave us non-refundable loans. So that was an immense help. (Participant 005)</p> <p>Now we have an industrial oven because an NGO came to help us years ago. They gave it to us because, at that time, a group of organised women created an association to help each other. We had to participate in several meetings, and at first, they told us that there was no assistance for bakeries and that they had only come to help the restaurants on the beach to equip them with kitchens. However, since I was also constantly participating in the meetings of the organised group of women, I also got help for my bakery. (Participant 004)</p> <p>Some people do not want to invest their time or money in our association, but they want everything given for free and do not want to spend their time with us working in meetings. They think they are wasting their time being there. Only when something has already been achieved through the association do they ask for all the benefits for their businesses; they ask even without having participated in a single meeting; they want everything but without fighting together with us. (Participant 003)</p> <p>Then, when we saw the experience of the association of women entrepreneurs, we saw that many things became more manageable when they were associated, and that was when some other fellows asked me to form our association. It is not easy to make an association because some people agree and others do not, but things are easier when you are grouped. (Participant 003)</p> <p>The association came out to protect me; they said that fellow members also had the right to progress and that I was doing well... I do not like to say that we are small entrepreneurs because I was taught to dream big; then, we are just entrepreneurs; we have our businesses. Here we have a problem: Some large firms in the community do not understand our progress; they are big hotels. They want to eliminate us or make us smaller. When and how are we going to progress? When are we going to change if they stalk us? When are we going to have a decent place? We want a place where tourists come and feel comfortable using our services. (Participant 001)</p> <p>We went to fight for a municipal ordinance, not just for ourselves; we were fighting for the entire community. So, my brother told me to make it easier because he has always been learning and training in leadership courses; he told me that to facilitate the procedures, we need to unite with two other communities, then the three communes, the three associations, we went to the town hall and believe me, getting the municipal ordinance was more straightforward. This ordinance has already been published at the national level, and it is an umbrella so that other entrepreneurs in all of Ecuador can conduct this activity with a license that genuinely corresponds to cocktail bars. (Participant 003)</p> <p>It is no longer like before when we were anywhere on the beach, calling the tourists loudly to come to use our services. We have improved at that because each of us respects their space. Before, we used to work in disorder. However, we are learning and improving as businesspeople... through meetings with the Ministry of Tourism, the commune organisation, and our current coastal management plan. (Participant 006)</p>	<p>Local Organisations</p>	<p>Community Associativity</p>

<p>Here, everyone has worked like a big family in the village because we all work and offer almost the same meals. As you can see, they all sell fried fish. However, thanks to the organisation of women entrepreneurs, we owe it to them, and that is why we do not have the problem that fried fish in one restaurant can be more expensive than in another. Not! We all have almost the same price. Because we are one, we call ourselves organised ladies because we all know the fish costs and sell it at the same price; the price hardly changes because we are organised in that sense. (Participant 006)</p>	
<p>We organised ourselves because we did not know the path to follow. Some people offered us, for example, the opportunity to produce shoes, sell flowers, and make other things. So, there was no clear horizon eighteen years ago, but now there is. The horizon is already clear! Furthermore, it is everything related to the tourism business, and that orientation has helped the entire population. That is why we are recognised at the country level as organised women, the ladies who fight together. (Participant 001)</p> <p>We want tourism to increase in the community; the communal organisation is an institution that takes care of the interests of its members by increasing tourism to our town. (Participant 018)</p> <p>The good thing is that all of us are from here; I will give you an example: the town of Montañita sold everything to foreigners. This means that when you go to the town of Montañita and find a local business, it happens to be owned by foreign entrepreneurs. Instead, here in Ayangué, we are ourselves, the locals. Here, the local community members own the businesses. We are people from the town. We have managed to do this. That is why I say this makes us immensely proud; we are charismatic. (Participant 017)</p> <p>For example, I have an office in Montañita; we organise tour packages there, and to bring tourists here, I call the taxi association to pick them up and to the association of women entrepreneurs when I do events. Since members of the association of women have their restaurants, I tell them, look, we need you to provide meals to twenty people coming here, and we all offer those services together. (Participant 017)</p> <p>I had tourists who came to my restaurant. For example, this weekend, I had thirty people who came to have breakfast, lunch, and dinner for two days. I worked full-time. I had to be like a robot, but we must do it... A guy who works for one of the tour operators is a tour guide from Salinas, but he works here and has many contacts. So, he asked me to offer the service, and we made a deal for two days, and he brought me the tourists. (Participant 005)</p> <p>The good thing about this is that we were all born here... We all work on the same activity. We have created jobs for local people in our community, which is the most important thing. People who work in this activity are all from this town. (Participant 017)</p> <p>Another thing that makes my business different is that the community knows that this is a business of people from and living here in town. On the other hand, for example, another man has about twenty-five pharmacies, but he is not from the town, although, of course, one of the girls who works there is from here too... That is why I also think it could be that people buy here because they know they are directly supporting someone from the community. (Participant 012)</p> <p>In these three years, we have grown because, during the problems of the pandemic, we have not faltered. We managed to survive because we oriented ourselves to the trade of eggs, cheese, milk, etc.; since everything went up, we did not exaggerate the prices because we are from the same community. In one way or another, we needed to help our fellow community members who are like our own siblings. And it was good enough for us to expand and make the grocery store bigger. (Participant 014)</p> <p>We also have special prices for community members, and I reckon that we sell every day because although the prices have risen a bit since we started, we have not done it too much. (Participant 010)</p> <p>Opportunities have come to me despite the problems because, at that time, I was looking for a place to rent around here. I went into the store across the street and said, hey, do you know who owns those premises? And they responded, oh yes, it is from that person. I said oh, perfect and then I contacted her. She told me, yes, the place is available. Something that here in the village is, wow, extraordinary. Fortunately, the tenant was not from the community because I would never have managed to get it if she had been from here. The community is very closed... when they hold something, they do not want to release it, even if they do nothing with it. (Participant 013)</p>	<p>Business Ecosystem</p>

