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THE IMPACT OF FAMILY HOUSEHOLD HEALTH ON ENTREPRENEURIAL ACTIVITY IN AN IMPOVERISHED CONTEXT (SUMMARY)

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≈ SUMMARY ≈

**THE IMPACT OF FAMILY HOUSEHOLD HEALTH ON
ENTREPRENEURIAL ACTIVITY IN AN IMPOVERISHED CONTEXT**

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Principal Topic

Changes in family health represent pervasive and disruptive life events (Cooper & Marshall, 1976), but are generally taken for granted in entrepreneurship research. Households and their firms in developing contexts are particularly susceptible to health risks (Rai & Ravi, 2011) due to poor sanitary conditions and weak health-related institutions (Banerjee & Duflo, 2009). The business risks of health changes are exacerbated due to deeply embedded relationships and fluid boundaries between family and business in developing environments (cf. Aldrich & Cliff, 2003; Gras & Nason, 2014).

We draw on transition theory (Bridges, 2004; Van Gannep, 1960) to develop and test a theory of the role of family household health in impoverished entrepreneurial activity. Specifically, we suggest that households create, close, and grow firms to cope with the family household health events of birth, death and major illness/injury.

Method

We employ a mixed method-approach in this study. We use a longitudinal sample of 6,800 randomly surveyed family households and their firms within roughly 100 slums in Hyderabad, India to empirically test the relationships. Our DVs are: 1) new business creation 2) business closure, and 3) performance changes in existing business. Our IVs are whether or not a family household member: 1) was born, 2) died, or 3) suffered a major injury/illness. We complement this dataset with 35 interviews of micro-enterprise entrepreneurs in the same areas of Hyderabad collected in February of 2015. This qualitative data is used to inform and explicate the underlying theoretical mechanisms driving the empirical relationships we test.

Results and Implications

We make two primary contributions with this research. First, by addressing household health, we add to recent literature examining unique challenges faced by entrepreneurs in developing economies such as crime (Sutter et al., 2013) and political conflict (Anderson et al., 2010; Tobias et al., 2013). Second, we extend transition theory by developing it in the context of impoverished family economic activity and move from identifying individual strategies to collective coping mechanisms of a family household. This approach opens up new avenues of theorizing regarding the transitional phases of the entrepreneurship process more broadly.

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