

Does Poverty Limit Imagination? The Impact of Poverty Mindset on Entrepreneurial Ideation

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Abstract

Encouraging and promoting entrepreneurship at the Bottom of the Pyramid (BOP) has emerged in recent years as a novel approach to effectively bridge long-term poverty alleviation and rural revitalization. However, to date, cognitive factors influencing entrepreneurial behavior among BOP populations have received scant attention. This study focuses on the core research question of “whether poverty mindset influences entrepreneurial ideation” and reveals the relationship between poverty mindset and entrepreneurial ideation in the BOP entrepreneurship context through three major research modules: 1) the process mechanism through which poverty mindset influences entrepreneurial ideation from a scarcity theory perspective; 2) intervention strategies for poverty mindset’s influence on entrepreneurial ideation from a constructivism perspective; and 3) the configuration of poverty mindset and its predictive effects from a scarcity self-regulation perspective. Through a multi-perspective systematic research design, this study aims to reveal the developmental patterns of the relationship between poverty mindset and entrepreneurial ideation in the local BOP entrepreneurship context, deepen theoretical understanding of the front-end of BOP entrepreneurs’ innovation activities driven by context-cognition, and provide theoretical guidance and practical insights for government and practitioners in formulating entrepreneurship support policies and designing entrepreneurship knowledge services targeted at BOP populations.

Full Text

Does Poverty Limit Imagination? The Impact of Poverty Mindset on Entrepreneurial Ideation

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Abstract

Encouraging and fostering entrepreneurship among the Bottom of the Pyramid (BOP) has emerged as a novel approach to achieving sustainable poverty alleviation and effective rural revitalization. However, cognitive factors influencing the entrepreneurial behavior of BOP populations have received scant attention to date. This study addresses the core research question: *Does a poverty mindset affect entrepreneurial ideation?* Through three integrated research modules, we investigate the relationship between poverty mindset and entrepreneurial ideation in the BOP entrepreneurial context: (1) the process mechanism through which poverty mindset influences entrepreneurial ideation from the perspective of scarcity theory; (2) intervention strategies for mitigating poverty mindset's impact on entrepreneurial ideation from a constructivist perspective; and (3) the configuration of poverty mindset and its predictive effects from the perspective of scarcity self-regulation. Employing a multi-perspective systematic research design, this study aims to uncover developmental patterns in the poverty mindset–entrepreneurial ideation relationship within the indigenous BOP entrepreneurial context. The findings will deepen theoretical understanding of early-stage innovation activities among BOP entrepreneurs driven by situational-cognitive factors, while providing theoretical guidance and practical insights for policymakers and practitioners designing targeted entrepreneurial support policies and knowledge services for BOP populations.

Keywords: poverty mindset, entrepreneurial ideation, entrepreneurial mindset

Introduction

In 2020, China achieved a historic victory in its poverty alleviation campaign through the “target governance” mechanism of five-year plans. As policy focus shifts from consolidating poverty alleviation achievements to comprehensively promoting rural revitalization, support for the Bottom of the Pyramid (BOP)—defined as populations experiencing relative poverty due to low income and lack of education—has gradually transitioned from “blood transfusion” consumption-side assistance to “blood production” production-side empowerment (Wan Qianwen et al., 2019). According to the World Bank's October 2023 East Asia and Pacific Economic Update, using the \$6.85 daily income threshold, China's current relative poverty population stands at 249 million, representing 17.6% of the total population. This vast BOP demographic signifies enormous potential for human capital development. Empirical evidence demonstrates that encouraging BOP entrepreneurship represents a new pathway for effectively linking long-term poverty alleviation with rural revitalization (Si Xiaofu et al., 2020; Sutter et al., 2019). Successful initiatives such as Yunnan's “Returning Geese Action,”

which transforms migrant labor economies into entrepreneurial economies, and Jiangxi's Jingtangshan tea industry-driven "entrepreneurial poverty alleviation," exemplify this approach. National policy has increasingly emphasized BOP entrepreneurship, with the Ministry of Finance and three other ministries issuing 2024 tax reduction policies specifically for poverty-alleviation populations engaged in entrepreneurship and individual businesses, and the Ministry of Human Resources and Social Security's 2025 guidelines on improving entrepreneurial quality highlighting the need to "cultivate more rural entrepreneurial entities." These policies aim to enhance BOP populations' cognitive reserves and improve entrepreneurial quality. Research shows that when BOP entrepreneurs develop positive entrepreneurial attitudes and behaviors through learning, they may transform from subsistence-oriented to innovation-oriented entrepreneurs, becoming a vital force for rural revitalization and injecting new productive energy focused on novel entrepreneurial human capital (Si Xiaofu et al., 2020).

Entrepreneurship begins with the generation of front-end creative ideas. To complete the transition from subsistence to innovative entrepreneurial thinking, we must first consider whether BOP populations possess corresponding ideation capabilities. Some scholars argue that despite entrepreneurship training and consulting services stimulating basic entrepreneurial activities, BOP entrepreneurs typically use acquired skills to simply replicate existing products, services, and business models from neighboring enterprises, struggling to generate novel insights (Alvarez & Barney, 2013; Gielnik et al., 2014; Shantz, 2019). Others contend that BOP entrepreneurs, through training, strengthen their ability to flexibly cobble together resources (Duymedjian & Ruling, 2010), thereby facilitating new resource combinations and innovative idea generation (Baker & Nelson, 2005; Desa, 2012). These divergent conclusions, beyond attributing to insufficient innovation factor inputs, prompt scholars to examine the situational-driven mechanisms at the innovation front-end for BOP entrepreneurs: Does intense scarcity experience affect ideation outcomes through specific psychological mechanisms? Despite China's remarkable poverty alleviation achievements (Wang Sangui, 2018), research on the deep psychological mechanisms of entrepreneurship-driven poverty alleviation remains underdeveloped (Fu Anguo et al., 2020)—precisely the starting point of this study. Behavioral science research demonstrates that scarcity carries significant cognitive and behavioral implications. Long-term resource deprivation fosters a situationalist social cognitive tendency among BOP populations, manifesting distinct behavioral and psychological characteristics compared to other social classes (Kraus et al., 2012), and leading to the formation of a "poverty mindset"—a subjective feeling of possessing insufficient economic resources (Mani et al., 2013; Shah et al., 2012). When entrepreneurial contexts merge with the intense scarcity faced by BOP populations, a "poverty entrepreneurship mindset" may emerge, subsequently affecting BOP entrepreneurs' ability to engage in complex ideation tasks and their outcomes (Morris et al., 2023; Rahman, 2023). The State Council's 2021 guidelines on linking poverty alleviation achievements with rural revitalization emphasize supporting the development of rural characteristic industries under

the principle of “combining aspiration and intelligence support.” This policy integrates psychological construction with capacity building, directly addressing cognitive limitations and shortcomings among impoverished populations. Its practical demand for developing rural characteristic industries provides an ideal policy context for observing how poverty mindset affects entrepreneurial ideation quality.

