



Technische Universität München
Fakultät für Wirtschaftswissenschaften
Professur für Unternehmerische Nachhaltigkeit –
Brau und Lebensmittelindustrie

Community-Based Entrepreneurship - Toward a Legitimate Research Domain

Christina J. Hertel

Vollständiger Abdruck der von der Fakultät für Wirtschaftswissenschaften der Technischen Universität München zur Erlangung des akademischen Grades eines Doktors der Wirtschaftswissenschaften (Dr. rer. pol.) genehmigten Dissertation.

Vorsitzende: Univ.-Prof. Dr. Nicola Breugst

Prüfer der Dissertation:

1. Univ.-Prof. Dr. Frank-Martin Belz
2. Univ.-Prof. Dr. Dr. Holger Patzelt

Die Dissertation wurde am 08.10.2018 bei der Technischen Universität München eingereicht und durch die Fakultät für Wirtschaftswissenschaften am 15.11.2018 angenommen.

*It is when citizens stop waiting
for professionals or elected leadership to do something,
and decide they can reclaim what they have delegated to others,
that things really happen.*

Peter Block, Community – The Structure of Belonging

*If rural communities are a hotspot of challenges
for implementing the Sustainable Development Goals,
they are also a hotspot for innovation and creative solutions.*

Jamison Ervin, United Nations Development Programme

ACKNOWLEDGEMENTS

Submitting this dissertation marks the end of an often challenging, yet highly rewarding phase – a time of intense learning, both on an academic and personal level. I wholeheartedly want to thank my mentors, colleagues, friends and family, who accompanied me during these difficult and wonderful times. Words cannot express how grateful I am for having such an amazing group of people to motivate and support me.

First, I would like to express my sincere gratitude to my supervisor Prof. Dr. Frank-Martin Belz for believing in me from the very beginning. Without your encouragement, I would not have dared to start this journey. I am particularly grateful to you for letting me follow my heart and for giving me the freedom to explore unknown territories. Thank you for your enduring dedication and openness.

I want to convey my thanks to my committee members Prof. Dr. Dr. Holger Patzelt and Prof. Dr. Nicola Breugst. You and your colleagues from the Entrepreneurship Research Institute became important mentors to me and I benefitted highly from all the seminars and discussions with you.

It has been a great privilege to share this journey with a group of fantastic colleagues. Julia Binder, Anna Wagenschwanz, Marianne Kreissig, Henrike Purtik, Eva Weißenböck, Anna-Lena Siegert, Daniela Gimenez, Reinhard von Wittken, and Jeanette Kralisch – thank you for so many happy times and for giving me energy to master the challenging phases of this journey. I am honored that many of you were much more than just colleagues and became such close friends. A special thanks to Julia and Anna for all the hours we spent discussing, laughing, singing, exploring the world, and searching for the things I lost. Thank you for always being there when I needed it. You can all always count on my support and I cannot wait to see what the future holds for us!

I was very lucky to meet a group of inspiring academics during the past three years who believed in me and my work, provided me with valuable opportunities and motivated me to grow both as an academic and as a person. First, I want to thank Prof. Johanna Mair (PhD) and Prof. Silvia Dorado (PhD) who were the first to believe in my ideas, thereby paving the way for all of this. Thank you to Prof. Dr. Marc Gruber for giving me the opportunity for a research visit at EPFL – a most memorable time that has shaped my academic career and personality. I am extremely grateful for your trust, persistence, and patience. I also want to express my gratitude to Prof. Sophie Bacq (PhD) for sharing my enthusiasm for the topic and for being so generously supportive. I am looking forward to working on joint research projects with all of you in the future.

Special thanks go to the amazing people from the villages and communities I visited for collecting my data. Thank you for your openness and hospitality. You have not only provided me with the valuable data that made the studies in this dissertation possible but have inspired me and broadened my horizon. I learned a lot from you and I enjoyed every second I spent with you. It would be my honor to further collaborate with you in the future.

All of this would not have been possible without the endless support of my amazing friends. Thanks for being there for me whenever I needed it and for being this important counterbalance in my life – the buoy that kept me over water in stormy times and reminded me of what really matters in life. In particular, I want to highlight the unconditional trust and friendship of Stephanie Müller for nearly three decades, which gave me so much confidence and strength to pursue my goals, and Georg Orosz for his tremendous support that brought me through these crazy final weeks of this journey. Thank you both for these invaluable experiences of true friendship and team work.

Finally, I would like to express my gratitude to my parents, Wolfgang and Astrid Hertel, to whom I owe everything I am. Thank you for your endless love and support, and for opening all these doors for me. You are my biggest role models in life and I cannot express how grateful I am for being your daughter. Nothing of this would have been possible without you.

ABSTRACT

In face of the multifaceted economic, social, and ecological challenges society is facing, local citizen-based action has become crucial for achieving a sustainable future. Along these lines, a growing number of local communities collectively harness their resources to create entrepreneurial ventures that address their local problems and generate additional benefits. However, although community-based entrepreneurship has attracted growing scholarly interest over the past decade, research remains scattered and incoherent. The overarching objective of this dissertation is to contribute to establishing community-based entrepreneurship as a legitimate sub-field within the entrepreneurship and management literature. To this end, it aims to define key concepts, develop clear boundaries, and contribute to a theory-based understanding. The dissertation starts with introducing the phenomenon and elaborating on its practical relevance and academic legitimacy. At the heart of the dissertation are four essays that all contribute to the research objectives by exploring different elements and aspects of community-based entrepreneurship. Essay I, a systematic review of the literature, sets the ground by giving a holistic overview of extant research and by proposing definitional premises and boundaries. As explaining entrepreneurship requires an understanding of entrepreneurial opportunities, Essay II provides insights on the different sources and the formation process of opportunities for community-based entrepreneurship. Essay III delves deeper into the ‘how’ and ‘why’ of community-based entrepreneurship by exploring enabling factors and proposing an identity-based explanation of successful community-based enterprise creation. Finally, Essay IV explores different forms of community involvement and sheds light on the effect of leadership practices and styles on attaining and managing these. The findings do not only add to the nascent stream of literature on community-based entrepreneurship but also yield contributions for broader entrepreneurship, organizational, and management research. The dissertation concludes with providing a synopsis of all findings and theoretical contributions, pointing out avenues for future research, and discussing the practical implications. Taken together, the findings lay the foundation for a scholarly conversation that yields new theoretical insights and helps to leverage the untapped transformative potential of local communities.

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LIST OF ABBREVIATIONS AND ACRONYMS

cf.	confer
e.g.	exempli gratia
et al.	et alii
NGO	Non-governmental organization
QCA	Qualitative Comparative Analysis
SDGs	Sustainable Development Goals
UN	United Nations
UNDP	United Nations Development Programme
WCED	World Commission on Environment and Development

1. INTRODUCTION

The multifaceted and interrelated economic, social, and ecological challenges society is facing, call for innovative, alternative solutions. Despite the efforts of both the public and private sectors to address these problems, many remain to be solved. Against this backdrop, local community-based action has become more important than ever. Around the world, an increasing number of local communities are harnessing their local resources in an entrepreneurial manner to address a broad variety of local and societal challenges. Most interestingly, we find a growing number of enterprises that are collectively established, owned, and controlled by the members of a local community, in which they are embedded and for which they create economic, social and ecological value. However, although the phenomenon has attracted growing scholarly interest over the past decades, research remains incoherent and scattered. The aim of this dissertation is to contribute to establishing community-based entrepreneurship as a distinct and legitimate research domain within the field of entrepreneurship research. The following introductory chapter introduces community-based entrepreneurship as a powerful, yet under-researched means for addressing both local and grand societal challenges. Furthermore, it outlines the overarching research objectives that guide the remainder of this dissertation.

1.1 THE CONTEXT: COMMUNITY-BASED ENTREPRENEURSHIP

Poverty, social injustice, loss of culture, environmental degradation– the list of pressing and interrelated economic, social and ecological problems our society is facing may appear overwhelming. Although governments, non-governmental organizations (NGOs), and corporations are increasingly committing to addressing sustainability issues, many remain unsolved, and all major sustainability agendas and frameworks of our time accede that tackling these challenges will require alternative, citizen-driven solutions. Today, most scholars and practitioners agree on the potential of entrepreneurship for contributing to these endeavors (Munoz & Cohen, 2017; UNDP, 2008). Being rich in resources, local communities constitute a fruitful ground for entrepreneurial activity (Johannisson, 1990; Marti et al., 2013), and we see an increasing number of communities that harness these resources to develop entrepreneurial solutions to local and societal problems (Daskalaki et al., 2015; Dubb, 2016). Community-based enterprises, i.e., enterprises that are collectively established, owned and controlled by the members of a local community, have emerged as a particularly promising alternative form of entrepreneurial ventures to contribute to sustainable local and societal development. The underlying idea is that, by joining forces, the members of local communities can establish enterprises that yield benefits unattainable to individual entrepreneurs. Community-based enterprises emerge in both the Global North and South, in different industries and sectors, and in the face of a variety of local and societal issues.

With growing practical relevance, the phenomenon has increasingly attracted scholarly interest. However, the emerging body of literature is characterized by great definitional and conceptual inconsistencies as scholars use the same terms to refer to different things and different terms to refer to the same things. For instance, authors use the terms community enterprises (Kleinhans, 2017; Somerville & McElwee, 2011), community-based enterprises (Handy et al., 2011; Peredo & Chrisman, 2006; Valchovska & Watts, 2016) or community-led social enterprises (Haugh, 2007). As the review of the literature in Essay I shows, there are different types of related, yet distinct enterprises that are discussed under the umbrella term of community entrepreneurship. Thus, it is important to start this dissertation with the underlying definitions of the key concepts and with distinguishing the phenomenon from related phenomena.

1.1.1 Underlying Definitions and Conceptualizations

Based on a systematic review of the empirical evidence and the definitions provided in extant research (see Essay I for further details), Essay I proposes the following definition of community-based enterprises:

Community-based enterprises are enterprises that are collectively established, owned and controlled by the members of a local community, in which they are embedded and for which they aim to generate economic, social and/or ecological benefits.

This definition consists of five distinct elements, namely 1) embeddedness, i.e., the entrenchment in the existing structures of a local community, 2) community orientation, i.e., the goal to generate benefits for the community as a whole and not only for specific individuals, 3) self-sustaining business activity, i.e., the production and commercialization of a product or service in an economically viable way, 4) multiplicity of goals, i.e., the goal to generate not only economic but also social and /or ecological benefits, and, last but not least, 5) collective establishment, ownership, and control by a large part of the local community.

