

Chapter 15

A New Momentum for Entrepreneurship: Latin America's 4th Wave

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Abstract

The chapter analyzed the conditions and challenges of entrepreneurship in Latin America. Looking at different stages of the Latin American context (ancient civilizations, postindependence/revolutions movements, neoliberalism), we argue that entrepreneurship in the region is under a fourth wave (the present globalization/geopolitical processes), flowing all across the region and manifests itself in different forms. Furthermore, it can be identified as a breaking point from the almost linear importation of Western positions, and proposing must be analyzed under a new perspective, where the future should be built around the different facets, positives and negatives, each of the waves had plunged into our societies. It is highlighted that new positions can be originated, and regional theories and methods can give a fresh, deep transformation and more precise understanding of Latin America in the present era, enriching the public policies in its diverse territories. The chapter invites to make a critical reflection to unleash entrepreneurship in the region, a millennial potential.

Keywords: Entrepreneurship; Latin America; regional development; economic processes; Latin American School of Thought; geopolitics

A new wave has started.

Few moments have evidenced the value of what we are, know, and have. The history of humanity has rarely faced the irrationality of today's sophisticated economic structure, which depends on our lifestyle on the planet. All technoeconomic knowledge has gone into crisis and obsolescence due to the geometric spread of this pandemic, government measures that try to stop it, and the pressure

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from communities that cry out for their fundamental rights. Innovative trans-disciplinary formulas are urgently required; however, the question without delay is: in a world that insistently looks toward another path, an unsustainable one, where are the gurus of the economy and management? The hope is that the script has changed, now that there are no magic solutions or enlightened experts, now that the pandemic is affecting the whole world without distinction and flattening society, entrepreneurship continues (and will do) to exist as an object of study and experimental praxis.

Latin American entrepreneurship is the product of its history. Its longitudinal analysis shows traces of three disruptive moments, which we classified as waves of Latin American entrepreneurship. The first wave dates to ancient Latin American civilizations from the *Aztecs* and *Mayans* in Mexico and the latter also in Central America, the *Incas* in territories that now are of Peru, Bolivia, Ecuador, Chile, Argentina, and Colombia, as well as other civilizations located throughout the region. In this wave, frontier knowledge was generated in astronomy, mathematics, health sciences, and engineering; moreover, innovative business models related to commercial exchanges, the use of currencies, and their urban development models were implemented.

The second wave dates to the colonial era, which has been considered as the numbness or “coma” of Latin American entrepreneurship, where some claim, from the indigenous standpoint, was even dead (Flores & Montiel, Chapter 2). In this time, there was extractivism (natural resources), cultural and religious domination, and a few family businesses put a strain on entrepreneurship in Latin America.

The third wave began with the independence movements, which occurred with specific timing and characteristics in each Latin American country. At this time, there is evidence of the “resurgence” of entrepreneurship in the region. Migration phenomena, new social classes, native people fighting for the guarantee of their rights, particular governmental positions – progressive or neoliberal, development policies – systemic or disjointed, cyclical crises, reconverted productive matrices, and increasing technological dependence has had an impact on the entrepreneurship model and the Latin American entrepreneurial intention.

At times, entrepreneurship in Mexico (Almaraz & Montiel, 2020) and Brazil seemed to have had functional conditions, due to those they are considered emerging economies, Bolivia seemed to have taken an entrepreneurial course based on social justice, Ecuador seemed to have boosted its economy with border knowledge, Colombia seemed to have been successful in its fight against crime with entrepreneurship as its social weapon, and Uruguay seemed to be the “model” – and was considered by investors as the “Latin American Switzerland”. However, they have only been sparkles with poor and inconsistent results.

Latin America has not been able to stop social inequality, poverty, and corruption, which have increased to levels never seen before. Political business, corruption scandals, influence peddling, impunity, neglect of sustainable development, the breakdown of the food chain, the “entrepreneurial ataraxia,” the new global geopolitical configurations among others, have influenced the Latin American entrepreneurship model. Furthermore, the privatization of state-owned enterprises and the new Latin American millionaires – and billionaires – have

influenced the economic model of the region, have entrenched the gaps, and have kept the entrepreneurial intention in the shadows, with business education based on approaches rooted in linear individualism.¹⁻²

Fortunately, Latin American entrepreneurship has started a new wave – the fourth. At the dawn of the twenty-first century, the revaluation of entrepreneurship as a development mechanism has arrived, and its theory and empirical evidence have begun to be built. The literature review showed a new generation of Latin American thinkers, who theorize entrepreneurship from different positions and interests, and show that a strategic factor in the construction of theory is to re-know the Latin American roots and the cultural heritage that have marked entrepreneurship – its behavior and intention (see [Montiel, 2021b](#)). This look proposes to re-know where we come from and the highly heterogeneous context of the Latin American entrepreneur to theorize and go from building a psychological profile of the entrepreneur with Western theory to the generation and application of knowledge.³⁻⁴

This fourth wave calls for a “new entrepreneurial profile” with digital, social, environmental, and economic competencies that are useful in local, national, regional, and global markets. The training processes of Latin American entrepreneurs have had internationalization as a common factor, which gives an idea of the Western influence on the practice of entrepreneurship. However, a strong component of solidarity and social responsibility is required in the training of the Latin American entrepreneur. In this tessitura, the role of Latin American universities is fundamental, and the contributions of their researchers are triggers to propose new visions of entrepreneurship and clarify emerging research routes. Today, a new breed of Latin American thinkers is emerging in the academic global arena of Entrepreneurship, conducting world-class research on our region.