Both literature and policy directions demonstrate the theoretical value and practical significance of exploring the poverty mindset-entrepreneurial ideation relationship. Scholars have begun actively investigating this theme within the BOP entrepreneurship context, yet theoretical and empirical research on their relationship remains nascent, with several unresolved issues. First, from the traditional variable-centered research paradigm, the process mechanisms and boundary conditions through which poverty mindset affects entrepreneurial ideation remain unclear. The mechanisms linking poverty mindset to entrepreneurial ideation have not been adequately explored, with only one study mentioning the mediating role of entrepreneurial effort motivation between scarcity mindset and ideation quality (Shantz, 2019). Moreover, research on boundary conditions is insufficient, currently considering only individual trait moderators (Rahman, 2023) while lacking exploration of other factor categories and intervention approaches. Second, from the person-centered research paradigm, the heterogeneity of BOP entrepreneurs based on poverty mindset has not been effectively captured. Person-centered approaches reveal group differences, enabling researchers to develop more targeted intervention strategies based on subgroup characteristics. Do BOP entrepreneurs exhibit differentiated poverty mindset configurations? Do entrepreneurs belonging to different configurations predict differences in entrepreneurial ideation levels? These questions remain unanswered.

To further dissect the mechanisms, intervention strategies, and group heterogeneity of poverty mindset’s impact on entrepreneurial ideation quality in the BOP context, this study systematically explores the underlying logic of poverty mindset’s influence on entrepreneurial ideation quality through both variable-centered and person-centered paradigms, to better answer the core research question: *Does poverty mindset affect entrepreneurial ideation quality?* Integrating variable-centered and person-centered paradigms can comprehensively reveal overall trends between variables while capturing individual differences within BOP entrepreneurial groups, enhancing the study’s scientific rigor and practical utility. Given the complexity of these issues, this study decomposes the research question into three interconnected modules. First, from a variable-centered paradigm, we propose two research modules: (1) the influence mechanism of poverty mindset on entrepreneurial ideation from a scarcity theory perspective, and (2) intervention strategies for poverty mindset’s impact on entrepreneurial ideation from a constructivist perspective. Second, from a person-centered paradigm, we propose Research Module 3: (3) the configuration of poverty mindset and its predictive effects from a scarcity self-regulation perspective.

Literature Review

Focusing on the core constructs of “poverty mindset” and “entrepreneurial ideation” within the BOP entrepreneurship context, this study first reviews the connotation of poverty mindset and its current status in BOP entrepreneurship research. Second, it systematically elaborates on the influencing factors of entrepreneurial ideation, identifying gaps in existing research. Finally, it reviews the relationship between poverty mindset and entrepreneurial ideation to demonstrate research necessity.

2.1.1 Definition and Connotation of Poverty Mindset

The concept of poverty mindset emerged with scarcity theory (Mani et al., 2013). Scarcity theory integrates perspectives from cognitive psychology and economics, proposing that BOP populations must make decisions under severe financial constraints, which “changes how they feel and think,” inducing a poverty mindset. Mani et al. define scarcity mindset as “the subjective feeling of having more needs than resources.” Subsequently, scholars began focusing on the psychological definition of scarcity in poverty contexts. Kraus et al., based on social class cognitive theory, found that long-term resource deprivation leads low-income groups to develop a situationalist social cognitive tendency distinct from other classes. Haushofer and Fehr (2014) published in *Science* that the intense scarcity environment faced by low-income groups shapes a “psychology of poverty,” creating unique behavioral patterns. Scholars have reached consensus on the psychological definition of scarcity-induced poverty mindset: when individuals perceive and handle their economic situations, they consistently experience a subjective feeling of “having too little,” detached from objective reality (Hu Xiaoyong et al., 2019; Xu Fuming et al., 2017; Roux et al., 2015). BOP populations who have experienced or are experiencing resource deprivation are the primary groups induced to develop poverty mindset, typically generating the subjective perception that their economic resources cannot meet realistic needs (Zhang Yanchi et al., 2023). Once formed, this mindset becomes independent of external circumstances and, without intervention, remains difficult to influence through objective resource conditions (Tripathi et al., 2022). Therefore, this study integrates previous perspectives, defining poverty mindset as a subjective perception that one’s economic resources cannot satisfy realistic needs.

2.1.2 Mechanisms of Poverty Mindset: Tunneling and Bandwidth Effects

Scarcity theory is widely regarded as an important framework for explaining behavioral decision-making in poverty contexts. Its key proposition is that scarcity induces specific mindsets by affecting how impoverished populations think and decide, subsequently influencing behavior; BOP populations are a key application group for scarcity theory (Zhao & Tamm, 2018). How does poverty mindset affect individuals? Previous research primarily explains its mechanisms through two perspectives (De Bruijn & Antonides, 2022): the “tunneling effect” and the

“bandwidth effect” of poverty. First, the tunneling effect. Mani et al. argue that poverty affects the allocation of attentional resources, subsequently influencing economic decisions and behavior. On one hand, poverty leads to concentrated attention on resource-related issues; on the other, it causes neglect of temporarily irrelevant issues. Research finds that impoverished individuals tend to focus more on meeting immediate needs while neglecting long-term goals and broader perspectives, potentially leading to impulsive decisions and overlooked important details. Second, the bandwidth effect. Scarcity theory posits that poverty impairs cognitive capacity and executive function, affecting individuals’ mental bandwidth. When individuals must process too many demands and distractions, mental bandwidth may be “taxed” (De Bruijn & Antonides, 2020).

2.1.3 Poverty Mindset in BOP Entrepreneurship Context

To date, BOP entrepreneurship literature has largely remained at the conceptual stage, with underdeveloped theoretical construction and a focus on meso- and macro-level issues such as value creation and social entrepreneurship processes (Stephan et al., 2016), while micro-level foundational research remains scarce. This section reviews three main aspects.

The “bright side” of poverty mindset. Su et al. (2023) propose that because both resources and choices are scarce for impoverished populations, they develop scarcity mindset, make trade-off decisions, and remain vigilant about available resources, such as utilizing unconventional resources more fully and innovatively (e.g., employing unpaid family members), enabling them to survive in poverty and become entrepreneurs.

The “dark side” of poverty mindset. Shantz finds that scarcity mindset reduces entrepreneurial ideation quality by weakening entrepreneurial effort motivation. Morris et al. (2020) propose that entrepreneurs in impoverished areas must overcome scarcity mindset when launching and developing new ventures to enhance survival rates. Morris et al. (2023) analyzed 202 U.S. poverty entrepreneurs, finding that scarcity mindset makes their ventures more “fragile.” Poverty entrepreneurs become more passive or tactical in orientation, merely attempting to solve urgent operational needs while rarely accumulating and developing relevant entrepreneurial knowledge and capabilities, ultimately leading to operational inefficiency. The study also finds that developing entrepreneurial alertness can mitigate scarcity mindset’s adverse effects. Sarpong et al. (2023) explored choices among U.K. ethnic minority entrepreneurs, finding that subjective perceptions of resource constraints lead to poorer community embeddedness, consequently causing venture failure.

Mixed effects of poverty mindset. Van Burg et al. (2012) studied 219 BOP entrepreneurs, finding that resource scarcity directs entrepreneurs’ attention to opportunities within scarce domains, increasing opportunity identification within those domains while causing neglect of opportunities outside them. A complete explanation of scarcity’s mixed effects should simultaneously consider

different types of resource scarcity and different opportunity sources. Rahman explored the role of economic scarcity perception in the entrepreneurial ideation stage, finding that acute scarcity—sudden situations, events, or environments—promotes ideation, while chronic scarcity—such as long-term disability or economic hardship—hinders it. Entrepreneurs' trait regulatory focus moderates the relationship between perceived scarcity and entrepreneurial ideation, with promotion focus strengthening the positive effect of resource scarcity perception on ideation, while prevention focus amplifies its negative effect.