If entrepreneurship is the process through which organizations and economic activities emerge (Davidsson, 2015), then community-based enterprises can be differentiated from community-based entrepreneurship in that the former is a product of the latter (Haugh & Pardy, 1999). Based on the insights on the opportunity formation process gained in Essay II and Shane and Venkataraman's (2000) prominent definition of entrepreneurship, this dissertation adopts the following definition of community-based entrepreneurship:

Community-based entrepreneurship is the process of recognizing, creating (i.e. developing, collectivizing and evaluating), and exploiting opportunities to collectively create future goods and services that provide economic, social and/or ecological benefits for the local communities in which they are embedded, and/or society at large.

This definition implies that 1) community-based entrepreneurship is a process, 2) exploitable opportunities for community-based entrepreneurship must be created in a co-evolutionary process comprising opportunity development, collectivization and evaluation, and 3) the output of the process are enterprises that contribute to sustainable development either at a local or a societal level.

Although collective entrepreneurial action can occur in all kinds of communities – offline and online, defined by common interest, identity or place – this dissertation only looks at community-based enterprises as a form of enterprise that is established in local, i.e., place-bound, communities. There is, however, no clear definition or limitation with regard to the type and size of the local community. As such, community-based enterprises can emerge in different locales, including villages, regions or suburbs in both the developing and the developed worlds. This dissertation follows Peredo and Chrisman’s (2006, p.315) conceptualization of community:

A local community is “an aggregation of people that is not defined initially by the sharing of goals or the productive activities of the enterprise but, rather, by shared geographical location, generally accompanied by collective culture and/or ethnicity and potentially by other shared relational characteristic(s)”.

Finally, the terms sustainability and sustainable development remain to be defined. Sustainability indicates the triple bottom line of economic prosperity, environmental quality and social equity (Elkington, 1997). This dissertation builds on the prominent notion of sustainable development coined by the World Commission of Environment and Development (WCED, 1987, p.24):

Sustainable development is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

1.1.2 Demarcation from Related Phenomena

Next, it is important to demarcate community-based enterprises from related, yet distinct phenomena. The five definitional criteria introduced in the preceding sub-chapter serve as a useful tool for doing so. Figure 1 provides a graphic illustration of the different organizational forms. Most broadly, it differentiates between two major groups of organizations, namely non-profit organizations and self-sustaining business ventures. As shown in Essay I, there are four related forms of enterprises that are sometimes discussed under the umbrella term ‘community entrepreneurship’ and share similarities with community-based enterprises, namely 1) local enterprises, 2) cooperatives, 3) community-oriented grassroots initiatives, and 4) community-oriented social enterprises.

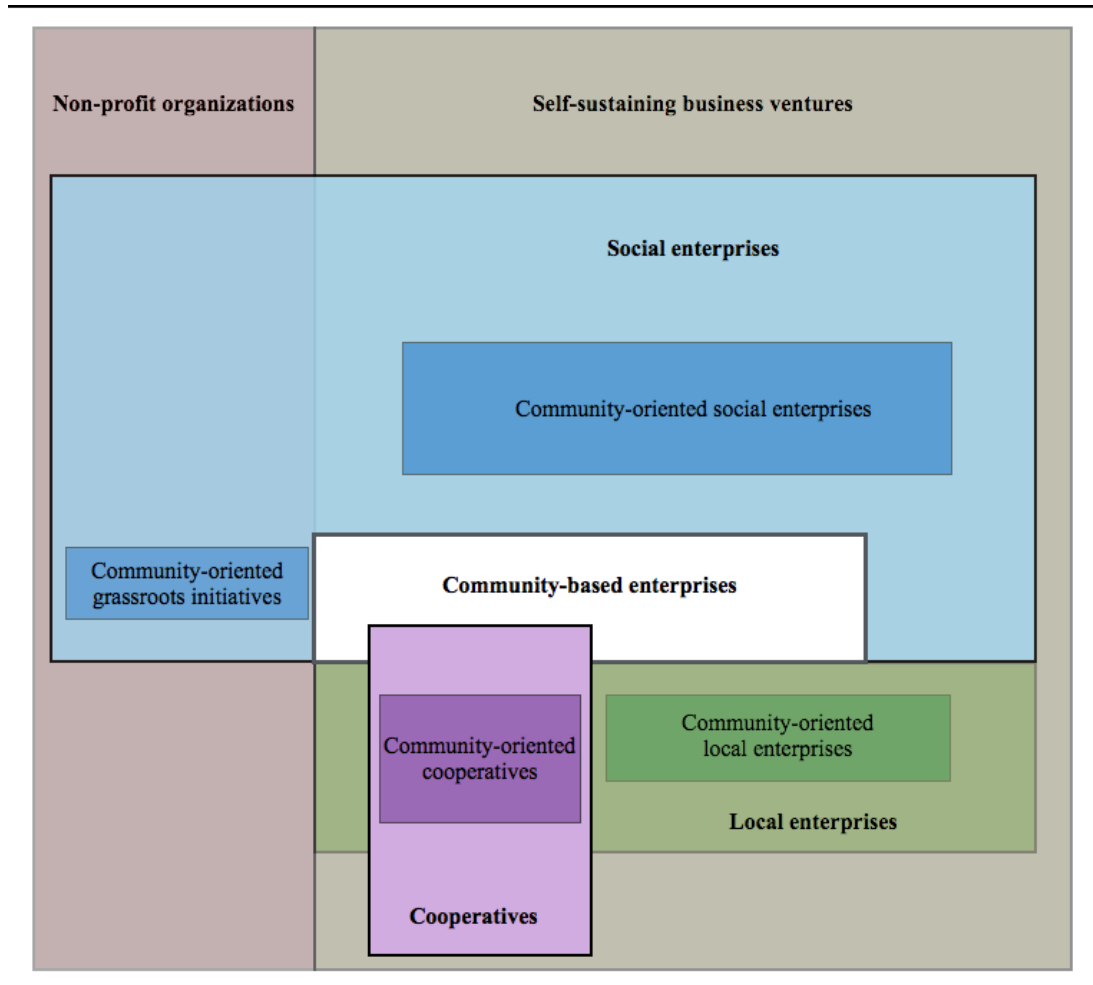


Figure 1: Demarcation of community-based enterprises from related types of organizations

This dissertation refers to *local enterprises* as enterprises that are embedded in the existing structures of a local community (Johannisson, 1982; Jack & Anderson, 2002; McKeever et al., 2015). A specific type of local enterprises that has been described under the umbrella term of community entrepreneurship is what we refer to as community-oriented local enterprises. This stream of research dates back to Johannisson and Nilsson (Johannisson & Nilsson, 1989; Johannisson, 1990) who introduced the concept of community entrepreneurship. According to these authors, the community entrepreneur is a networking agent who, driven by her endeavor to contribute to local community development, uses her personal networks to help other locals to harness the community's resources to establish their own local enterprises. Thus, what distinguishes the resulting type of local enterprises from the others is their orientation towards the community or, put differently, their aim to contribute to the development of the community as a whole.

Second, community-based enterprises share similarities with *cooperatives*, and some authors use the terms ‘community enterprise’ or ‘community-based enterprise’ to discuss the creation and impact of cooperatives (e.g., Dana & Light, 2011; Handy et al., 2011; Keane & Cinnéide, 1986). Cooperatives are profit-driven ventures that are owned and controlled by a collective. They differ from community-based enterprises in that they are often driven by mere economic motives and restrict their benefits to their members. What differentiates these cooperatives from conventional cooperatives is that although some of their benefits might be restricted to members, they aim to contribute to the development of the local community in which they are embedded. In Essay I, we therefore refer to this type of cooperatives as *community-oriented cooperatives*. In line with Peredo and Chrisman (2006), we find borderline cases of cooperatives that qualify as community-based enterprises, namely those which aim to generate economic, social and/or ecological value for the broader community.

If social entrepreneurship is defined as “innovative, social value creating activity that can occur within or across the non-profit, business, and/or public/government sectors” (Austin et al., 2006, p.2) then some *social enterprises* are self-sustaining business ventures, while others rely on governmental or philanthropic support. With their focus on the creation of benefits beyond mere economic value creation, *community-based enterprises* are a specific form of social enterprises. Some authors, however, use the terms community or community-based enterprise to describe a specific form of social enterprises that does not classify as community-based enterprise as defined in this dissertation. While conventional social enterprises are characterized by their aim to generate added social value (Lumpkin et al., 2013), *community-oriented social enterprises* are enterprises that aim to generate social value for the local community in which they are embedded. In comparison to community-based enterprises, however, they lack collective establishment, ownership, and control.

Finally, community-based enterprises must be demarcated from *community-oriented grassroots initiatives* that might pursue similar goals as community-based enterprises, and are established and managed by groups of people from the community, but cannot sustain themselves through business activity and thus rely on donations. Examples of such initiatives are community garden schemes (e.g., Sonnino & Griggs-Trevarthen, 2013) or furniture recycling projects (e.g., Seyfang & Smith, 2007). Some community-based grassroots initiatives start as non-self-sustaining projects but eventually manage to become self-sustaining community-based enterprises over time (cf. Haugh, 2007).

In sum, while the definitional framework developed in Essay I and summarized here serves as a useful tool for differentiating between different types of organizations, there are borderline cases, and as stated by Peredo and Chrisman, “the world may not be perfectly tidy with respect to what is and what is not” a community-based enterprise (2006, p.316).

1.1.3 Practical Relevance

The phenomenon of community-based entrepreneurship is not new. In practice, community-based enterprises have always existed. Some cases described in the literature on community entrepreneurship have been established more than 70 years ago (cf. Handy et al., 2011). A large number of community-based enterprises was established in the 1960’s and 1970’s when many industries were on the decline and policy makers in some countries, particularly in the UK and the U.S., promoted community-based enterprises as an alternative approach for economic development (Bailey, 2012; Hayton 1995, 1996; McArthur 1986, 1993). While community-based entrepreneurship seemed to fall into oblivion in many parts of the world during the 1980’s and 1990’s, the growing awareness of sustainability challenges and the recent socio-economic crises have led to a new heyday of community-based entrepreneurship (Kleinhans, 2017).

