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Poverty, reciprocity and community-based entrepreneurship

Enlarging the discussion

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Business and poverty alleviation

This chapter is concerned with a perspective on enterprise and poverty that takes a different approach than 'Base of the Pyramid', microcredit or 'corporate social responsibility' initiatives. I will use the joint terms 'community-based entrepreneurship' and 'community-based enterprise' to represent this different approach, drawing on a burgeoning literature that draws attention to its existence, its origins and character, and its potential. While this outlook sees entrepreneurship and its resulting enterprise as an instrument of poverty alleviation, the central point is that it is not an 'exogenous approach' but looks to ventures with four distinguishing characteristics. (1) They are endogenous grassroots activities and organizations that may in some way be identified with place-based, geographically defined communities. (2) Communities, in this account, are not merely the environment in which a form of entrepreneurship takes place; they are its primary agents. (3) They exhibit a collective form of entrepreneurship that results from the inter-relationships among individuals, families and communities. (4) The enterprises they develop and operate are aimed at profit as a means to social, ecological, cultural and political ends for the community and its members. As with 'social entrepreneurship' and 'social enterprise', social outcomes are not merely positive externalities, but part of the explicit objective of these ventures (Defourny and Nyssens 2010; Peredo and McLean 2006). Entrepreneurship as an approach to poverty, in this perspective, is not a force brought from outside the society, it is not even a separate force within a society. It is a way in which forces within the society are marshalled by the society itself through collective action and brought to bear on the problem of poverty.

For the purposes of this chapter, let us assume that entrepreneurship is the creation of a new organization, arising as a result of combinations of familiar or new elements, in pursuit of opportunity (Gartner 1988; Kirzner 1973; Schumpeter 1983; Sharma and Chrisman 1999). On this understanding, enterprise and entrepreneurship constitute a conceptual pair that for our

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purposes can be treated as a unit: the combination of creative, entrepreneurial activity and the emergence of an organized enterprise as its outcome. In this chapter, we depart from the usual assumptions about agency in these matters of entrepreneurship and enterprise. We consider cases in which the agents are not individuals acting within some community. The agents in the cases we examine are communities themselves, as more fully explained below. In what follows, I will use the term 'CBE' to represent the agency of communities in relation to the conceptual unit of entrepreneurship and enterprise. Accordingly, 'CBE' should be read as 'community-based entrepreneurship/enterprise'.

I begin by outlining a specific explication of the concept of CBE (Peredo 2001; Peredo and Chrisman 2006),¹ I then outline and offer some comment on discussions of the concept that have emerged in that literature. I conclude by suggesting a research agenda that could draw useful outcomes from a further investigation of that enlarged concept and its practical applications.

Community-based entrepreneurship/enterprise (CBE)

An alternative model of entrepreneurship and enterprise

It would be fair to say that most if not all of the foundational scholars of entrepreneurship, including those cited above, assume the practice to be (1) something engaged in primarily by individuals or team of individuals, and (2) motivated largely by a wish for profit. It may be argued, however, this simply reflects a cultural bias (Harper 2003; Peredo and McLean 2013). Johannisson and his colleagues have been prominent among scholars who challenge both elements in the 'received view'. First, Johannisson and Monsted (1997), Johannisson et al. (2002) and Johannisson (2004) build on Granovetter's (1985) insistence that all economic activity is embedded in social networks of social relations, and on Tönnies' distinction (2001 [1887]) between *Gemeinschaft* and *Gesellschaft*. They construct a compelling case for the view that entrepreneurial activity is a more collective undertaking than is commonly recognized and certain forms of entrepreneurship may be especially embedded. Second, Johannisson and Nilsson (1989) and others (e.g. Berglund and Wigren 2012) have drawn attention to the way that entrepreneurship may often be directed in part, or even chiefly, toward achieving community benefits and not just personal gain. The concept of CBE builds upon, but significantly extends, both aspects of this critique.

Peterson (1988: 1) insists that the contours of entrepreneurship should be expected to vary with the cultural context within which it is located: 'it is becoming clear that each country/culture must develop its own brand of entrepreneurship and raise its own champions to promote entrepreneurial behaviour that fits the prevailing societal mores'. One fundamental element in the 'social mores' that determine the shape of entrepreneurial activity will be the way that a society balances its regard for the rights and standing of individual members with status given to the community as a whole and the obligations due to it. It is useful in that context to consider the concept of 'community orientation' (Peredo and Chrisman 2006: 312–13), developed from Peterson (1988). The more 'community-oriented' a society is, the more its members will experience their lives as part of an organic whole where their significance and welfare is intimately connected with those features of the community itself and their relationships with fellow members. In community-oriented societies, members are entitled to certain basic forms of support from the community, provided they remain members in good standing. That entitlement brings with it a sense in the community that the idea of 'private property' is tempered by the organic relations among members. This dynamic includes a consciousness that the

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community itself has needs, such as environmental integrity and the resources necessary to maintain its way of life; and meeting these needs may to some extent outrank individual freedom of choice (Peterson 1988). It is in the environment of relatively community-oriented societies that CBE typically emerges. 'CBE is therefore . . . a process in which the *community* acts entrepreneurially to create and operate a new enterprise embedded in its existing social structure' (Peredo and Chrisman 2006: 310, emphasis added).

