

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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**Collective Entrepreneurship in a Community Based Organization:  
Do we have a New Theory of Entrepreneurship ?**

Anubha Shekhar Sinha <sup>1</sup>

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## **Collective Entrepreneurship in a Community Based Organization: Do we have a New Theory of Entrepreneurship?**

A bunch of poor knit together based on some criteria of a community like that of a neighbourhood, known as community based organizations (CBOs), have been argued to display entrepreneurship (Peredo & Chrisman, 2006). If CBOs can display entrepreneurship, then the next question that should be asked is - how do CBOs do so? Literature on collective entrepreneurship is budding (Aldrich, 1999; Felin & Zenger, 2007; Jonsson, 1995; Ruef, Aldrich, & Carter, 2003; Schoonhoven & Romanelli, 2001; West, 2007) and questions like - can a collective be entrepreneurial is being debated (Jos & Bart, 2010; Burress & Cook, 2009; Connell, 1999). Collective entrepreneurship has been argued to exist in producer owned collectives like agricultural cooperatives (Jos & Bart, 2010; Cook & Plunkett, 2006). In this vein, it is important to ask whether there are some parallels of the processes of collective entrepreneurship with the processes of the dominant paradigm of entrepreneurship, where an individual is the entrepreneur; this individual recognizes an opportunity, designs innovative solutions to fulfil the opportunity and organizes resources around the solutions to raise an entrepreneurial venture (Bhave, 1994). What are the differences between these processes when they are undertaken by an individual or a collective acting as entrepreneur? Also, as we do so, it is also important to explore whether there some caveats to watch out for, such that unintended consequences like CBOs converting into community groups, motivated politically for purposes other than that of seeking economic returns for the group, do not occur? In this paper, we study the processes of collective entrepreneurship in a CBO and parallel some of the observations with those in the theories of entrepreneurship to unravel how CBOs pursue entrepreneurship. In the process, we also throw up some dimensions, which point towards the need expanding the existing theories on processes of entrepreneurship.

Entrepreneurship literature has been dominated by Austrian economists, Schumpeterians and Psychology researchers. Austrian economists view entrepreneurship as spotting some arbitrage opportunities at best. These opportunities exist at fringes of an economic system and are discovered by others and imitated away in time. Schumpeterians and psychology scholars, on the contrary, are focused on entrepreneur as a bold-thinking and charismatic leader, who can generate disequilibrium by combining resources in novel ways. Literature on entrepreneurship has thus been concentrated around the person, who is an entrepreneur. Dees (1998) pioneered to include social entrepreneurship as a subset of entrepreneurship, wherein, a social entrepreneur is one who shifts the economy forward by tapping opportunity for change and revolutionizing production to shift economic resources to higher areas of productivity. However, even in this conceptualization, an entrepreneur is an individual with an external locus of control over the enterprise. Popularly known models like that of Grameen were possible by individual social entrepreneurs like Mohammad Yunus. However, in this paper, we focus on a collective as an entrepreneur in an alternate model of a social enterprise, where there is internal locus of control over entrepreneurship. In this model, the entrepreneur is a group of people in a CBE. The contribution of this paper is therefore twofold. Firstly, it demonstrates how processes of collective entrepreneurship happen in a collective

enterprise and parallels them with those of an individual entrepreneur driven enterprise. Secondly, it enriches social entrepreneurship literature by including models with internal locus of control over entrepreneurship.

According to theories of entrepreneurship, an entrepreneur is one who reduces problems of uncertainty (not risk!) in her surroundings for herself. She does this by creating/ arbitrating requisite information as well as by reducing information asymmetry for herself. Uncertainty reduction for the entrepreneur is the first vital pillar of entrepreneurship. The second pillar is innovation. The entrepreneur has to be a “born” innovator. She needs to think for out of the box solutions to the problem at hand and apply the above-average information that she possesses to create a possibility. Till this point, the entrepreneur’s mind is her research laboratory. Thereafter, resource acquisition and allocation or “organizing” is considered to be the third pillar of entrepreneurship. It is in this third phase that physical outcomes of all the “thinking processes of an individual” (Bhave, 1994) starts to become visible to the external world. Seen this way, it almost is a taken-for-granted assumption that entrepreneurship is an individual activity. It is guided by the individual’s schema (plural: schemata or schemas), which are cognitive frameworks in a human brain that help organize and interpret information in his surroundings. We contend that similar processes are possible by people in a group. When people, who have some kind of strong social ties, come together in a group and interact regularly over a period of time over multiple issues ranging from those of their everyday lives, families and societies in general; then a collective schema begins to develop. This collective schema has parallels in the way individual schema operates. We use schema theory to understand the processes of collective entrepreneurship in this paper.

We employ qualitative research. under interpretivist paradigm or worldview. Under interpretivist worldview the nature of reality is such that realities are multiple, constructed and holistic. Herein, the knower and the known are interactive and inseparable and any inquiry is value-bound. The epistemology, methodology and axiology under interpretivist paradigm are quite different from those of the positivist and post-positivist paradigms and the requirements of control of research are subsumed under “trustworthiness” requirements of naturalist enquiry. We use grounded theory method. The data were obtained from prolonged immersion in the research contexts. We also used some published secondary data. This is an emergent research. The research design allowed for evolution of the research questions as well as of the theoretical understanding on the subject, as the research progressed.

In the extant theory of social entrepreneurship, entrepreneurship remains an individual-driven activity but that individual prefers value creation to value capture. The social members remain as the beneficiary of the altruistic activities of the social entrepreneur. Any other entities like commercial businesses or government bodies are important only as a resource/ resource provider with some rights over the social good thus created. The problem with this approach to social entrepreneurship is that we are unable to explain a kind of social entrepreneurship, wherein multiple entrepreneurs knit together with the ambition of creating social good for themselves and

for society at large, come on a platform and carry out entrepreneurial activities as a collective. We try to explore through an example of “Kudumbashree” how collective entrepreneurship functions. Thereafter, we try to understand what could be the larger ramifications on existing body of knowledge by this inclusion of a collective as the entrepreneur. We need to revisit questions like how a collective handles the problems of uncertainty and innovates and organizes. We need to understand how entities like government or commercial businesses, which were earlier thought of as touching the entrepreneur at the boundary and remaining as resource/ resource provider at best, become an active partner of the entrepreneurial activities. In the same vein, we need to understand how societies and people, who were thought of as beneficiaries in the individual entrepreneurial activities model, act as partners nested at multiple levels to create a vibrant collective with social ambition. We argue that this inclusion shall pave the way for many questions and probing into existing theories of entrepreneurship in general and social entrepreneurship in particular. This paper is an attempt in this direction.

Extant entrepreneurship literature continues to concentrate on the processes of individualistic entrepreneurship (Allik & Realo, 2004). What if the theories of entrepreneurship had their roots in countries with collectivist cultures like India or other Asian countries like Japan or China (Baumol & Strom, 2007)? Would they still have had the same foundations and meanings (Davidson, 1995)? Would they still have had the same structures (Brewer & Venaik, 2011)? And even if the foundations and structures were the same, would they have been composed of the same elements? Can a collective be entrepreneurial (Pinillos & Reyes, 2011)? If so, what are the processes of collective entrepreneurship?

#### Understanding collective entrepreneurship

Lounsbury, (1998) proposes that collective entrepreneurship happens when conditions for a common cultural background get created for the members through social marginalization. When such conditions get created, members identify with each other, so much so that the team's objective becomes far more critical than the limitations surrounding them (McMullen, Bagby & Palich, 2008). Minority ethnic groups will become entrepreneurs under the conditions "where profit is disdained, where there are difficult economic conditions, where credit is tight and where trust rather than technical knowledge is the most valuable commodity" (Lounsbury, 1998: 53). Thus, social marginalization, especially during social movements, might become a context for the development of collective entrepreneurship.

We use Gidden's, (1984) Structuration Theory (ST) to explain the process model of collective entrepreneurship. The core of ST relies on the interaction between agency and structure. It embraces the duality of structure, which means the human agency is embedded in the structure and structure is embedded in the agency. Structure in any human society is a manifestation of the prevailing rules, norms, and beliefs of that society. Any structure has an underlying value system that guides these regulations, norms and beliefs. Further, this structure is internalized by the agents and gets ingrained as structural properties in their memories. Thus, the structure influences the actions of the agent, which in turn influences the structure itself. Thus, the structure is recursively recreated through the actions of the agents. The deviation in structural

properties or principles of a societal subsystem is guided by the knowledgeability of the actor by virtue of her exposure to other societal subsystems or due to their unconscious desires and motivation. This deviation results in structural transformation, which is described by the process of structuration.

### Laying the background

We have been unable to explain the kind of rural entrepreneurship wherein multiple entrepreneurs knit together with the ambition of uplifting themselves and the society at large, come on a platform and carry out entrepreneurial activities as a collective. We try to explore through an example of "Kudumbashree" how collective entrepreneurship functions. It is a programme aimed at poverty eradication, supported by the Kerala state government in India for over two decades. 'Kudumbashree' meaning 'prosperity in the family', in the regional language (Malayalam), is built on the central idea of enabling and empowering rural women to uplift their families and, consequently, the larger community. We address questions like how a collective handles problems of uncertainty, innovates and organizes? How do entities like the government or commercial businesses, which were earlier thought of as touching the entrepreneur at the boundary and remaining as a resource / resource provider at best, become active partners in entrepreneurial activities? How societies and people, considered beneficiaries in the individual entrepreneurial activities model, act as partners nested at multiple levels to create a vibrant collective. We argue that this inclusion shall pave the way for many questions and probe into existing theories of entrepreneurship in general and rural women entrepreneurship in particular.