Overall, there are different societal dynamics that account for the growing need for community-based entrepreneurship as an alternative solution. First, many rural communities around the world find themselves trapped in a vicious cycle where economic decline and the loss of employment opportunities lead to structural change, depopulation, and decreased attractiveness among youths (Johannisson, 1989; Vestrum, 2014). Particularly since the socio-economic crises that have hit the world in the first decade of the 21st century, many rural communities face economic stagnation and a myriad of associated social problems (Johnstone & Lionais, 2004). However, the crises have not only affected local communities but have also forced many governments to withdraw services and cut budgets, leaving them unable to address the emerging problems (Haugh, 2007; Kleinhans, 2017). The resulting diversity of unaddressed local needs leads to growing consensus that solutions will not only occur through traditional private or governmental means but must be conceived on a local level by the communities themselves (Daskalaki et al., 2015; UNDP, 2018;

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United Nations, 2015). In addition, scholars agree that sustainable development requires a change of attitudes and behaviors, and demands a holistic approach integrating economic, social, cultural, environmental, and political aspects, which must be driven bottom-up by the people themselves (Gurāu & Dana, 2017; Johannisson, 1990; Peredo & Chrisman, 2006). Taken together, these developments have led to a turn away from government intervention to a trend of active citizenship (Bailey, 2012; Somerville & McElwee, 2011). Along these lines, we see the emergence of a growing number of community-based organizations. The following paragraphs explain the various direct and indirect benefits that can be attained through community-based entrepreneurship, and to show how community-based enterprises can outperform other organizations in providing solutions for sustainability issues.

As introduced above, community-based enterprises provide economic, social, and/or ecological gains for the local communities in which they are embedded and/or the society at large. This implies that, while some community-based enterprises mainly generate multiple benefits for the respective local communities, others additionally yield broader, societal benefits. By definition, all community-based enterprises are established to tackle a problem, and thus generate certain intentional, direct benefits. In addition to these intentional benefits, all community-based enterprises create added value for the community in which they are established (Table 1).

Direct benefits	Added benefits
<ul style="list-style-type: none">• Creation of income, economic development and poverty alleviation• Improved local services (as compensation for gaps in governmental support)• Conservation of local culture and alignment of culture with market requirements• Environmental benefits (e.g., reduced emissions and the promotion of environmentally superior modes of production and consumption)	<ul style="list-style-type: none">• Social inclusion and empowerment of certain groups (e.g., indigenous people, farmers, women, disabled people)• Improved social cohesion• Increase in social wealth creation capacity and local resilience• Encouragement of and inspiration for individual entrepreneurship• Sustainable use of natural resources• Encouragement of and inspiration for community-based entrepreneurship (in own community and other communities)

Table 1: Benefits of community-based entrepreneurship

Direct benefits of community-based entrepreneurship. Entrepreneurship plays an important role for neighborhoods and local communities (Shane, 2009). The establishment of local businesses creates employment opportunities for local people, and generates incomes, and thus is a powerful strategy for alleviating poverty (Peredo & Chrisman, 2006). Through the provision of various assets and resources, such as social capital and natural resources, local communities impart a most vital context for entrepreneurship (Johannisson, 1990; Vestrum, 2014). By joining forces, the members of local communities are able to gather the required resources to establish enterprises that could not have been established by individuals. As such, community-based entrepreneurship is a powerful tool for realizing the potential of local communities by harnessing their resources in an effective way (Johnstone & Lionais, 2004; Vestrum et al., 2017). Peredo and Chrisman (2006) provide multiple examples of community-based enterprises that are established in rural communities which suffered from severe poverty before they collectively made use of their rich natural resources.

For instance, they give the example of a community of Purepecha Indians in Mexico that lived in severe poverty before they established a community-based enterprise that made use of the extensive timber resources available in the community, and provided a secure source of income to many locals by producing a wide array of forest products. Another example of a community-based enterprise established in face of economic deprivation is the Canadian community Elliot Lake where most people had lost their jobs after the local uranium mine had closed. Collectively, the locals established a 'Florida-style retirement community' providing accommodation and a cultural program which attracted many people to the area and became the new major source of income for many locals. Other intriguing examples have been provided in the studies of Johnstone and Lionais (2004) and Handy et al. (2011) among others.

Socio-demographic changes and external shocks exert pressure on local communities which leads to the loss of important local businesses and services such as local pubs, cafes and event spaces, village stores, bank branches and post offices, cultivation and processing enterprises, tourism and recreational facilities, libraries, child care facilities and retirement homes (Somerville & McElwee, 2011). The closing down of these organizations does not only lead to a lack of access to certain products and services but also entails a set of interrelated problems such as a weakened local economy through the loss of jobs and decreasing attractiveness for tourism, the loss of hubs in which locals can interact and socialize, and the loss of local culture (Johnstone &

Lionais, 2004; Valchovska & Watts, 2016). The recent socio-economic crises have fueled these adverse dynamics and have left many governments unable to address the local problems. While these effects have been most detrimental in countries like Greece, Spain or Portugal (Daskalaki 2018; Daskalaki et al., 2015; Fotaki, 2015), they also entail increasing problems in economically thriving countries such as Germany, the UK, or Finland. Many community-based enterprises emerge as a means for neighborhood regeneration and to fill the gaps left by the cuts in governmental expenditures (Bailey, 2012; Kleinhans, 2017). For instance, in the UK alone, between 300 and 500 local shops and supermarkets close every year, and overall more than 350 shops have been re-established as community-based enterprises (Plunkett Foundation, 2017). Collectively, the locals buy or rent the buildings, develop business concepts, establish legal businesses, and operate and manage the shops. Often, these shops comprise of other community assets, such as cafes or bank and post branches.

In an increasingly globalized world, the loss of local culture and traditions poses a problem for many local communities. Rich culture can, however, also open up opportunities for community-based entrepreneurship and a large number of community-based enterprises build on culture as their main asset and specifically aim to conserve and strengthen this culture (Peredo & Chrisman, 2006; Vestrum, 2014). Dana and Light (2011), for instance, describe cases of community-based enterprises from rural Finland, where Sami reindeer herders have established highly profitable enterprises that retain their culture and avoid absorption. In addition, particularly in indigenous and First Nation communities, market demands and capitalistic dynamics can defy the culture of local communities (Peredo & Chrisman, 2006).

Moreover, community-based enterprises offer a way to harmonize economic development with traditions and culture. An example is provided in the study by Giovannini (2014). The author describes the case of Mayan communities that had difficulties with the western conception of development based on economic growth. To address this issue, the locals established community-based enterprises that generated income, while still being in line with what the locals call ‘buen vivir’ – an indigenous conception of development combining culture, the natural environment, and collective well-being. Similarly, Prayukvong (2005) provides examples of community-based enterprises adopting a Buddhist approach to development, and Dana and Hipango (2011) describe how the Maoris in New Zealand use community-based enterprises as an “economic application of flora and fauna”.

Finally, a growing number of community-based enterprises are established to preserve the natural environment (Galappaththi et al., 2017; Peredo & Chrisman, 2006). In the Global North, many community-based enterprises are established with the central goal to contribute to sustainable development by promoting ecologically superior modes of production and consumption. For instance, in Germany alone, more than 850 energy enterprises have been established by local communities to foster the energy transition and provide renewable energy for local communities (Deutscher Genossenschafts- und Raiffeisenverband, 2018). We see a similar development in the agricultural sector, where a growing number of community-based enterprises promote more sustainable modes of food production and consumption.

Added benefits of community-based entrepreneurship. In addition, community-based entrepreneurship yields an array of added benefits. First, it often leads to the empowerment of under-privileged groups such as indigenous people (Handy et al., 2011). It gives local communities the opportunity to take on the responsibility for their living conditions and to regain control over their local resources (Vega & Keenan, 2016). Second, community-based entrepreneurship generates social capital within the communities and contributes to social cohesion (Somerville & McElwee, 2011). While rural communities are often rich in social capital (Peredo & Chrisman, 2006), many urban communities lack social ties and thus particularly profit from this benefit (Kleinhans, 2017).

Third, community-based entrepreneurship leads to increased capacity of active citizenship. In other words, existing community-based enterprises create a conducive climate for local self-help and often serve as a hub where further neighborhood regeneration strategies are developed (Bailey, 2012; Gurāu & Dana, 2017). As such, community-based entrepreneurship contributes to the overall resilience of the local communities in which it occurs (Sonnino & Griggs-Trevarthen, 2013). Fourth, community-based enterprises often entail a shift to a more sustainable use of natural resources and the preservation of the natural environment (Peredo & Chrisman, 2006; Galappaththi et al., 2017). This is often achieved by educating the local people to manage their natural resources in a sustainable way to generate a stable income in the long run (Stone & Stone, 2011).

Fifth, community-based entrepreneurship triggers further entrepreneurial activity in the communities by creating an entrepreneurial mindset among the locals (Bygrave & Minniti, 2000) and by opening up new entrepreneurial opportunities (Peredo & Chrisman, 2006). Interestingly, nearly every case study published explicitly mentions how community-based enterprise have led to the development of further businesses in the communities. Finally, cases of successful community-based enterprises often serve as role models for other communities facing similar problems. Peredo and Chrisman (2006) refer to this as “transmissibility”. As Essays II and III show, best case examples functioning as role models often constitute the final trigger needed to initiate community-based entrepreneurship. In sum, these examples from all over the world illustrate that community-based entrepreneurship is a holistic approach that combines various interdependent and interconnected economic, cultural, social, ecological, and political aspects and that is highly adaptable to local contexts and responsive to specific local needs.

Community-based entrepreneurship as a superior development mechanism. Peredo and Chrisman (2006) start their seminal article with the proposition that community-based enterprises can outperform traditional development mechanisms. Other studies similarly emphasize on the advantages of community-based enterprises as compared to other forms of organizations. Table 2 provides an overview of advantages over governmental and non-governmental development aid programs, grassroots initiatives for sustainable development, and other types of entrepreneurial ventures.

First, community-based enterprises are often more sustainable in the long run than development aid programs from governments and NGOs since they are economically viable and ensure the long-term commitment of the locals through their involvement in venture creation and operation, thereby creating a sense of ownership for the venture (Cieslik, 2016; Handy et al., 2011; Mtapuri & Giampiccoli, 2013; Peredo & Chrisman, 2006; Stone & Stone, 2011). In addition, they avoid many shortcomings of top-down solutions that often neglect specific local features and needs. By involving the local community, they are better positioned to understand and respond to local needs which makes them more effective in addressing the local problems (Gurāu & Dana, 2017).