In summary, existing literature reveals that poverty mindset in the BOP entrepreneurship context exhibits both positive effects—promoting creative resource utilization, entrepreneurial ideation, and opportunity identification—and negative effects—causing venture failure and increasing startup fragility. How and when specific poverty mindsets affect entrepreneurial ideation remains unanswered, necessitating further exploration of underlying mechanisms and boundary conditions.

2.2.1 Connotation of Entrepreneurial Ideation

Although the term “ideation” may be relatively recent in entrepreneurship literature, the concept originates from “creative problem-solving” research. Early entrepreneurial ideation studies often overlapped with the field of entrepreneurial creativity. The concept truly gained scholarly attention from bottlenecks encountered in entrepreneurial opportunity research. Entrepreneurial opportunities have consistently lacked conceptual clarity, with most prior research conflating entrepreneurial ideas and opportunities (Dimov, 2007). Opportunities evolve from initial ideas over time, and whether entrepreneurs identify “third-person” opportunities or transform “third-person” into “first-person” opportunities requires substantial idea generation (McMullen & Shepherd, 2006). As entrepreneurial ideas and opportunities gradually became conceptually distinct, scholars introduced “ideation” into entrepreneurship research, viewing it as grounded in the generation and selection of new ideas during the entrepreneurial process. Integrating literature reveals that current research on entrepreneurial ideation's connotation primarily approaches from three dimensions: capability, process, and content.

The capability perspective follows the traditional entrepreneurial creativity research lineage, viewing ideation as an important entrepreneurial ability. The most cited definition of entrepreneurial creativity is Amabile et al.'s (1997) conceptualization: the ability to generate and implement novel and useful ideas. During this research stage, entrepreneurial ideation was primarily regarded as an important capability driving entrepreneurial success and motivating entrepreneurs to create novel arrangements of previously independent elements (Dayan et al., 2013).

The process perspective focuses on specific stages of entrepreneurial ideation, positing that different cognitive stages collectively constitute the full picture of

entrepreneurial ideation. Gemmell (2010), based on the creative learning model, views entrepreneurial ideation as a cyclical process comprising concrete experience, reflective observation, abstraction, and active experimentation. Nicolai and Thompson (2023) argue that entrepreneurial ideation is a dynamic process of idea formation, idea interpretation, idea expansion, and idea questioning.

The content perspective differs from the previous two. Since the rise of entrepreneurial ideation research, more scholars have argued that “how to conceive a high-quality entrepreneurial idea” is most important. These scholars prefer an effectuation logic approach, focusing primarily on the outcome of entrepreneurial ideation—the idea itself. Hill and Birkinshaw (2010) propose the concept of “entrepreneurial idea sets,” defining them as the complete set of entrepreneurial ideas available in memory at any given time—from idea “sparks” to fully commercialized ideas—serving as an “arsenal” for identifying and evaluating entrepreneurial opportunities. Vogel (2017) defines “ideas” in the entrepreneurial process as preliminary and essentially incomplete mental representations of potential venture concepts. These mental representations typically reflect vague judgments about value creation potential (Kornish & Ulrich, 2014), termed “imagined entrepreneurial blueprints” (Cornelissen & Clarke, 2010). Frederiks et al. (2019) view entrepreneurial ideation content as imagined combinations of product and service offerings, representing the specific content of opportunity identification. Moreover, ideation content represents what entrepreneurs might want to create, not the gradually materializing startup itself (Warnick et al., 2021). This study adopts the effectuation logic perspective, arguing that ideation process value ultimately manifests in the quality of its concrete content. Entrepreneurial ideation quality is an outcome representing the comprehensive potential value of entrepreneurial ideas proposed by current or prospective entrepreneurs. Table 1 presents scholars’ typical definitions of entrepreneurial ideation content.

2.2.2 Influencing Factors of Entrepreneurial Ideation

How to conceive high-quality entrepreneurial ideas has recently received widespread academic attention, yet relevant empirical research remains preliminary, distributed discretely without forming a mature theoretical framework. This section reviews literature across three dimensions: individual, situational, and person-situation interaction factors.

Individual factors include: (1) Traits—Asante et al. (2023) found that trait grit’s two dimensions (consistency of interest and perseverance of effort) enhance entrepreneurial ideation quantity through entrepreneurial self-efficacy. (2) Physiology—Gish et al. (2019) found entrepreneurs’ sleep disorders negatively affect ideation quantity and idea attractiveness; Warnick et al. found neuro-enhancement drug-using entrepreneurs produce more novel but less feasible ideation content. (3) Motivation—Gemmell identifies task motivation as an important entrepreneurial ideation driver, while Asante et al. find entrepreneurs’ identity motivation positively affects the ideation process. (4) Emotion—Stroe

et al. (2022) argue positive emotions facilitate the ideation process. (5) Cognition—Literature examines cognitive ability and cognitive style. Regarding cognitive ability, both individual and team creativity (Gundry et al., 2016) are considered direct drivers of new idea generation; entrepreneurial imagination at both levels also positively affects ideation quality (Kier & McMullen, 2018, 2020; McMullen & Kier, 2017); entrepreneurial experience (Baldacchino et al., 2023) also enhances ideation quality; additionally, fluid intelligence as a basic cognitive ability correlates with entrepreneurial ideation quality (William, 2023). Regarding cognitive style, entrepreneurial self-efficacy (Asante et al., 2023), cognitive diversity (Baldacchino et al., 2023), paradoxical thinking, counterfactual thinking, and perspective-taking (Frederiks et al., 2019) have all been confirmed to enhance entrepreneurial ideation quality.

Situational factors include: (1) Environment—Brown and Wood (2023) analyzed 110 entrepreneurial ideas from 28 entrepreneurs, finding structural factors in entrepreneurial ecosystems explain three different entrepreneurial ideation patterns. Wardoyo et al. (2023) propose market environments shape entrepreneurial ideation strategy choices. Pidduck et al. (2023) focus on cross-cultural contexts, finding immersive experiences interacting with foreign cultures enhance both ideation quantity and quality. (2) Technology—Wardoyo et al. propose information technology development as an important factor optimizing entrepreneurial ideation. (3) Education—William finds entrepreneurship education and training increase entrepreneurs' ability to generate new ideas; formal education and experiential learning interventions (Ghafourian et al., 2022) significantly increase entrepreneurial ideation quality.

Person-situation interaction factors include: Poblete et al. (2023) tracked returning migrant entrepreneurs, finding homesickness enhances three resources in the ideation process—rhetorical skills, emotional empathy, and adaptive attitudes—thereby strengthening ideation effectiveness. Shantz explored entrepreneurial ideation in poverty contexts, arguing poverty-induced scarcity mindset reduces entrepreneurial effort motivation, consequently decreasing ideation quality and weakening subsequent entrepreneurial action. Rahman found that chronic resource scarcity associated with economic poverty reduces entrepreneurial ideation quantity and quality, while entrepreneurs' promotion focus mitigates this effect.

2.3 The Impact of Poverty Mindset on Entrepreneurial Ideation

In existing research, how poverty mindset affects entrepreneurial ideation remains an emerging theme with limited empirical studies and no consensus. First, Nakara et al. (2021) used data from 3,373 French poverty entrepreneurs, finding financial resources strengthen poverty entrepreneurs' motivation for innovation activities. Conversely, Melati et al. (2018) found in a comparative study of university students that entrepreneurial students from poor families demonstrated higher idea-generation ability than those from wealthy families. Shantz integrated scarcity mindset research with entrepreneurial cognition insights, us-

ing scarcity theory to explore whether scarcity mindset affects entrepreneurial ideation capability and action intention. Laboratory studies found that individuals induced with scarcity mindset produced poorer-quality entrepreneurial ideation. Shantz proposed that entrepreneurial ideation quality largely depends on entrepreneurs' effort invested in identifying business opportunities, with scarcity mindset reducing ideation quality by decreasing such effort. Rahman, from a regulatory focus theory perspective, explored boundaries affecting the resource scarcity-entrepreneurial ideation relationship, categorizing individual resource scarcity into acute and chronic types, arguing different scarcity categories differentially affect ideation, with entrepreneurs' regulatory focus (promotion/prevention) moderating the relationship. The study found chronic scarcity hinders ideation, while acute scarcity promotes it.