### Research design

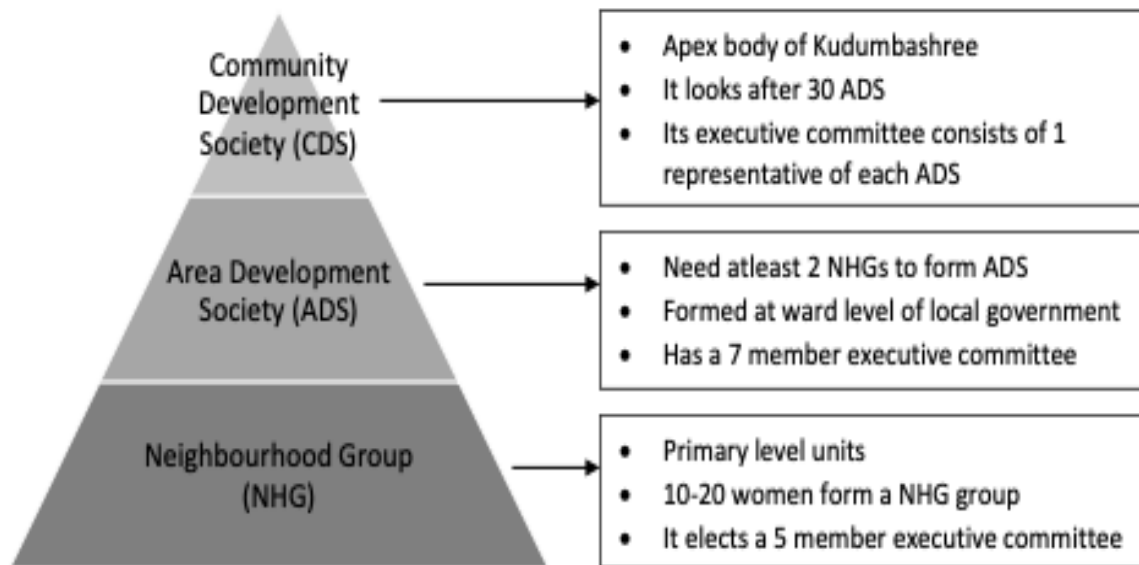
This study used an exploratory approach and multiple qualitative methods, including interviews and focus group discussions (FGDs). The research design of this study involves two distinct phases. The first phase consisted of reading all information available in the secondary sources about Kudumbashree. This prepared us for the next phase of primary data collection, wherein we spent excessive time in the field and the Kudumbashree offices to understand the organization, its people, its processes, and the larger community in which Kudumbashree is based. Snowball sampling was used to identify interviewees and all were offered a brief description of the study and a request for consent to interview. We conducted thirteen in-depth, semi-structured interviews and one FGD with the rural women in Kudumbashree (NHG members). We also conducted six semi-structured interviews of ADS members and four interviews of CDS members to understand its process of ideation. Interviews and FGDs were recorded, with consent and subsequently transcribed. We analyzed the data collected from all primary and secondary sources using N-Vivo qualitative data software. We followed the grounded theory analysis technique as prescribed by Strauss and Corbin (1990). We used open, axial and selective coding techniques from Gioia methodology to arrive at the final set of themes discovered from the data. By participating in their meetings, we were also able to understand their opportunity recognition process.

### Process model

We attempt to understand the process model of collective entrepreneurship through Kudumbashree, which is composed of members who are geographically proximate, share common

core characteristics of being from economically underprivileged sections of the society, socially cohesive individuals who are all rural women, who form micro-enterprises called neighborhood groups (NHGs). NHGs elect representatives to Area Development Societies (ADSs). Multiple ADSs then elect a Community Development Society (CDS). This results in a collated three-tier structure consisting of microenterprises and their representatives. This informal structure parallels the local self-government and partners with them for various programs in Kerala, India (Figure 1).

Figure 1: Structure of Kudumbashree



In this study, we present a process model of Kudumbashree, which has the unique features of being a multi-level collective entrepreneurship nested within each other at different levels. The defining characteristics of the model are:

1. Common cultural background (Lounsbury, 1998): Here, the precondition is a shared culture, which is ensured in many ways like poverty, language, social status, rural, female, value-laden, place of origin, and residence.

2. Development through Differentiation and Integration (West, 2007): This model allows for the development of new strategic choices through deliberation at the lowest levels of NHG (micro-plans), then at ADS level (mini-plans) and then CDS Plans, which are matched to anti-poverty sub-plans of government at panchayat level.

3. Nested Structure: Creating partnerships with outside stakeholders like the government, banks, NABARD, and commercial businesses.

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Research Office  
Indian Institute of Management Kozhikode  
IIMK Campus P. O.,  
Kozhikode, Kerala, India,  
PIN - 673 570  
Phone: +91-495-2809238  
Email: [research@iimk.ac.in](mailto:research@iimk.ac.in)  
Web: <https://iimk.ac.in/publications>