It is worth emphasizing that the community, thus understood, acts, collectively, as *both* entrepreneur *and* enterprise. So first, members of the community act collectively in creating or recognizing a market opportunity and organizing itself to respond to that opportunity. And second, the community's members work together to produce and market jointly products and/or services, using the existing social and cultural structures of their community to organize those activities.

The collective action by members of the community and its organizations toward common good in both entrepreneurship and enterprise distinguishes CBEs from other approaches that use the terms 'community' and 'entrepreneurship'. Johannisson and Nilsson (1989: 71) use the term 'community entrepreneurship', which consists of 'personal and innovative ways of building support for local autonomous entrepreneurs'. 'Community entrepreneurship', in this understanding, is therefore the work of individuals and not necessarily the collective undertaking of community members. Selsky and Smith (1994) use the term 'community entrepreneurship' to refer to leaders in community organizations that address community issues. Again, this entrepreneurship is exercised by individuals with community orientation and not by members of communities acting collectively as agents through collective action.

To say that members of the communities act corporately and collectively in devising the enterprise and then running it does not mean that everyone in the community participates; but it means that a significant number of its members – including individuals, families and organizations – will have some role in the initiative on behalf of the community, although some may be more active than others. CBE is clearly a matter of shared community commitment. This fact is visible in the governance structure of the venture, in which community members are not merely represented, but are active participants in a community meeting. This endogenous and collective activity is part of what distinguishes from initiatives on the part of governments, or NGOs or 'corporate social responsibility' initiatives aimed at producing benefits for individuals and families in a community but not necessarily devised and implemented by the community members themselves. Community-based enterprise is a development approach that emerges from the inside out rather than being introduced from the outside.

It is important to state that the concept of CBE presented here is not meant to specify a form of enterprise that is precisely and sharply distinct from anything else in the real world. Rather, it is meant to capture conceptually a phenomenon with a bundle of central characteristics (e.g. endogenous process, community agency, goal of community benefit) that are relevant to its identification. Real world CBEs share the 'family resemblances' proposed by Wittgenstein (2009 [1953]) and expanded upon by Rosch and Mervis (1975).

One fundamental characteristic of CBE is its goal structure, which is typically multi-layered. It includes a degree of profit making, but characteristically aims at profit as a means of community development and empowerment and not as a means of accumulation or individual enrichment. Communities typically direct the proceeds of their CBE toward community benefits such as medical and dental care, education, infrastructure and social assistance for its families. CBE aims to enhance the economic, social, cultural and ecological conditions of its families.

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What triggers the emergence of CBE?

Social/cultural, ecological, political and economic stress

CBE typically surfaces in the efforts of communities to deal with pressing challenges such as: (1) economic crisis and a lack of individual opportunity in the community, (2) processes of social and cultural disintegration, (3) social and political alienation of the community from mainstream society, (4) environmental degradation, and (5) post-war reconstruction (Peredo 2001). These factors are often combined, and it is their joint force that plays a major role in creating the multidimensional poverty to which 'underdeveloped' populations are prey.

Should read 'just such a response'

The circumstances in which CBE often arises are ones in which there is an experience of a major disequilibrium: an experience of a condition that is such a departure from former equilibrium positions that it calls for new resource combinations to address it, if the members of the community can mobilize themselves to assemble them. Adverse economic circumstances in a community may generate novel responses (Minniti and Bygrave 1999). CBE appears to be one such response. See for example the conditions that threatened the Purepechan Indians' way of life and triggered the development of the community forestry of *San Juan Nuevo Parangaricutiro* (Orozco-Quintero and Davidson-Hunt 2009; Tenenbaum 1996).

Comma after the citation, should be a semi-colon.

Tradition of collective action and political mobilization

Should be a comma after 'disadvantage them'

Very often, communities that develop CBE have some history of concerted activity aimed at addressing social, environmental and/or political issues. They have experience of acting, as communities, to demand services from governments, challenge government measures that disadvantage them or resist the invasive action of insurgents or large-scale landowners. These experiences yield a kind of tacit, collective knowledge as to how goals like these may be achieved (Spender 1994). Just as previous and existing levels of entrepreneurial activity may foster additional entrepreneurial activity in a population (Minniti and Bygrave 1999), the previous and existing levels of community activism may, in this case, become a resource for a distinctive form of entrepreneurial response to adverse conditions.

A deposit of social capital and social networks

To function at all well, any community depends on a store of what has come to be called 'social capital': 'the aggregate of the actual or potential resources which are linked to possession of a durable network or more or less institutionalized relationships of mutual acquaintance and recognition' (Bourdieu 1986: 51; see also Coleman 1988; Flora 1998). In an established community, this network is the basis for shared understandings of norms, trust and reciprocity that can fuel collective action. Collective cultural and ethnic endowments often contribute substantially to this rich mixture. The conditions of many communities in which CBE emerges are materially disadvantaged; land is scarce and/or impoverished, and there is little or no access to capital markets. In such circumstances it is the social capital of community members that undergirds the provision of their necessities (Bourdieu 1987; Putnam 1973). In conditions of poverty, individuals and families within the community pool resources, coordinate activity toward common-good projects and establish safety nets that reduce risks for individuals and families, members of the community.

It is this feature of community life that allows for two essential characteristics of CBE. The first is that it depends on the pooling and mobilization of assets already present in some form in the community itself. As a form of development, CBE is thoroughly endogenous. Second, the resources of social capital allow for a kind of risk taking on the part of the community that

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would be unthinkable for its individual members or families, especially in the constrained circumstances in which they generally find themselves. It is precisely the ability of the CBE to marshal and exploit social capital in these ways that adds potential in conditions of chronic scarcity and fierce global competition. A case in point is the use of reciprocal traditions to mobilize market and non-market resources to support their CBE. In fact, the rich resources of social capital provide their enterprise with a powerful stimulus but also with a particular competitive advantage (Peredo 2001, 2003).

Community size

Entrepreneurial ventures require resources (Chrisman et al. 1998; Gartner 1985; Katz and Gartner 1988). CBE is no exception. Given the general conditions of poor communities, it is reasonable to suppose that the *per capita* resources available in the community are low, and comparatively large communities would therefore be required to support enterprises based just on assets available in community members. At the same time, however, it seems likely that the requirement of large deposits of social capital noted above imposes something like an upper limit on size. Very large communities can also be expected to inhibit that kind of bonding social capital that seems vital to the development of entrepreneurship as a community venture. Further, it is far more likely that the abundant social capital often available in smaller communities will foster social cohesion among members on the kind and scale of endowments needed to support a CBE (cf. Minniti and Bygrave 1999). The upshot is that it seems likely that CBE will emerge, and will tend to be successful, in communities of a certain intermediate scale, neither too small to allow for the required resources nor too large to support the level of networks and social capital that creates and sustains CBE. This is not to say that CBE cannot arise in large communities. Its viability would depend on the structures in place to allow for social cohesion. A notable example is the CBE-like Mondragon Corporation, which after labour problems in the 1970s had to decentralize and devolve larger enterprises into smaller units, in keeping with an initial impulse favouring relatively small units as better suited to cooperative democratic principles (Johnson and Whyte 1977: 22–3). While the cooperatives continue to operate as one federated corporation, each unit is now, by agreement, restricted in size (Greenwood 1992; Johnson and Whyte 1977; Morrison 1991).

In summary, I have suggested that CBE emerges out of: (1) a response to social, cultural, ecological, economic and political stress; (2) a tradition of collective action; (3) a rich deposit of networked social capital, tradition and communal solidarity; and (4) a size appropriate to the operation of the previous factors. I turn now to a brief description of their typical characteristics of operation.

Characteristics of CBE

Based on available community skills and traditional knowledge

It is generally true that entrepreneurial activity takes advantage of an entrepreneur's previously acquired skills and experience (Ensley et al. 2000). This remains true in the case of members of communities acting together entrepreneurially. The activities observed in CBE, e.g. cheese making, agriculture, mining, forestry and handicrafts, typically draw on the traditional knowledge, skills and experience acquired by community members prior to the launch of CBE. Some of these, such as herding, crop management and forestry, are often rooted in the ancestral tradition of the community. Others, such as mining and certain forms of service provision, are frequently acquired by community members working as employees, within or outside the community.

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To some extent this is not surprising. The stock of traditional knowledge, skills and experience available in the community naturally guides the search for entrepreneurial opportunity (Ardichvili et al. 2003), and making use of that stock can be expected to improve the chances of venture success (Bygrave and Minniti 2000; Harvey and Evans 1995). But in the specific circumstances where a CBE is developed and operated, the community is called upon to marshal, adapt and combine in innovative ways the array of ancestral and acquired skills available in its membership. The process of bricolage (Baker and Nelson 2005) taking place within CBEs has built a flexible and resilient enterprise woven from many strands.

Directed at multiple goals

Like other entrepreneurial ventures, CBE is undertaken in the hope of economic gain. For CBE, however, economic gain is generally sought as a means to other ends in the community. Those ends reflect a constellation of interests that community members recognize, but in general these will concern what are seen as social and cultural benefits. CBE seldom if ever aims simply at improving income levels in the community. What it aims at, typically, is an instrumental resource base that will support such things as health care, educational services, housing, welfare support, and land protection and employment opportunities. This multiplicity of goals is in fact a practical recognition of poverty as a multidimensional phenomenon (Bourguignon and Chakravarty 2003). It could be said that communities do not develop CBE as a general response to poverty, but as a way of addressing the elements that constitute their poverty. The Mayan indigenous community of Altiplano, for instance, engages as a community in Fair Trade coffee but its goals are larger than just increasing the incomes of its families' members. Its strategy is to achieve economic profile as a way to gain voice in the public national sphere and thereby protect their lands and peoples against indigenous genocide. In the Andes, most communities have used the income from its multifaceted CBE to provide not only such necessities as potable water, electricity and public security, but also an assortment of contributors to wellbeing such as an education system, and health services including a health centre, community drugstore, day-care for children, subsidized milk delivery and a dining centre. Some of these benefits may be provided in a decentralized manner by organizations within the community but in a way that is coordinated in a cooperative manner through the community assemblies. The notions of 'community reciprocity', 'patrimony' and 'the common good' are central to Andean planning and goal setting, but these are tempered by the understanding that the needs and aspirations of individual families need to be taken into account (Peredo 2001: 137).

Developments in the community of Salcocha, where a number of cooperative enterprises have been collected under a CBE model, may illustrate the importance of integrated multiple goals and the need for the communities to be in the driving seat for the long-term viability of CBEs (Peredo 2003). A collection of local cooperatives – extensively supported by the Church – has enjoyed considerable economic success in producing dairy merchandise and other domestic products for domestic and international markets, and has provided additional employment and income for the local population. Nevertheless, the supplementing of meagre educational and health benefits delivered by government, for instance, has been left to the local government, Church and charitable organizations and has not been a significant goal of the cooperatives. It appears that the economic success of the Salcocha enterprises has not been harnessed to addressing general requirements of social and cultural wellbeing in the way that other CBE typically does. As a result the sense of community engagement and commitment, and perhaps the future development, seem quite different in character (Peredo 2003: 157).

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Dependent on community participation

The fund of social capital available in many poor communities not only serves as a stimulus to the establishment of CBE, but also has a profound influence on the way in which they are governed, managed and on its future viability. Any form of local development faces the challenge of engaging the population in that decision making without which programmes are likely to be a poor fit and lack commitment (Hall and Hickman 2002). As numerous studies have shown (e.g. Boyce 2002; World Bank 1996), grassroots involvement is fundamental to the success and sustainability of community development programmes. The enterprises of CBE arise as community creations, and the various models of governance and management that are established with them allow poor populations to assume ownership for addressing collectively the range of material and social issues that concern them (Bendick and Egan 1995; Hodson 2002; Lucas 2001).

Frequently, traditions of citizenship, communal governance and common property are represented in the forms of governance that emerge with CBE. Communal assemblies, involving 'commoners' in the local population, are a traditional form of governance especially prevalent among indigenous populations, including those in the Andes where examples of CBE have emerged. These assemblies are a robust mechanism for community planning and governance, including oversight of communal property (King 1995). They allow communities to deal with conflicts and power imbalances as those arise, and to achieve accountability on the part of community members and their leadership.

The governance structure of a CBE can be expected to reflect the general decision-making expectations of the community, as expressed in community meetings of community stakeholders. In the CBE in Llapampa, for instance, an evolutionary development has taken place concerning the selection of leaders, as the traditional criteria have been adapted to recognize new realities of enterprise management and the demands of a globalizing market economy. Behind these and other evolutionary adaptations, the CBE remains a community venture with household representatives participating in the elections and in the traditional community meetings. Significantly, the community withstood the efforts of the Peruvian government to reconstitute their enterprise as a cooperative, on the grounds that it should continue to be governed by the community structures. They believe it to be their own model, woven out of tradition and an understanding of common patrimony, adapted to the requirements of enterprising in a globalizing economy, and steering a course between extremes of communalism or individualism.

Summing up CBE characteristics: they are assembled from resources already present in the community in the form of traditional knowledge, skills and experience. CBE is typically directed toward multiple goals, with economic outcomes seen as instrumental in achieving social, cultural, environmental and/or political objectives. Governance structures are characteristically based on traditional, inclusive and democratic forms that identify the community with both the entrepreneurial initiative and the enterprise that results.

CBE and economic development

Local economic returns

The CBE and its practice of reciprocal community economy adapted to a globalized world can be a promising instrument for improving the wellbeing of poor communities. As emphasized above, these communities typically see economic development not as an end in itself but as a basis for development in a holistic sense, which includes multiple aspects of community

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wellbeing including strengthening social and cultural community organizations and civic democracy. But in order to function in that way, CBE must begin by creating economic returns, and in communities around the world CBE has been undertaken with that impact. There are many examples illustrating the way that it succeeds in local *economic* development as the result of its operations (e.g. Berkes and Adhikari 2006; Dampha and Camera 2005; Hazare 1997; Lean 1995; Mehta and Satpathy 2008; Peredo 2001). Even relatively prosperous communities faced with economic and social crisis, and given appropriate size and traditions, deploy CBE models of community mobilization to engage in profitable, enterprising behaviour to support local development, as in the Canadian case of Elliot Lake Retirement Living (OECD 1995; Peredo 2001). The list is considerable, and doubtless represents only the tip of an iceberg. It is just as certain that there have been economic failures, but the characteristics set out above clearly represent advantages that these community organizations have in carrying on business to improve their local wellbeing (Peredo 2012).

The umbrella effect: enabling individual and family business and social entrepreneurship

The creation of infrastructure (e.g. road systems, marketplaces and utilities such as water and electricity) to support CBE at the same time provides resources that small, individual, family-based businesses and social organizations within the community may take advantage of. This umbrella-like feature of CBE is an added source of development in communities that would otherwise lack the support structures needed to provide openings for individual/households and community organizations' initiative. To illustrate, in Llapampa the mining operations has stimulated the creation of a small restaurant owned by a women's organization aimed at providing support for preschool children. All of these contribute to the resources available in the community for generating added wealth and the benefits that this could provide. Similarly, when the community of Elliott Lake in Canada faced the crisis created by the collapse of its uranium mine, it launched a campaign to establish itself as a desirable retirement location. In doing so, it simultaneously created the conditions in which numerous collateral ventures could spring up to service the community that was emerging (OECD 1995). These and other examples show the impacts of the collective effort of community in CBE as an enabling mechanism for local development.

The multiplier effect

CBE may have the effect of stimulating the creation of new, individual, household and community organization ventures under their umbrella, but it may also inspire imitation among surrounding communities with which those engaging in CBE have social and economic relations. The success of the Indian community of Ralegan Siddhi in acquiring a loan to fund their community project of developing water conservation systems, to take one prominent example, led to the development of similar water projects on the part of seven neighbouring communities (Hazare 1997). This multiplier effect was given an added boost when the Indian Council for Agricultural Research, inspired by the Ralegan Siddhi story, supported the addition of 42 'model watersheds' in the 1980s; and later the government of Maharashtra undertook to replicate the Ralegan Siddhi example in 300 villages (Mehta and Satpathy 2008: 35). Significantly, the implementation of these programmes included the community-based organization as well as the social and environmental goals of the Ralegan Siddhi example.

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Challenges

As might be expected, communities and their CBE face challenges in developing and maintaining the gains that CBE makes possible. Among these challenges, two are worth special mention. The first is an 'internal' challenge. It is to preserve an accomplishment underlying the development of the CBE: the achievement of a balance between benefits to the community as a collective whole and to families and individuals within the community. Leaders of the community recognized that while families value the provision of common services as result of their collective effort, it is also important that there are tangible direct benefits at the family level. This is essential to the stability of the CBE. The management of that balance is an ongoing test, calling for continually renewed stores of social capital and effective institutions of governance and operation. One question that seems to be emerging concerns the relationship between family and community as families become prosperous (also see Chapter 11 in this volume): how might that affect the degree of participation of family in the community governance and collective social and cultural practices?

Should read
'CBEs are'.

A second challenge, which might be considered 'external', is in fact a set of connected challenges created by today's evolving environment of economic and cultural globalization. Some CBE is more exposed than others in this environment, but all are touched by it to some extent at least. One test generated by this exposure is the need for appropriate, adaptive responses to the demands of that economic climate: responses that allow for fruitful economic engagement in that climate without compromising the conditions that allow CBE to emerge and flourish. The pressures from this environment, and the risks in addressing them, are illustrated in developments in the SMCA of Llapampa. Among the benefits funded by the CBE is the support of young community members to attend the university. Many of these studied business, and on their return to the community, influenced by exposure to current, mainstream business modelling, some of these members sought to bring about a disengagement of economic from social goals, an increasing 'professionalization' of governance and management and perhaps even a privatization of sections of the enterprise (Peredo and Moore 2008: 8–9; Peredo 2012: 103). The embeddedness of their community enterprise in the culture and traditions of their people, with its strong notions of common patrimony and common good, seemed to be of diminishing significance to these younger members. Forces like these will be felt in any poor community as the reaches of the globalizing economy extend even into relatively remote areas, and the extent to which they may weaken the conditions that help foster and sustain CBE development will need to be observed.

In fact 'globalization' includes more than a set of beliefs about business practices and the relation between business and social objectives. Steger (2005: 11) argues that globalization 'not only represents a set of political ideas and beliefs coherent enough to warrant the status of a new ideology, but also constitutes the dominant ideology of our time'. It is part of this ideology that the ideals of individualism and consumer society become taken for granted by those they touch; and MNCs, with their large-scale marketing budgets, dominate the tastes of consumers everywhere (Guliz 1999). An added challenge to CBE, therefore, is to find its place in markets where the MNCs have established that what identifies a consumer with the world at large is a competitor for a product of the CBE. The producers of a local soft drink in Llapampa accordingly find themselves up against the image and marketing power of Coca Cola.

The ideological impact of globalization penetrates the policy-making frameworks of governments and NGOs whose activity may at least permit, perhaps even stimulate, but may also inhibit, the emergence and sustainability of CBE. The inclination on the part of these bodies to neglect culture and tradition as raw material for development may be amplified by an outlook

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that has little place for such things as the concept of common property or the blending of gift exchanges with commercial activity. Traditions and customs that could be built upon to establish endogenous and sustainable development are seen as impediments to 'development' (Burkey 1993), and indigenous and ethnic communities worldwide are urged to 'modernize' by abandoning these potentially beneficial resources (Peredo 2012: 103–4). Immersed in this ideological environment, governments fail to undertake, and may even resist, the development of the financial institutions and the legal infrastructure that would permit, even foster, the development of CBE.