<p>I used to work selling beers. Initially, we were about forty people selling beers, and suddenly, some of them started selling smoothies. After a while, they created cocktail bar businesses in cabins. On the other hand, we were no longer allowed to sell beers, so since I was an old retailer in the business, I spoke with the fellow who was the president of the association because they were already organised. At that time, they did not want me to sell cocktails either. They did not want me to change ever. But then, I was one of the people who told him, look, initially, we started selling beers, and then you started selling cocktails; we did not tell you that you were doing it wrong. Because of that, I could switch my activity, which is how I changed my activity from that moment until now. (Participant 021)</p>		
<p>What happened is that, for example, as I told you eighteen years ago, we organised ourselves because there was an NGO from Navarra, Spain, and it helped us with an improvement project for our businesses. (Participant 001)</p> <p>These businesses are only ours; they are owned just by women. That is why I told you, eighteen years ago, there was still machismo. It was not my case, I am sure. But it was the case of my fellows. So there, women were submissive and did not contribute anything to the economy; they stayed home. But from then on, we did it. My fellows and I went to meetings as an organisation; we learned that our values are rights. That gave us strength, and we began contributing to the household economy. So now there is satisfaction, after eighteen years of improving our businesses, restaurants and bars, and there is also the beach tent rental service. (Participant 001)</p> <p>Well, there was a need. First, it was the need for us, a group of about five women, because we were like the supervisors of the community leader, to check that he was not doing wrong. We were like that, like those revolutionary warriors. Yes, we needed to organise; as I said, there was machismo! So, we organised ourselves for that because we did not like how it was, do you understand me? (Participant 001)</p> <p>It has been eighteen years since we founded it! I am one of the founders, and together with other fellows, we form our institution of organised women entrepreneurs to which we belong. We started with thirty-five members; currently, we have about 145 persons, and more have joined during this time. So, this has helped me a lot because, through the association, I have met people from inside and outside the province... So, it has helped me because I have met contacts through my organisation. (Participant 016)</p> <p>I have supported the association, and I have learned a lot through it humbly, but I have learned. Sometimes, I can even say that I have forgotten my obligations as a person, as a mother or a wife, but I have fulfilled my obligations to the community, which is the most important thing. Yes, and all the president tells people is to talk to her, that is, to me! Or, he says, I want you to do this for the organisation, go to this place to represent the community, so I have learned a lot in human relations. (Participant 016)</p> <p>The association of women entrepreneurs has helped me to get a license and a loan for my business. (Participant 004)</p>	<p>Gender Development for Women</p>	
<p>This business is a cafe, and these commercial premises do not belong to me. However, it is better to say that these are two commercial premises, and each should be rented to different people. However, in my case, I had the opportunity to rent both. They are not mine; they belong to the commune. It is the commune organisation that rents them to me. (Participant 013)</p> <p>I started gradually, and I have been implementing my business over time. I used to have a rustic cabin, which was not as good as this one, but then, the community gave me this place to run my business. From there, I have been in good condition to operate my cocktail business. Because I already had everything that I needed to run it. (Participant 020)</p>	<p>Physical Resources</p>	<p>Resource Provisions</p>

I can tell you, the good thing about the commune organisation itself is the place they give to us, where we pay twenty dollars a month. The commune organisation rents those commercial premises; they are exclusively for people from the community who need to be able to help themselves and their households. So, one day, I went to a community assembly and told them I also wanted a place for my business because I would not be young all the time; one day, I would grow old. So, I want a place for my business; sewing also significantly damages posture, and a sewer gets sick in the throat, lungs, and eyesight. Hence, I said I would stop sewing when I turned old and would like you to support me, if possible. So, they provided me with space for my business. At that moment, the commune's board said, well, we will decide it by polling. Then, most people said by consensus, Mr President, we do agree to give her a commercial space because she has always been one of those members who have supported and worked the most for the community, and that is how I got my place. But I pay twenty dollars a month, a modest amount of money we must pay. (Participant 016)

New businesses also started working in the same area where I work; other community members own those businesses. Allowing new businesses that offer rental services is approved in an assembly. This approval is an exclusive decision of the community organisation, the president, and all the members who are part of it. If they give permission, the person can offer tent rental services here. (Participant 002)

They also gave us kitchen equipment with commercial stoves, refrigerators, toilets, and more. In the past, they used to give all of that... Now, not much. This type of help was given at the beginning of the cooperation. (Participant 005)

We had the help of a foreign NGO. So, it was a donation because they did not charge anything to us. The aid came through the association of women entrepreneurs, the freezers, the refrigerators, and the commercial kitchens that we still have here for our businesses. First, they helped us with that, with these tables and chairs as well, and with the cabinets to store small objects. Little by little, they helped us improve our businesses with what we needed. They helped us all equally with external sinks, too. Yes, so it is something we thought was impossible. (Participant 006)

We started a long time ago when my mom was still alive; we started with the help of a Dutch gentleman. Here, it used to be made of branches with wood, palm leaf roofs, and some reeds as pillars. So, they met a Dutch gentleman, whose name I do not remember well because I was too young. That sir helped them through an NGO and made the cabins with solid wood. As time passes, no one believes in miracles because they do not exist. But for this to happen, a group of women who organised themselves created an association. We started with fifteen or twenty ladies as women who organised themselves. We were in several meetings in the middle of winter. We were in the meetings without asking for anything in return because nothing comes for free in this life, and we did not believe this could happen then. We started from there, and then an NGO from Navarra Spain came. They helped us with everything we needed; we were more than seventy eateries. They started and did it in three parts. First, they gave us help to twenty-five, then twenty-five more and finally, the last twenty-five. (Participant 006)

Yes, because as far as organisations are concerned, their help complements the materials we need for our businesses. (Participant 002)

I got a loan from the association of women entrepreneurs that I later had to repay. (Participant 004)

Through them, I got aid for the kitchen of my restaurant. They gave me two tables, like eight chairs too. This help was given to me by the association of women entrepreneurs, which also gave me a loan. (Participant 009)

The business started with resources that belong to us, but we have required financial assistance from certain institutions such as banks. And that is why we took out a loan. Not much, because it is only during the high season that we do this type of loan to have everything here and not travel every moment to buy supplies in the city. So, we make a big buying in boxes, of plates and other things like that. Yes, we made a loan from the bank for such purposes. My mom has also asked for help from the 'banquitos' in which women entrepreneurs are involved. The association helps us too because our business is a well-established one. So, they also offer help to us. Moreover, they help us because our business is the only pizzeria here in the village. (Participant 010)