Further, the discussion is extended to respond to other social demands: the necessary disruption of the Latin American educational system; the adoption of social entrepreneurship as a potential move to mitigate old – and new – problems and fill the gap in institutional capacities in the region; the mix of development policies to guarantee the sustainability; the negotiation and entrepreneurship process in heterogeneous contexts, among others. This opens a whole new opportunity to future professionals, but how to improve the Latin American educational system, under a critical discourse for the future, to build more entrepreneurial individuals? And talking about education, what can we do in Latin America, so Social Entrepreneurship can become a powerhouse movement, build a regional ecosystem, get real and effective public policies to support it, and take advantage of the region offers? How to link Social Entrepreneurship and Sustainable Entrepreneurship in Latin America, taking care of our resources by the natives and a new era of the entrepreneurial tourism industry?

Entrepreneurship in Latin America is alive and, if we do not forget our past, it will prosper more strongly than ever. This work is committed to this. In the entrepreneurship section of this Handbook, an attempt was made to cover most of the relevant issues in the current Latin American context.

There are multiple variants of entrepreneurship in LATAM. Territories between countries and within a single country are historically heterogeneous.

Entrepreneurs respond to their environments and experiment with the creation of ideas by outlining tests and prototypes that later reach different markets. But not all ventures have a similar origin. This happens because of the differences that exist, both in entrepreneurs and in productive contexts (Almaraz & Montiel, 2020, e.g., challenges of entrepreneurship at different stages of business history in Latin America).

Likewise, the issue of reliable data sources has been detected as a problem. Available data on economic units do not allow us to understand the complexity of business behavior. This lack of data with deficient statistics, and a weak institutional framework focused on entrepreneurship, is a hurdle for the Latin American researcher to analyze its internal and external dimensions. Also, startup studies tend to refer only to technology companies, but they are not the only ones with initial experiences. The fragmentation of the data then generates scope problems, since the resulting policies are also fragments of a given reality. This is an economic, social, and business drama.

Financial resources for entrepreneurship in Latin America are scarce and do not always improve the productivity problem, nor do they push companies to integrate into stronger value chains. Many financing mechanisms can also be informal. Families have not been studied as support groups for entrepreneurship either, or they have yet to become one of the ways for first-time entrepreneurs to have credit without going through financial banking institutions. It should be noted that this situation is invisible from official statistics. Family businesses under a historical approach can give invaluable knowledge and insight about their process, many of them (and in entrepreneurship broadly, Montiel, Clark, & Calderon, 2020), under what is to be known as the dark side of the family business (Montiel & Soto, 2021), both Latin American contributions to the global entrepreneurship and family business literature. Methodologically, business historians have begun to rediscuss the use of biographies and the relevance of entrepreneurship archives (Almaraz, 2020). World-class Latin America works in this vein from Mario Cerruti or Carlos Davila, which deserves to be more known outside our region.

In this section, each chapter was designed from its conception by the editors and developed by each author to reflect the evolution of each topic over time and bring new discussions about them and propose a research agenda. The main debts of the handbook are the following: female and gender entrepreneurship, which plays a leading role in Latin America – the critical vision of gender entrepreneurs; the analysis of Multi-Latinas, conglomerates that play globally and impact locally; the rural business context (an eternal recurrence?) and social mobility; entrepreneurship culture and venture capital; the role of the public sector and the mix of policies required to trigger entrepreneurship in highly heterogeneous and unequal contexts, besides the real possibilities of entrepreneurship in complex times and of extreme conflict such as those of the pandemic.

Entrepreneurship in Latin America is alive and, if we don't forget our past, we will thrive stronger than ever. We are sure and bet on that.

Notes

1. Montiel and Pelly (2021) called “entrepreneurial *ataraxia*” to the state of tranquillity, calm, where nothing happens, nobody advances, everything is the same in time; however, ironically, people perceive things are better.
2. The emergence of Asia as the protagonist of the world economy balances North American domination in Latin America (Álvarez, 2020). Nor to speak on the re-emergence of Russia as a military superpower.
3. Montiel (2021a) assures that the understanding of the Latin American past and the traumas generated by the Spanish conquest – which continue as part of daily life in societies – is fundamental to build one’s own theory. By approaching them (ancient civilizations) under an entrepreneurial perspective, not only a novel view in the Latin American region with so much potential, but should bring valuable insights for this task.
4. Álvarez and Arroyo (2021) raises the need to rethink entrepreneurship from complexity in heterogeneous environments and explore its potential as an agency capacity.

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