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The entrepreneurial cognitive adjustment mechanism: transitional entrepreneurship as a solution to mitigate illegal migration

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Abstract

Purpose – In this paper, the authors suggest that Central Americans can use entrepreneurship to solve economic uncertainty in their home country and that entrepreneurship can contribute to reducing the number of undocumented migrants to the USA.

Design/methodology/approach – The authors first illustrate the context of Central American illegal migration to the USA from a transitional entrepreneurship perspective, the authors address the economic drivers of illegal migration from Central America, which results in marginalization in the USA. Second, the authors build a theoretical model that suggests that Central Americans can improve their entrepreneurial abilities through the entrepreneurial cognitive adjustment mechanism.

Findings – Central Americans at risk of illegally migrating to the USA have high entrepreneurial aptitudes. Entrepreneurship can help them avoid the economic uncertainty that drives Central Americans to illegally migrate to the USA and become part of a marginalized community of undocumented immigrants. This conceptual paper introduces an entrepreneurial cognitive adjustment mechanism as a tool for Central Americans to reshape their personalities and increase their entrepreneurial abilities in their home countries. In particular, entrepreneurial intentions reshape the personality characteristics of individuals (in terms of high agreeableness and openness to experiences, as well as low neuroticism) through the entrepreneurial cognitive adjustment mechanism, which consists of reflective action in sensemaking, cognitive frameworks in pattern recognition and coping in positive affect.

Originality/value – This paper studies Central Americans at risk of illegal migration using the lens of transitional entrepreneurship, which advances the understanding of the antecedents to marginalized immigrant communities in the USA and suggests a possible solution for this phenomenon. Besides, the authors build a cognitive mechanism to facilitate the transitional process starting from entrepreneurial intention to reshaping individuals' personality, which further opens individuals' minds to entrepreneurial opportunities. Since entrepreneurial intention applies the same way to all entrepreneurs, the authors' aim of constructing the entrepreneurial intention unfolding process will go beyond transitional entrepreneurship and contribute to intention-action knowledge generation (Donaldson *et al.*, 2021). Moreover, the conceptual study contributes to public policy such that international and local agencies can better utilize resources and implement long-term solutions to the drivers of illegal migration from Central America to the USA.

Keywords Transitional entrepreneurship, Illegal migration, Undocumented migrants, Central America

Paper type Research paper



1. Introduction

Entrepreneurship can raise the prospect of the poor and marginalized populations in developing (Morris and Tucker, 2023) and developed countries (Bruton *et al.*, 2021). Transitional entrepreneurship focuses on individuals who are “socially, institutionally, culturally, or resourcefully marginalized by virtue of community membership” (Pidduck and Clark, 2021) but who use entrepreneurship as a vehicle to overcome and improve dire or desperate conditions (Bruton *et al.*, 2021; Nair and Chen, 2021). The cross-pollinating nature of transitional entrepreneurship allows scholars to build studies that integrate similarities across a large and growing body of valuable research on different marginalized groups (Pidduck and Clark, 2021).

At the junction of the immigrant entrepreneurship, migration and development, and entrepreneurship and poverty research domains, we do not know much about how poverty and illegal migration (that results in marginalization) relate to entrepreneurship. Considering that entrepreneurship can alleviate the economic pressure of illegal migration, this study explores how cognitive adjustment mechanisms may affect openness to entrepreneurship experience. We consider this to be important in the context of the current Central American migration crisis at the US southern border. The Migration Policy Institute estimates that approximately 1.9 million Central Americans are undocumented immigrants in the USA (17% of total undocumented immigrants). Most undocumented Central American immigrants live in hardship because they have limited English proficiency, 41% lack healthcare coverage, and almost 19% live in poverty. Despite the possibility of marginalization, Central Americans illegally migrate, seeking better opportunities, refuge and stability in the USA (Babich and Batalova, August 2021).

The Central American migration crisis illuminates the importance of our contribution. We suggest that transitional entrepreneurship is a suitable theoretical lens due to its cross-disciplinary nature. This conceptual paper focusses on the antecedents of marginalization and contributes to the domain of transitional entrepreneurship by exploring how entrepreneurship can transform the lives of Central Americans and prevent illegal migration. We argue that the development of a series of cognitive capabilities can increase opportunity identification and exploitation, thus helping prevent individuals at risk of illegally migrating to the USA from becoming part of a marginalized community of undocumented immigrants. In the process, we extend the boundaries of transitional entrepreneurship, as suggested by Bruton *et al.* (2021).

We highlight the economic drivers of illegal migration from Central America to the USA, but we also theorize how those at risk of illegal migration can be successful entrepreneurs in their home countries. When Central Americans experience economic uncertainty in their home country, and there is a higher likelihood of migration, we believe (i.e. propose) that entrepreneurship reduces the pressure to migrate illegally to the USA. Specifically, we introduce the entrepreneurial cognitive adjustment mechanism by which individuals with entrepreneurial intentions adapt personality dimensions (Tasselli *et al.*, 2018) for the discovery and exploitation of entrepreneurial opportunities in volatile environments.

In this study, we first introduce the Central American illegal migration phenomenon and suggest that transitional entrepreneurship can provide a life transition to marginalized communities while alleviating the need for illegal migration. Next, we propose a cognitive adjustment mechanism to illustrate how to implement transitional entrepreneurship. We conclude with theoretical and practical implications for future research and policy makers.

2. Context

2.1 Central American illegal migration to the USA

Central America was once the battleground for the Cold War, and now is the source of thousands of migrants who attempt to cross illegally into the USA. In the first six months of 2022, the number of migrants attempting to cross the southern US border reached record highs (Orozco, June 21, 2022), eventually growing from 109,100 border patrol encounters in

2020 to 705,500 in 2022 (Ward and Batalova, May 10, 2023), and many migrants perished in their journey through Mexico or crossing the Rio Grande at the Mexico–USA border. Many Central Americans leave their countries hoping to find refuge, better living standards and economic prosperity in the USA (Babich and Batalova, August 2021). However, most migrants who survive the journey to the USA become part of a marginalized community of undocumented immigrants.

The immigrant population from Central America in the USA was estimated to be 3.78 million in 2019, which has grown tenfold since 1980, and 24% since 2010 to account for 8% of the US-born population. The Migration Policy Institute estimates that approximately 1.9 million Central Americans are undocumented immigrants in the USA, which is 17% of the total number of undocumented immigrants in the United States. Most Central American undocumented immigrants have limited English proficiency, 41% lack healthcare coverage, and, not surprisingly, in 2019 almost 19% of Central American undocumented immigrants lived in poverty (Babich and Batalova, August 2021). But despite the limited access to healthcare and poverty statistics, Central American migrants seek better opportunities, refuge and stability in the USA because of low economic development, lack of jobs, violence, or corrupt governments in their home countries (Babich and Batalova, August 2021). A long history of displacement and economic instability in their home countries has led to a surge of Central American undocumented migrants to the USA. since the 1980s, despite the marginalized situation they will encounter at their destination.