Financial Resources

<p>When I started my business, I got informal loans from different people. Namely, we call them our little cash boxes from people who get together because you know that the economy here is extremely low. People try to save money because we all have children, and at Christmas, it is always sad if there is no money to give them something. We call them our “banquitos” from the community, and about ten or fifteen people save money from their weekly salaries to lend to others and charge ten dollars each month, that is, 10% monthly. I went to borrow it there and paid it back as soon as possible. (Participant 021)</p>		
<p>They have trained us to do all the necessary paperwork for our businesses because they told us we must have all the licenses and complete the forms. In addition, they have trained us to improve customer service day to day and how to provide services to foreign tourists. They have helped us provide safe services to tourists. In addition, we have now received training on how to proceed if customers get dizzy when they come out in the boats, and we now know how to provide help. Yes, then we have learned to provide services safely. Because before, people took them to the sea and brought them back without monitoring them. But now we continually ask how they feel during the tours. (Participant 006)</p> <p>As for the association of women entrepreneurs, my wife is also a member; they have also helped us with projects in the form of training and related issues. She also attends those events. Yes! The association ladies bring these training topics, and she attends these customer service workshops. They can vary, but since most of the business members of the association of women entrepreneurs are eateries, they mostly create training programmes related to food and beverages, customer service, and related topics. (Participant 014)</p> <p>People from here, from the community, have come and told me, hey, listen, I have a business where I sell smoothies, and I want to sell cocktails too. I told them, look, that is how it is done, but if you want to learn well, you must attend proper training programmes once you learn from me. Because we created the association, we have learned to master the technique much better. We brought people to give us customer service training for all members, courses on how to prepare cocktails, manage alcoholic drinks, and handle fruits. We have learned all this in training. (Participant 003)</p> <p>There is a problem in the community: when the workshops are executed, some do not give them the importance they have. They do not understand! I always tell them that this is self-education for us if we did not have the opportunity to go to college in the past, but this is like the university for us from which we can learn new things. However, for that, it is necessary to attend the workshops. You know, there is a group that does not give importance to training programmes. But I give them the appropriate importance. If you own a business, how will your business improve if you do not use the new knowledge you have acquired? For example, you need new knowledge to make these new dishes efficiently. That would be the competitiveness for the whole community. Don’t you think so? They must attend the workshops. For example, I mean all those over fifty years old, and some fellow members are already over seventy. I always tell them they must attend the workshops, but not all do it. (Participant 001)</p>	<p>Technical Knowledge</p>	
<p>...a group of women who organised themselves created an association. We started with fifteen or twenty ladies as women who organised themselves. We were in several meetings in the middle of winter. We were in the meetings without asking for anything in return because nothing comes for free in this life, and we did not believe this could happen then. (Participant 006)</p> <p>...at that time, a group of organised women created an association to help each other. We had to participate in several meetings all the time... (Participant 004)</p> <p>Women entrepreneurs got organised in an association, but not legally; they did not have legal status at the beginning, like us. After we saw their experience, we saw that things became more manageable for them, and that is when other people asked me to create an association... We replicated their idea but improved it because we created our association with legal status since the beginning. (Participant 003)</p> <p>The community helps us to obtain the basic services essential for our society’s development. The commune organisation has provided us with drinking water, electricity, and telephone services, all the essential utilities a town or a city should have. And that has helped us a lot in the community’s tourism industry. That is a lot. And these are the achievements of the presidents who have been at the head of the community organisation. (Participant 018)</p> <p>I used to explore underground wells to draw water in the mornings. What we have today, piped drinking water, did not exist here. Before, we did not have drinking water anywhere in the village. Water also came to us through tankers and wells. (Participant 016)</p>	<p>Changes</p>	<p>Evolutionary Trajectory</p>

Everybody wants to come here to see the sculpture of Jesus Christ under the water... Six months after we erected the sculpture, the Ministries of Tourism and Environment declared the area a marine reserve. Look how the whole community changed because of this sculpture; it changed everything. Three months after declaring the marine reserve, these institutions gave us a boat to sink it and have another tourist attraction. After a while, they put buoys and signage at the dive sites. Look at what we have achieved; this is happening in our community. Why? Because when tourists come to dive, they bring their families, rent tents, and order food from the women's restaurants. That has been a wonderful thing for our community, so I identify with the work behind it. If something happens to the sculpture of Christ, we take it down and put it back up. We have achieved incredible things for our community and our country because nationally and in our province, it is already identified that people come to this city to dive and see the sculpture of Christ under the water. And that is a beautiful thing. And now, those institutions are entities that give the training to regulate tour operators so that they do things right. We have achieved all that, and now we are here, fighting to continue our tourism activities. (Participant 017)

There used to be shops that sold groceries in temporary markets, or they would come and sell them here in little trucks. The village has been transformed from what it was in the past; it is not even a shadow of what it used to be. Before, there were no paved streets; we did not have this promenade by the beach... there was no infrastructure. So, I identified a need because even to buy raw materials for my restaurant, I had to go to the city. So, that need of the community pushed me to have this business. A shop to serve the people who did not have transport to buy food in nearby cities or towns. They pushed me to give them a good service. And then, as I had already grown my business, others also started their businesses. For example, the one next door and other grocery shops were created in the community after I set up mine. We are all selling because the village has always been a beach destination and a natural swimming pool, and we have always been well known for family tourism. Families who come to stay here use the hotels and go out to buy our services. There is also external consumption by these families. (Participant 005)

I am still a simple woman; My generation is no longer like the previous generations, where we only ate one meal per day. I can tell you! In my generation, I include my children and my grandchildren. They have a better quality of life. For example, they have already had babysitters coming home to take care of them so their mothers can work at their businesses. So, it is different because when I was a child, my mother took me to the parish house run by some priests to go to work. So, that is a tremendous change! Because she had to leave us there all day. It was difficult for everyone. This achievement is a change for our current generation. (Participant 001)

It has also improved the quality of life for working women because if our businesses did not exist, I do not know where they would be working. Indeed, I do not know where they could get a job. Why? Because they need to take care of their children, too. For example, this situation would make them late for work because they would have nowhere to leave their children. Here, instead, they coordinate with each other between co-workers, and they create suitable shifts to help one another. (Participant 001)

I have been a good social support for the community in preventing domestic violence. I am not a psychologist, but I have undergone the necessary training. I have not missed them because that has helped me to be able to defend myself in life within my home and in society. So, it helped me a lot from a psychological point of view. I got certified in preventing violence against women and children. In other words, I can intervene and help others in the community because the law authorises me if a person is mistreated... I do not do it for money in this life; I have never done it for money. I only like to help others, so I have been a community leader and held managerial positions within the commune organisation. That old park that is there was built when I was in charge. Yes, and that has touched me because I was one of those women who was mistreated, too, but not anymore. (Participant 016)