2.4 Summary

Literature review reveals that entrepreneurial ideation is a hot topic in recent entrepreneurship action theory, with both academics and practitioners highly concerned about “how entrepreneurs generate and select high-quality entrepreneurial ideas.” Existing research has made valuable explorations of poverty mindset and entrepreneurial ideation as separate topics, yet research on drivers of entrepreneurial ideation under poverty mindset remains insufficient, manifesting in several aspects.

First, regarding antecedents of entrepreneurial ideation, although scholars have begun exploring theoretical links between poverty mindset and entrepreneurial ideation, such research remains limited in breadth and depth. Current studies on entrepreneurial ideation antecedents primarily include individual factors (traits, cognition, emotion) and situational factors (environment, technology), with these two categories relatively isolated and person-situation interaction exploration severely lacking. Poverty mindset is a situational-cognitive tendency emerging from individual-poverty context interaction; subsequent research should apply relevant theories to further connect poverty mindset with entrepreneurial ideation. Moreover, although existing relationship research often uses scarcity theory's “scarcity psychology affects individual decision-making” perspective to construct entrepreneurial theory, scarcity theory's cognitive-driven core is rarely reflected. For instance, Shantz's proposed mechanism—scarcity mindset affecting entrepreneurial ideation through reduced task effort—cannot be well explained by scarcity theory, as effort enters the behavioral and motivational domain, making it difficult to establish theoretical connections with scarcity theory's core proposition that scarcity drives cognitive “tunneling” and “bandwidth” effects. This has resulted in scarce mediation mechanism research between poverty mindset and entrepreneurial ideation. Additionally, while poverty mindset as a subjective perception of resource scarcity has been linked to entrepreneurial ideation, their relationship lacks consistent conclusions, requiring future research to apply relevant theories to unpack this black box and explain whether and how poverty mindset affects entrepreneurial ideation.

Second, how to actively intervene in poverty mindset's impact on entrepreneurial ideation has not been adequately addressed. While entrepreneurship education and training can increase entrepreneurial ideation capability, can knowledge-input-dominated entrepreneurship education and training achieve intended effects in the intense scarcity context of BOP entrepreneurship? BOP entrepreneurs' tendency to simply replicate and imitate existing enterprises using skills acquired through training may stem not only from missing innovation elements but also from cognitive impacts of poverty experiences. Existing literature lacks rich exploration of boundary conditions for poverty mindset's impact on entrepreneurial ideation, with limited studies examining individual motivation and capability differences (Rahman, 2023; Morris et al., 2023), such as how poverty entrepreneurs' differences in entrepreneurial alertness and regulatory focus moderate the relationship, predominantly using cross-sectional quantitative analysis that cannot demonstrate intervention effects. Future research should further explore more active intervention approaches.

Third, existing research has not considered group heterogeneity of poverty mindset in the BOP entrepreneurship context. In empirical studies, poverty mindset is typically treated as a unidimensional variable, lacking person-centered research paradigms. The complexity of poverty mindset's impact mechanisms depends on both measurement differences and the measurement subjects—BOP entrepreneurs themselves. Do BOP entrepreneurs develop differentiated cognitive and psychological patterns based on different poverty psychological characteristics? Scarcity literature searches reveal that compared to numerous variable-centered studies on scarcity mindset “average levels,” only a few related studies have examined individuals' “configurational differences” in scarcity perception—that is, individuals' “configurations” across different scarcity psychological dimensions. For example, individuals' cognitive configurations of poverty attribution (Osborne & Weiner, 2015). Although scholars studying the relationship have begun recognizing differential impacts of different poverty psychology forms in driving or hindering entrepreneurial ideation (Rahman, 2023), this thinking remains trapped in variable-centered frameworks, ignoring the possibility of identifying poverty “subgroups” through poverty mindset configurations across individuals. This has resulted in insufficient understanding of which BOP entrepreneurs are potential beneficiaries versus vulnerable groups regarding poverty mindset. Person-centered paradigms reveal inter-group differences, supporting researchers in developing more targeted intervention strategies based on “subgroup” characteristics. Future research should interpret differential conclusions about poverty mindset and entrepreneurial ideation from a person-centered paradigm.

Research Design

Scarcity carries important cognitive implications. When entrepreneurial contexts merge with the poverty contexts faced by BOP populations, unique cognitive and behavioral logics may emerge, subsequently affecting entrepreneurial

ideation (Morris et al., 2023). Therefore, this study focuses on the core research question—*Does poverty mindset affect entrepreneurial ideation quality in the BOP entrepreneurship context?*—and conducts in-depth exploration based on research opportunities identified in literature review regarding poverty mindset’s impact mechanisms, intervention strategies, and configuration identification. Scarcity theory proposes that scarcity induces specific mindsets and thinking patterns by affecting how people think and decide, subsequently influencing individual behavior (Mani et al., 2013). This perspective effectively explains the mediated relationship between poverty mindset-entrepreneurial cognition-entrepreneurial behavior, particularly demonstrating strong explanatory power when introducing scarcity’s “tunneling” and “bandwidth” effects into entrepreneurial behavior models, making it suitable as the theoretical foundation for exploring poverty mindset-entrepreneurial ideation mechanisms. However, scarcity theory has not provided satisfactory answers for how to intervene in these effects. The constructivist perspective emphasizes that individuals construct cognitive structures and meaning systems through interaction, communication, and experience accumulation with their environment (Schneider, 1985), effectively compensating for scarcity theory’s insufficient explanation of scarcity-cognition intervention mechanisms. Additionally, regarding poverty mindset group heterogeneity, scarcity and constructivist theories have not provided effective perspectives on poverty mindset differences and differential individual responses. Scarcity self-regulation theory proposes an explanation for individuals’ differential responses to different scarcity types (Cannon et al., 2019), arguing that the key characteristic of how individuals self-regulate to cope with scarcity mindset is the *variability* of scarcity mindset, defined as the perceived ability to change situations through effort investment (Roese & Olson, 2007), while individuals primarily assess whether reducing perceived resource disparities is worth substantial effort. Based on poverty mindset’s characteristic differences in intensity and variability, individuals may develop specific poverty mindset patterns that predict subsequent behavioral performance. This study integrates these three theoretical perspectives to build an integrated theoretical model of poverty mindset’s impact on entrepreneurial ideation in the BOP context. Research Module 1 explores the influence mechanism from a scarcity theory perspective; Research Module 2 examines intervention strategies from a constructivist perspective; and Research Module 3 investigates poverty mindset configurations and predictive effects from a scarcity self-regulation perspective. Modules 1 and 2 adopt a variable-centered paradigm, while Module 3 adopts a person-centered paradigm focused on BOP entrepreneurs, forming a multi-perspective integrated theoretical system through mixed paradigms. The overall research framework is shown in Figure 1 [Figure 1: see original paper].

3.1 Research Module 1: Process Mechanism of Poverty Mindset’s Impact on Entrepreneurial Ideation from Scarcity Theory Perspective

Scarcity theory proposes that scarcity induces specific mindsets and thinking patterns by affecting how people think and decide, subsequently influencing indi-

vidual behavior (Mani et al., 2013). This module’s primary task is to construct a process mechanism framework for poverty mindset–entrepreneurial mindset–entrepreneurial ideation in the BOP context. Specifically, first, based on scarcity’s attentional focus shift pathway, we reveal poverty mindset’s “tunneling” effect on entrepreneurial ideation using prospective thinking and resource-induced coping heuristics (RICH) as mediators. Second, based on scarcity’s cognitive load pathway, we reveal poverty mindset’s “bandwidth” effect on entrepreneurial ideation using intuitive cognition and cognitive flexibility as mediators. The theoretical model for Research Module 1 is shown in Figure 2 [Figure 2: see original paper].

(1) The “Tunneling” Effect of Poverty Mindset on Entrepreneurial Ideation Scarcity theory proposes that when individuals experience scarcity, it affects attention allocation (Mani et al., 2013)—defined as “the flexible allocation of cognitive resources to stimuli, internal representations, and outputs that achieve behavioral goals” (Dosenbach & Petersen, 2009). This scarcity consequence mechanism comprises two components: scarcity causes attentional focus on scarcity-related issues while simultaneously causing attentional neglect in other domains. This study proposes that through changes in attention allocation, poverty mindset induces different entrepreneurial mindsets among BOP entrepreneurs, differentially affecting entrepreneurial ideation.

Mediating role of Resource-Induced Coping Heuristics (RICH). RICH represents a cognitive shortcut for acquiring, developing, and protecting resources (Lanivich, 2015). In uncertain contexts, RICH generates resource-based efficacy mindset through automatic responses related to resource conservation, thereby mitigating potential resource loss (Lanivich, 2015). RICH represents part of entrepreneurial mindset because it allows entrepreneurs to gain cognitive leeway by reducing resource pressure. Moreover, as a heuristic mechanism, RICH reduces decision time, which is crucial for BOP entrepreneurs facing resource integration challenges in intense scarcity environments.

This study argues that poverty mindset stimulates BOP entrepreneurs’ RICH. First, scarcity theory proposes that scarcity perception leads to additional attention to scarcity-related needs (Zhao & Tomm, 2018). In scarcity contexts, BOP entrepreneurs may allocate extra attention to existing resources, focusing more on resource utilization efficiency and considering potential resource loss, aligning with resource conservation theory—the theoretical foundation of RICH. Second, in resource-scarce contexts, behaviors most consistent with previous situations may generalize to current contexts (Tripsas & Gavetti, 2017). This generalization or heuristic response to similar content reduces resource expenditure when individuals perceive poverty, as responding to such conditions requires no new learning (Rerup, 2005), creating a psychological shortcut. Furthermore, entrepreneurship bricolage research shows that when perceiving resource scarcity, entrepreneurs’ goal achievement often requires applying existing resources to new uses—bricolage (Baker & Nelson, 2005; Steffens et al., 2009)—to improve

scarcity resource utilization efficiency and innovativeness, with poverty mindset increasing entrepreneurs' bricolage motivation.

RICH also supports entrepreneurial ideation. Cognitive shortcuts for efficient existing resource utilization can help entrepreneurs generate more new ideas in less time and improve idea quality. Adomako (2021) found that three RICH factors—acquiring, protecting, and developing resources—relate to innovative, risk-taking, and proactive entrepreneurial behaviors, with RICH serving as a mechanism explaining the relationship between entrepreneurs' resource cognition and innovative entrepreneurship. In summary, poverty mindset prompts BOP entrepreneurs to construct cognitive shortcuts for resource acquisition, protection, and development, thereby enhancing entrepreneurial ideation quality.

Research Proposition 1: Poverty mindset positively affects entrepreneurial ideation quality through the mediating role of Resource-Induced Coping Heuristics (RICH).

Mediating role of Prospective Thinking. Scarcity theory assumes that greater focus on urgent needs comes at a cost: scarcity-induced cognitive narrowing causes individuals to neglect other useful information (De Bruijn & Antonides, 2020). Morris et al. (2020) note that poverty contexts may breed poverty mindset, impairing poverty entrepreneurs' strategic planning abilities and generating short-termism tendencies due to attention shifts, with subsequent research confirming this view (Morris et al., 2023). Therefore, this study proposes that in the BOP entrepreneurship context, poverty mindset affects another important entrepreneurial mindset—prospective thinking. Prospective thinking refers to mentally simulating and pre-experiencing the future (Gilbert & Wilson, 2007). By evaluating future potential value, prospective thinking prompts individuals to take actions ensuring long-term success (Zheng et al., 2014). The mental simulation generated by prospective thinking broadens the information range available to BOP entrepreneurs, providing more usable information and strengthening judgments about new ideas' potential economic value and novelty (Gruber et al., 2013).

Research Proposition 2: Poverty mindset negatively affects entrepreneurial ideation quality through the mediating role of prospective thinking.

(2) The “Bandwidth” Effect of Poverty Mindset on Entrepreneurial Ideation Scarcity impairs individuals' cognitive capacity and executive function, reducing cognitive bandwidth and producing “bandwidth effects.” Changes in cognitive bandwidth similarly affect subsequent thinking patterns and behaviors. This study argues that poverty mindset affects mental bandwidth, inducing different entrepreneurial cognitive tendencies that differentially impact the entrepreneurial ideation process.

Mediating role of Cognitive Flexibility. Scarcity theory proposes that impoverished individuals carry additional cognitive load (Gennetian & Shafir, 2015; Schilbach et al., 2016). When the brain must process too many demands

and distractions, mental bandwidth may be “taxed.” Poverty mindset reduces mental bandwidth (i.e., cognitive capacity and executive control), thereby increasing time discounting and risk aversion (Xu Fuming et al., 2017). Cognitive flexibility—the ability to switch between tasks and perspectives—is an important cognitive function of executive control. Cognitive flexibility refers to how individuals reconfigure mental resources by integrating external evidence into reasoning processes (Cañas et al., 2003), which is even more important for BOP entrepreneurs because they face more non-business distractions than other entrepreneurial groups, such as life pressures (Morris et al., 2020). Poverty mindset impairs individuals’ cognitive flexibility. Huang et al. (2023) experimentally found that perceived scarcity changes neural activity in brain regions related to executive function, reducing cognitive flexibility. Wang et al. (2024) found through a virtual shopping game experiment that money-abundant groups exhibit greater cognitive flexibility than money-scarce groups, with money scarcity hindering cognitive control.

Cognitive flexibility promotes entrepreneurial ideation. Yu et al. (2023) propose that cognitive flexibility enables entrepreneurs to switch between different cognitive processing styles, facilitating innovation decision-making in highly complex and uncertain environments. Entrepreneurs with higher cognitive flexibility search for external information more frequently and acquire new information and knowledge from external networks (Wang et al., 2023), making them more likely to generate novel ideas and solutions to environmental changes. Additionally, entrepreneurs with high cognitive flexibility often exhibit stronger curiosity and creativity (Martin & Wilson, 2016). Berzenski et al. (2022) found a negative correlation between economic risk and cognitive flexibility. Individuals with high cognitive flexibility can create connections that are not easily detected (Dajani & Uddin, 2015) and reorganize knowledge from different sources in new ways (Martin & Rubin, 1995).

Research Proposition 3: Poverty mindset negatively affects entrepreneurial ideation quality through the mediating role of cognitive flexibility.

Mediating role of Intuitive Cognition. The above reasoning suggests that scarcity mindset activation weakens BOP entrepreneurs’ cognitive capacity and executive control functions. On one hand, analytical cognition—corresponding to intuitive cognition—features deliberation, requiring executive control to inhibit automatic responses, utilize working memory, and actively select and regulate cognitive schemas (Baddeley, 2003). On the other hand, intuitive cognition involves automatic selection based on pattern recognition, independent of executive control, unconstrained by working memory, associated with rapid, unstructured decision-making, and relatively requiring less analytical involvement (Wiklund et al., 2016). Therefore, we infer that poverty mindset makes entrepreneurs more inclined to use intuitive cognition in the entrepreneurial process.

Early research on the relationship between cognitive style and entrepreneurial action mostly argued that entrepreneurs tend to prefer intuition over analysis

(Allinson et al., 2000). Intuitive processing can quickly access complex structures of entrepreneurs' tacit knowledge (e.g., about markets, industries, and technologies) and trigger perception of new patterns to facilitate entrepreneurial ideation. Crossan et al. (1999) argue that every entrepreneurial idea originates from intuition about unmet needs, accompanied by "fuzzy front-end concepts" about how to satisfy them. Intuition may play a role in enhancing ideation quality. Intuitive cognition increases the likelihood of identifying more gaps and trends and establishing novel connections between different elements, thereby promoting high-quality ideation processes. Therefore, we hypothesize that poverty mindset enhances entrepreneurial ideation quality by promoting BOP entrepreneurs' use of intuitive cognition.

Research Proposition 4: Poverty mindset positively affects entrepreneurial ideation quality through the mediating role of intuitive cognition.

3.2 Research Module 2: Intervention Strategies for Poverty Mindset's Impact on Entrepreneurial Ideation from a Constructivist Perspective

The constructivist perspective emphasizes that individuals construct their own cognitive structures and meaning systems through interaction, communication, and experience accumulation with their environment (Schneider, 1985). This study argues that BOP entrepreneurs can improve poverty mindset's impact on entrepreneurial ideation through sensemaking and cognitive construction processes. This module's main tasks include: first, based on sensemaking theory, using innovation legitimacy perception as a moderator to reveal boundary conditions for poverty mindset's "tunneling" effect on entrepreneurial ideation; second, based on cognitive construction theory, using ideation structuring as a moderator to reveal boundary conditions for poverty mindset's "bandwidth" effect on entrepreneurial ideation. The theoretical model for Research Module 2 is shown in Figure 3 [Figure 3: see original paper].

(1) Intervening in the "Tunneling" Effect through Sensemaking: The Moderating Role of Innovation Legitimacy Perception Sensemaking theory emphasizes the process by which individuals attribute meaning to information, including interpreting, understanding, and evaluating external information based on their own experiences, knowledge, and values (Sandberg & Tsoukas, 2015). Individuals may assign different emotions and values according to their backgrounds and contexts, exhibiting subjectivity and individualization. Research finds that changes in innovation motivation depend on changes in individuals' legitimacy judgments about whether something is legitimate (Tost, 2011). Through innovation legitimacy construction, BOP entrepreneurs under poverty mindset may better utilize resource-induced coping heuristics to enhance entrepreneurial ideation quality. On one hand, sensemaking can drive individuals to search for additional information (Chater & Loewenstein, 2016), potentially prompting BOP entrepreneurs to seek additional information behind resources to more comprehensively evaluate resource value and promote

heuristic response effectiveness when encountering similar innovation resource conditions. On the other hand, through innovation legitimacy construction, BOP entrepreneurs can better avoid “short-termism” caused by poverty mindset, broaden information scope, make better judgments about idea value, help individuals change cognitive patterns, and understand the importance and potential value of innovation in the entrepreneurial process. Innovation behavior legitimacy is determined by social institutions and policy environments. By adjusting BOP entrepreneurs’ positive perceptions of institutional environments and innovation climates, individuals’ motivation to “internalize” innovation activities as part of entrepreneurship can be increased, thereby improving creative utilization of scarce resources in the entrepreneurial process. In summary, innovation legitimacy perception as a moderating factor can influence the “tunneling effect” of poverty mindset on entrepreneurial ideation.

Research Proposition 5: Innovation legitimacy perception moderates the relationship between poverty mindset and RICH—when innovation legitimacy perception is higher, poverty mindset’s positive effect on RICH is stronger, and vice versa.

Research Proposition 6: Innovation legitimacy perception moderates the relationship between poverty mindset and prospective thinking—when innovation legitimacy perception is higher, poverty mindset’s negative effect on prospective thinking is weaker, and vice versa.

(2) Intervening in the “Bandwidth” Effect through Cognitive Construction: The Moderating Role of Ideation Structuring Cognitive construction theory posits that individual learning is a process of reconstructing or reorganizing cognitive structures (Derry, 1996), with cognitive structure being a key factor affecting individual learning effectiveness. In entrepreneurial ideation, structuring includes systematic and predetermined arrangements of tasks, processes, or guidelines required for various activities, representing the cognitive structure establishment process for new idea generation (Shah & Thapa, 2023). To date, academic views on the relationship between cognitive structuring and creativity remain inconsistent; whether to use “cognitive structuring” strategies in practice should consider specific application contexts.

Cognitive construction emphasizes individuals’ cognitive processing and organization of information, as well as the establishment and modification of knowledge structures. This study argues that in the BOP entrepreneurship context, embedding an “entrepreneurial ideation framework” for BOP entrepreneurs can enhance intuitive cognition’s positive effect on entrepreneurial ideation quality. On one hand, in scarcity contexts, individuals tend to rely on intuition, rapidly extracting key information from experience for decision-making. First, rapid intuitive decision-making is a valuable capability in resource-scarce environments. Ideation structuring can help individuals utilize intuition more efficiently by reducing novelty and uncertainty, enabling quick responses when facing pressure or constraints. Second, ideation structuring can simplify the ideation process

by limiting the information scope that needs consideration. This helps filter out unnecessary information, allowing intuition to more centrally respond to and ideate from key information, improving ideation quality. Additionally, when the ideation process is routine and structured, BOP entrepreneurs may feel more confident relying on intuition, generating subjective perceptions of task predictability that enhance intuitive ideation effectiveness.

On the other hand, ideation structuring as a moderating factor helps mitigate poverty mindset' s negative impact on cognitive flexibility. First, when tasks become automated or habitual through repetition, fewer cognitive resources are required to execute them, helping BOP entrepreneurs save “bandwidth” and improve cognitive flexibility (Loasby, 2007). Second, clearly defined ideation rules and procedures can help individuals focus on execution rather than planning, saving cognitive resources occupied by poverty mindset for other necessary entrepreneurial cognitive activities (Shah & Thapa, 2023). Therefore, ideation structuring as a moderating factor can positively influence poverty mindset' s “bandwidth effect” on entrepreneurial ideation.

Research Proposition 7: Ideation structuring moderates the relationship between poverty mindset and intuitive cognition—when ideation structuring is higher, poverty mindset' s positive effect on intuitive cognition is enhanced, and vice versa.

Research Proposition 8: Ideation structuring moderates the relationship between poverty mindset and cognitive flexibility—when ideation structuring is higher, poverty mindset' s negative effect on cognitive flexibility is weakened, and vice versa.

3.3 Research Module 3: Poverty Mindset Configuration and Predictive Effects from Scarcity Self-Regulation Perspective

The first two research modules explored the poverty mindset–entrepreneurial ideation relationship from a variable-centered paradigm, establishing that poverty mindset is a “double-edged sword” for entrepreneurial ideation in the BOP context, with complex underlying mechanisms. Conclusions based solely on variable-centered paradigms have limitations in guiding BOP entrepreneurial ideation practice. Scarcity self-regulation theory proposes that the key characteristic of how individuals self-regulate to cope with scarcity mindset is the *variability* of scarcity mindset (Cannon et al., 2019), defined as the perceived ability to change situations through effort investment (Roesse & Olson, 2007), while individuals primarily assess whether reducing perceived resource disparities is worth substantial effort. Based on poverty mindset' s characteristic differences in intensity and variability, individuals may develop specific poverty mindset patterns that predict subsequent behavioral performance. This module explores, from the perspective of BOP entrepreneur group heterogeneity, whether poverty mindset configurations exist and are replicable, and whether these configurations predict differentiated entrepreneurial

mindsets and entrepreneurial ideation quality.

(1) Existence of Poverty Mindset Configurations Person-centered paradigms help identify unobserved latent subgroups in samples (Tein et al., 2013). Introducing a person-centered paradigm into poverty mindset research is necessary because individuals' psychological and behavioral responses to subjective scarcity may exhibit rich heterogeneity (Zhang et al., 2023), with multiple poverty mindset patterns running through the entrepreneurial cognition process that cannot be simply understood through means or regression analysis. Person-centered paradigms allow researchers to capture this heterogeneity.

Although poverty mindset configuration research in entrepreneurship remains scarce, heterogeneity in poverty mindset across individuals has begun to be explored. Rahman's research found that entrepreneurs' scarcity perception differences can be divided into acute and chronic scarcity based on duration. Blocker et al. (2023) divided resource scarcity perception in poverty contexts into two differentiated dimensions—scarcity intensity and scarcity duration—and accordingly classified individuals' resource scarcity mindsets into four types: incidental, conditional, episodic, and chronic scarcity. Cannon et al. divided resource scarcity perception into three patterns based on individual differences in scarcity variability: high-variability scarcity, ambiguous-variability scarcity, and low-variability scarcity. Therefore, we can infer that BOP entrepreneurs' "subgroups" may be identifiable through poverty mindset intensity and variability. Empirical poverty mindset configuration research is limited, but several relevant latent class/profile studies provide reference. For instance, Osborne and Weiner (2015) identified three poverty attribution latent profiles by recognizing four dimensions of individual poverty attribution—locus, stability, personal control, and external control—classifying survey participants into three groups: the apathetic, the sympathetic, and the moderately sympathetic. Poverty mindset and poverty attribution are both subjective cognitions of poverty, reinforcing the operational feasibility of exploring poverty mindset configurations. Additionally, Duffy et al. (2023) used latent profile analysis to divide incoming college students into four heterogeneous subgroups based on poverty and marginalization levels: privileged, primarily marginalized, primarily impoverished, and marginalized-impoverished. Msuya et al. (2024) used latent profile analysis with 15 community poverty-related indicators to divide Dar es Salaam's population into six different latent profiles based on poverty levels. These cases further strengthen the practical rationality of conducting poverty mindset configuration identification. Therefore, following the inductive logic of person-centered research paradigms (Wang & Hanges, 2011) and based on the current gap in BOP entrepreneur poverty mindset configuration research, this module exploratorily proposes:

Research Proposition 9: Different poverty mindset configurations exist among BOP entrepreneurs.

(2) Predictive Effects of Poverty Mindset Configurations Poverty mindset differences seem to lead to different behavioral and cognitive outcomes, forming the basic logic for this exploratory research. For example, research finds that long-term scarcity perceptions often severely impact individual psychology (Nichols & Hunt, 2011), with scarcity potentially causing insecurity and overwhelm, frequently requiring help-seeking to face challenges. Conversely, short-term scarcity arising from temporary poverty shocks often manifests as unexpected changes that alter individuals' views of their situations. This mindset pattern more closely resembles the “disruptive innovation” side of resource scarcity. Short-term subjective scarcity often encourages rejecting the new normal and exhibits creativity; thus, BOP entrepreneurs may feel energized and hopeful about change. Once they overcome difficulties, they will also be able to find alternative methods to achieve goals—mindsets and thinking essential for successful entrepreneurship. Given the potential predictive differences across poverty mindset types, this study proposes the exploratory research proposition:

Research Proposition 10: Differences in poverty mindset configurations predict different entrepreneurial mindsets and entrepreneurial ideation quality among BOP entrepreneurs.

3.4.1 Research Approach

This study addresses the core question—*How does poverty mindset affect entrepreneurial ideation quality in the BOP entrepreneurship context?*—by integrating three perspectives (scarcity theory, constructivist theory, and scarcity self-regulation theory) and employing both variable-centered and person-centered paradigms. Using literature research, experimental studies, questionnaire surveys, and case studies, we conduct three module studies, forming a logically complete dual research path: variable-centered “influence mechanism → intervention strategy” and person-centered “configuration identification and prediction.”

3.4.2 Research Methods

This study adopts a four-stage closed-loop integrated approach to verify poverty mindset's impact on entrepreneurial ideation quality. Literature research builds the theoretical framework and establishes validity foundations. Experimental research manipulates variables to test causal mechanisms and boundary conditions of “poverty mindset → entrepreneurial ideation quality,” ensuring internal validity. Questionnaire surveys validate the universality and group heterogeneity of research pathways across diverse BOP entrepreneur samples, enhancing external validity. Case studies delve into real entrepreneurial contexts through dynamic tracking of BOP entrepreneurs' concrete entrepreneurial mindsets and ideation actions, revealing contextualized interaction logic between variables, and specifically strengthening ecological validity. These four methods form a mutual validation closed loop to address validity trade-off challenges in BOP contextualized research.

Literature research method. This study systematically reviews and organizes historical literature related to core constructs (poverty mindset, entrepreneurial ideation, entrepreneurial mindset, innovation legitimacy perception, and ideation structuring), summarizing conceptual evolution and mechanisms to identify potential research opportunities. In the theoretical foundation section, we review previous theoretical achievements and derivative perspectives (scarcity theory, sensemaking theory, cognitive construction theory, and scarcity self-regulation theory) to provide theoretical grounding for establishing logical connections between main constructs.

Experimental research method. This study designs three experimental studies to test internal validity of construct relationships. Experiment 1 tests the “tunneling” and “bandwidth” effects of poverty mindset on entrepreneurial ideation. Poverty mindset manipulation is well-established in existing research with rich examples (Zhang Yanchi et al., 2023). This study treats poverty mindset as a psychological state where economic resources cannot meet realistic needs, using scenario simulation to experimentally manipulate poverty mindset. The experimental group simulates poverty conditions where individuals make suboptimal choices under severe economic constraints, while the control group simulates abundance conditions where individuals make optimal choices without resource limitations.

Experiment 2 tests the moderating mechanism of innovation legitimacy perception in the “tunneling” effect. Innovation legitimacy construction itself is a “framing” strategy—a sensemaking process that influences others’ effort tendencies by making certain aspects of a situation more salient than others (Entman, 1993). Following this logic and referencing Shantz et al. (2024), we adopt an “internal-logic contrasting” framing strategy—providing comparative examples illustrating the relative advantages of new practices compared to existing practices within a given domain—to enhance BOP entrepreneurs’ innovation legitimacy perception. Specifically, we design a field experiment with BOP entrepreneurs completing a specific entrepreneurship training cycle. The experimental group uses training materials featuring several cases of impoverished families achieving entrepreneurial success through product and business model innovation, aiming to establish the cognitive schema that “in the BOP entrepreneurship context, innovative ideas for products/services/business models yield greater benefits than typical replication/imitation ideas.” The control group uses cases of well-known successful entrepreneurs as training materials. This method has been applied in a field experiment in rural Sri Lanka (Shantz et al., 2024) to verify whether internal-logic contrasting increases impoverished entrepreneurs’ frequency of adopting new business practices, demonstrating good theoretical and practical feasibility.

Experiment 3 tests the moderating mechanism of ideation structuring in the “bandwidth” effect. Ideation structuring is the process of reconstructing or reorganizing cognitive structures during individual learning (Derry, 1996). Referencing Shah and Thapa’s (2023) “structured idea-generation

framework” manipulation in experimental methods, we propose manipulating BOP entrepreneurs’ ideation structuring levels through field experiments by establishing ideation structural frameworks. Specifically, the experimental group receives entrepreneurial ideation framework training courses, such as logic construction of problem positioning-solution-monetization pathways, with practical training and feedback to strengthen framework mastery. The control group receives the same duration of basic entrepreneurship knowledge training, primarily containing descriptive knowledge related to starting businesses, such as relevant policies. This method has been used in a laboratory experiment with Nepalese university students to verify how structured idea-generation frameworks affect new venture ideation processes. Therefore, we believe applying this method to manipulate BOP entrepreneurs’ ideation structuring levels in field experiments is feasible. The planned experimental design is shown in Table 3 , main variable manipulation plans in Table 4 , and outcome variable measurement methods in Table 5 .

Questionnaire survey method. This study designs questionnaire surveys based on BOP entrepreneur samples to test the process mechanisms, boundary conditions, and configuration identification external validity of poverty mindset’ s impact on entrepreneurial ideation. Specific designs include: (1) Sample selection criteria: registered poverty-alleviation households, poverty-alleviation populations, or groups below the World Bank-defined BOP income threshold. (2) Data collection strategy: Connect with poverty-alleviation village resources to recruit and screen BOP entrepreneurs through mixed sources. (3) Data analysis: Construct variable-centered linear regression models in Research Modules 1 and 2; construct person-centered latent profile models in Research Module 3. Use Latent Profile Analysis (LPA) to determine the existence, replicability, and predictive effects of BOP entrepreneurs’ poverty mindset latent profiles, and build regression mixture models. LPA is an exploratory analysis method that recovers hidden subgroups in data by obtaining individuals’ probabilities of belonging to different groups (Ferguson et al., 2020). Utilizing LPA’ s methodological features and basic assumptions can address specific research questions while developing and extending variables of interest in specific domains, including their predictors and outcomes, with theoretical associations between antecedents and consequences needing consideration (Spurk et al., 2020). Given existing research’ s theoretical foundation on poverty mindset affecting entrepreneurial mindset (Morris & Tucker, 2021) and LPA’ s exploratory nature, this research proposition’ s formulation is reasonable and expected to yield good exploratory results.

Case study method. Case studies are considered important methods for studying Bottom of the Pyramid individuals (Wan Qianwen et al., 2019). This study adopts an explanatory sequential design for case studies, including: (1) Based on typical poverty mindset configurations identified through LPA in the questionnaire survey module, stratified sampling of 6-10 BOP entrepreneur cases for dynamic tracking over a specific period; (2) Through in-depth interviews, recording real-time impacts of poverty mindset trigger events on entrepreneurial

mindset and ideation every two months to verify the tunneling and bandwidth effects from Experiment 1, deeply analyzing the influence mechanism of poverty mindset on entrepreneurial ideation in real contexts—particularly focusing on how innovation legitimacy naturally forms through entrepreneurs’ autonomous sensemaking as explored in Experiment 2, and the formation mechanism of ideation structuring frameworks from Experiment 3; (3) Ultimately, through cross-case comparison, explaining the deep causes of group heterogeneity configurations from questionnaire surveys and revealing the dynamic adaptation boundaries of the theoretical framework in the complex ecology of BOP entrepreneurship.

Theoretical Contribution

This study constructs theoretical models based on scarcity theory, constructivism, and scarcity self-regulation perspectives within the indigenous BOP entrepreneurship context, systematically exploring the process mechanisms, intervention strategies, and configuration identification mechanisms of poverty mindset’ s impact on entrepreneurial ideation. The study demonstrates theoretical innovation in several aspects:

First, it promotes cross-disciplinary integration between scarcity theory and entrepreneurship research. Scarcity carries important theoretical and practical significance in behavioral economics, with scarcity mindset induced by past scarcity experiences shaping unique individual decision-making and behavior. Although scholars have recently begun associating scarcity theory with entrepreneurial action, the field still poorly understands how poverty affects entrepreneurial cognition and behavior. Therefore, responding to Morris et al.’ s (2020) call for integrating poverty mindset and entrepreneurial mindset research, this study constructs a poverty mindset-entrepreneurial mindset-entrepreneurial ideation theoretical pathway, expanding the theoretical breadth of poverty psychology-driven entrepreneurial behavior processes.

Second, it unpacks the black box of the poverty mindset-entrepreneurial ideation mechanism. Previous research has not reached consensus on the relationship between poverty mindset and entrepreneurs’ creative processes. Some scholars argue poverty mindset drives entrepreneurs to cobble together existing resources, increasing resource utilization efficiency and promoting new idea generation (Reypens et al., 2021). Others hold contrary views: poverty mindset reduces fluid intelligence and generates short-termism cognitive tendencies (Morris et al., 2020), thereby hindering new idea generation. This study integrates these perspectives from scarcity theory’ s cognitive-driven viewpoint, proposing how the poverty mindset-entrepreneurial ideation relationship is mediated by entrepreneurial mindset in the BOP context, unpacking the mechanism black box and deepening understanding of BOP entrepreneurs’ innovation activity front-end under poverty mindset.

Third, it provides new theoretical perspectives for intervention strategies to im-

prove entrepreneurial ideation quality under poverty mindset. Although poverty mindset is recognized as an important factor affecting entrepreneurs' ability to propose and implement new ideas (Shantz, 2019), boundary conditions influencing its effects remain underexplored. Only Rahman found entrepreneurs' regulatory focus motivation can moderate the relationship between perceived scarcity and new idea generation. Beyond this, when poverty mindset affects entrepreneurial ideation has not been systematically interpreted. This study constructs a poverty mindset–entrepreneurial ideation intervention framework, exploring from a constructivist perspective the effectiveness of two intervention strategies—innovation legitimacy embedding and ideation structuring embedding—based on sensemaking theory and cognitive construction theory, representing another innovation.

Fourth, it enriches person-centered paradigm applications in entrepreneurial ideation research. Current empirical research on entrepreneurial ideation mostly focuses on variable-centered paradigms (Frederiks et al., 2019; Nicolai & Thompson, 2023). Some scholars argue that individual-level average scores cannot be representative in specific samples (Von Eye & Bergman, 2003). Person-centered perspectives can explore how poverty mindset combines with BOP entrepreneurs' individual characteristics to form unique configurations, identify BOP entrepreneur “subgroups” with poverty mindset configuration differences based on entrepreneurial characteristics, and effectively predict heterogeneity in entrepreneurial mindset and ideation quality across configurations. Therefore, this study's exploration of BOP entrepreneurs' poverty mindset configurations and predictive effects from a person-centered paradigm represents another innovative contribution.

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