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## **Profiling the Tropical Entrepreneur**

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#### **Abstract**

Amongst the different existing types of entrepreneurs (e.g., portfolio entrepreneurs, serial entrepreneurs and social entrepreneurs), an important one has been overlooked: the *tropical entrepreneur*. While most of the world's socioeconomically disadvantaged people live in the tropics, they are all dependent on endangered tropical natural resources. Rapid migration and urbanisation require tropical cities to expand rapidly, and in doing so, they become increasingly attractive to entrepreneurs. This phenomenon calls for an exploration of the profile of the entrepreneur based in the tropics, seen through a climatological and geographical lens. This chapter's point of departure is a review of relevant literature. Subsequently, based on quantitative and descriptive analyses of n = 81 surveys collected between October 2020 and March 2021, we empirically assessed what a tropical location means to entrepreneurs. On a granular level, the findings indicate how gender, age groups and education levels result in different perceptions of tropical locations' coastal proximity, presence of infectious diseases and agricultural productivity. Our findings also open avenues for future research and provide clear takeaways for practitioners and entrepreneurs in the tropics.

**Keywords:** Contextualisation; Entrepreneurship; Small-business owners; Tropical entrepreneur; Tropics.

### 1. Entrepreneurship in general

Entrepreneurship is probably one of the oldest human undertakings. From early huntergatherers to the ancient Greeks and Romans, people came together to trade products and goods. Based on scarcity, products and goods gained economic value. Fast-forward to the Industrial Revolution in the 18th and 19th centuries, a time of greater added value to products and services that could cater to large consumer markets, e.g., apparel, automobiles and home appliances. During this time (1755), Richard Cantillon, an Irish banker and businessman based in Paris, outlined the principles in his *Essai sur la nature du commerce en general*, viewed today as the earliest notion of (scientific) entrepreneurship written on paper (Cantillon, 1755/1999).

Today, *entrepreneurship* is understood as the discovery of value-added opportunities, often in the form of creative, innovation-driven products and services that destroy or disrupt established markets and even societies (Kirzner, 1974, 1997; Schumpeter, 1934). Contemporary examples of the most successful entrepreneurial ventures include Apple, Facebook and Microsoft. These companies' products and services radically changed how people communicate, live and work in the past few decades. Another example is Airbnb, which is viewed as the largest platform for non-hotel accommodations, as the organisation does not own or rent any real estate, unlike conventional hotel chains. An important aspect is that many entrepreneurial ventures are based in the West, i.e., developed, industrialised countries in the Northern Hemisphere, sometimes referred to socioeconomically as the Global North.

However, entrepreneurship is happening not only in the Western context, but also worldwide. Increasingly, scholars have been researching entrepreneurship in many emerging economies (Bruton et al., 2008; Bruton et al., 2013; Kiss et al., 2012), where it is on the rise and often viewed as either a necessity to make a living due to a lack of alternative opportunities, or as a means to escape from meaningless, unsatisfying and/or low-paying jobs at established organisations (Eijdenberg & Masurel, 2013; Eijdenberg et al., 2015; Kiggundu, 2002). From an academic perspective, the challenging institutional contexts are interesting settings to study because entrepreneurs are forced to think and act in creative ways to respond to the constraints they face (Eijdenberg et al., 2019). For example, a sub-optimal education system in Tanzania persuaded entrepreneurs to homeschool their children. In Zambia, badly governed waste management prompted entrepreneurs to take matters into their own hands and come up with their own garbage-collection systems (Eijdenberg & Thompson, 2020). Although various entrepreneurial forms, activities and types in emerging economies have been studied extensively, all these aspects of entrepreneurship have been overlooked in terms of the common denominator in most of these economies: their climatological and geographical context. This

observed gap leads to the following Research Question (RQ) to be answered in this chapter: What is the profile of a tropical entrepreneur?

To answer the *RQ*, we constructed a profile based on sociodemographics (i.e., age, gender and education), conducting business in the tropics (i.e., in terms of coastal proximity, prevalence of infectious diseases and low agricultural productivity) and a broad range of stipulations concerning the particular business's industry and location. The primary data were sourced from entrepreneurs in different tropical countries. This global region is delimited in latitude by the Tropic of Cancer in the Northern Hemisphere, at 23°26'11.5' N, and the Tropic of Capricorn in the Southern Hemisphere, at 23°26'11.5' S (Feeley & Stroud, 2018), a region comprising 40 percent of the world's population. The tropics are depicted in Figure 1.

< Insert Figure 1 about here >

## 2. Entrepreneurship in the tropics

The tropics are typically a warm region that experiences little seasonal change in day-to-day temperatures. Due to growing populations, rapid migration and urbanisation, it is expected that by 2025, the tropics will be home to most of the world's population and two-thirds of its children (State of the Tropics, 2020; United Nations, 2020). Most of these people live in emerging economies that all face significant challenges (Azzali & Thirumaran, 2021), such as climate change, deforestation, logging and desertification. These developments go hand in hand with increasing poverty and hunger (United Nations, 2020). Furthermore, environmental pollution exerts a negative effect on entrepreneurs' life satisfaction in the tropics, resulting in less-profitable ventures (Choongo et al., 2021). To combat these effects in tropical emerging economies, local entrepreneurs have responded differently, including resource-conserving entrepreneurial behaviour contextualised in a resource-scarce environment (Eijdenberg & Ostertag, 2021), e.g., using improvised and locally sourced, environmentally friendly alternatives for single-use plastics (Chawla et al., 2021), amongst others measures.

Amongst tropical economies, only Hong Kong and Singapore are viewed as high-income industrialised countries (ranked third and second in the world, respectively, in terms of ease of doing business; see Ease of Doing Business, 2021). Notwithstanding, some tropical countries have experienced heavy entrepreneurship activity. According to the recent Global Report from Global Entrepreneurship Monitor (GEM), more than 30 percent of all adults ages 18–64 in Angola, Colombia, Panama and Togo are active in total early-stage entrepreneurial

activities (TEA) (Global Entrepreneurship Monitor, 2021). Back in 2012, countries like Ghana, Malawi, Nigeria and Uganda all ranked high on the same measure, with values above 35 percent (Global Entrepreneurship Monitor, 2012). Furthermore, 10 years before that, around the time of GEM's inception, India and Thailand had the highest TEA scores of all countries measured at that time (Global Entrepreneurship Monitor, 2002). Simultaneously, several tropical countries are among the least performing in terms of ease of doing business (e.g., South Sudan, Venezuela) (Ease of Doing Business, 2021) or TEA in GEM reports for 2002 and 2012 (e.g., Taiwan in 2002, Malaysia in 2012) (Global Entrepreneurship Monitor, 2002, 2012).

Thinking along the lines of climatological and geographical context, apart from other factors, such as technological development and culture, Sachs et al. (2001) contended that three factors define economic success for tropical countries (see Sachs et al.'s [2001] paper for a complete and detailed overview):

- 1. Coastal proximity. According to Sachs et al. (2001), transportation of goods, services and people is less costly by sea than by land or air. Thus, economies near coastlines, particularly those with strategic water connections to the hinterlands (e.g., the Danube and Rhine Rivers in Europe), have a great advantage over landlocked and hinterland economies (e.g., Congo, Rwanda and Uganda).
- 2. *Prevalence of infectious diseases*. Unlike temperate climates, the tropics are characterised by many infectious diseases, such as Chagas disease, dengue fever, malaria and rabies (Sachs et al., 2001).
- 3. Agricultural productivity. Cultivating soils in the tropics, such as rain forests and other fragile soils in warm and humid areas, is less productive than in temperate climates. Of the world's major food grains (i.e., wheat, maize [corn] and rice), only wheat grows well in temperate climates. Maize and rice crops can grow in the tropics, but are usually more productive in temperate and subtropical climates. Apart from these factors identified by Sachs et al. (2001), it is commonly known that the tropics' hot and humid climate is viewed as more challenging to work in and be productive than in cooler, less humid and more temperate climates.

Regarding entrepreneurship, we know that the entrepreneur—viewed as the creator of organisations—has received much scholarly attention since Gartner's and colleagues seminal work in the late 1980s and 1990s (Gartner, 1988, 1990; Gartner et al., 1989; Gartner et al., 1994). Most of this work involves who an entrepreneur is and what defines these individuals, e.g., in terms of decision-making (cf. Busenitz & Barney, 1997; Kitching & Rouse, 2020; Sarasvathy, 2001), motivation (cf. Shane et al., 2003; Barba-Sánchez & Atienza-Sahuquillo,

2017; Naffziger et al., 1994) and orientation (cf. Covin & Wales, 2012; Lumpkin & Dess, 1996; Wales et al., 2020). These definitions all are derived from and based in a Western context, but entrepreneurs in emerging economies have received increasing attention for the same reasons (e.g., for decision-making, see Eijdenberg et al., 2017; for motivation, see Eijdenberg et al., 2015; for orientation, see Eijdenberg, 2016). However, of all these studies, emerging economies in the tropics were chosen for their underdeveloped and challenging socioeconomic conditions (e.g., poor education systems, low incomes, lack of employment), not for their climatological and geographical context. All things considered, we can conclude that a comprehensive profile can be drawn of the entrepreneur in the Western context and emerging economies in the tropics based on socioeconomic conditions, but a profile of *the tropical entrepreneur* based on climatological and geographical context is missing. In fact, a keyword search of 'tropical entrepreneur' through Google Scholar (as of 30 June 2021) elicited zero hits.

#### 3. Methods in brief

We used a quantitative research design, with data collected between October 2020 and March 2021. Qualtrics was used as the online survey platform. Following a purposive sampling approach, this chapter's authors used their professional networks (e.g., contacts from entrepreneurship and incubation centres and LinkedIn connections) to reach out to respondents. Through the critical first question of the survey, the respondents *identified themselves as entrepreneurs*. Based on this purposive sampling (Saunders et al., 2009), we reached N = 203 respondents. After clearing the data set, n = 81, only fully completed responses were considered for further analyses. Table 1 presents the measurement instrument and the source from the literature.

< Insert Table 1 about here >

## 4. Results

To construct the profile, we performed frequency, descriptive and correlation calculations. Table 2 presents the frequencies of Items 1–5, and Table 3 presents the same statistics for Items 6–9.

< Insert Table 2 about here >

#### < Insert Table 3 about here >

From Table 2, it can be concluded that most of our entrepreneurs are male (70.4 percent), age 45 or younger (65.4 percent), have university educations (79 percent) and did (past) do (present) not have parents as entrepreneurs (56.8 percent). Table 3 indicates that basing business operations in coastal proximity does not matter to these entrepreneurs, viz. the tendency is towards the unimportant (i.e., should be understood as 'does not matter') side of the scale, measured from the midpoint value of 4 (71.6 percent). However, basing business operations in an area with a relatively wide variety of infectious diseases seems to be important (i.e., should be understood as 'matters') to the entrepreneurs, as shown by a tendency towards the important side of the scale, measured from the midpoint value of 4 (64.2 percent). Moreover, entrepreneurs believe that basing business operations in an area of relatively low agricultural productivity does not matter or is unimportant to a different degree, i.e., 72.8 percent is at the midpoint value of 4 or below. Finally, the same applies to basing business operations in the tropics in general (74 percent). All things considered, it can be concluded that entrepreneurs based in the tropics do not view their location, as measured by Sachs et al.'s (2001) factors of economic success, as problematic. This is confirmed in Table 4, which presents the correlation coefficients, including mean (M), median (Mdn) and standard deviation (SD) for all items. The table indicates that Items 6, 7 and 8 in particular form a strongly correlated cluster.

## < Insert Table 4 about here >

We conducted additional cross-tabulations to examine how the responses are distributed among all items in terms of percentages. We measured how the percentages for Items 2–5 (i.e., sociodemographic statistics) are distributed in Items 6–9 (i.e., business operations in the tropics). From cross-tabulations, we concluded the following:

- I. Unlike female entrepreneurs, male entrepreneurs have stronger sentiment in terms of not viewing coastal proximity as important.
- II. Both male and female entrepreneurs indicated that basing business operations in an area with a relatively wide variety of infectious diseases is important to them.
- III. Male entrepreneurs typically view basing business operations in an area of relatively low agricultural productivity as being far less (i.e., 'extremely') unimportant compared with their female counterparts.

- IV. Respondents from the 46–60 age group generally seemed undecided on basing business operations in coastal proximity (i.e., they view it as neither unimportant, nor important) compared with all other age groups, but coastal proximity is clearly more important to the 31–45 age group.
- V. Entrepreneurs in the 31–45 age group typically find basing business operations in an area of relatively low agricultural productivity to be more important than do the other age groups.
- VI. Basing business operations in coastal proximity seems to be less important for university master's degree-educated entrepreneurs, compared with their bachelor's degree-educated counterparts.
- VII. Basing business operations in an area with a relatively wide variety of infectious diseases is viewed as most important for master's degree-educated entrepreneurs.
- VIII. Entrepreneurs who did not have or do not have parents as entrepreneurs found basing operations in coastal proximity or in an area of relatively low agricultural productivity to be relatively unimportant, while basing operations in an area with a relatively wide variety of infectious diseases is important to them.

#### 5. Recommendations for future research

This chapter's findings contribute to many calls for research on contextualisation of entrepreneurship in terms of different shapes, times and environments (Welter, 2011; Welter et al., 2019; Zahra et al., 2014). As noted earlier, entrepreneurship is not a static, but rather a dynamic phenomenon that evolves over time and spans different regions of the planet, one of which is the tropics, and how entrepreneurs perceive this is largely unknown. Going forward, our findings may serve as the first steps that cut a path through this unexplored realm.

These findings could be explored further through future research, which can be conducted in various ways. To explore more about the tropical entrepreneur and the underlying factors that define this type of individual, we set the agenda for future research as follows:

1. Researchers are encouraged to conduct more quantitative studies on the individual entrepreneur (i.e., micro-level), the enterprise (i.e., meso-level) and the environment (i.e., macro-level) in the tropical context. For instance, entrepreneurial motivation (see, e.g., Murnieks et al., 2020; Naffziger et al., 1994; Shane et al., 2003), decision-making under uncertainty and bricolage (e.g., Sarasvathy, 2001; Chandler et al., 2011; Fisher, 2012; Servantie & Rispal, 2018) are possible future avenues for research on individual

entrepreneurs in the tropics. Moreover, enterprise performance (Bouquet et al., 2009; Teece, 2007) and (access to) financing and other resources (Fang et al., 2013) in the tropics are other possibilities for future research. Finally, typical natural resources of the tropical environment such as food and staples (e.g., cane sugar, coffee, cocoa, many fruits and spices), rubbers, oils and woods (e.g., mahogany, teak), amongst many others, that may cater to local entrepreneurs, are factors to consider for future research. Alternatively, cross-country, cross-economic and cross-institutional context comparisons (for extant research on entrepreneurship and institutional frameworks, see Mair & Marti, 2009; Sydow et al., 2020) can be made to assess differences and similarities between multiple countries within the tropics (e.g., Nigeria vs. Kenya; Hong Kong vs. Taiwan).

2. From a methodological perspective, we recommend that researchers engage in inferential statistical analysis to elicit richer findings. For example, future qualitative research on the tropical entrepreneur could be based on grounded theory development (Corbin & Strauss, 1990; Corbin & Strauss, 2015) or case study research (Eisenhardt, 1989; Eisenhardt & Graebner, 2007) to unravel deeper and more meaningful understandings that could not have been captured otherwise with quantitative research. In tandem with solely qualitative research as a way of 'taking a step back' from the solely quantitative approach, mixed-methods studies (for different types in entrepreneurship research methods, see Molina-Azorín et al., 2012) would triangulate the findings, thereby providing greater, more comprehensive and holistic perspectives on the tropical entrepreneur himself or herself and in context.

## 6. Concluding remarks

Following the RQ, the chapter aimed to profile the tropical entrepreneur. Based on our analyses of primary data, we can declare a few main takeaways. We relied on Sachs et al.'s (2001) determinants of economic success in tropical countries, i.e., perceived coastal proximity, prevalence of infectious diseases and agricultural productivity. For profiling purposes (refer to the statistics in Tables 2–4), we can conclude with great certainty that the perception or the entrepreneur's awareness of his or her tropical context is generally low, i.e., basing a start-up in a tropical location does not seem to matter to the entrepreneur. However, on a granular level, we refer to Points I–VIII in the Methods and Results section. These points demonstrate how the tropical entrepreneurs – in terms of gender, age and education – perceive their context differently.

Explanations for these differences could be found in many socioeconomic, cultural and contextual circumstances. For example, the reason why those in the 46–60 age group are rather undecided on basing business operations in coastal proximity are rather undecided, while the 31–45 age group finds this important, possibly because the latter age group is keener on leisure activities and lifestyles conducive to living near bodies of water, compared with the former age group. Furthermore, master's degree-educated entrepreneurs perceive business operations in an area with a relatively wide variety of infectious diseases as being a more important issue than their differently educated counterparts, possibly because of their education, upbringing or conditions (e.g., the feeling of having much to lose on a personal or professional level).

Finally, in terms of practical implications, this chapter's findings may serve as a (preliminary) strategic outline for practitioners (e.g., educators, trainers) and entrepreneurs in the tropics. For example, when the relevance of the tropical context for entrepreneurship concerns being educated and trained, instructors should focus not only on master's degree students, but even more so on other educational levels (refer to Point VII in the Methods and Results section). Moreover, context-conscious entrepreneurs could help others become more aware of their climatological and geographical context by taking inclusive action, e.g., involving other gender, age and education groups that either perceive their context as unimportant or are indifferent. In so doing, opportunities may increase in the local context.

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**Table 1. Measurement instrument.** 

Item #	Item	Scale
1	My business is based in the tropical urban area	1 = No; 2 = Yes, in the city
2	What is your gender?	1 = Male; 2 = Female
3	What is your age?	1 = 30 years or younger; 2 = 31–45 years; 3 = 46–60 years; 4 = 61–75 years; 5 = 76 years or older
4	What is your highest educational degree?	1 = No degree; 2 = Primary school; 3 = Lower secondary school; 4 = Higher secondary school; 5 = Diploma, polytechnic, vocational or applied sciences; 6 = University bachelor's degree; 7 = University master's degree; 8 = PhD
5	Were, or are, your parents entrepreneurs?	1 = No; 2 = Yes, my father; 3 = Yes, my mother; 4 = Yes, both
6	Business operations in coastal proximity is to me	
7	Business operations in an area of relatively many kinds of infectious diseases is to me	1 = Extremely unimportant; 2 = Unimportant; 3 = Rather unimportant; 4 = Neither unimportant, nor
8	Business operations in an area of relatively low agricultural productivity is to me	important; 5 = Rather important; 6 = Important; 7 = Extremely important
9	Business operations in the tropics is to me generally speaking	

Note: Items 6 – 9 are based on Sachs et al. (2001)'s three economic success factors of tropical countries. The scale including 'extremely unimportant' to 'extremely important' should be understood as the extent to whether it matters or is a concern to the respondent. Thus, the scale reflects a degree of relevance to the individual.

Table 2. Frequencies (percentages) of items 1-5.

Scale Scale	1	2	3	4	5
No	7.4				
Yes	92.6				
Male		70.4			
Female		29.6			
30 years or younger			21		
31–45 years			44.4		
46–60 years			32.1		
61–75 years			2.5		
76 years or older			0		
No degree				1.2	
Primary school				0	
Lower secondary school				0	
Higher secondary school				1.2	
Diploma, polytechnic,					
vocational or applied				11.2	
sciences					
University bachelor's				35.8	
degree					
University master's degree				43.2	
PhD				7.4	
No					56.8
Yes, my father					21.0
Yes, my mother					11.1
Yes, both					11.1
Total	100	100	100	100	100

Table 3. Frequencies (percentages) of items 6-9.

Scale	6	7	8	9
Extremely unimportant	11.1	11.1	19.8	14.8
Unimportant	24.7	16.1	18.5	13.6
Rather unimportant	8.6	8.6	8.6	7.4
Neither unimportant, nor important	27.2	19.8	25.9	38.2
Rather important	6.2	8.6	6.2	6.2
Important	11.1	24.7	12.4	13.6
Extremely important	11.1	11.1	8.6	6.2
Total	100	100	100	100

Table 4. M, Mdn, SD and Pearson's correlation coefficients.

Item #	M	Mdn	SD	1	2	3	4	5	6	7	8	9
1	1.93	2.00	.26	1								
2	1.30	1.00	.46	13	1							
3	2.16	2.00	.78	.24*	34**	1						
4	6.38	7.00	1.03	03	.10	14	1					
5	1.77	1.00	1.04	.16	.07	15	.13	1				
6	3.70	4.00	1.88	07	.09	14	05	.06	1			
7	4.17	4.00	1.95	.07	.07	002	.02	.06	.40**	1		
8	3.52	4.00	1.94	10	02	.07	16	.24*	.55**	.20	1	
9	3.73	4.00	1.75	02	05	.01	.02	.17	.58**	.33**	.56**	1

Note: \* Correlation is significant at .05 level (2-tailed); \*\* Correlation is significant at .01 level (2-tailed).

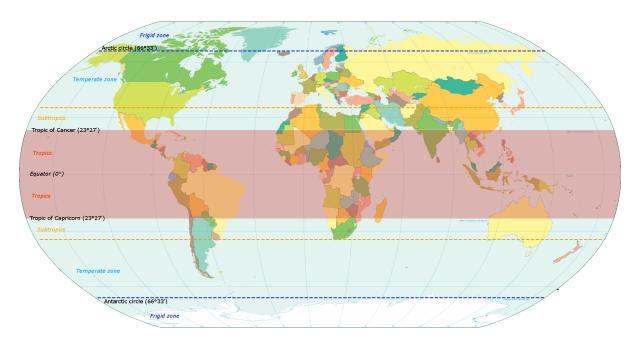


Figure 1. The world map. The tropics is highlighted in crimson.

Note: This is a Creative Common License map (CC BY-SA 3.0), author "KVDP". Source: <a href="https://en.wikipedia.org/wiki/Tropics#/media/File:World\_map\_indicating\_tropics\_and\_subtropics.png">https://en.wikipedia.org/wiki/Tropics#/media/File:World\_map\_indicating\_tropics\_and\_subtropics.png</a>