## Appendix E: Data Structure at the Family Level

First-Order Codes	Second-Order Themes	Overarching Theoretical Dimensions
<p>My dad's economic situation was not very profitable. I used to help my father with what he did. We used to sell firewood to restaurants here in the community. That was when we were little, I was about 10 or 11 years old. My father had a small farm where he harvested only in the winter; he produced corn. And he had some donkeys, too. We brought firewood to the restaurants to sell and, with that money, supported ourselves in the family. Even if my father's money from selling firewood was little, he used it to harvest corn in winter. Then, we also used to sell corn tortillas in other towns, so he paid for our studies. With hard work, he showed us that life was not easy and that we must work hard to be someone in life. That is why I started working when I was 14 years old. I used to sell tortillas like my dad. When I came of age, I worked and studied simultaneously to help my father. So, I decided to go to the city to work in construction. About three or four years later, I came back to the community. I returned to town once I saw that there were other businesses that I could do, not just sell tortillas. (Participant 003)</p>	<p>Constrained Conditions</p>	
<p>My business came about because I had a lot of financial needs. I was born in another village, and my husband and I came to live here years ago. Here, we had to live and support ourselves. But I was born and grew up amidst my father's businesses. So that was already in my family. I thought I had to have my own money because my dad always told me not to depend on my husband as he may not be my eternal companion and that I needed to have my own money. (Participant 005)</p> <p>During the pandemic, everything stagnated. At that time, the business was owned by my parents. Then, when the situation started to regulate, my father continued in his job, my mother also found a job and the business was abandoned. Then, I saw an opportunity there; nobody was taking over the business. Here, I can generate daily income, there are good revenues, and you know that when you work for another company, the salary is not good, and there is also labour exploitation. So, I saw an opportunity here, and I decided to stay. I have plans to increase and make this business bigger because I know there are good profits here. In addition, my desire to continue with the business runs in my family. Because my father instilled in me business expertise since I was a child, I already know the commercial side of the business, and I like the activity of selling products. (Participant 008)</p> <p>My business is a pharmacy. However, I come from a background where my mother had always owned a grocery store. So, I also come from that experience that I know well about customer service, inventory management and everything necessary to run a business. (Participant 012)</p> <p>First, my parents had a little hostel here. They built this new building for that purpose. Before that, they already had the idea to open a small café as part of the hostel. Then, I was living somewhere else, and my mother told me about her desire to have a café. I told her that I would like to come and open it. So, I returned with my children, but my mother's idea was to open a small café. However, because I knew how to make other dishes like hamburgers, hot dogs, sausage, chips, etc., and since there was not much of that kind of food here, I told her we should have something bigger. And that is how we started it, and it has been going well. It has been well accepted because we work with high-quality materials, and tourists love the food we sell. (Participant 015)</p>	<p>Intergenerational Entrepreneurship</p>	<p>Family Entrepreneurship</p>
<p>We still need to refurbish the infrastructure more because, as I mentioned, the business is a family business, and it is inside our house. We already have the space for the business, but we still need to continue refurbishing the premises for it. (Participant 010)</p> <p>I started my business when I was 21 years old. My wife and I devised an idea and made it a reality. This idea was materialised in the first house we had, in another neighbourhood. That is how our first steps in the grocery business came about. I started with a tiny shop. It was a small grocery shop, where my wife worked in the business while I worked simultaneously in shrimp production laboratories. (Participant 018)</p> <p>There have also been problems because, as you can see, my family lives here too. Sometimes, they take products without paying, which is not how the business works. So, I am extremely strict in that regard. I want to separate what is for the family from the business. I can say that up to now, the management of the business is not one hundred per cent implemented because they are still taking products without paying daily. But that is my central point: I want to soon separate business matters from family matters. To do so, I want to separate the house space into what is for living and business. I am going to refurbish the upper floor. But also implement an automated system to manage the inventory. (Participant 008)</p> <p>When I must go out, my dad takes over the business, and sometimes, my mom or brother helps me. However, I am responsible for staying there when they cannot do it. I am the one who cannot go out because the business is mine, and the responsibility is mine. (Participant 008)</p>	<p>Family Business</p>	

<p>They are all my family, including my cousins. For example, the one who pilots the boat is my son-in-law. My children are scuba instructors, my daughter runs the office, and my other son manages social media. In other words, everyone has an activity in the firm. (Participant 017)</p> <p>My son raises chickens. He has a poultry farm. So, what he has is his microenterprise, which he runs himself. Although the three of us live together, it is his solo business. He raises and processes the chickens in his business, and once they are ready, he brings them here. So, my wife and I, as his father and mother, must help him sell the chicken by the pound he brings here. (Participant 018)</p>		
<p>Here, my siblings work with me. My brother is a permanent employee, and my sister is the casual one. My brother started working with me maybe a month or two after I opened the café in the village. Since I used to sell only empanadas, sandwiches, smoothies, and coffee, it could have been easy for me to go it alone if I wanted to. But then, I started doing other things, too, so I started training him. When he joined, the truth was that I asked him to help me in the business, but at first, I would not be able to pay him much since I was starting. I also asked him to help me grow with his ideas to change that. So, some of his ideas have also contributed to the growth of the cafeteria. I can say that it was a mutual help. (Participant 013)</p> <p>I have received unconditional support from my mother and father. They supported my decision to have my own business by backing me when we started, as we had no employees under contract. It was just the two of us, my wife and me. We worked in shifts, me in the morning in the business, while she took care of the children in the morning because of school. And in the afternoon, she took over from me when the children came out of school. And in the evening, my mother and father would do us the favour of working in the business. In that sense, I have received unconditional support from my family. (Participant 014)</p> <p>My son, my husband and I work together in the business. My daughter-in-law must help me with the business when I need to go out. Because I have a daughter-in-law who lives here since she still does not have her own house, and that is why she supports me when I need it. We all live in the same house: six adults and a 3-year-old child. (Participant 016)</p> <p>All my daughters helped me in the business when they lived here before marriage. They all worked in the store with me in the past. It is the same situation that I lived in, how was my life. When they were 12 years old, they started to help me in the store, and when I needed to go out to buy the products for the business, they remained here. That is why my family has always been a very important part of the business; everyone has helped me. They have always shared the responsibility with me. (Participant 005)</p>	<p>Labour Pooling</p>	
<p>I have been trained through social media, taking courses that are sometimes taught online. Then, I transferred what I learned to my father and my siblings so that they could also acquire that knowledge. However, my father has also given us much advice. He knows much about marketing and has taught my brothers and me many lessons. Thanks to him, I have my business today and can help him. Although my father and I have been able to get ahead thanks to bank loans, his unconditional support has been moral. Because, well, one also needs words not to give up and keep going, but instead, my father and I have worked with the banks for financial support. (Participant 007)</p> <p>I am already closer to reaching my goal of equipping my business. Hence, there is always the risk, for example, that I will not have enough revenue the following month to pay my debts. But I have never focused on the negative. My family, especially my father, has told me that he would advise me not to ask for bank loans, or in the best of cases, only to do so in the high season because, in the low season, I will not be able to pay off. So, those words were already familiar to me because he told me the same thing when I wanted to enter university. He told me that sometimes I do not have enough money to cover my fixed costs and that I will not be able to cover other expenses, like the University fees. I ignored him, went to the University, and am already a college graduate. I have never been short of money... However, I have thought there may be hard days when few tourists come to my business, but I will manage to attract tourists from other places. In other words, I now have sufficient knowledge, which is much easier. So far, I have not been a month late paying off the loan I took to buy my commercial coffee maker. May, June, July, August, and September have passed, and now that I am close to the high season, I know that I will also be able to pay off the loan for the air conditioner. That is why, although I have felt a certain fear, I understand that having it is natural. It is part of what human beings feel. But it is with that faith that I must continue because it will allow me to achieve many more things. (Participant 013)</p> <p>My mother has supported me the most in all the businesses I have wanted to start here in the village. So, she plays a significant role in my life because she is the one who has always believed in and been there for me. She knows the commune well because she has lived here for many years. So, she has always told me what we can also improve in the business and what else we can do, and well, I have always had her support. That is special because I do not have another family member in the village. (Participant 014)</p>	<p>Emotional Support and Business Advice</p>	<p>Resource Provisions</p>

What happens is that I owe a lot to my dad because my mettle is thanks to him. Since we were little, they have taught us how to work hard through their example in the business. Also, now my dad tells me that the day you get married, and you feel that your husband might start to mistreat you, you know that you can work on your own and support yourself financially, so no, never allow yourself to be mistreated. Because my dad has never mistreated us. (Participant 008)

My mother has her own business, a restaurant that only opens during the high season. But our idea, together with my sister, is that with our help, it can be a business that is also permanently open to customers. We do not have any more siblings; it is just the two of us, so we must support our mom. (Participant 010)

We have been taught different subjects such as English and accounting as part of the training for our businesses. However, this is not my area because my area has been more operational than administrative. But it has still been helpful for my business. And now, I have a son studying international business at the university. So, he has a different mentality, as if living in Dubai. For example, he is already telling me that now we must implement a cash register to keep control of the business. I find that idea interesting. He tells me that we must implement that system next year. (Participant 001)

My brother also has a cocktail bar, and another sister opened a business like ours. I was the one who helped them get into the cocktail market by giving them the idea because, at first, the only one who started this business was me. I gave them that idea because they already had their smoothie place, and there was little room for that type of business in the market. There were too many businesses of the same type in the village. When I opened my place, I started to sell quite a lot; that is when they came to help me prepare the cocktails and serve them to the customers. As they already had experience in their smoothie business, I told them to go one step further and open their cocktail bar. I told them that they were not going to compete with me because where there are more businesses, there is also more tourism. I have that vision of development... I helped them. I taught them how to make cocktails and helped them financially. I also bought them materials so they could start with everything they needed, the basics. And from there, they continued their own. (Participant 003)

The support I have had for my business from my family is financial; they helped me with the money to make the initial investment to buy the tents that I rent to clients. (Participant 002)

I helped them. I taught them how to make cocktails and helped them financially. I also bought them materials so they could start with everything they needed, the basics. And from there, they continued their own. (Participant 003)

The business started in an empty house that we owned. We only ran the business there but lived much further away, in another house. So, my parents took the risk of rebuilding the house where the business was because we finished working at 10 or 11 p.m., only after we had finished selling everything. So, it was dangerous because it was just me and my mother. They decided to sell the other house, and with that money, they rebuilt this one. Downstairs, they built the commercial space and the kitchen, whereas upstairs, they built our bedrooms. We built a two-storey house thinking that we could run our business there. We made it bigger than it was. (Participant 010)

My family has played a crucial role because my father owns where my business functions. But he helps me grow; he does not limit my dreams in what I want to do with the business. For now, he has given me the premises for the business rent-free. But I have already told him that one day, when the business is more financially solvent, I want to pay him the rent for the premises. (Participant 008)

My parents have substantially helped me with my business because I live here with them in their house, and I do not pay rent. I pay an amount of 100 dollars a month, which is like paying part of the power bill instead of rent. But for that amount, I also live here, and I do not pay for electricity, water, or internet, which is a great help for me. It is a benefit I have now, but when things get better in business, I want to rent my own house with more rooms for myself. I want a house for my children. So, I will move from here if I have my house or land to build on. (Participant 015)

My family-in-law has also helped me. They transferred land that belonged to my husband into my name. That was the help they gave me because I needed to attach this requirement to my bank loan application. Precisely, I needed to certify that I had assets in my name. (Participant 012)

My family has supported me because we have applied for bank loans, and they have served as guarantors; that is my family! (Participant 012)

Since we started the business, we have made bread with our hands. We kneaded all day long. But that has changed thanks to God and my son who lives here. One day, he told me I would no longer work with my hands because I could no longer do strenuous work. It was hard, working the dough with my hands all day long. So, he told me, I will buy you a commercial dough mixer. Then, my dear son, with his work in a company, managed to buy us a commercial dough mixer. He was able to buy it through his boss, who then paid off it little by little. We did not buy it for cash. His boss bought it for him, and then my son paid off it in instalments. (Participant 004)

Business  
Resources

My generation is no longer like the previous generations, where we only ate one meal per day. (Participant 001)

I will give you an example of how my business is. They work with me here, my husband, my children, and my daughter-in-law. Everything is related to the family. More and less than fifteen people collaborate with me. But they are all family, my nieces. The ownership of my business is a family asset. (Participant 001)

I have a house with an empty commercial space where I can start another restaurant, but I see too many. So, I am thinking of creating another type of business because I cannot open one of the same types. I know I am capable, but I also know that there is no room for more restaurants in the market. But if I open a business in other areas where I will not have competition, I will be successful. (Participant 001)

The economic situation of my dad was not very profitable. I used to help my father with what he did. We used to sell firewood to restaurants here in the community. That was when we were little. I was about 10 or 11 years old... (Participant 003)

“they have already had babysitters coming home to take care of them so that their mothers can go to work at their businesses” (Participant 001).

“I am already a college graduate. I have never been short of money” (Participant 013).

...is studying international business at the university. So, he has a different mentality as if living in Dubai. (Participant) 001

I started working incredibly young in my father’s business. Thank God I work with him. Because of this, I can pay for my studies; I am currently studying at university, in the fifth semester of business administration. My quality of life has also improved a lot. I am the first of my siblings to achieve this dream of attending university and getting a degree. And if the opportunity arises, I want to continue studying more. Why not try it? (Participant 007)

We used to live in a little house made of cane. Little by little, my father started to build a new house. We now have eight people in the new house, and although it is still uncomfortable, it is better than the other one. (Participant 007)

A long time ago, neighbourhoods began to form in the village. In the neighbourhood where I started, there was not a single business. I was the pioneer. And so, I gave shape to the idea of my business. First, my little house was made of cane, and through a small window, I used to sell candies, sugar, and all the basics. The idea was not bad, thanks to God, and here we are... The changes are there for all to see. The first result is noticeable, and that is the education of my children. I had three children, two of whom were university graduates. About the infrastructure, I have built houses. During my business trajectory, I have had three houses, which are the product of my business. I still have them because they will be the inheritance for my children. (Participant 018)

Changes

Evolutionary  
Trajectory

## Appendix F: Data Structure at the Individual Level

First-Order Codes	Second-Order Themes	Overarching Theoretical Dimensions
<p>My business is only four years old. But I have been a dressmaker since I was 13 years old. I started making clothes at home to pay for my studies. My life has been hard; if I told you how it was, we would not end today, but well, I started making trousers for small children and selling them. Little by little, I was able to pay for my studies. That was my life from the age of thirteen. Then, gradually, I got ahead. (Participant 016)</p> <p>When I created this business, I was extremely poor. Yes, so these are things that mark one's life forever. Wanting to get ahead, that is the purpose of entrepreneurship, to get ahead. And realise that not everything is rosy in life. There are ups and downs in everyday life, but that is life. There is a saying that this life belongs to the brave. And the results of having been brave can be seen afterwards. (Participant 018)</p> <p>First, I started my business in the centre, in a hut made of reed and straw, but it was not mine. It belonged to my brother, who lent it to me to set up a business there. That is where I started selling smoothies, juices, and toasts. Then, over time, I started looking for alternatives because I am a single mother. I have a son. So, I had to look for better options to give my son what he needed because he was on his way. I was already pregnant at that time. (Participant 020)</p> <p>I started my business in 2011. Before that, I was working in construction. I worked as a bricklayer. First, I worked as a helper and then as a main bricklayer in the city. Then, I returned to the village and saw the beach on the horizon. Sometimes you must go to other towns to get to know other things, refresh your mind and realise what else you can do in the place where you live. That is why I started selling coconuts with straws on the beach when I returned. Yes, I was doing well in a little hut on the beach where I now have my cocktail bar business. (Participant 003)</p> <p>When we came to the village, my husband's uncle helped us. Then, his uncle got a job fishing and catching lobster. When he left, we were alone and selling bread was the only means we had to eat because we came here thanks to him... The business itself started when his uncle left because he owned the oven. At first, I did not want to use the oven because I thought his uncle would be upset if we did it without his permission. But my husband told me that if we did not use it, how would we survive? So, we started making bread little by little until we were well settled here. (Participant 004)</p> <p>Then, I saw an opportunity there; nobody was taking over the business. Here, I can generate daily income, there are good revenues, and you know that when you work for another company, the salary is not good, and there is also labour exploitation. So, I saw an opportunity here, and I decided to stay. I have plans to increase and make this business bigger because I know there are good profits here. In addition, my desire to continue with the business runs in my family. (Participant 008)</p> <p>I started my business in 2018 when I quit my job in a factory. It was a tuna factory. The day I quit, I told myself, well, I am going to the village to see what opportunities there are. Sometimes, to find opportunities, people hope first to get a job, but if they do not get one, they do not quit either. It was not my case; my decision was firm, and I said I would quit, and I did it. I knew I would have clearer thoughts if my mind were no longer so exhausted. When I came here, I rested and looked for what I could do again. I said to myself, well, the village is a tourist place. First, I was motivated because the village receives many tourists yearly. In the high season, people make most of their income. I said to myself, if others have been able to create ventures, why couldn't I? (Participant 013)</p> <p>I started selling desserts on the street. I went out and sold everything. However, I realised I was uncomfortable; I needed a proper kitchen... So, I put my faith more than anything else. And although people say you cannot live on faith, it worked for me. I said no; I believed in myself, my potential, and what I could become, and I succeeded. First, I set up one of the premises because the other one was rented. But I kept insisting because renting both premises would benefit my business until I succeeded. (Participant 013)</p>	<p>Entrepreneurial Orientation</p>	<p>Venture Creation</p>
<p>A friend instilled the business in me. He helped me in the beginning. He gave me a hand to learn the same activity. But I did not keep it for myself. I replicated it. I did not stay alone with the business idea he gave me. I initiated other colleagues into the business. We created an association to consolidate the activity in the village and make it stronger. I was looking for an improvement for everyone. And that changed our lives. After doing all that, the lives of the sixteen association members, the 16 families, changed. They were no longer fishers who went fishing and brought nothing to support their children. Because that is how fishing is: you go to the sea, cast your nets, and hopefully, you can bring back something good to sell. Having a business changed their lives. They were able to do something good with their lives. Of course, they have more obligations as entrepreneurs because they must be permanently in the business to make it work. Because if they leave it abandoned, it never works. So, they improved as human beings and economically. They were also able to build their houses. Now, they depend on their business, but they spend more time with their family, too. They have excelled in life. (Participant 003)</p>	<p>Entrepreneurial Imitation</p>	

The idea for the business came from my extended family. It was part of a conversation we had at my grandparents' house ... It started when my cousin said she was leaving because she had to make pizzas, and I asked her if she was selling pizzas. She said, "Yes, I have a pizzeria", and I said really, how hard is it to make them? She said no, it was easy, "Look, come one day, and I will teach you", and so we went. I learned to make the dough together with my mum. My cousin gave us the instructions, and we put them into practice. And as my grandparents were bakers, it was not complicated for us. So, we bought the material, and they lent us their oven because, in the beginning, we did not have one. With the loan we got from the bank, we bought the oven and the rest of what we needed for the pizzeria. (Participant 010)

I started working in my brother's business, hoping he could teach me how to make cocktails. That is how I learned, practising in his business. Gradually, I learned how to make cocktails on my own until I decided to create my own business. I did it because I already knew the business enough to open mine; specifically, I knew how to make cocktails better. Since then, I have been working in the business for years... My brother was the first to learn about the cocktail business in another city. Then, he created his venture here and taught me his business. I learned with him. Then, we all went to a bartending course. (Participant 020)

I graduated with a technical specialisation in fishing in the next town's secondary school. One day, I met one of my high school friends who had a cocktail business. He asked me, "Why don't you start this business in your town?" At first, I did not listen much to him. I mean, I did not see it as something that I could do. Indeed, I had never made cocktails. I did not know what a cocktail was. So, then he told me to try a little. He made me try one cocktail, and it was delicious. I kept buying from him until he told me to open this business again and that he would help me. He motivated me to start this business in the town. He taught me the business. He showed me the ingredients. He explained that when I start getting clients, I will get experience. Until one day, I had already started my small business. In the beginning, since I did not have much capital, I only had about four or five bottles of liquor. However, since no one else sold that in the village, I ran out of products to sell quickly. I opened at 9 a.m. and 5 p.m. I no longer had anything to sell; everything ran out because I was the only one. (Participant 003)

I have another economic activity. I have another business, which is a restaurant bar. In the restaurant we sell food. We make all kinds of food... The restaurant is a new business; I created it from scratch. It is new. It is approximately a year old, maybe a year and two months old. I do not own the place; I rent it. The idea originated because I have good experience in the cocktail business. I have always been known for offering good customer service... My clients always told me to open a hotel or a restaurant, but I was not listening to them... But finally, I did it because of the pandemic. As you remember, all the businesses closed. All the bars shut down. I started working in fishing until I realised that restaurants were the only ones that could open. Then, I saw the opportunity to start a restaurant. My wife told me to start the restaurant because she could cook. I told her it was a good idea, and we started looking for a place to do it. Because the pandemic affected almost all of us, we had no financial means or capital. I applied for a loan from a bank that gave me a certain amount of money to set up the business. As I had never defaulted on my loans, they said yes. That is how we rented the premises. (Participant 003)

I have several businesses. I sew clothes, which is my main business. I make clothes and, at the same time, I have a shop where I sell the garments to tourists. My shop is next to the beach, in the promenade area. I also have another business making wedding decorations for social events... I am also the president of the tourism committee of the commune organisation. I try to cover everything. I also own a restaurant. I work only in the high season to provide services to tourists. (Participant 016)

I like my business, although my husband has always told me not to continue with a grocery business because there is too much competition. When I started, I sold vegetables, rice, and everything needed in a grocery shop. However, other people have now set up the same kind of business. There are grocery shops even bigger than mine in the village. They supply wholesale, so for small traders like me, our sales are lower, so I looked for another alternative. I decided to have an eatery because I said, well, if the shop does not work, I am not going to leave it, but I already have the eatery, so at least it is an extra income. (Participant 005)

My other economic activity comes from agriculture; I have a small farm here in another village sector, where I have planted a hectare of lemons. So that is where I earn an extra income. My mom also has another business, which is an eatery. She is also part of the association of women entrepreneurs because of the restaurant. But I do not manage that business; she manages it alone. My other business is a lemon farm business. This business is shared with my dad, meaning we both manage it. We both do the maintenance and water the trees when it is harvesting time. My brother-in-law also comes to help us when we harvest. Everything also depends on the price of the lemon sack because sometimes it is too cheap, and other times it is expensive. For example, it is currently profitable, about 25 or 30 dollars a sack of lemon. So, in each harvest, five sacks of lemon are collected. Then, it is already 150 dollars more of income, which is an extra. But sometimes, there are seasons when a sack of lemons costs 5 or 10 dollars. So, no, it is not always profitable. Sometimes, it is better to lose the crop. But right now, it is pretty profitable. (Participant 014)

We have various businesses, such as this restaurant, and we also have a boat to do diving, but my husband manages the boat. (Participant 001)

My mom has a restaurant but only opens it in the high season, or sometimes she does not. She also has a tent rental service. (Participant 010)

The main project I have is the grocery shop. I also want to set up a bar next to the shop. I even hope to sell mobile phones, wine, and whisky, among other products. And since my commercial premises are on a corner, it is an excellent location. Now, I have made new friends who are police officers. They have told me that I have a good location for the market. So, it will be good to have a variety of products. Who would not like to have a commercial place like mine? It is the people that motivate me to do it. Besides that, I also want to rent out rooms or units, which is the best job you can live in because you know you will rent them for a year. You know the

Business Portfolio	

<p>money is there. I learned something important at university: You cannot have only one income. The more income you have, the better. You can have three or four incomes, and that is great. (Participant 008)</p> <p>My goal is to have other stores. I am gradually going because I did not take out loans to start this business. However, I obtained a loan to buy the commercial coffee maker because it was an opportunity. Although I try to go slow, it is okay to take risks but not to go crazy. I cannot get another loan beyond what I have calculated in my budget because I also have children. So, there are many things where money is also spent. I need to go little by little before opening other businesses. I need to grow this one first. And this one is still too small for what I want. When I say small, I mean the infrastructure, the physical space. For example, I need more shelves and more comfort to have things right here. I need a bigger coffee maker. Certain things are still needed in this business. So, I cannot set up another business if this one is not well established. But I want my cafeteria to be recognised as a cool place and for the products to be delicious. Finally, one day, I would like to sell franchises of my business to other people. I have a gigantic vision. (Participant 013)</p>		
<p>I started with a domestic coffee machine when I set up my business. Domestic ones take a long time to make coffee because they are designed for home use. Then, it was the end of the high season, when you still had money and could decide to invest... But then comes the low season. And in the low season, you know you will spend at least two months without money. We are used to it. But despite that, I got a loan through a credit card from a bank. It is a loan that the credit card gives you to make monthly payments. So, I told myself I would not let this opportunity pass me by. And because I have always had positive results in my business experience, I decided not to pass it up because otherwise, the opportunity to get the loan would be wasted. I have done well in the past; why should it be any different now? Then, I got the loan because I needed a commercial coffee machine so the customer did not have to wait 10 minutes for a cup of coffee. That was too long. (Participant 013)</p> <p>I have a wife who is highly creative and supports me. She is very enthusiastic. She is not afraid of risks. We asked the bank for a big loan of about 30,000 dollars to do this business. And thank God we are doing well. I am not afraid of risks, and neither is my wife. (Participant 018)</p> <p>I borrowed a loan from a bank to buy the office in the neighbouring town because I was renting it then. After three years of renting it, the owner asked me to vacate it because he would sell it. We had a meeting with all my children. And because our company, a tourism firm, was doing very well. We took a loan of 50,000 dollars to buy the office. (Participant 017)</p> <p>I got a 20,000 dollars loan from a bank. I took it out to rent the premises for the business. I did it to renovate it, buy everything I needed for the restaurant, set it up and have everything ready for the operation. I bought televisions and everything for the kitchen. I changed all the flooring material as well. I invested a lot there. (Participant 003)</p> <p>My husband was a fisher. However, he was attracted by the inflatable banana that was piloted from a boat... Thus, my husband started that business as a boat operator and diver. We started the business with a boat that we still have, but it is small. That was our first venture. Then, we started another business with a bigger boat for whale watching. He wanted to do it because many tourists were coming to see the whales. He said: I have to offer that because the cold season is coming and there were not enough tourists for the other boat. So, we made a loan to buy a bigger boat, which worked well. A state bank gave us that amount of money, and we used all of it to buy the new boat. (Participant 006)</p> <p>I want to apply for a bank loan of 25,000 dollars for the business. I already have a good credit history from the USD 10,000 student loan, which I will repay soon. I know I will be able to do it. It is a considerable risk because anything can happen, like the pandemic. For all of us, it was a great learning experience. It is also because of the pandemic that I want to have my own business because, you know, during the pandemic, there were many redundancies. (Participant 008)</p> <p>It scares us; I have always been afraid of bank loans. That is why I have never taken out a loan. I have never even bought an appliance with a loan directly from the store. I have always liked to save, even if it is little by little. I prefer to always buy in cash because I fear being unable to repay the loan. I have never liked to owe anyone. (Participant 021)</p> <p>When I set up the business, I took a small loan from a bank. My mother was the guarantor, and that debt was paid off. Then, we managed to run the business with our resources. When better times come, we hope to invest more. We want to change and renew certain things because something is always missing or broken in the business. (Participant 015)</p> <p>I asked a friend to help me get a loan from a bank. I asked him to please be my guarantor. Luckily, because we were good friends and he knew I was a hard-working guy, he liked me and knew I would not make him look bad, so he helped me. (Participant 003)</p>	<p>Formal Access to Resources</p>	<p>Resource Provisions</p>
<p>One takes a risk when borrowing money for a business. Many people do it because they have little income. But the risk is even greater when borrowing loans from a usurer. These are short-term loans that need to be repaid within a month. But remember that the usurer charges 20% interest per month. On the other hand, when the bank gives you a loan, the interest rate is 18% or 19%, but it is per annum. It is more advantageous to work with banks then. (Participant 007)</p>	<p>Informal Access to Resources</p>	

<p>I have borrowed money from usury lenders from other towns, the usurers, as we call them. Why? Because we have obligations, but sometimes, let us put it this way: the business is stagnant. And because I also had other loans from some banks and I did not know how to pay them, I had to resort to them. So, I kept working hard and tried to pay them off... I had to resort to them even if I had to pay 20% a month. I did it to go ahead. (Participant 019)</p> <p>Before, I used to borrow money from the usurers. But they always tried to harm us. So, unlike before, I can now borrow money from the bank. When I borrowed money from the usurers, I gave gold jewellery as collateral. I went to another city to borrow money but lost a lot there. I lost some items of high value there because I had no way to repay the money. I could not pay it off because of the high-interest rates. Among the things I lost were some valuable things, like gold chains and my wedding ring. I can never forget that. But now I borrow from banks because there are more facilities than before. Now, I have not only one business but two. Thanks to that, I have the means to repay a loan... I have more solvency, so I can take out a bank loan. That is why I no longer borrow money from usurers to get capital. (Participant 005)</p>		
<p>When I created this business, I was extremely poor. Yes, so these are things that mark one's life forever. (Participant 018)</p> <p>I used to work in the business from 8 in the morning to 5 or 6 in the afternoon when we started. Then we moved to the city centre. I created a business and built a house there; it went well... I have been here for about 6 or 7 years with this business I have now. Here, I started from nothing. First, I bought the land, and then we built the house. The work has been hard; it has cost us a lot. One must realise that achieving a goal requires perseverance, love of work and sacrifice. The results are there at the end. (Participant 018)</p> <p>The changes are there for all to see. The first result is noticeable, and that is the education of my children. I had three children, two of whom were university graduates. About the infrastructure, I have built houses. During my business trajectory, I have had three houses, which are the product of my business. I still have them because they will be the inheritance for my children. (Participant 018)</p> <p>Since I was little, maybe when I was 8 or 9, I used to sell soft drinks on the beach... I am already a college graduate. I have never been short of money. (Participant 013)</p> <p>Now, it is easier for me because of my business. I do not say I earn a lot, but I feel more relaxed financially because everything flows. Every day, I have the means to cover all my expenses. (Participant 013)</p> <p>I have been a dressmaker since I was 13 years old... I used to sew with a small machine I purchased for \$100, with two scissors and a tape measure. That was all I had for sewing. I sewed people's clothes with their fabrics. But not anymore, now I have my shop. If a customer wants a dress or a costume, I sell the fabrics here. I look for the best choice of fabrics, set a delivery date and make it. I have fabrics of different qualities for sale. So, my life has changed a lot over the years. (Participant 016)</p> <p>The most significant change is that now I have money to buy my things. I have grown in the sense of being able to pay my bills thanks to my business. Living only on your husband's salary is different from having your income through a business. (Participant 005)</p> <p>On a personal level, I have learned a lot during my path in this business. I have learned many things. For example, I learned how to deal with customers. How to be kind and polite to customers to offer a good service. I have learned to make the most of my business relationships because sometimes you need help from them, such as wholesalers and sales agents. I have also learned from the bank agents who offered me loans. These are cornerstones to progress. (Participant 018)</p> <p>I have learned about business management. We have now learned that not all the money that comes in is profit for us. Because we know that it is important to separate what are profits from the investment and the payments that each of us receives. But because it is a family business, we have learned to pretend it is not ours. We now set aside the profit from the investment. With that difference, we get our payments. We learned that only a percentage is for ourselves. That is how we are working. (Participant 010)</p> <p>My generation is no longer like the previous generations, where we only ate one meal per day. (Participant 001)</p> <p>I am recognised for my restaurant. I created my restaurant ten years ago, and my clients continue to recommend it to new customers. Recognition is important because I am seen as a strong woman and fighter. I have been an example for other people. Last year, I also had cancer, but I recovered; people consider me a fighter... I am recognised as a successful woman. My fellows and I are recognised as successful women. (Participant 001)</p> <p>The clothes I have made have been sold even in Germany. I sold them because some German tourists came here saying that the laundry services there cost more than one of the clothes I make. My German customers like the clothes I sew. So, my client came almost every year... I made dozens of garments for him. My business has helped me because I have met many people through it. Also, through my organisation, I have represented the community. I have attended meetings of all kinds. I have won awards as a community leader... I have been awarded at the provincial level almost every year... I humbly say that I have supported a lot and have also known many places. Sometimes, I have forgotten my duties as a mother or wife, but I have fulfilled my duties in this community. (Participant 016)</p> <p>Having a small business is satisfying because I have met people from other places. They have recommended my business. On a personal level, I feel more encouraged, with more strength, to continue working because I see that my business has been positioned. So, that has created a positive change in me because I wake up with more energy to work and serve my clients. After all, that is what I like to do. (Participant 015)</p>	Changes	Evolutionary Trajectory

Through the business, I have learned a lot and educated myself. Because I learned about customer service, I learned that I must always focus on good service. That helped me to grow spiritually because I learned from the contact with other people who came here. (Participant 015)

If there were a person who would follow my example, I would not say that as a compliment because everyone has their way of going on with their life. But I tell others that many people have made much effort like me to get ahead. (Participant 018)

Regarding material things, I have obtained them through my business. In the past, I used to look jealously at other wealthy men when I visited another city. And I said to myself, why does this gentleman have money? Why does this gentleman have rents and houses? And I have seen that the way to achieve material things is through perseverance, sacrifice, and work. And I believe this has been the reason for the success of entrepreneurs like me. Work, work hard and get ahead. (Participant 018)

I am very motivated by tourism because the people who come here are delighted to see the beautiful sea. They like to see the monument of Christ under the water and watch the sea lions and the whales. That joy and excitement make me want to keep on with my operator. Why? Because they come back delighted. I feel nurtured when they tell me everything has been excellent and gorgeous. Then, their words motivate me. They make me think that I am doing things well. I imagine that my fellows from other tour operators also feel the same emotion as I do. (Participant 006)