INTRODUCTION

Comparison with	Advantages of community-based enterprises
<i>Governmental or non-governmental development organizations</i>	<ul style="list-style-type: none"> • Economic viability and capability to sustain themselves in the long run • Higher short- and long-term participation and commitment of local population due to sense of ownership • Greater understanding of and responsiveness to specific local needs and thus, greater effectiveness of the development solution
<i>Grassroots initiatives for sustainable development</i>	<ul style="list-style-type: none"> • Economic viability and capability to sustain themselves in the long run (no reliance on voluntary support and philanthropy) • Increased legitimacy and thus, increased support and investments
<i>'Traditional' entrepreneurial ventures</i>	<ul style="list-style-type: none"> • Access to human, financial, social and natural resources unavailable to individual entrepreneurs • Improved choice of possible (and advantageous) legal forms • Distributed risks • Greater resilience due to capability to mitigate detrimental effects of external crises • Reduced transaction costs in the presence of market imperfections such as market power and asymmetric information • Possibility to accept lower rates of return and thus, greater range of pursuable opportunities • Greater access to customer groups and higher customer loyalty

Table 2: Advantages of community-based enterprises compared to other organizational forms

Second, their commercial activities make community-based enterprises more effective and sustainable than other types of grassroots social innovations which often depend on philanthropy and donations (Seyfang & Smith, 2007). The business concept increases the legitimacy of the ventures, thereby attracting capital from investors (Vestrum & Rasmussen, 2013).

Finally, community-based enterprises can outperform the ones established by individuals. First, through involving the community, they can gain access to a range of valuable human, financial, and natural resources that are unavailable to individual entrepreneurs (Haugh, 2006; Vestrum, 2014). In addition, due to their community orientation, they can choose among a broader variety of organizational forms. They can be set up more easily in turbulent environments as entrepreneurial risks are distributed among a large group of people and can be mitigated in the case of crises, for example by ameliorating detrimental market developments through voluntary support (Johnstone & Lionais, 2004). Community-based enterprises reduce transaction

costs (Vega & Keenan, 2016) and can accept low rates of return because personal profit is not the main objective of the various shareholders (Peredo & Chrisman, 2006). As a result, they can pursue a wider range of opportunities that are unavailable to individual entrepreneurs due to low profitability and high risks, and can put a stronger emphasis on tackling problems without being pressured by investors' expectations of returns. By being highly embedded in the local community and creating a sense of ownership among its members, community-based enterprises have access to many customer groups and can acquire higher customer loyalty (Johnstone & Lionais, 2004). Overall, by combining a business model with civic action, community-based enterprises can be more resilient and stable, as well as more effective in tackling local problems.

1.1.4 Scientific Relevance

Considering the great practical relevance and the increasing prevalence of the phenomenon, it is not much of a surprise that the topic is increasingly attracting scholarly interest. However, thus far, research remains scattered and there is no coherent scientific conversation focusing on community-based entrepreneurship. The following chapter provides a brief overview of the current state of research on community-based entrepreneurship and elaborates on its – still untapped – scientific potential. Based on these explanations, the chapter concludes by deriving the research objectives of this dissertation.

Current state of research. Scholarly examination of community-based entrepreneurship dates back to the 1980's. This early stream of literature stems from social scientists, mostly from the UK. Haugh and Pardy (1999) were the first entrepreneurship scholars to take up the issue of community-based entrepreneurship by arguing that the entrepreneurial process is not necessarily limited to individuals but can also be applied to groups, and more broadly, to entire communities. Ever since this early publication, various entrepreneurship and management scholars have set out to explore the topic of community-based entrepreneurship and community-based enterprises. The article of Peredo and Chrisman (2006) set an important milestone for community-based entrepreneurship research. The holistic theoretical framework the authors propose has attracted attention to the phenomenon and has served as a

conceptual basis for many subsequent studies (see Essay I for a comprehensive overview of the literature). Yet, despite heightened interest, and although all authors agree on the relevance and potential of the topic (e.g., Daskalaki et al., 2015; Dentoni et al., 2017; Gurāu & Dana, 2017), and stress the need for further research, community-based entrepreneurship research remains scattered and incoherent.

The reason for this shortcoming is twofold: First, the boundaries of the conversation are highly permeable and there is a lack of clear definitions and positioning of the phenomenon and its main concepts. Thus far, concepts are often intermingled without clear differentiation. Second, much of the research is descriptive and based on anecdotal evidence, thereby not contributing to a theory-based understanding of the phenomenon. Together, this lack of definitional clarity and theory-orientation has thwarted the development of community-based entrepreneurship research as a legitimate sub-field within entrepreneurship research.

Nearly two decades ago, Shane and Venkataraman discussed “why anyone should study entrepreneurship” (2000, p. 219). Today, the legitimacy of entrepreneurship as a field of research is hardly ever challenged anymore (Davidsson, 2015; Shane, 2012). During the past decade, social and sustainable entrepreneurship have become legitimate sub-fields within the field of entrepreneurship (Binder & Belz, 2015; Munoz & Cohen, 2017; Short et al., 2009). The question now to be answered is whether community-based entrepreneurship holds the potential for intellectual legitimacy that is required for being considered a distinct sub-field.

The promise of community-based entrepreneurship as a legitimate sub-field. Thus far, this dissertation has focused on practical relevance. However, there is an important difference between a phenomenon’s practical importance and its intellectual legitimacy (Venkataraman, 1997). In their seminal article exploring the promise of entrepreneurship as a field of research, Shane and Venkataraman argue that “(f)or a field of social science to have usefulness, it must have a conceptual framework that explains and predicts a set of empirical phenomena not explained or predicted by conceptual frameworks already in existence in other fields” (2000, p.217).

Hence, as a first step, it is important to understand the idiosyncratic features of community-based entrepreneurship to determine the distinctive contributions the scholarly examination of the phenomenon can make to our overall understanding of

entrepreneurship and management. Aiming to generate social and/or ecological benefits by means of economic activity, community-based entrepreneurship shares central similarities with social and sustainable entrepreneurship, which also pursue double or triple bottom line approaches (Belz & Binder, 2017; Munoz & Cohen, 2017; Short et al., 2009). However, it substantially differs from other forms of entrepreneurship in that the enterprises are not established by an individual actor or a small team, but collectively by a large group of people contributing to the entrepreneurial process in different ways. The involvement of so many different individuals leads to additional complexity, and affects both the entrepreneurial opportunity and the outcomes of the entrepreneurial process which cannot be sufficiently explained by the existing literature (Peredo & Chrisman, 2006).

To evaluate the legitimacy of a sub-field of research, one must reflect on the distinctive contribution of the potential field sub-field to the broader understanding of the field of research (Venkataraman, 1997). To be legitimate, a field of research should provide fresh ideas for extending theory, challenge conventional thinking, and point out shortcomings in existing theories (Busenitz et al., 2003; Mair & Marti, 2006). Community-based entrepreneurship constitutes a fruitful empirical context for challenging and extending existing perspectives in entrepreneurship research. For instance, the reciprocal relationship between community and opportunity, in which the community collectively shapes the opportunity while being shaped by the emerging opportunity, challenges the existing understanding of entrepreneurship by suggesting a shift from the ‘individual-opportunity nexus’ (Shane & Eckhart, 2003) to a ‘community-opportunity nexus’. Opportunities never emerge and develop in the mind of an isolated individual (Shepherd, 2015). In their comprehensive outlook on future pathways in entrepreneurship research, Shepherd and Patzelt (2017) stress the importance of studying the dynamics and effects of social interactions within communities of inquiry in the recognition and pursuit of entrepreneurial opportunities. Although communities of inquiry play a role in all entrepreneurial processes, they are particularly important in the study of social and sustainable entrepreneurship, where collective action has been found to be a common element (Binder, 2017; Corner & Ho, 2010; Daskalaki et al., 2015; Farny, 2016). As shown in the preceding chapters, the involvement of the broader community in the entrepreneurial process is a key asset of community-based enterprises that can mitigate the challenges and enhance the effectiveness of the resulting venture. A more nuanced understanding of these

dynamics would yield valuable insights into the study of social and sustainable enterprises, and also extend our understanding of entrepreneurship at large. Altogether, it is little surprising that scholars have even argued that the study of communities is the next frontier in entrepreneurship research (Lyons et al, 2012; Vestrum, 2014).

The study of community-based entrepreneurship can, however, also contribute to the broader fields of management and organizational research, where the topic of communities has also gained traction over the past years. For example, scholars stress the importance of local communities for the study of organizations and institutions (O'Mahony & Lakhani, 2011; Marquis & Battilana, 2009; Marquis et al., 2007). Thornton, Ocasio and Lounsbury (2012) even argue that community needs to be conceptualized as a distinct institutional order.

The heightened interest in the concept and role of communities is reflected in various ways: In 2013, the Journal of Business Venturing published a special issue focusing on "Institutions, entrepreneurs, and communities". In a recent call for papers for a special issue on leadership in entrepreneurial ventures, the Journal of Management Studies explicitly has been seeking for studies exploring leadership in ventures established by entrepreneurial communities. For an upcoming special issue, the Journal of Business Ethics calls for papers exploring the potential of community-based entrepreneurship for managing common pool resources. Similarly, Business & Society is planning a special issue on collaborative business models.

1.2 RESEARCH OBJECTIVES

As the preceding chapters have shown, community-based entrepreneurship is not only highly relevant from a practitioners' point of view but is also a promising research domain. The current state of research, however, does not do justice to the practical and scientific potential of the phenomenon.

The *overall aim* of this dissertation is to contribute to establish community-based entrepreneurship as a legitimate sub-field¹ within entrepreneurship research.

¹ In this dissertation, the terms domain and sub-field are used synonymously

Achieving academic legitimacy requires a common understanding of key concepts and constructs (Venkataraman, 1997) and boundaries that allow for a distinct positioning of the phenomenon (Harrison & Leitch, 1996). Till date, community-based entrepreneurship research suffers from definitional and conceptual inconsistencies.

Thus, the *first subordinate objective* of this dissertation is to acquire a holistic understanding of the phenomenon, develop definitions of the main concepts, and to establish clear boundaries.

Good theory is the foundation of any emerging field (Busenitz et al., 2003). Although anecdotal evidence and rich descriptions are interesting and important to gain a basic understanding of a new phenomenon and to raise peoples' interest, it requires theory to legitimate knowledge (Suddaby, 2015). With their seminal work, Peredo and Chrisman (2006) have set an important milestone for the theory-based investigation of community-based entrepreneurship. Although their conceptual framework has served as a valuable basis for many subsequent studies, much of the research on community-based entrepreneurship still remains descriptive.