I have been recapitulating, and in some respects developing, some of the main arguments put forward in what has been referred to (e.g. by Campbell-Hunt et al. 2010) as the seminal paper on community-based entrepreneurship and enterprise: Peredo and Chrisman (2006). Let me turn now to some brief comments on some of the issues that have emerged in papers that have made use of the CBE concept, and then offer suggestions as to how research might advance the conversation.

Contributions to the conversation

The concept of community-based entrepreneurship and enterprise as elaborated by Peredo (2001) and Peredo and Chrisman (2006) has received considerable attention. Many citing the 2006 article have used it to support proposals concerning such things as grassroots development, the role of culture and social capital in development, the concepts of social entrepreneurship and enterprise, and the pluralism of value that may accompany venturing (e.g. Cahn 2008; Dana and Light 2011; McIntosh and Renards 2010; Manyara and Jones 2007). A significant number, however, have commented specifically on the theoretical and empirical dimensions developed in the Peredo and Chrisman (2006) paper concerning this distinctive form of entrepreneurship and enterprise. In the space remaining, I will focus on comments that have been made under four central headings.

Triggers and characteristics of CBE

Campbell-Hunt et al. (2010) respond to a challenge mentioned in Peredo and Chrisman (2006), and explore the applicability of the CBE model to relatively well-off communities where opportunity rather than stress is a motivating factor. The authors studied four wildlife sanctuaries created by what they describe as 'community-based charitable trusts' (Campbell-Hunt et al. 2010: 8). The authors conclude their paper with an explicit consideration of the degree to which the ventures they study exemplify the CBE model: while the ventures they studied did not arise out of the combination of economic, cultural, environmental and/or social stress, they were triggered by a shared sense of ecological crisis. Moreover, there was a close fit with the way in which these ventures built on skills available in the community, and were directed toward multiple goals in which financial achievements were a means to social goods, among which ecological outcomes were paramount. Thus, the ventures fit the CBE model in their fundamental dependence on widespread community support and active participation.

Concerning three other conditions cited by Peredo and Chrisman – a tradition of collective action for social justice, an existing deposit of social capital, and the collective action of a geographically defined community – Campbell-Hunt et al. (2010) find less congruence. Asking the question, 'Are these community-driven wildlife sanctuaries examples of community-based entrepreneurship?' Campbell-Hunt et al. (2010: 17) suggest that the answer is 'yes', and that

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the departures from the Peredo/Chrisman model are what might be expected in a different environment. 'This research extends the Peredo and Chrisman (2006) model by describing how community-based entrepreneurship can work in a developed economy' (Campbell-Hunt et al. 2010: 18).

Orozco-Quintero and Davidson-Hunt (2009) study the *San Juan Nuevo Parangaricutiro* enterprise as a 'community-based enterprise'. The authors describe the way that the enterprise emerged from a circumstance of acute stresses in the community arising from the increasing gap between rich and poor brought about largely by unequal distribution of benefits from community resources. The notion of the community land held in common as a resource for the common good that figures so strongly in the Peredo and Chrisman account comes through with equal clarity in the case of the San Juan community. They single out the form of linkages with outside political forces and institutions as a crucial resource for the community (Orozco-Quintero and Davidson-Hunt 2009: 21). This study highlights the role of bridging capital as a strategy for achieving CBE's multiple goals. This is an important consideration that has not yet been analyzed sufficiently in published studies.

The identity of community and entrepreneurship/enterprise

Several papers have identified the CBE model as representing something significant in relation to the improvement of wellbeing in disadvantaged communities. One question that frequently arises is the degree of identification that is needed between community and entrepreneurship/enterprise.

Somerville and McElwee (2011) raise important questions about membership, arguing that enterprises with much of the character and the effectiveness of CBE might include just some interested sector of the community involved. They support their case by referring to a case in Liverpool. The latter is thought to be especially close to a CBE; but while it is open to all community members, not all belong.

Handy et al. (2011) consider in detail the case of an organization of jasmine growers in southwest India. They point to a large number of respects in which the venture exhibits the characteristics of CBE. But they point to at least two characteristics, both related to community identification with the enterprise, in which the jasmine enterprise differs. First, it began as a group of growers under the direction of a local priest, which then grew to include much of the community. Second, the enterprise is not governed by its producer/members, but by a small group of traders who manage the operation on behalf of the producers. The community cannot, on these two grounds, be quite identified with its enterprise. The authors contend, however, that these features simply reflect the realities of the environment in which this enterprise has arisen, and it maintains the essential character of a CBE.

Datta and Gailey (2012) refer to the CBE concept in their development of the case of the large workers' cooperative, with 42,000 members and 72 branches across 17 Indian states. But while the authors are interested in the model of collective ownership and governance in the CBE model, what they note as a significant departure in their case is the nature of their community. Membership and ownership are not identified with a geographic community, but with women (to whom membership is restricted) located across a large region and producing a snack marketed by the cooperative.

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The character and the role of social capital

Many of the articles citing Peredo and Chrisman (2006) refer to their use of 'social capital' to theorize the origins and operations of CBE. However a number of papers expand on the concept providing more detailed workings of social capital, and implications for the kinds of collective entrepreneurship and enterprise that might establish themselves.

Somerville and McElwee (2011) draw on Bourdieu (1986) in filling out the way in which social capital may be fundamentally bound up with economic and cultural resources. They exploit the concept further, however, by implicitly drawing on the distinction made by Putnam (2000) between 'bonding' and 'bridging' social capital, and the extension proposed by (Woolcock 2001) in the form of 'linking' social capital. The authors hypothesize that 'community enterprise can be understood, to some extent, in terms of the balance of social capital functions (bonding, bridging and linking) served by its overall activity' (Somerville and McElwee 2011: 323). They suggest that in fact different balances may lead to different sizes and configurations of CBE. Further, they propose that different balances among these forms of social capital may in fact constitute different understandings of the extent of a community, and thus influence the form, scale and operations of CBE (Somerville and McElwee 2011: 323).

Handy et al. (2011) also draw on the distinction between bonding and bridging social capital; but in their case of the Jasmine growers of coastal Karnataka, they use the distinction to theorize about the dynamic of their organization's emergence and the ways in which its continuing operation are sustained.

[A]lthough bonding social capital is essential for the establishment of trust, and hence pivotal to the success of the programme, there is also the effect of bridging social capital . . . The growers use the bridging social capital of the traders to sell their product 365 days a year to buyers who are hundreds of miles away.

(Handy et al. 2011: 413)

The nature and role of leadership in CBE

Another topic that has come in for notable comment on the part of those examining the concept of CBE is the form and importance of leadership, both in the origins and the continued functioning of the enterprise.

Somerville and McElwee (2011: 327–8) draw attention to what they consider the vital role that community activists play in bringing collective enterprises into being. '[C]ommunity activists or entrepreneurs', these authors say, 'are positioned on a continuum of participation, in which others play important supporting roles. The activists therefore provide leadership, largely through their long-term vision and commitment'. Campbell-Hunt et al. (2010) are even more emphatic about the importance of individual leadership in the emergence and success of the CBE they study. In their analysis of interviews conducted with sanctuary members, they include leadership as a prominent factor thought to be associated with successful operation.

While Handy et al. (2011) do not make the same explicit claim about leadership, their account of the jasmine-growers association makes it clear that they ascribe a decisive role to the parish priest who made the first contacts and continues to exercise strong guidance. '[I]t was a program conceived by one individual', they contend, 'with moral and pastoral leadership position at the local level who could convince his parishioners to grow jasmine and who recruited trusted members of the church as traders' (Handy et al. 2011: 414).

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Similarly, Orozco-Quintero and Davidson-Hunt (2009) draw attention to the vital role of leadership in the development and sustainability of the San Juan community. 'The . . . emerging leadership allowed the community . . . to start mastering their redefined common property regime' (Orozco-Quintero and Davidson-Hunt 2009: 22). They point out that effective leadership must be thoroughly rooted in the culture of the community, but leadership from certain individuals was vital, in their opinion, to the marshalling of community commitment.

Discussion

I have selected just four of the several topics that have emerged from papers continuing the exploration of the concept of CBE in relation to addressing poverty and other social ills. Space does not permit detailed comment on the details even of the contributions I have sketched above, but it is worth noting briefly the way that those proposals suggest ways in which the conversation may be advanced concerning CBE and its role in addressing community hardship.

First of all, the discussion has extended and elaborated further the concept. One question is whether the list of originating factors and operational characteristics given by Peredo and Chrisman (2006) should be regarded as a fixed and determinate inventory. Somerville and McElwee (2011) appear to take something like this approach in their argument that CBEs are only one form of a model they label 'community enterprises'. They back this observation with the comment that 'Peredo and Chrisman . . . are talking about very unusual communities' (Somerville and McElwee 2011: 320).

One might ask whether the communities at the basis of Peredo and Chrisman's argument are all that unusual, especially in the rural, often indigenous communities where something like CBE might be considered as a response to poverty (see Berkes and Adhikari 2006). But the more fundamental question is whether departures from the pattern observed by Peredo and Chrisman (2006) should be seen as departures from a list of necessary and sufficient conditions, or instead as a call for some flexibility in the requirements of the model. I argued above that the concept of CBE should be taken to represent something like a central bundle of characteristics that might be more or less embodied in particular examples. This seems to be the approach taken by authors such as Campbell-Hunt et al. (2010), Handy et al. (2011) and Orozco-Quintero and Davidson-Hunt (2009).

Second, the question as to what extent community-based entrepreneurship and the resulting enterprises require identification with their communities raises further questions regarding citizenship and governance mechanisms. The requirements of citizenship may vary considerably from community to community; and governance structures differ markedly in their forms of engagement with those considered citizens. If scholars are inclined to think (as, e.g., Campbell-Hunt et al. 2010 are) that the way in which communities are involved with the enterprises that are meant to benefit them may vary somewhat, it would be interesting to investigate: (1) what the extent of variation might be; (2) the extent to which that variation might bear on the benefits and sustainability of the enterprises; and (3) what circumstances are relevant to this variation. There are rich veins of potential enquiry here.

The matter of membership is bound to raise question of the relationship between CBE and cooperatives. In practice, there can be an overlap between the cooperative and CBE. They both are collective forms of enterprise, they may arise under similar situations and often there is resemblance in their governance structures. However, the cooperative model tends to have a membership that may be restricted to a subgroup in a community and/or include memberships outside a particular geographic area. It is not 'place-based' in the same sense as CBEs necessarily are. Further, cooperatives generally operate in the interests of their members, and not necessarily

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the wider community. (Italian social cooperatives emerged as an intentional exception to this.) In the case developed by Datta and Gailey (2012) of the large worker cooperative, membership is restricted to women and the benefits are meant for the women and their families rather than the entire community. Fair trade arrangements, to take another example, often involve cooperatives, but do not necessarily direct benefits from the co-op beyond its membership to the community at large. However, no doubt there are examples of cooperatives or other collective ventures engaging some large sector of a community that border on the CBE such as community co-ops or community forest cooperatives, which operate in ways that resemble CBE.

There is a need to acknowledge a constellation of diverse forms of collective entrepreneurial initiatives emerging within and among different communities. These forms are not necessarily organized as cooperatives or CBEs, but are collectives of some sort and contribute to the provisioning of a group. Practices of cooperation are at the heart of all of them, including CBEs and cooperatives. When I refer to this constellation I begin using the term 'community-based economy'. Specifically this term refers to collective undertakings aimed at: (a) providing the needs and wants of some community or group, where any profits are a means of supplying those needs and wants; (b) managed autonomously and by democratic processes; and (c) in which persons and their participation are given priority over capital in the distribution of any surplus. In connection with these diverse practices it is also valuable to observe the dynamics and/or ecosystems (Bloom and Dees 2008) that can develop among these undertakings and their possibilities for social transformation.

Third, contributions to the discussion concerning the nature of social capital and its role in the origins and functioning of CBE raise exciting possibilities. The distinction among bonding, bridging and linking capital, and the ways in which their differences and their relative balance may influence the emergence and function of CBE is hinted at by Somerville and McElwee (2011) and Handy et al. (2011). It would be fascinating to explore such questions as how different balances might affect the success or failure of fledgling CBE; how they might influence the way in which CBE might be connected, or isolated, in relation to wider communities; how the goal structure of a CBE might be developed and evolve; whether the venture is 'successful' (however that is measured), especially in a globalizing environment; and more. It is quite conceivable that distinct forms of CBE emerge out of different configurations of kinds of social capital.

Fourth, the question of the role of leadership emerges spontaneously in many discussions of CBE and its close relations. Is the entrepreneurship in CBE to be identified with a leadership group of entrepreneurs? Is there one kind of leadership that characterizes CBE; or is this, perhaps like the matter of community engagement, a factor that allows for different forms in different circumstances? There are diverse understandings of leadership across cultures. How is the CBE relationship with a global marketplace influencing notions of leadership? What has been the role of the church in fostering leadership, particularly in remote and impoverished communities? The relation of these considerations to such issues as patterns of social capital and successful emergence and sustainability is obvious. Connections with well-developed management literatures on leadership and entrepreneurship could be promising if the temptation simply to apply familiar models to unfamiliar social and cultural environments is resisted.

These four topics have emerged from a quick survey of just a few contributions to the ongoing discussion of CBE as a response to poverty or social difficulties. There are many others; among them:

- In what ways do those engaged in CBE assess their performance? Do they adapt their practice in the light of their assessment?

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- What policies and legislative environments encourage, or inhibit, the emergence and the sustainability of CBE?
- What can be/is the role of external organization in the development of CBE?
- What part, if any, does CBE play in the evolution of other organizational forms?
- What sorts of training might be appropriate for leaders and managers in the CBE environment?
- How might CBE be fostered in circumstances where it might be useful but is not emerging spontaneously?
- What methodologies are appropriate to the study of CBE, where cultural settings are of such importance?

It seems clear that circumstances of poverty, in pockets of all nations and in large sectors of many, call out for an entrepreneurial response. CBE, I have argued, is one very promising reply to that call. It is encouraging to see that this potential is being explored in a number of different settings, extending the discussion with the development of relevant concepts and in a number of different environments. Continuing and enlarging this conversation could be very important in helping realise the promise many see in the CBE response.

Recommended readings

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Notes

- 1 For a comprehensive theoretical development and ethnographic CBE cases see Peredo (2001).