A recent report by the Migration Policy Institute (Soto *et al.*, 2021) suggests that about 92% of individuals surveyed from El Salvador, Guatemala, and Honduras wished to migrate for economic reasons. This includes unemployment, lack of income for food and basic needs, and the desire to have a job to send remittances to their families in their home country. The report draws from an in-person survey of 5,000 households who have sent migrants to the USA. and an online survey of 6,000 more individuals across the three countries in the spring of 2021. The report further highlights that individuals at risk of migrating cite climate/environmental factors, violence, and family reunification as less-common drivers of migration than economic factors. We consider that the findings from Soto *et al.* (2021) extrapolate to represent all Central American undocumented migrants, which also includes Nicaragua alongside El Salvador, Guatemala, and Honduras. The socio-political unrest in Nicaragua since 2018 has severely impacted its economic stability (Puig and Serra, 2020; Klein *et al.*, 2022), resulting in a surge of undocumented migrants (*In record numbers, an unexpected migrant group is fleeing to the U.S., December 27, 2022*). That is why these countries represent the four largest migrant sending nations to the USA-Mexico border (Ward and Batalova, May 10, 2023).

Soto and colleagues suggest that poverty is a significant driver of Central American illegal migration, but poverty can be reduced through entrepreneurship. For instance, microlending programs to small-scale entrepreneurs have impacted the poverty reduction in most Central American countries (Hiatt and Woodworth, 2006), possibly because funds are invested in business potential and community development (Helms, 2003). However, the microlending industry in Central America lags significantly behind other regions in the adoption of regulations for the issuance of loans and the management of microfinance institutions (Khavul *et al.*, 2013). This limits the impact microlending could have on poverty reduction and the industry's stability in Central America. Nevertheless, developing business skills and implementing best practices, alongside access to financing, can increase the entrepreneurial activity in Central America and reduce poverty (Klinger and Schündeln, 2011; Pisani and Patrick, 2002). Rawhouser *et al.* (2020) lend support to this notion by finding that greater access to resources does not necessarily lead to entrepreneurial growth in Central America. Rather, Central American entrepreneurs require more than access to funding to grow their businesses and reduce poverty in the region.

Soto *et al.* (2021) report that 77% of migrants from Central America use irregular migration channels: a total of 22% migrants rely on caravans of undocumented migrants or do it on their own, and 55% pay smugglers. Migrating irregularly with a caravan or on their own had an average cost of USD 2,900, while paying a smuggler had an average cost of USD 7,500. These travel costs include transportation, food and intermediaries. Even though the cost of migrating with a caravan or on their own is half the cost of paying a smuggler, Soto *et al.* (2021) suggest that it presents higher safety concerns. Migrants who pay smugglers mostly rely on support from local family/friends in the USA and loans from financial institutions. Meanwhile, migrants who venture on their own or within caravans mostly rely on their savings and family/friends in their home country to pay for their travel costs.

Soto *et al.* (2021) also report that 24% of households surveyed in Guatemala, Honduras and El Salvador had one relative who migrated, and 74% of them were between the ages of 18 and 44. Although 50% of all undocumented migrants resided in the USA (i.e. reached their destination and successfully stayed), 24% of all undocumented migrants were involuntarily returned to their home country (i.e. deported), and 1% died or disappeared while attempting to migrate. Important Central American news outlets like *La Prensa* from Nicaragua (e.g. *Periodista estadounidense grabó el momento en que se ahogaba el locutor leonés*, 2022), *La Prensa Grafica* from El Salvador (e.g. *Lovo*, 2022), *La Tribuna* from Honduras (e.g. *Hondureño muere arrollado por “La Bestia” en México*, 2022), and *Prensa Libre* from Guatemala (e.g. *Román*, 2021) frequently report on migrants dying in the process of reaching and crossing the USA southern border.

The Central American migration crisis and its raw depiction of undocumented migrants risking their lives have generated a vibrant discussion in Central American society and internationally. For instance, in a recent article in *Foreign Affairs* by Manuel Orozco from the Inter-American Dialogue (a USA-based international affairs think-tank focused on the Western hemisphere), he argues that only broad-based economic reforms in Central America can address the root cause of the migration crisis (Orozco, June 21, 2022). Orozco highlights that free trade agreements and traditional public policies that encourage investments from large USA corporations to make Central American countries grow economically will not affect the region's massive income gap and high levels of inequality. In other words, these “business as usual” policies will likely fail to improve the situation of Central Americans who are at risk of illegally migrating to the USA (Orozco, June 21, 2022). Therefore, Orozco suggests that the focus should be on changing the underlying economic structures of the Central American region. A more local discussion in a Nicaraguan digital newspaper, *Nicaragua Investiga*, calls for more entrepreneurship as an alternative to illegal migration to the US (*¿Migrar a Estados Unidos o emprender un negocio en Nicaragua? Aquí varias alternativas*, 2022). Undocumented migrants paying approximately USD 7,500 to help smugglers cross the USA–Mexico border could better utilize those resources to launch a business in their home countries and avoid the risk of death on their journey to the US southern border.

2.2 Transitional entrepreneurship to alleviate the US migration crisis from Central America

Entrepreneurship can be a life-changing transition for individuals. However, there is significant heterogeneity in the degree of the impact that transition can have. For instance, the livelihood of a *would-be* undocumented migrant may depend on the success of a startup versus a college student who is launching a business with economic and social support from parents (even if it fails). In this regard, transitional entrepreneurship centers on individuals overcoming adversities (Nair and Chen, 2021) or dire/desperate situations (Bruton *et al.*, 2021). That is, the entrepreneurial processes of identifying opportunities, opportunity exploitation and startup growth (Ireland and Webb, 2007; Shane, 2003) serve as a pathway to transition out of marginalization (Pidduck and Clark, 2021) through psychological resilience (Hartmann *et al.*, 2022).

The goal of transitional entrepreneurship is to explore the challenges faced by entrepreneurs from marginalized communities who face significant adversities based on the characteristics of their group membership but for whom entrepreneurship implies a life transition. Transitional entrepreneurship identifies commonalities and explores the impact of intersectionality across research streams on entrepreneurship for marginalized communities, including (but not limited to) entrepreneurship for veterans, immigrants and refugees, women and minorities, and economically distressed communities (Nair and Chen, 2021).

A review by Nair and Chen (2021) highlights that studies on veteran entrepreneurs focus on why ex-military members launch businesses, the training they need to succeed as entrepreneurs and their challenges. A significant portion of the studies reviewed by Nair and Chen emphasize demographics (i.e. the difference between younger versus older veterans when engaging in entrepreneurship). Nonetheless, another research stream within veteran entrepreneurship examines the effectiveness of entrepreneurship training, considering their extensive experience facing risks and trauma from their time in service. On the other hand, Nair and Chen (2021) find that studies on women and entrepreneurship have explored a wide range of questions. Studies have explored the reasons women become entrepreneurs, including barriers to entry, access to growth resources, risk-taking preferences and support systems, among others. For example, female-ran small businesses have more obstacles in attaining access to government initiatives that financially support them during times of political unrest (Jaim, 2022). In a related topic, minority entrepreneurship studies illustrate significant heterogeneity between cases and contexts. For instance, Black and Latino entrepreneurs may have less access to financing than Asian entrepreneurs (Neville et al., 2018). This is why research on minority entrepreneurs does not generalize across types of minorities but focuses on how entrepreneurship can bridge wealth inequality between a specific minority (e.g. African American, Hispanics) and white communities.

Regarding our topic of interest, Nair and Chen (2021) find that economically distressed (i.e. poor) individuals may be pushed into entrepreneurship based on their limited education, access to resources and networks to build employable skills. Nevertheless, entrepreneurship can also serve as a vehicle out of poverty and spur economic development in poor-stricken regions (Sutter et al., 2019). The rich literature on poverty and entrepreneurship spans many disciplines. Recently, Sutter et al. (2019) classified this literature into entrepreneurship as remediation (supply the needed resources for entrepreneurship to flourish), entrepreneurship as reform (social and institutional changes to facilitate entrepreneurship) and entrepreneurship as revolution (change the capitalist-based assumptions of doing business). By doing this classification, Sutter et al. (2019) provide a framework that allows scholars to understand the underlying assumptions of poverty and entrepreneurship research.

Nair and Chen (2021) also find that studies on immigrant and refugee entrepreneurship illustrate significant heterogeneity between cases. For instance, some immigrants may have access to resources that increase their chances of entrepreneurial success in host countries, while other immigrants are pushed into entrepreneurship because they lack qualifications and skills for job markets in host countries. Early research on immigrant entrepreneurship centered on new ventures that allowed immigrants or refugees to survive in host countries. Nevertheless, new themes in this literature explore how an international background may affect entrepreneurship (e.g. the liability of foreignness), or instead, the opportunity to tailor services to diasporas and how social networks allow immigrants to arbitrage cultural understanding (Drori et al., 2009; Moghaddam et al., 2018).

Other themes in immigrant entrepreneurship have explored succession, the impact of cultural background, and the challenges immigrants and refugees face. For example, recent research on refugee entrepreneurs suggests that refugees need mental health support, community building and access to financing (Newman and Christensen, 2021). A recent

literature review by [Duan et al. \(2023\)](#) identifies endogenous and exogenous factors that pull and push immigrants into entrepreneurship. Endogenous factors include demographics, personal circumstances, personal values and personality, business opportunities, and self-efficacy. Exogenous factors include ethnic enclave and host- and home-country contexts. Altogether, this suggests that immigrant entrepreneurship is a convoluted phenomenon motivated by individual and environmental factors that determine the likelihood of entrepreneurial success.

Although most immigrant entrepreneurship research centers on the host (i.e. destination) country, [Duan et al. \(2023\)](#) argue that immigrants have the capability to access and use their home-country entrepreneurial resources and opportunities. Therefore, the social and economic phenomenon of immigrants and entrepreneurship can be studied more holistically from both host- and home-country perspectives ([Duan et al., 2023](#)). In parallel, [Moghaddam et al. \(2017\)](#) find that local (native-born) and immigrant entrepreneurs both show orientation to opportunity discovery by recognizing unsatisfied demands for products/services in existing markets ([Alvarez and Barney, 2007](#)). But if prior knowledge about markets and customers influences opportunity discovery ([Shane, 2000](#)) and social bridges and bonds also drive opportunity discovery ([Smith et al., 2019](#)), we can expect that entrepreneurs in their home environment have a higher likelihood of discovering new business opportunities than immigrants. That is, an individual is more likely to discover an opportunity where he/she has lived the most time, has greater knowledge of markets, and has more social capital than an immigrant with limited knowledge and resources in a host country. “Without prior knowledge about markets, industries, or processes, exogenous opportunities might not be discovered” ([Smith et al., 2019](#), p. 88). Moreover, as opportunities exist because of “different beliefs about the relative value of resources” ([Kirzner, 1997](#); [Shane and Venkataraman, 2000](#), p. 220), we would expect that developing regions like Central America with less efficient economic markets produce greater opportunities to be discovered by individuals with greater knowledge and social capital ([Eckhardt and Shane, 2003](#); [Smith et al., 2019](#)).

The Central American context suggests that the risks, and consequential trauma that undocumented migrants face in the process of reaching the US southern border only adds to the hardships they will face as part of a marginalized community of undocumented immigrants in the USA. That is why we argue that entrepreneurship in a Central American’s home country is a better alternative to transform their lives. This is why we focus on Central American individuals who are at risk of illegally migrating to the USA due to economic reasons and who can become successful entrepreneurs, as we will reason in the following paragraphs. Due to economic instability in their home country, some Central Americans are forced to migrate illegally to the USA, hoping to find more work opportunities, higher income to sustain their families at home through remittances, and economic stability. However, undocumented immigrants in the USA become part of a marginalized community in terms of social inclusion, which relegates them to the social fringes because of their undocumented status ([Pidduck and Clark, 2021](#)) and which entails limited social rights, limited social participation, and inability to integrate into the US society. Central Americans experience poverty, lack of healthcare and insecurity, as statistics in [Section 2](#) show. A better alternative than illegally migrating to the USA, the marginalization that results from it, and a way to reduce economic instability is for a Central American to become an entrepreneur in their home country to transition out of a state *at risk of illegal migration* (i.e. become transitional entrepreneurs).

The literature on poverty and entrepreneurship suggests that entrepreneurship can help individuals overcome dire and desperate situations. Although our knowledge of entrepreneurship for reducing poverty is still in its infancy, entrepreneurship can be a solution to poverty for Central Americans by positively changing the lives of individuals in

pecuniary and nonpecuniary ways while also positively impacting the communities in which they live (Sutter *et al.*, 2019). Entrepreneurship can empower marginalized individuals as well (Calton *et al.*, 2013; De Clercq and Honig, 2011; Sutter *et al.*, 2019). If entrepreneurship alleviates poverty when resource scarcity (monetary and nonmonetary) is addressed (Kobeissi, 2010; Morduch, 2000; Sutter *et al.*, 2019), Central Americans at risk of illegal migration can launch new ventures by taking advantage of the public training and networking resources offered by public institutions at home and invest in new businesses with the money they would have paid to smugglers or saved for migration traveling costs.

For example, Central Americans at risk of illegal migration can increase their chances of identifying new and valuable business opportunities by partnering with local nongovernmental organizations that promote entrepreneurship (Calton *et al.*, 2013; Seelos and Mair, 2007), such as public universities to increase entrepreneurial intentions in the classroom (Bazan *et al.*, 2020; Glackin and Phelan, 2020), engage in early lean-startup activities (Welter *et al.*, 2021) while developing country-adjusted feasibility plans that focus on sustainability in highly volatile environments (Berry and Shabana, 2020). Moreover, Central Americans who were at risk of illegal migration but have since successfully launched a business in their home country instead of illegally migrating can serve as intermediaries to larger support systems for others at risk of illegal migration, such as in the case of diaspora philanthropy (Chen, 2021). Entrepreneurs that help reduce the risk of illegal migration and who engage with others who are in the process of starting their illegal migration journey may even be attractive to private funding providers because of their social impact potential (Jones and Salimath, 2022) in the local economy and the benefit that it brings to foreign countries who have to serve passing undocumented migrants. This could be particularly true for college-educated Central Americans who are more likely to incorporate their businesses (Guo *et al.*, 2022). Altogether, launching a new venture in Central America possesses many benefits and represents a lower threat than putting livelihoods at risk and the subsequent trauma from making their way through dangerous regions of Mexico and crossing the Rio Grande. Central Americans at risk of illegal migration will be more capable of identifying business opportunities if they cancel migration plans but take on a business owner's identity and opt for entrepreneurship (Kistruck *et al.*, 2013) while leveraging on their high-risk tolerance.

If the literature on poverty and entrepreneurship suggests that starting a business can positively change the lives of Central Americans and their communities, then through the literature on immigrant entrepreneurs we can also argue that Central Americans at risk of illegal migration can become successful entrepreneurs. The desire for autonomy and work flexibility has been found to be a motivational antecedent to entrepreneurship for immigrants (Shinnar, 2007). Even though Central Americans at risk of illegal migration are not yet immigrants (i.e. have not started their journey), the motivational antecedents of autonomy and work flexibility may also raise entrepreneurial aspirations even before the migrating journey begins (Storti, 2014). Furthermore, if migration experience makes an individual more tolerant to taking risks (Hormiga and Bolívar-Cruz, 2014) and a positive attitude to risk-taking leads to entrepreneurship for immigrants (Peterson and Meckler, 2001), then we could expect that Central Americans who have planned and committed to illegal migration but have not begun their journey may also be tolerant to the risks of launching a new business in their home country. Moreover, as 74% of Central Americans who migrate are between the ages of 18 and 44 (Soto *et al.*, 2021), and immigrant's entrepreneurial tendencies increase with age until the age of 50 (Constant and Shachmurove, 2006), we would expect Central Americans at risk of illegal migration to have similarly high entrepreneurial tendencies in their home country.

The literature on migration and development, on the other hand, suggests that 78% of all Central American immigrants in the USA are low-skilled workers, as presented in the dataset

from the global overview of human capital mobility by [Artuç et al. \(2015\)](#). Low-skilled Central Americans at risk of illegal migration may think they will bear large risks and costs today (i.e. smuggling costs, which represent years of foregone income) for larger benefits in the future ([Clemens and Ogden, 2014](#)). However, if we integrate findings from the immigrant entrepreneur's literature, we can argue that Central Americans at risk of illegal migration may have a better shot at economic well-being through entrepreneurship in their home country – irrespective of gender differences ([Jaiswal, 2020](#)) – as opposed to waged employment or entrepreneurship abroad. Central Americans at risk of illegal migration can leverage their existing resources and networks to successfully launch new businesses at home and increase their well-being, rather than as undocumented immigrants in the USA because they may not effectively transfer educational degrees to the US job market or may experience discrimination as employees if they are able to get a job ([Cueto and Álvarez, 2015](#)). If, instead, Central American undocumented immigrants pursue entrepreneurship abroad, they will likely have difficulty securing resources for launching a business due to their low human capital ([Kontos, 2003](#)) or will likely launch a low-growth venture ([Achidi Ndofor and Priem, 2011](#)). Therefore, Central Americans at risk of illegal migration may better increase their economic well-being through entrepreneurship in their home country.

3. Theoretical framework

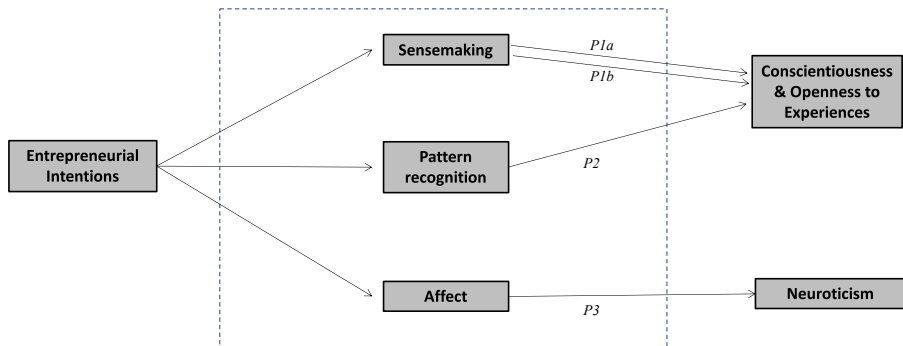
3.1 Entrepreneurial cognitive adjustment mechanism

Through the lens of transitional entrepreneurship, we argue that Central Americans at risk of becoming undocumented migrants can become entrepreneurs to reduce economic uncertainty in their home countries and avoid the marginalization that comes from becoming undocumented immigrants in the USA. Our logic is that because of the disequilibrium between economic aspirations and the market valuation of an individual's professional offering (the lack of job opportunities in Central America), an individual will pursue entrepreneurial opportunities ([Lee and Venkataraman, 2006](#)). We, then, propose that individuals may become entrepreneurs by a cognitive mechanism that changes their personality ([Tasselli et al., 2018](#)) to identify and exploit new business opportunities. In particular, our conceptual model suggests that intentions of entrepreneurial activity ([Krueger et al., 2000](#)) predict a change in individual's entrepreneurial personality dimensions ([Zhao and Seibert, 2006](#)) through the entrepreneurial cognitive adjustment mechanism, which allows individuals to manage the uncertainties of launching new businesses in volatile regions. This cognitive adjustment mechanism operates through the association of sensemaking ([Weick et al., 2005](#)), pattern recognition ([Baron and Ensley, 2006](#)) and affect ([Baron, 2008](#)), as illustrated in [Figure 1](#).

3.2 On entrepreneurial intention

Social and economic instability in Central America leads individuals to look for ways to reduce personal uncertainty (e.g. labor, health and food insecurity). Transitional entrepreneurship offers individuals who are stuck in predicaments the opportunity to employ entrepreneurship to handle personal uncertainty and improve desperate conditions ([Bruton et al., 2021](#); [Nair and Chen, 2021](#)). In other words, transitional entrepreneurship encourages individuals to shift personal uncertainty into opportunities, hence increasing the possibility of business success and reducing personal uncertainty. To understand how individuals' behavior affects outcomes, researchers suggest it is necessary to start by considering their cognition state before or along with their behavior ([Hambrick, 2007](#)). Entrepreneurial intentions, as latent embedded willful cognition, are a causal precursor to entrepreneurial behavior ([Dimov, 2007](#); [Donaldson, 2019](#)). Founders' intentions drive the

Figure 1.
Entrepreneurial
cognitive adjustment
mechanism



direction of a venture at its inception, and subsequent development, growth and future success are also shaped on these intentions (Bird, 1988).

New business opportunity discovery is an intentional process because intentions are the best predictors of hard-to-observe planned behavior in irregular time frames (Krueger *et al.*, 2000). Krueger *et al.* (2000) further suggest that entrepreneurship follows this behavioral pattern because new businesses emerge over time and involve thorough planning. Before taking action to launch a venture, new business owners bear that entrepreneurial intention in their minds first. The word “intention,” with a meaning of “an aim or plan,” reliably reflects the entrepreneurs’ perception of the environment, their self-efficacy, and their decisions. No matter what type of entrepreneurship it is—commercial or social, high-tech or traditional, lifestyle or aggressive, sustainable, user, senior, women, mom, immigrant, refugee and so forth—every entrepreneur has their intention when they decide to create a new venture. Entrepreneurial intention could point toward multiple goals, such as financial success, recognition, self-realization, innovation, social impact and/or independence (Carter *et al.*, 2003), but entrepreneurship is the necessary path for all goals to realize. In this regard, entrepreneurial intention for transitional entrepreneurship is nothing different from traditional entrepreneurship as long as individuals intend to pursue their dreams through entrepreneurship. The entrepreneurial intention of transitional entrepreneurship, therefore, leads Central Americans to explore possibilities nobody may have considered before developing new business ideas, which in turn will help them fulfill their career aspirations, provide economic support for their family, and avoid illegal migration and hardships as part of a marginalized undocumented immigrant community in the USA.

Previous research on entrepreneurial intention mainly focuses on the antecedents of intentions and the moderators for the relationship, whereas research looking into how intention unfolds and exerts its influence on behavior is rare (Estrin *et al.*, 2013; Fini and Toschi, 2016; Nowiński *et al.*, 2019; Renko *et al.*, 2021; van Ewijk and Weber, 2021). Accordingly, there is a call for moving entrepreneurial intention research forward, including exploring its evolution and influence (Donaldson *et al.*, 2021; Maleki *et al.*, 2021). Thus, we shift the research attention to the mechanism of entrepreneurial intention, that evolves and develops throughout the entrepreneurial journey within the context of transitional entrepreneurship in Central America.

The unpredictability and economic disequilibrium in Central America correspond to the uncertainty that scholars often mention in entrepreneurship research (Bylund and McCaffrey, 2017; McMullen and Shepherd, 2006; Packard *et al.*, 2017). The volatile economic environment and unstable job markets in Central America, and the disequilibrium between aspirations and perceived market valuation, force individuals to be alert and to

discover business opportunities. Individuals gather information about environmental insufficiency, transform the information into an entrepreneurial opportunity and set out to construct a viable business to help improve their own living standards and simultaneously contribute to their societies. Since entrepreneurial intention applies the same way for all entrepreneurs, no matter the ultimate goal, our aim of developing the cognitive mechanism by which entrepreneurial intention unfolds for transitional entrepreneurship will allow us to contribute to the pressing need for intention-action knowledge generation (Donaldson *et al.*, 2021).

3.3 On the entrepreneur's personality

Psychologists recognize that personality is shaped by environmental determinants, including culture, social class, family and peers, which indicates that personality has a relatively stable structure but also exists as a dynamic process that engages change, growth and development (Cervone and Pervin, 2022). Allport (1961) suggested that man is not a reactive robot but a being with unique growth potential and functional autonomy to revise his argument. Recent research put it more clearly by saying that personality can be an array of modifiable attributes (Tasselli *et al.*, 2018) by external events, processes and self-development (Boyce *et al.*, 2015). Also, research on personality suggests that personal striving, active coaching and reflective engagement processes can lead individuals to change their personalities, thus challenging the emphasis on the stability of individual dispositions over time (Tasselli *et al.*, 2018). From a more micro-perspective but with a similar result, a positive psychology approach to personality change suggests that small but constant fluctuations in personality can lead to gradual modifications in traits (Roberts *et al.*, 2006). This focus on positive psychology centers on doing and action, as opposed to reflection, resulting in personality change (Tasselli *et al.*, 2018). We could expect that reflective and/or repetitive actions used to improve entrepreneurial abilities in the *entrepreneurial cognitive adjustment mechanism* enact personality change in individuals who want to become entrepreneurs.

A stream of research has advocated for differences between non-entrepreneurs and entrepreneurs. For instance, entrepreneurs are more prone to decision-making bias and heuristics than other professionals (Busenitz and Barney, 1997), who are mostly individuals working for a waged job. Entrepreneurs exhibit more overconfidence bias than others (Forbes, 2005), entrepreneurs have different risk propensities due to risk-taking predisposition (Miner and Raju, 2004; Stewart and Roth, 2001), while also have different strategic orientations that result in distinct levels of firm performance (Tan, 2001). However, a more nuanced view argues in favor of less dissimilarities between entrepreneurs and other professionals. For example, Koudstaal *et al.* (2016) find that entrepreneurs are only lower than employees in loss aversion, although not in ambiguity aversion.

Even if there are (or are not) differences between entrepreneurs and other professionals, if individuals in Central America intend to become transitional entrepreneurs to be self-employed, they will need to change their personalities to increase the probability of a successful new venture. One way is for individuals to reshape their personalities to deal with the uncertainty and nature of entrepreneurship in an unstable economic environment. In this regard, Zhao and Seibert (2006) found differences between entrepreneurs and professionals in the five-factor personality model. Specifically, entrepreneurs are higher in conscientiousness and openness to experience, lower in neuroticism and agreeableness, and no different in extraversion.

According to Zhao and Seibert (2006), conscientiousness refers to a person's organization, persistence, hard work and motivation in pursuing their goals. Entrepreneurs exhibit higher levels of conscientiousness than professionals because they prefer situations in which performance depends on their efforts, not external factors. Openness to experience centers on

the intellectual curiosity of individuals who seek new experiences and explore novel ideas. Entrepreneurs exhibit higher openness to experience than professionals because they are creative, innovative, imaginative, and reflective. Neuroticism refers to individual differences in emotional stability. Entrepreneurs exhibit lower neuroticism than professionals because they are self-confident, calm, even-tempered, and relaxed when facing uncertainty. Finally, agreeableness refers to one's interpersonal orientation. Entrepreneurs exhibit lower agreeableness than professionals because they are ruthless and suspicious in less legally protected environments and have lower tolerance for financial error due to resource limitations. Therefore, individuals can adjust to their entrepreneurial roles by increasing conscientiousness and openness to experience and lowering neuroticism and agreeableness. Consequently, they can gradually reshape and sculpt their personality to possess entrepreneurial character.

3.4 On the entrepreneurial cognitive adjustment mechanism

Entrepreneurship, as a value-creating process carried on by human cognition and agency, involves iterative back-and-forth movement between ideas and actions to accommodate the changing situation and to reduce uncertainty (McMullen and Dimov, 2013). In lieu of uncertainty and unpredictability, the intention to action journey in entrepreneurship is inherently idiosyncratic and goes through a relentless rollercoaster both cognitively and behaviorally (Welter, 2011). This is the quality that distinguishes entrepreneurs from non-entrepreneurs. Therefore, nascent entrepreneurs—different from non-entrepreneurs who may have the intention but never put in real effort or action—utilize a cognitive adjustment mechanism to train and sculpt themselves for entrepreneurial action (McMullen and Dimov, 2013; Zahra et al., 2014). This sculpting process with the entrepreneurial cognitive adjustment mechanism will lead to an entrepreneurial personality that will facilitate the next step of entrepreneurial action.

The entrepreneurial cognitive adjustment mechanism is conceptualized as the procedure by which individuals modify their cognitive processes to manage the uncertainties, operational risks and liabilities of becoming entrepreneurs and leading new ventures in unstable economic markets. This mechanism is comprised of sensemaking (Weick et al., 2005), pattern recognition (Baron and Ensley, 2006), and affect (Baron, 2008). The cognitive adjustment mechanism links entrepreneurial intention to the traits of each personality characteristic in conscientiousness, openness to experience, and neuroticism (agreeableness is excluded from this mechanism). Because intentions are an unobservable planned behavior with irregular time lags, the relationship between individuals' entrepreneurial intentions and entrepreneurial personality characteristics will be channeled through the entrepreneurial cognitive adjustment mechanism. In this regard, this paper argues that entrepreneurial intentions can only predict new ventures because the cognitive adjustment mechanism modifies the personality characteristics of professionals in such a way that conscientiousness and openness to experiences are higher and neuroticism is lower. Figure 1 shows the conceptual model of these relationships.

3.4.1 Sensemaking. Through sensemaking, people understand novel, ambiguous, confusing, or unexpected situations. Sensemaking has been the subject of considerable research, including triggers of sensemaking, the role of action in sensemaking and the organizational outcomes of sensemaking (Maitlis, 2005; Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2015; Weick et al., 2005). Sensemaking has inspired the emergence of process models in organizational studies (Langley et al., 2013; Weick, 2012), and entrepreneurial intention-to-action through personality sculpting is undoubtedly a process model (McMullen and Dimov, 2013). If we assume that individuals must make sense of the social and economic uncertainties surrounding them, how uncertainty might affect their

well-being, and what leads them to engage in transitional entrepreneurship. Thus, sensemaking is the suitable first path of the cognitive adjustment mechanism linking entrepreneurial intention to entrepreneurial personality.

Sensemaking is defined as an ongoing retrospective process of rationalizing one's surroundings. It is a continuous organizing process through which cues are extracted to retrospectively make sense and order situations (Sandberg and Tsoukas, 2015; Weick *et al.*, 2005). Sensemaking also serves as a "springboard" to action. First, situations are turned into words and relevant categories; organizing is then done through writing or speaking. The sensemaking process is, therefore, ongoing, instrumental, subtle and swift. It plays a central role in determining human behavior because through sensemaking, meaning materializes to "inform and constrain identity and action" (Weick *et al.*, 2005, p. 409).

In parallel, entrepreneurs exhibit higher openness to experience than non-entrepreneurs because they are creative, innovative, imaginative and reflective. Reflection is the retrospective process in sensemaking by which cues are extracted from the uncertain environment where individuals live that will result in the intention to pursue entrepreneurial opportunities. In turn, retrospective sensemaking will lead to openness to new experiences, such as the ones common in creating new ventures. Therefore, we suggest the following:

Proposition 1a. The retrospective process in sensemaking mediates the intention to pursue entrepreneurial opportunities to the reflective process in high openness to new experiences because sensemaking creates the meaning of the unstable economic environments, the unsatisfied economic aspirations and the openness to entrepreneurial experiences.

On the other hand, entrepreneurs exhibit higher conscientiousness than non-entrepreneurs because they prefer situations in which performance depends on their efforts, not external factors. Also, conscientiousness indicates a person's organization, persistence and hard work to accomplish goals. Entrepreneurs desire to depend on their efforts, persistence, and hard work to accomplish their goals. These are the "springboard" to action in sensemaking for the intentional process of carefully planning the launch of new ventures. Through sensemaking, meaning is also materialized, which informs and leads to actions in the pursuit of aspirations through entrepreneurship. In turn, action-based sensemaking will lead to openness to experiences. Therefore, we suggest the following:

Proposition 1b. Action in sensemaking mediates the intention of pursuing entrepreneurial opportunities to the active high openness to experiences because sensemaking informs thorough planning of launching new ventures and leads to actions to pursue entrepreneurial aspirations.

3.4.2 Pattern recognition. Pattern recognition is a cognitive process obtained through experiences which allow individuals to identify meaningful patterns in events or trends (Baron and Ensley, 2006; Grégoire *et al.*, 2011; Santos *et al.*, 2015). Entrepreneurs use pattern recognition to notice connections between seemingly independent events (e.g., problems) and to detect meaningful patterns (e.g., opportunities) in these connections (Baron and Ensley, 2006; Santos *et al.*, 2015). Pattern recognition is critical in differentiating entrepreneurs from non-entrepreneurs as entrepreneurs show alertness and opportunity sensing at this stage (Hitt *et al.*, 2011; Moghaddam *et al.*, 2018). Opportunity sensing is based not only on individuals' knowledge and experience storage but also on their entrepreneurial self-training and cognitive reactivity. In other words, transitional entrepreneurs can systematically develop opportunity-sensing processes through proactive self-training and active listening to feedback to sense new business opportunities, and subsequently relate those to future opportunity-seizing processes to increase venture success (Moghaddam *et al.*, 2018).

Building on the retrospective process in sensemaking, by which cues are extracted from the uncertain environment, pattern recognition allows individuals to detect important patterns in complex events and trends (Baron, 2006; Baron and Ensley, 2006; Grégoire *et al.*, 2011; Tang *et al.*, 2021), such as in uncertain economic environments. Individuals can link apparently independent events such as changes in technology, markets, and policies to detect meaningful patterns in these events leading to new business opportunities. Furthermore, the ability to detect patterns can be developed through unique life experiences (Baron, 2006; Baron and Ensley, 2006).

Cognitive frameworks that lead to pattern recognition, which are also templates to perceive links between independent events, also explain why business opportunities are identified by some individuals but not by others. The individual who recognizes business opportunities does so because he/she possesses the relevant cognitive frameworks enabling the perception of emergent patterns that underlie new business opportunities. In this regard, experience can lead to the detection of new business opportunities within the industry he/she knows more about. If intentions are planned behaviors that influence opportunity recognition, pattern recognition is the cognitive mechanism by which intentions predict new venture formation.

Cognitive frameworks that create connections between independent events or technological changes, markets and policies also result in innovative resource combinations. In parallel, entrepreneurs exhibit higher openness to experience than non-entrepreneurs because they are creative, innovative and imaginative. In turn, pattern recognition links intentions to openness to experiences by first being the cognitive process in which business opportunities can be identified in the surrounding environment, resulting in creative combinations for innovative new ventures. Therefore, we suggest the following:

Proposition 2. The cognitive framework in pattern recognition mediates the intention of pursuing entrepreneurial opportunities to active high openness to experiences because of the connection of apparently individual events and changes in market conditions, as well as technology and policies, resulting in innovative new ventures within the industry of most experience.

3.4.3 Affect. Affect refers to both temporary feelings people experience daily and more stable tendencies to experience positive or negative feelings (Baron, 2008). Research on affect has found a powerful effect on entrepreneurs' cognition and behavior (Baron, 2008). For one, the environment entrepreneurs are typically involved in are often unpredictable with relentless rapid change. Unexpected events often produce stronger affective reactions than routine situations (Forgas, 2000; Baron, 2007). Furthermore, positive affect enhances entrepreneurs' ability to think in original and creative ways, which in turn facilitate idea generation and later entrepreneurial behaviors. Thus, affect is important for opportunity recognition and opportunity development (Baron, 2008; Baron and Tang, 2011; Foo *et al.*, 2009; Grégoire *et al.*, 2011; Staw *et al.*, 1994).

Affect exerts strong effects on cognition because they are reciprocal in the sense that feelings shape thoughts, and thoughts shape feelings (Baron, 2008; Grégoire *et al.*, 2015). In terms of affect and the capacity to tolerate intense levels of stress, positive feelings (positive affect) are beneficial. Entrepreneurs who frequently experience positive affect have better health than those who experience negative feelings. A tendency to experience positive affect promotes the adoption of mechanisms for coping with high levels of stress, for example, facing problems instead of procrastinating. Therefore, adopting these coping mechanisms enhances the transitional entrepreneurs' ability to deal with high levels of stress that are common for entrepreneurship in unstable economic markets (e.g. Central America) because of the long work hours required, the intense competition for small market shares, a highly

uncertain future, and lack of resource availability. Moreover, consistent positive affect will be needed because it adds to the efficient functioning of the immune system, which is crucial to entrepreneurs who often work to their extreme capacity and exhaustion.

In parallel, neuroticism refers to individual differences in emotional stability. Entrepreneurs exhibit lower neuroticism than non-entrepreneurs because they are calm, even-tempered and relaxed when facing uncertainty. These are the characteristics that transitional entrepreneurs can imitate from traditional entrepreneurs after a series of positive feelings from the discovery of a business opportunity, pattern recognition, planning and an overall positive outlook. By progressing through the cognitive adjustment mechanism, entrepreneurs can begin to develop the “thick skin” needed to survive in the uncertainty of entrepreneurship in an unstable economic market because the possibility of satisfying their professional aspirations results in positive feelings from a long-term outlook. Therefore, we suggest the following:

Proposition 3. Positive affect mediates the relationship between the intention of pursuing entrepreneurial opportunities and the calm, relaxed and even-tempered characteristics of low neuroticism because the planned intention to satisfy entrepreneurial aspirations produces positive feelings that lead to coping mechanisms for the uncertainty of entrepreneurship in unstable economic markets.

4. Implications and potential applications of the conceptual model

Our theorizing applies entrepreneurship as a means to reduce economic uncertainty for Central Americans at risk of illegal migration to the USA and thus suggests a potential solution to help avoid the marginalization that comes from membership in a community of undocumented immigrants. We also introduce an entrepreneurial cognitive adjustment mechanism by which individuals modify their personality to manage uncertainty and identify and explore new business opportunities through the association of sensemaking (Weick *et al.*, 2005), pattern recognition (Baron and Ensley, 2006) and affect (Baron, 2008). In short, intentions of entrepreneurial activity (Krueger *et al.*, 2000) predict a change in entrepreneurial personality dimensions (Zhao and Seibert, 2006) through the entrepreneurial cognitive adjustment mechanism.

The entrepreneurial cognitive adjustment mechanism matters to individuals who face high levels of uncertainty. In our paper, we focus on high levels of economic uncertainty that drives individuals to make sense of their surroundings and future, leading them to identify patterns in the complex situation they are living in, connect independent events, and ultimately innovate to launch new businesses. Notwithstanding, entrepreneurs require strong coping mechanisms to tolerate the stress levels from engaging in entrepreneurial activities in highly uncertain environments.

4.1 Practical implications

The entrepreneurial cognitive adjustment mechanism provides a framework by which aspiring entrepreneurs can cognitively prepare themselves to benefit from entrepreneurship. In the context of the Central American migration crisis, the entrepreneurial cognitive adjustment mechanism expands the potential of entrepreneurship (i.e. opportunity identification and exploitation) among Central Americans at risk of illegal migration. Researchers and societies have been urging a deeper look into the entrepreneurship phenomena in underrepresented communities and underdeveloped countries. Our paper, focusing on entrepreneurship as a solution for the Central American immigration crisis,

answers this call, which should also provide a steppingstone for researchers and policymakers.

We argue that our transitional entrepreneurship perspective contributes to public policy. Entrepreneurship can be a more efficient tool for local and international policymakers if monetary and nonmonetary resources are tailored to Central Americans at risk of illegal migration. We mean Central Americans at risk of illegal migration who, we argue, also have a positive attitude toward risk-taking, have the motivation to be autonomous and are in the age range when entrepreneurial tendencies increase. We thus position the entrepreneurial cognitive adjustment mechanism within the nonmonetary resources that can be part of training programs, by local or international institutions, for Central Americans at risk of illegal migration and who have high entrepreneurial aptitudes.

Following the same reasoning from Manuel Orozco's (June 21, 2022) article in *Foreign Affairs*, USA foreign policy on the Central American migration crisis continues to be "business as usual." These policies have not stopped the crisis or rendered benefits to the region in the past. Although there have been many generic, *one-size-fits-all* attempts to promote entrepreneurship in Central America, the region needs policies and tools that better fit the local socioeconomic structure. For instance, our proposal to tailor resources for entrepreneurship to Central Americans at risk of illegal migration may better alleviate the migration crisis at the US southern border. This means that financial support and entrepreneurship education programs need to reach "critical target markets" and "need to be modified to attract individuals with high startup intent" (Burch *et al.*, 2022, p. 161).

Therefore, we first consider it important for international policymakers to have a greater focus on the individual migrant with entrepreneurial capabilities. We suggest a greater focus on building the entrepreneurial capabilities of (what we call) *would-be* undocumented migrants and equipping them with the training needed to match their risk-taking aptitudes. This sharply contrasts current policies that incentivize American corporations to invest in Central American countries (Orozco, June 21, 2022). Past development policies have shown that corporate investment in Central America mostly favors the economic elites, increasing the region's wealth gap and leading to more illegal migration. Furthermore, this form of trickle-down development strategy takes more time to impact those at the bottom of the pyramid, if it ever does. Thus, our conceptual study calls on policymakers to enact practical and direct impacts on the entrepreneurial potential of those at risk of illegal migration.

We also consider it important for scholarship to develop a theoretical concept and measure of an individual's "risk of illegal migration" or "would-be undocumented migrants." Such a measure would improve the development of policies and the deployment of resources. That is, it would allow policymakers to have a greater awareness of the migration tendencies in Central American households, assess the effectiveness of monetary and nonmonetary resources, and evaluate the impact of entrepreneurship development programs in alleviating illegal migration.

4.2 Theoretical implications

The main theoretical implication of the cognitive adjustment mechanism is its potential to increase the entrepreneurial potential of would-be undocumented migrants. Through the association of sensemaking, pattern recognition and affect, Central Americans at risk of illegal migration may be better equipped for transitional entrepreneurship. This implies that resources tailored to prevent illegal migration should incorporate the development of this set of cognitive tools, besides the common business planning tools taught in entrepreneurship courses. Furthermore, this implies that there needs to be a greater emphasis on the cognitive development and preparedness of transitional entrepreneurs in Central America. Central Americans at risk of illegal migration developed a set of aptitudes that would allow them to

deal with the uncertainty of entrepreneurship, and they need to acquire the cognitive mechanisms to enact transitional entrepreneurship into their reality.

The entrepreneurial cognitive adjustment mechanism may also be a versatile tool that applies to individuals with entrepreneurial intentions (but who have not acted yet) in a variety of contexts. For instance, the entrepreneurial cognitive adjustment mechanism can be used in the domain of hybrid entrepreneurship. Individuals who are waged employees while attempting to simultaneously engage in self-employment are called hybrid entrepreneurs (Folta *et al.*, 2010). Hybrid entrepreneurship is a phenomenon increasing in many countries (Bosma *et al.*, 2008) and has recently received increased attention from entrepreneurship scholars (Thorgren *et al.*, 2014). The increased attention is mainly because hybrid entrepreneurs typically have a better education than entrepreneurs who do not go through a hybrid phase and evaluate their entrepreneurial opportunities before fully transitioning to self-employment (Folta *et al.*, 2010). Their better education, and the opportunity to carefully review entrepreneurial alternatives while taking advantage of the stability of waged employment, lead hybrid entrepreneurs to start comparatively higher growth ventures. Furthermore, better education and careful consideration of alternatives lead hybrid entrepreneurs to perform more effectively in their activities when fully transitioning to self-employment (Demir *et al.*, 2022). It is therefore no surprise that hybrid entrepreneurs are a significant portion of all entrepreneurs (Burke *et al.*, 2008).

Folta *et al.* (2010) suggest that for some individuals, the decision to fully transition to self-employment may depend on the decision to first become hybrid entrepreneurs. “This will be the case if important learning takes place while in the hybrid [entrepreneurship] status” (p. 254) because uncertainty is reduced by learning about a person’s entrepreneurial performance prospects (Folta *et al.*, 2010). We can therefore argue that professionals may become effective hybrid entrepreneurs through the entrepreneurial cognitive adjustment mechanism, which adapts the professional’s personality (Tasselli *et al.*, 2018) to guide the learning process of waged individuals who want to become self-employed. This can be an interesting future avenue of research.

4.3 Contributions

Our theoretical contributions are based on its originality and usefulness, as set forth by Corley and Gioia (2011). The paper’s originality stems from the integration of different research domains (i.e. immigrant entrepreneurs, entrepreneurship and poverty, and migration and development) under the umbrella of transitional entrepreneurship to increase our understanding of the interrelationship between migration, poverty and entrepreneurship. In doing so, we take an unconventional approach to the study of the antecedent of immigrant marginalization by studying a migrant before they begin their journey. Therefore, our investigation of Central Americans at risk of illegal migration through the lens of transitional entrepreneurship advances our understanding of the antecedents of marginalized undocumented immigrant communities in the USA. At the same time, we challenge the assumption that would-be undocumented migrants from Central America are criminals, poor and unskilled when instead they are rich with the tools to be entrepreneurs, as migration resembles the risks and costs of entrepreneurship (Clemens and Ogdén, 2014). Therefore, our study’s revelatory insight pertains to the recognition of the entrepreneurial tendencies of Central Americans in their home country before starting their migration journey.

On the other hand, the entrepreneurial cognitive adjustment mechanism is theoretically useful because it improves current research on transitional entrepreneurship by shedding light on the cognitive mechanisms that increase the likelihood of entrepreneurial success. Furthermore, the entrepreneurial cognitive adjustment mechanism is also scientifically useful because it can be used in other research domains besides transitional

entrepreneurship. For instance, in the hybrid entrepreneurship literature. The practical usefulness of the paper—an investigation into the Central American migration crisis, the theorization of Central American migrants' entrepreneurial tendencies, and the development of the entrepreneurial cognitive adjustment mechanism—centers on the effect it can have on public policy. That is, international and local agencies focused on addressing the increasing migration crisis can better utilize resources and implement long-term solutions to the drivers of illegal migration from Central America to the USA.

4.4 Limitations

This study is not without limitations. The main limitations are due to the fact that migration research spans multiple fields of study and does not directly focus on the entrepreneurial activities of migrants from the perspective of the originating country. The literature is therefore small, and theories are underdeveloped. For instance, the growing literature on the domain of immigrant entrepreneurship explores the antecedents (psychological, socioeconomic), processes (strategies) and outcomes (performance, economic development) of entrepreneurship by foreigners in host nations (Dheer, 2018) but does not explore the antecedents to their migration from the home nation. On the other hand, the migration and development domain centers on development, and international and domestic migration, but entrepreneurship has had limited applicability because it is mostly utilized as an outcome of remittances (Clemens, 2014). Lastly, Sutter *et al.* (2019) categorize research on the entrepreneurship and poverty domain in three ways. First, entrepreneurship as remediation (supply needed resources for entrepreneurship to flourish), reform (social and institutional changes to facilitate entrepreneurship), and revolution (modify the capitalist-based economic system). Entrepreneurship, in this regard, seeks to reduce poverty by improving economic and noneconomic wellbeing (Sutter *et al.*, 2019), but this domain has not explored the relationship between poverty and migration. Nevertheless, we submit that we have offered sufficient coverage of the gap where these three domains meet through the illustration of the Central American illegal migration context. We suggest that future research should explore entrepreneurship in migrants' home countries.

We also limited the drivers of migration to economic causes. However, the drivers of Central American illegal migration include increased insecurity due to drug trafficking and environmental and political risks. Some of these risks may be strong drivers of migration on their own or as they interact with economic risks. Future research could examine the interaction of multiple types of risks in the home country and whether entrepreneurship can alleviate them. Taken together, these limitations encourage us to recommend a more micro-foundational approach (e.g. Felin *et al.*, 2015) to understand the illegal migration from the host country's perspective. As suggested in our practical implications, most policies targeting illegal migration take a macro-perspective. What is often left over from such macro-perspectives to policy (and research by that account) are more obscure "black boxes" (Barney and Felin, 2013), whereby we do not gain an understanding of an individual's actual behavior and, in this context, what drives individuals to migrate illegally. For entrepreneurship scholars studying illegal migration and its relationship to entrepreneurship, the existence of these locked boxes is disturbing, and we must strive to unpack them to contribute to scholarship and practice.

5. Conclusion

Through the lens of transitional entrepreneurship, we set out to explore how poverty and illegal migration (that results in marginalization) relate to entrepreneurship. We first illustrate the Central American migration crisis and its consequences for undocumented immigrants in the USA. We then suggested that Central Americans at risk of illegal migration

have entrepreneurial aptitudes. Therefore, entrepreneurship in their home country can help alleviate the economic need to illegally migrate to the USA. We therefore develop a conceptual model to propose that individuals at risk of migrating illegally can improve their entrepreneurial abilities through the entrepreneurial cognitive adjustment mechanism, which includes sensemaking, pattern recognition and affect to reshape an individual's personality to favor entrepreneurship.

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