Therefore, the *second subordinate objective* of this dissertation is to contribute to the theoretical understanding of community-based entrepreneurship, and to develop new theoretical insights that can also contribute to our general knowledge base in entrepreneurship and management research.

By doing this, this dissertation strives to fuel the intellectual, scholarly conversation on community-based entrepreneurship, encourage other scholars to engage in this conversation, contribute to greater visibility of community entrepreneurship research in high-tier entrepreneurship and management journals, and yield practical implications that help to harness the untapped potential of the phenomenon.

1.3 STRUCTURE

Following this introductory chapter, Chapter 2, presents the research framework of this dissertation. First, the research questions explored in the four essays are derived, before the choices of research designs and methods are explained, and the conceptual and theoretical frameworks used in this dissertation are outlined.

INTRODUCTION

At the core of this dissertation, in Chapter 3, are four essays, each focusing on distinct elements and aspects of community-based entrepreneurship research. Essay I, a systematic literature review, sets the cornerstone of the dissertation by providing a holistic overview of extant research on community and community-based entrepreneurship, thereby focusing on different understandings and proposing definitions and clear boundaries. Since opportunities are at the heart of entrepreneurship, Essay II explores the nature and formation process of opportunities for community-based entrepreneurship. Essay III delves into the how and why of community-based entrepreneurship by shedding light on the enabling factors of successful community-based enterprise creation. Finally, Essay IV investigates different forms of community involvement in community-based entrepreneurship, and the role of different leadership styles and practices in attaining and managing this involvement.

In chapter 4, this dissertation is concluded by a synthesis of the findings, and theoretical contributions. It suggests avenues for meaningful future research and derives key practical implications.

2. RESEARCH FRAMEWORK

This dissertation contains four consecutive essays. The following chapter starts with deriving the research questions answered in the four essays. It explains how they are connected and how they – individually and collectively – contribute to the overarching endeavor to establish community-based entrepreneurship as a legitimate sub-field within entrepreneurship research. Since comprehensive and transparent methods sections are key to rigorous qualitative research (Bansal & Corley, 2012), the chapter puts great emphasis on explaining the research designs and methodologies employed in the four essays. More specifically, it elaborates on the choices of methods, the samples, data sources and data collection procedures, the modes of scientific reasoning, and the resulting research models. The chapter concludes with giving an overview of the conceptual and theoretical frameworks the essays build on, thereby aiming less to provide comprehensive reviews of the literatures but more to justify and explaining the use of the respective concepts and theories in the four essays. Table 3 provides a holistic overview of all elements of the research framework.

ESSAY	RESEARCH QUESTION	RESEARCH METHODOLOGY					CONCEPTUAL BACKGROUND
		Method	Sample	Data	Scientific Reasoning	Research Model	
I	What is community (-based) entrepreneurship? Where should future research be directed to?	Systematic literature review	42 articles on community entrepreneurship	n/a	n/a	n/a	Community entrepreneurship literature
II	How does the formation process of opportunities for community-based entrepreneurship unfold? How do opportunities for community-based entrepreneurship and their formation process differ?	Multiple case study	8 cases of community-based enterprises	43 interviews, secondary data (internal & external sources)	Abductive	Process	Literature on entrepreneurial opportunities
III	What enables successful community-based enterprise creation?	Multiple case study	2 cases of community-based enterprises	14 interviews, field notes from (non-) participant observations, video footage, secondary data (internal & external sources)	Abductive	Variance	Literatures on social identity, social movements, collective action
IV	How do leaders of com.-based enterprises attain and manage different forms of community involvement?	Multiple case study	4 cases of community-based enterprises	31 interviews, secondary data (internal & external sources)	Inductive	Variance	Literatures on entrepreneurial leadership, shared leadership

Table 3: Overview of the research framework

2.1 RESEARCH QUESTIONS

The formulation of research questions for this dissertation was influenced by Van de Ven's (1992) quest to raise clear and explicit questions that pique the interest and motivation of both scholars and practitioners. The current state of research characterized by definitional inconsistency and little theory-orientation, was a double-edged sword for the development of *good* research questions. Many researchers emphasize the gaps in the understanding of the organizational creation processes and the idiosyncratic challenges inherent in community-based entrepreneurship (e.g., Daskalaki et al., 2015; Haugh, 2007; Peredo & Chrisman, 2006; Somerville & McElwee, 2011; Vega & Keenan, 2016; Vestrum, 2014; Vestrum et al., 2017). Thus, on the one hand, there seemed to be sheer unlimited options for unanswered research questions; on the other hand, however, the immensity of potential research questions was overwhelming and it was challenging to rigorously base the questions in existing theory (Alvesson & Sandberg, 2011). Instead of just 'choosing' a set of gaps to be filled, the challenge was to craft a dissertation that complies with its overall aim through four consecutive essays.

The first subordinate objective of this dissertation is to define key concepts and to establish clear boundaries of the sub-field. Till date, we lack a common understanding of the phenomenon and researchers use different terms to describe the same thing, or the same terms to describe different things. While some use the terms 'community-based entrepreneurship' and 'community-based enterprise' (e.g., Dana & Light, 2011; Peredo & Chrisman, 2006), a large group of other authors prefer 'community entrepreneurship' or 'community enterprise' (e.g., Haugh & Pardy, 1999; Somerville & McElwee, 2011). Additionally, while for some, community entrepreneurship is the process of stimulating the creation of new business activity within a local community (e.g., Boyett & Finlay, 1995; Johannisson, 1990; Johannisson & Nilsson, 1989), others use the term to describe a collective entrepreneurial pursuit (e.g., Haugh & Pardy, 1999; Vega & Keenan, 2016; Vestrum et al., 2017). Such definitional inconsistencies hamper the generalizability of findings and thus the development of a coherent conversation. In addition, it tempts scholars to get caught up in discussions on definitions, and although such discussions are normal in nascent research fields, they thwart theory-driven knowledge generation (Dacin et al., 2011; Shepherd, 2015).

Finally, community-based entrepreneurship shares many similarities with its mother field entrepreneurship and its sister fields social and sustainable entrepreneurship, and a lack of common definitions hinders the establishment of clear boundaries which is crucial for attaining academic legitimacy (Austin et al., 2006; Venkataraman, 1997).

Therefore, Essay I is a comprehensive, systematic review of the literature published on the topic aiming to identify and then tidy up definitional and conceptual contestations, and to develop a tentative agenda for meaningful future research. While this dissertation deals with community-based entrepreneurship in the sense of collective entrepreneurial action in local communities, the review adopts a more holistic perspective and aims to generate a holistic understanding of what scholars study under the umbrella term ‘community entrepreneurship’. Essay I identifies the different notions of community and community-based entrepreneurship and situates the study of community-based entrepreneurship within the broader literature on community entrepreneurship. The research questions guiding Essay I were:

- What is community(-based) entrepreneurship?
- Where should future research be directed to?

Once there are clearer boundaries and a common understanding of the key concepts, the focus of scholarly inquiry should shift to empirical work aiming to generate explanatory theory (Busenitz et al., 2003). Thus, the second subordinate aim of this dissertation is to contribute to a theory-based understanding of community-based entrepreneurship. The conceptual framework proposed by Peredo and Chrisman (2006) served as a useful base for all three studies. However, as it is a holistic framework encompassing all stages and elements of the phenomenon, it only touches on most aspects without going into detail. The goal of the last three essays in this dissertation was to develop a more fine-grained understanding of certain aspects of the topic.

Community-based entrepreneurship is a specific form of entrepreneurship, and thus the study of community-based entrepreneurship should follow similar premises and should contain similar elements as the study of its mother field. According to Shane and Venkataraman, the scholarly examination of entrepreneurship deals with three sets of research questions, namely “1) why, when, and how opportunities (...) come into existence; 2) why, when, and how some people and not others discover and exploit

these opportunities; and 3) why, when, and how different modes of action are used to exploit the opportunities” (2000, p.218). This served as an overarching framework that guided the choice of the broader research themes. While Essay II explores the nature and formation process of opportunities for community-based entrepreneurship, Essay III sets out to explain why some communities decide and successfully manage to establish community-based enterprises. Finally, Essay IV investigates different leadership styles and practices used in community-based enterprises and their effect on different forms of community involvement.

As explained in more detail later in this chapter, case study research was the method of choice in the last three essays of this dissertation. Of course, in a nascent area of inquiry about which little is known and in which ample research opportunities exist, entering in a new research project with a set of ‘perfect’ and final research questions is neither necessary, nor advisable (Gioia et al., 2013). Yet, theory-building case studies should always be guided by one or more carefully crafted research question(s) (Eisenhardt, 1989). Since simply spotting gaps in an existing knowledge base is insufficient for formulating interesting research questions (Pratt, 2009), the research questions guiding this dissertation were developed by problematizing assumptions that underlie existing literature (Alvesson & Sandberg, 2011). Overall, they aim to push the frontiers of our understanding and way of thinking about the phenomenon, organizations, and society (Bansal & Corley, 2011).

Although both practitioners and scholars agree on the potential of community-based entrepreneurship to provide solutions to many intricate and multifaceted economic, social, and ecological challenges, we know very little about why and how community-based enterprises emerge and why some communities decide and manage to establish community-based enterprises to tackle certain problems, while others, facing similar conditions, do not. This shortcoming in our understanding motivated the first two empirical studies in this dissertation.

The study of opportunities is what makes entrepreneurship research distinct (Busenitz et al., 2003) and research should cover both the sources and the process of discovery, evaluation, and exploitation of opportunities (Shane & Venkataraman, 2000). Thus, the underlying premise of Essay II is that comprehending the why and how of community-based entrepreneurship requires an understanding of opportunities in this context. So far, much of the research has dealt with the resulting enterprises, thereby

neglecting the nature and genesis of opportunities. The few authors that refer to the concept of opportunity, do so without elaborating upon it (e.g., Gurāu & Dana, 2017; Haugh, 2007; Valchovska & Watts, 2016; Vestrum, 2014). Overall, authors seem to adopt the simplified assumption that opportunities for community-based entrepreneurship are ‘normal’ entrepreneurial opportunities that are ‘simply’ exploited by a collective instead of by an individual or small team. Building on our extensive knowledge on opportunities for mainstream, social, and sustainable entrepreneurship, the aim of Essay II was to generate a better understanding of the idiosyncratic nature and formation process of opportunities for community-based entrepreneurship. The two research questions addressed in Essay II were:

- How does the formation process of opportunities for community-based entrepreneurship unfold?
- How do opportunities for community-based entrepreneurship and their formation process differ?

By answering these questions, Essay II yields insights on different sources and the formation process of opportunities for community-based entrepreneurship. Although this constitutes a much needed first empirical and conceptual step, further research is needed to explain why community-based entrepreneurship emerges as an impactful tool for tackling a variety of issues in only some communities. Peredo and Chrisman (2006) propose some factors facilitating community-based enterprise creation, such as the presence of a pressing problem, a history of collective action, a threshold of social capital, and a medium community size. Yet, they acknowledge that this is only a preliminary attempt to explain antecedents of community-based entrepreneurship and call for future research to explore why some communities are more conducive to community-based entrepreneurship. Shedding light on the enabling factors is of utmost practical relevance as it allows to harness the full transformative potential of local communities. It is also important from a theoretical perspective as it provides an important missing puzzle piece to our understanding of the distinct features and dynamics of this special form of entrepreneurship. Altogether, Essay III sets out to answer the following research question:

- What enables successful community-based enterprise creation?

Besides the study of opportunities and their associated processes, entrepreneurship research should investigate the individuals that pursue these opportunities (Shane & Venkataraman, 2000). The community-based entrepreneurship process requires a multitude of resources provided in different ways by different actors (Haugh, 2007; Vestrum & Rasmussen, 2013). Naturally, people participate in different ways, at different times, and to different extents (Ambrose-Oji et al., 2015; Somerville & McElwee, 2011). Although all authors agree on the importance of community involvement, we know astonishingly little about the different forms of involvement, how they are attained, and how they affect the entrepreneurial process. The few studies that have touched upon the issue have produced mixed results: While some argue that the responsibility and decision-making should be distributed among the members of the broader community as much as possible (Bailey, 2012; Cieslik, 2016; DiDomenico et al., 2010; Peredo & Chrisman, 2006), others highlight the challenges caused by the distribution of leadership tasks, which can even lead to the breakdown of the enterprise (Haugh & Pardy, 1999; Lobo et al., 2016). Thus, although community involvement is a key asset, attaining and managing it is challenging.

The empirical evidence described in most research papers suggests that community-based enterprises are usually initiated by a small group of individuals who adopt process ownership and take on leading roles throughout the entire entrepreneurial process (Haugh, 2007; Johnstone & Lionais, 2004; Valchovska & Watts, 2016; Vestrum & Rasmussen, 2013). The task of these leaders is to strategically involve the community members in different ways and to different extents and to manage involvement in a way that harnesses benefits and avoids or minimizes conflicts (Selsky & Smith, 1994; Lobo et al., 2016). Despite general agreement on the important role of leadership in community-based entrepreneurship, it remains a neglected topic. Hence, the aim of Essay IV is to provide a more nuanced understanding of the role of leadership for community involvement in community-based entrepreneurship. More specifically, it aims at answering the following research question:

- How do leaders of community-based enterprises attain and manage different forms of community involvement?

Figure 2 summarizes all research questions and depicts how they relate and contribute to the overall aim of this dissertation.

RESEARCH FRAMEWORK

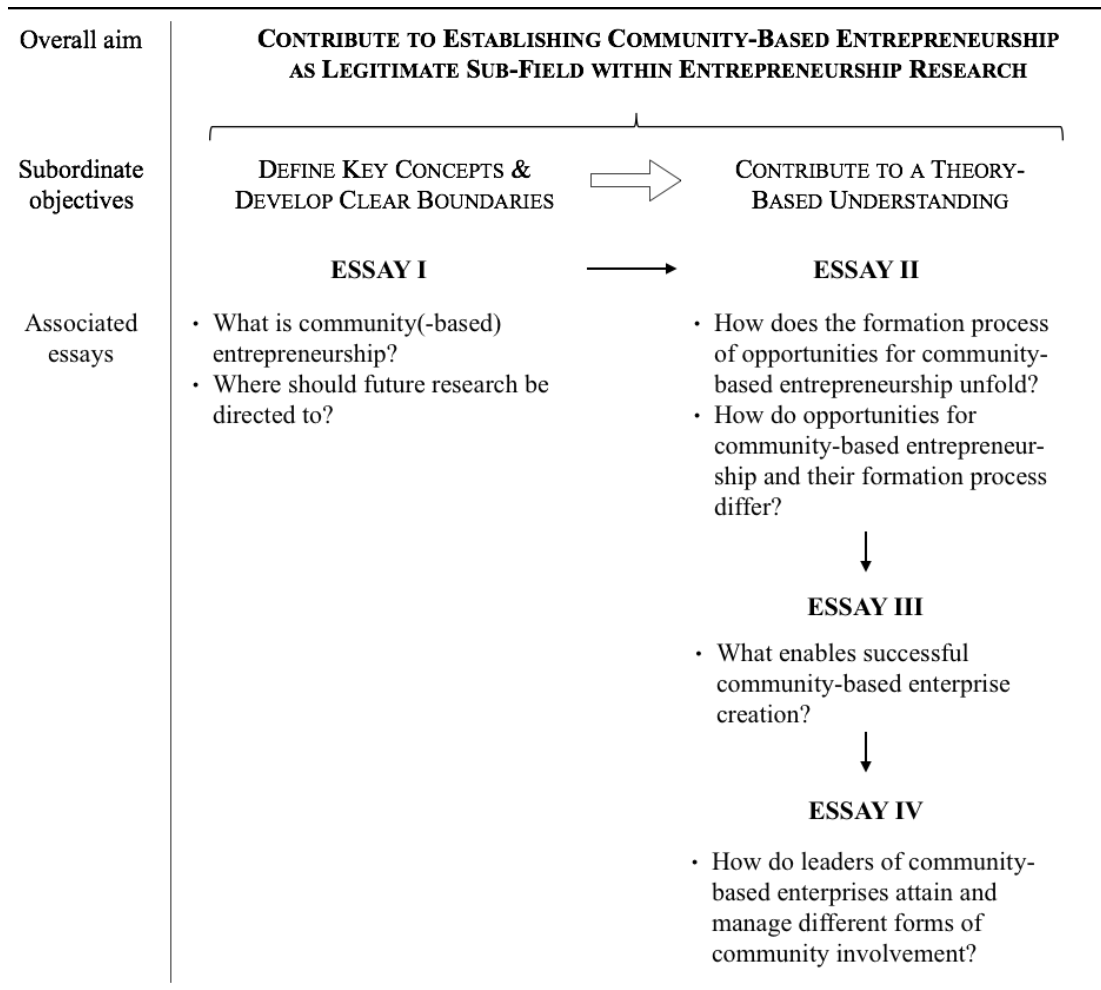


Figure 2: Overview of the research questions

2.2 RESEARCH METHODOLOGY

The four essays that form the core of this dissertation employ different research methodologies. While one study, Essay I, is purely conceptual, the other three are based on qualitative data. Most broadly, qualitative research serves to generate an understanding of a field's core theoretical insights (Bartunek et al., 2006), which makes it particularly useful and important for emerging fields of research, about which little is known (Busenitz et al., 2003). The following sub-chapters provide an overview of the specific methods used in the essays, the sampling procedures and data sources, the modes of scientific reasoning employed for analyzing the data as well as the type of the resulting research models.

2.2.1 Methods

Research methods are a scholar's tools and choosing the right tools is crucial for the success of the research (Edmondson & McManus, 2007; Shepherd & Suddaby, 2016). Encompassing a variety of heterogeneous approaches, qualitative research offers a toolbox of methods from which researchers can choose (Gehman et al., 2017). For answering the specific research questions derived in the preceding sub-chapter, multiple case studies were most suitable (Yin, 2013). In the following paragraphs, the choice of methods and their underlying assumptions are described.

Systematic Literature Review. In nascent stages, scholarly fields are often splintered and research transcends disciplinary boundaries (Dacin et al., 2010). Although this openness is normal and even conducive in the beginning, with growing maturity, research fields require clear definitions and conceptual boundaries to become legitimate (Busenitz et al., 2003). With increasing relevance and prevalence, community-based entrepreneurship has attracted the interest of an increasing number of scholars and the number of publications on the topic has increased progressively. However, as described earlier, research on community entrepreneurship remains scattered and incoherent, and the lack of definitional consistency, conceptual boundaries, and theory orientation has hampered the development of community-based entrepreneurship as a legitimate field of research.

To address these issues, Essay I systematically reviews the literature published on the topic. Literature reviews are a useful tool for mapping a field, comparing studies, explaining differences, consolidating extant work, and suggesting avenues for future research (Cook et al., 1997). In contrast to narrative reviews, that are often criticized to be descriptive accounts biased by the specific interest of the researcher, systematic reviews adopt a transparent and replicable process (Tranfield et al., 2003). It must be noted that, while this dissertation deals with the phenomenon of community-based entrepreneurship in the sense of collective entrepreneurial venturing, the review is not limited to studies adopting this notion, but aims to provide a holistic perspective of different understandings and of all research published on the topic.

Multiple Case Studies. The second subordinate objective of this dissertation is to move community-based entrepreneurship toward a theory-building stage. The strengths of theory building from case research are novelty, empirical validity, and testability (Eisenhardt, 1989). Case studies are rich empirical instances of a specific phenomenon, that are usually based on multiple data sources (Yin, 2013). They are the preferred method in new topic areas as they are helpful for narrowing down, understanding, and describing the underlying concepts of a novel phenomenon (Siggelkow, 2007). Moreover, they are particularly suitable for answering ‘why’- and ‘how’-questions (Yin, 2013). All three case studies in this dissertation are multiple case studies since different cases can portray complementary aspects of a phenomenon, and the use of multiple cases can enhance a study’s accuracy and generalizability by allowing for replication and corroboration of patterns (Eisenhardt, 1991; Eisenhardt & Graebner, 2007). The notion of the replication logic implies that each case is analyzed individually as a standalone entity, before comparing emerging patterns across cases in a subsequent step (Eisenhardt, 1989).

A case can be a process with multiple time-related phases (Yin, 2013) and researchers can use case studies to search for patterns, i.e., similarities in sequences of events (Langley, 1999). Opportunity formation is a complex process that is evolving over time (McMullen & Dimov, 2013). Essay II builds theory by searching for patterns in process data across the cases. By doing this, it generates a much needed understanding of the nature and formation of opportunities for community-based entrepreneurship. Essay III uses a narrative strategy to produce interpretative theoretical insights focusing on the ‘how’ and ‘why’ (Langley, 1999). Case study research is particularly useful for studying ‘hard to measure’-constructs such as identity (Eisenhardt in Gehman, 2017; Powell & Baker, 2014), which turned out to be a great asset in Essay III, in which identification with the local community and collective identity emerged as key enabling concepts. Finally, by exploring how different leadership practices and styles affect community involvement in community-based enterprises, Essay IV adopts the most quantitative and comparative analytic strategy aiming to explore causes and relationships between different concepts (Eisenhardt, 1989; Gehman et al., 2017). Further differences between the three case studies with regard to the resulting research model and the type of scientific reasoning are described in more detail later in this chapter.

2.2.2 Samples

To sample the set of articles that served as a base for the literature review in Essay I, four different search strings ('community entrepreneur*', 'community enterprise', 'community-based entrepreneur*' and 'community-based enterprise') were used to search in peer reviewed journals listed in two scientific databases (Scopus and EBSCO Business Source Premier), thereby producing a list of 249 articles. In a transparent process, articles that did not seem relevant were excluded. This left us with a set of 98 articles, which we all read and analyzed in-depth. However, although all 98 articles relate to the study of community or community-based entrepreneurship in the broadest sense, a large part is based on anecdotal evidence, remains fully descriptive, and is published in regional niche journals. To enhance the scientific impact of the review, we decided to exclude the studies published in journals with an impact factor below 1.0, and finally ended up with 42 articles.

The cases explored in the multiple case studies in Essays II, III, and IV were all sampled using purposeful sampling strategies. The underlying logic of purposeful sampling is to specifically choose cases that are information-rich, that is cases from which the researcher "can learn a great deal about issues of central importance to the purpose of the research" (Patton, 1990, p.170). As all three essays set out to shed light on a specific element or concept of community-based entrepreneurship, the first sampling criteria in all three studies referred to the definition of community-based enterprises. More specifically, we sampled for cases of enterprises that a) were established, owned and controlled by the members of a local community, and b) aimed to solve a social and/or ecological problem by means of economic activity. Moreover, we always only sampled for cases that were established within the last five years to minimize the retrospective bias (Yin, 2013). Finally, all community-based enterprises investigated in this dissertation were established in Germany to ensure that interviews could be conducted in the first language of both the interviewer and the interviewee. The number of cases sampled and, where needed, the additional sampling criteria then depended on the specific research aims of the studies.

In Essay II, we used a combination of homogenous and maximum variation sampling (Patton, 1990). We chose eight cases, two from four different industries each to ensure that we could get a holistic understanding of the phenomenon, while, at the same time, allowing for comparisons among similar cases. The aim of Essay III was to gain a

more nuanced understanding of the ‘why’ and ‘how’ of successful community-based enterprise creation. To this end, we sampled a set of two similar, yet complementary cases (Yin, 2013). Our conceptualization of ‘successful community-based enterprise creation’, the output of our resulting variance model in this study, served as a basis for a refined set of sampling criteria. Finally, in Essay IV, we were interested in understanding different forms and antecedents of community involvement. To this end, we collaborated with an external expert who had a comprehensive overview of existing cases. We asked him to identify cases that were well known for being highly successful in involving the community and others that had encountered significant challenges in doing so. In a previous research project, I had collected data in a community-based enterprise where lacking community involvement and conflicts had brought the entrepreneurial process to a temporary halt. When we learned that the community had somehow managed to overcome these initial challenges, we decided to engage in a further round of data collection. Overall, we sampled four cases of community-based enterprises for Essay IV.

2.2.3 Data

For Essays II, III, and IV, different types of empirical data were collected from multiple sources with the goal to ensure great immersion in and comprehension of the phenomenon. Using multiple sources of data helps to address problems of construct validity (Yin, 2013) and allows the data to converge in a triangulating fashion (Eisenhardt, 1989). All data was collected between November 2016 and January 2018. While most of the data was collected by myself, Essays III and IV include cases whose data was collected by Bachelor and Master students I supervised. In these cases, I was closely involved in designing the interview guidelines and choosing the interviewees. In one case, the community pub in Vorderburg, I got the chance to observe much of the enterprise creation process as it unfolded. Over a period of half a year, I went back and forth and lived with different key informants. Although data was collected retrospectively in the other cases, it was always collected during several repeated or one longer stay to allow for immersion in the research setting. The following paragraphs serve to provide an overview of the data sources used in the three case studies as well as of the methods employed to collect the data.

Primary data. Interviews are one of the most important data sources for qualitative studies in business and management research as they allow the researcher to collect rich data from different actors (Myers, 2010). Despite its popularity, interview data is often criticized for being biased by the interviewees personal worldview. These limitations of interview data are best addressed through the use of different knowledgeable interviewees who bring in different perspectives on the phenomenon under study (Eisenhardt & Graebner, 2007). When starting data collection in a new case, we always started with one rather open interview with a leading individual to get to know the case and gain initial unbiased insights (Flick, 2014). All subsequent interviews were semi-structured, meaning that they were guided by but not restricted to pre-formulated questions. Semi-structured interviews were the method of choice as they ensure a certain level of consistency across the interviews while providing the flexibility to follow up on unexpected, emerging insights (Myers, 2010). We employed a snowball sampling strategy (Patton, 1990) by asking our interviewees to identify further relevant interview partners for us, and continued data collection until we felt that additional interviews did not yield any novel information. Whenever possible, we did not only interview people actively involved in the enterprise creation process, but also tried to get external perspectives, for instance, from local politicians and reporters. As most of the data was collected retrospectively, the structure-laying-technique was used in several cases to reduce the retrospective bias (Groeben, 1990). Based on the insights gained in a first interview and on the basis of secondary data, we prepared cards representing the essential phases of the enterprise creation process. In a second interview about two weeks later, these cards were presented to the interviewee again and he or she was asked to check and, if necessary, amend the cards. The structured graphic representation emerging from the structure-laying-technique helped to reveal implicit knowledge, detect misconceptions and reduce the retrospective bias (Flick, 2014).

Although all case study research calls for deep immersion in the setting (Eisenhardt, 1991), this is particularly important for researching a phenomenon like community-based entrepreneurship, that is characterized by its embeddedness in the existing structures of a local community. Informants are ‘knowledgeable agents’ and thus, interviews help to produce explanations based in peoples’ actions, intentions, and emotions (Gioia et al., 2013). However, if explanations are rooted in culture and tradition, more ethnographic data collection methods may constitute a helpful

complementary data source (Langley in Gehman et al., 2017). During the initial round of coding for Essay III, we were confronted with three distinct mysteries, which we could not explain with existing theory and the interview data we had collected (see Essay III for more details). A key advantage of qualitative case research is the flexibility that allows the researcher to adapt research design and methods throughout the research process to enhance the explanatory data power of the data (Eisenhardt, 1989). Ethnographic methods are particularly suited for resolving mysteries (Alvesson & Kärreman, 2007) as they allow to understand the cultural elements causing the puzzle (Agar, 1986).

The meaning of the term ‘ethnography’ is subject to controversy. Since many highly-cited ethnographies are based on observational data collected over many years, I refrain from referring to the research in Altenau and Vorderburg as ‘ethnographic research’ in its pure sense. Instead, the research design of the case study research was adapted to employ more ‘ethnographic methods’. Ethnographic methods in the social sciences mainly rely on participant and non-participant observations (Atkinson & Hammersley, 1994). While participant observations require the active participation of the researcher in the situation under study, the researcher does not play an active role in non-participant observations (Hammersley & Atkinson, 2007). During the multiple on-site visits, both participant and non-participant observations became important data sources that helped us to grasp the dynamics of community-based enterprise creation rooted in the local culture, which yielded explanations for the encountered puzzles. For example, I got the chance to accompany the leading actors in their daily lives and participate in traditional events and festivities. These participant and non-participant observations, which were all captured through extensive field notes, were invaluable for understanding the antecedents and effects of the locals’ identification with the community, which turned out to be key for resolving the mysteries. Similarly, the observations as active participant during the community-enterprise creation process helped to identify and understand the effect of the emerging collective identity as entrepreneurial community.

Secondary data. To triangulate the primary data and increase the studies’ validity (Yin, 2013), all studies also built on archival data from external and internal sources. First, we drew from the enterprises’ websites and articles published in print and online

media. In most cases, we also found records of reports from local radio and TV channels. In one case, the community pub in Altenau, the entire enterprise creation process had been covered by a local television channel for over 17 months, which gave us access to 264 minutes of video footage from 51 short episodes. Prior to the interviews, we watched all episodes, made detailed notes, and transcribed revealing quotes. In addition, in all cases, the venture champions granted us access to an extensive set of internal archival data including meeting minutes, business and construction plans, market studies, and internal communication. One particularly useful internal data source was the very detailed spreadsheet in which the initiators in Vorderburg had kept track of the tasks carried out by every supporter over the entire enterprise creation process.

2.2.4 Scientific Reasoning

An essential, yet highly challenging step of good scientific research is to bridge the premises based on empirical data with theory-driven conclusions (Mantere & Kentokivi, 2013). Induction and deduction are often presented as the two central and contrary forms of scientific reasoning. This perspective is limited as it neglects abduction as a third form of scientific reasoning that holds great potential for generating novel theoretical insights (Bamberger, 2018).

Abduction combines elements of both deductive and inductive modes of reasoning but is more than only their mere combination. Although abduction requires a researcher's preunderstanding of an array of theories, it is fundamentally distinct from deductive hypothesis development. While the aim of deduction is generalization, abduction aims at theorization (Mantere & Kentokivi, 2013). It is similar to inductive research in that both build on qualitative data, require the researcher to remain open to being surprised by the data, and aim to build or extend theory. The difference is that in abductive research, theory building is driven by a dialogical process between the data and extant theoretical knowledge. Till date, the term 'inductive' is often used as an umbrella term that also comprises abductive approaches (Lipton, 2004) and much of the literature on case study research promotes the use of inductive reasoning (e.g., Eisenhardt, 1989; Gioia et al., 2013). However, in practice, most popular inductive research approaches contain elements of abductive reasoning such as Glaser and Strauss' (1967) axial coding or Gioia's (2004) theoretical dimensions (Mantere & Kentokivi, 2013).

Although I acknowledge that the boundaries between the two approaches are blurred, I pursue a more nuanced picture of induction and abduction in this dissertation. It must be noted that the data for all studies was collected in an open manner without having any theory in mind. For analyzing the collected data, Essays II and III follow an abductive approach while Essay III employs a more inductive mode of scientific reasoning. The following paragraphs briefly outline the differences and provide explanations for the respective choices.

Abductive reasoning. In the broadest sense, abduction refers to the creation of new explanations based on surprising evidence (Peirce, 1934) and therefore plays a central role both in daily decision-making processes and in scientific reasoning (Lipton, 2004). Abduction, as a form of scientific reasoning, is based on surprising or puzzling empirical material (Hanson, 1965) which is then, in a methodological rigorous process, analyzed against the background of a variety of theories with the aim to produce novel theoretical explanations of empirical phenomena (Alvesson & Kärreman, 2007). Although most references to abduction refer back to the seminal work of the scientist and philosopher Peirce (1934), abduction today means different things to different people. While for some, abduction is merely a secondary step to induction in grounded theory research in which the researcher moves back and forth between the data and extant theory (e.g., Charmaz, 2014), others clearly differentiate inductive or grounded theory research from abductive research strategies (e.g. Alvesson & Kärreman, 2007; Timmermans & Tavory, 2012). To the latter, abduction refers to a distinct approach for analyzing qualitative data with the goal of constructing new theory. However, despite its potential to produce novel theoretical explanations for empirical phenomena, research explicitly employing abductive approaches remains scarce (Timmermans & Tavory, 2012).

Community-based entrepreneurship constitutes a nascent scholarly field that, till date, lacks theoretical explanation. Since it is related to other fields such as mainstream, social, and sustainable entrepreneurship as well as collective action and social movements, theoretical explanations from these related fields most likely contribute to our understanding of community entrepreneurship. They are, however, insufficient to fully explain the idiosyncrasies of community entrepreneurship. By allowing to build on extant theoretical insights to explain novel and surprising empirical findings, thereby extending theory, abduction constitutes a promising approach for research on

community-based entrepreneurship. Two of the essays in this dissertation, Essays II and III, therefore employ abductive analysis methods. More specifically, Essay II uses the method of horizontal contrasting, a specific form of theory elaboration (Fisher & Aguinis, 2017) while Essay III abductively develops theory from mysteries and breakdowns (Alvesson & Kärreman, 2007). These two strategies are briefly explained in the following.

Theory elaboration. Community-based entrepreneurship is a distinct form of entrepreneurship that shares similarities with social and sustainable entrepreneurship. Hence, reinventing the wheel to explain community-based entrepreneurship is neither necessary nor conducive. However, it is distinct in that the resulting enterprises are embedded in a local community for which they aim to generate economic, social, and/or ecological value. If the resulting venture is a community-based enterprise, the difference is even more crucial as the enterprise is not established, owned, and controlled by an individual or small team, but by a collective of people from the community. Since research on distinct forms can be informed by the mainstream entrepreneurship literature, but require separate exploration and explanation (Austin et al., 2006; Binder, 2017; Dorado, 2006), theory elaboration is a useful approach for the study of community-based entrepreneurship. Theory elaboration is “the process of conceptualizing and executing empirical research using preexisting conceptual ideas or a preliminary model as a basis for developing new theoretical insights” (Fisher & Aguinis, 2017, p.438). In short, studies that employ a theory elaboration strategy are driven by preexisting conceptual or theoretical ideas.

Entrepreneurial opportunities are the distinctive feature of entrepreneurship research (Busenitz et al., 2003), which is the reason for the perpetually developing literature on the concept of opportunities and its related processes such as recognition, development, and exploitation (Short et al., 2010). These extant insights can set the basis for our understanding of opportunities for community-based entrepreneurship. Where extant research fails to account for the specific phenomenon, the study expands theory, thereby challenging conventional thinking and contributing to the broader entrepreneurship literature.

Contrasting, one specific form of theory elaboration, is the method of choice in Essay II. Contrasting is an approach in which the application of a theory is compared in a

different setting (Fisher & Aguinis, 2017). More specifically, the essay employs horizontal contrasting, which is the examination if and to what extent, existing theoretical insights (here: from mainstream, social, and sustainable entrepreneurship, fit in another context (here: for community entrepreneurship). As such, it uses existing insights as a tool to start a dialogue with the empirical data (Mantere & Kentokivi, 2013) and contributes to the general entrepreneurship literature by showing how elements of theoretical assumptions vary when applied to a different context.

From breakdowns to theory development. Another fruitful way to extend existing theoretical insights and build new theory are empirical impressions that involve breakdowns, that is a lack of fit between a scholar's theory-based expectations and the empirical encounter (Agar, 1986). Such surprising findings can constitute a strong impetus to create new ideas, challenge existing knowledge, and create new theoretical explanations (Timmermans & Tavory, 2012). Identifying and solving breakdowns requires inspiring empirical evidence, an understanding of pre-existing theoretical explanations, creativity of the researcher, and room for theoretical contributions (Alvesson & Kärreman, 2007). When a breakdown in the empirical data appears to be interesting, the researcher engages in an iterative conversation with existing theory and the evidence. If existing literature does not adequately explain the mystery, the researcher can try to solve it by adjusting the research schema and by searching for competing explanations from which she finally chooses the best one (Mantere & Kentokivi, 2013).

As the initial analysis of the empirical evidence collected during the first round of data collection for Essay II yielded several puzzles that could not be explained with existing literature, abductive reasoning based on mysteries was adequate to move from breakdowns to theory development. In short, existing knowledge failed to explain why, despite the high similarity between our two cases, it took more than ten years in one case before community-based enterprise creation was triggered, while the process started immediately in our second case. In addition, we could neither explain why the lack and withdrawal of external support did not hamper community-based enterprise creation but rather fueled it nor why the level of engagement of the broader community increased throughout the lengthy and strenuous implementation process instead of declining, as much of the literature on collective action would predict.

Since breakdowns are often rooted in culture, and thus solving them requires understanding of the underlying cultural elements (Alvesson & Kärreman, 2007), we decided to adopt more ethnographic data collection and abductive analysis methods. When our data alluded to the importance of identification with the local community, identity theory emerged as a suitable theoretical lens to solve our mysteries. Several iterative rounds of data collection, analysis, and comparison with existing findings from literatures on identity theory and collective action finally allowed to develop a theoretical model of successful community-based enterprise creation.

Inductive reasoning. Most qualitative studies in the social sciences employ an inductive approach to theory development (Bansal & Corley, 2011). In the management literature, inductive research methods are often equated with the development of grounded theory as suggested by Glaser and Strauss (1967), and Strauss and Corbin (1998) (Suddaby, 2006). However, grounded theory is only one systematic methodology for building new theory from empirical data (Eisenhardt in Gehman et al., 2017). Generally, inductive research starts with the observations made from the data and involves the search for patterns in these observations with the goal to build theory (Neumann, 2003). In an inductive data analysis process, the researcher should not have any preconceptions of constructs and relationships but should be guided only by the data and the emerging findings (Gioia et al., 2013). However, this “ideal of no theory in consideration” (Eisenhardt, 1989, p.536) does not imply ignorance of theory, but rather a “stance of well-intended ignorance when approaching data collection and analysis” (Gioia in Gehman et al., 2017, p.22) and the goal to not let existing knowledge and expectations guide the analytical process (Gioia et al., 2013). In addition, a guiding principle of most inductive case study research methods is the parallel and iterative collection and analysis of the data (Miles et al., 2014).

For Essay IV, an inductive data analysis approach was appropriate since very little is known about leadership in community-based enterprises. Although, as described above, the study follows Gioia’s underlying ideas about inductive case research and uses a data structure, it does not make use of the ‘Gioia methodology’ (cf. Gehman et al., 2017; Gioia et al., 2013). Instead, by using quantifications and searching for patterns and differences across the different cases, it rather follows the tenets for theory building from case research as proposed by Eisenhardt (1989) and Miles et al. (2013).

2.2.5 Research Models

As theories are not directly observable, they need to be converted into operational research models. Models and theories differ in that the former is a partial representation of the latter (Van de Ven, 2007). Social science research usually either adopts a process or a variance approach (Mohr, 1982). Process models are event-based, meaning that they are built forward from observed events to outcomes. In contrast, variance models are outcome-driven, indicating that they are built backward from an observed outcome to a series of prior events (Aldrich, 2001). Different types of research questions call for different types of research models (Yin, 2013). In this dissertation, Essay II employs a process approach while Essay III and IV follows a variance approach.

Process approach. Process researchers seek to understand the world in terms of events and activities, temporality, and flow (Langley et al., 2013). A process is a “sequence of events that describe how things change over time” (Van de Ven, 1992, p.169) and each event or process step arises out of its relations to other events (Langley in Gehman et al., 2017). A theory of process therefore explains how and why a process unfolds over time (Van de Ven & Engleman, 2004). There are a variety of research designs and strategies for capturing and theorizing process (Langley, 1999).

The pursuit of entrepreneurial opportunities is a process, and thus an increasing number of scholars agree on the importance of studying entrepreneurship as a process (e.g., Belz & Binder, 2017; McMullen & Dimov, 2013; Moroz & Hindle, 2012; Shane et al., 2003; Steyaert, 2007; Ucbasaran et al., 2001; Van de Ven & Engleman, 2004; Wiklund et al., 2011). Essay II was driven by the endeavor to understand the concept of entrepreneurial opportunities in community-based entrepreneurship. Since we know from extant research that opportunities are not fixed entities that emerges out of nowhere, ready to be pursued but rather evolve over time (Davidsson, 2015), a process perspective was adequate for Essay II. We used a processual perspective to capture and explain the development from the initial, vague idea to establish a community-based enterprise to a full-fledged, exploitable opportunity.

Variance approach. Variance models contain variables that represent important aspects of the studied phenomenon and aim to explore the conditions necessary to produce a certain outcome (Poole et al., 2000). As such, a variance study usually has one single outcome (Langley in Gehman et al., 2017). After Essay II had shed light on different sources of opportunities for community-based entrepreneurship and had shown how such opportunities are formed over time, we were puzzled with the question of why some communities were so successful in solving their problems by establishing community-based enterprises while others in similar situations were not. Thus, we were driven by the endeavor to understand the enabling factors of successful community-based enterprise creation. As a first step, we needed to clearly operationalize our outcome, namely ‘successful community-based enterprise creation’. Based on our definition and understanding of the phenomenon, we defined successful community-based enterprise creation as the creation of enterprises that 1) are collectively established, owned and controlled by a large part of the people living in a local community, 2) generate sufficient profit to sustain themselves in the long run, and 3) succeed in solving one or more local problems while yielding additional economic, social, and/or ecological value. We then inductively identified a set of enabling factors, our fixed variables, and explained the conditions that led to the outcome. Asking a ‘what’-question, a variance model was therefore the right choice for Essay III.

Similarly, Essay IV was driven by the interest to understand ