



# Entrepreneurs Alleviating Poverty Through Educating Their Children

## INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### *Poverty as Context*

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

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

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

### *Entrepreneurship and Poverty Alleviation*

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

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

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

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

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

### *A Slum Entrepreneurship Approach to Alleviating Poverty*

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

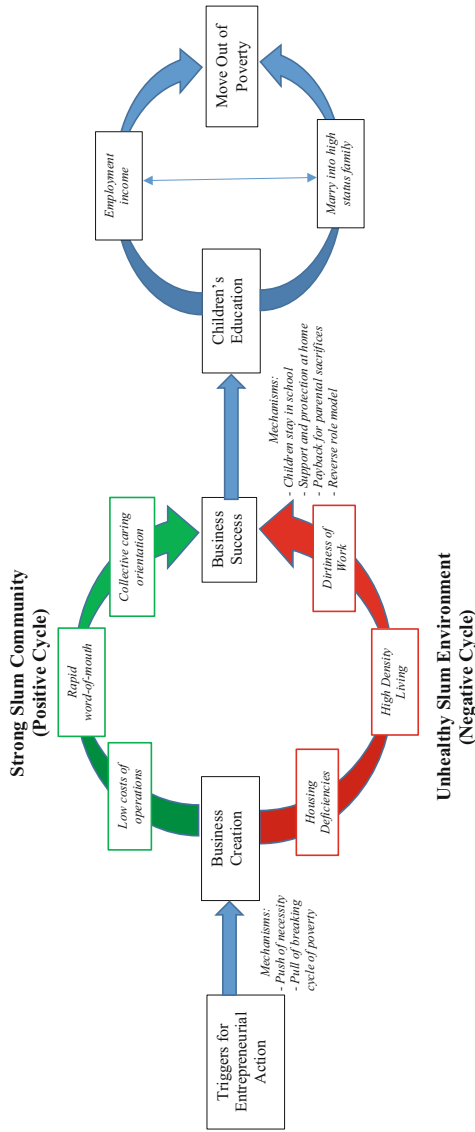


Fig. 2.1 A model of slum entrepreneurs' alleviation of poverty (this figure is from Shepherd et al. [2021])



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

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

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

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

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

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

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

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

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

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

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

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

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

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

### *Slum Conditions Creating Strong (Not Weak) Communities*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### *Slum Communities Facilitating Entrepreneurial Success*

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

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

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

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

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

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

### *Slums and Entrepreneurs' Health*

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

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

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

### *Slum Entrepreneurs and Their Children's Educational Attainment*

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

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



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

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

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

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

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

### *A Model of Slum Entrepreneurs’ Poverty Alleviation*

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

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

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

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

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

## IMPLICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

### *Conclusion*

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

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