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ENTREPRENEURSHIP AFTER A NATURAL DISASTER: 27F IN CHILE (SUMMARY)

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≈ SUMMARY ≈

**ENTREPRENEURSHIP AFTER A
NATURAL DISASTER: 27F IN CHILE**

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Principal Topic

This study explores the effects of a natural disaster in the context of attitudes, activities and aspirations towards entrepreneurship. Our study relies on data gathered before and after the earthquake that took place in Chile on February 27th, 2010. Evidence shows that the impact of a natural disaster on entrepreneurs' expectations and perceptions could be as relevant as the direct consequences of material destruction. The earthquake triggered changes in social capital, because such an event shapes new relationships, increasing the number of ties among entrepreneurs. These new relationships not only generate variation in entrepreneurial activity, but also on entrepreneurial attitudes and aspirations.

Methodology

Using longitudinal data (2009 to 2011) from the Global Entrepreneurship Monitor (GEM) database we contrasted entrepreneurial dynamics between affected and not affected regions of Chile. Our data permits an analysis at an individual and regional level. Moreover, we take advantage of specific questions related to this natural disaster that were added to the GEM survey in 2010, providing unique information to better understand the effects of a natural disaster on entrepreneurship.

Results and Implications

The main findings indicate that an increase in social capital is related to early-stage entrepreneurs. At a regional level we also observed changes on attitudes, aspirations, and activities that seem to follow a new trend. We believe these shifts can be explained by the effect of the earthquake and the social capital expansion in this region. A better understanding of how natural disasters and social capital affect entrepreneurial activity has relevant implications. Acknowledging the relevance of interdependence ties in the midst of a crisis helps policy makers to provide better interventions for planned adaptation in face of a natural disaster. Social capital can build a more cohesive, integrated and prepared community; this is also relevant for entrepreneurs, who may benefit from social capital by using their networks to gain access to additional sources of capital. Finally, this study contributes to the entrepreneurship literature by shedding light on the relevance of social capital for entrepreneurs facing natural disasters.

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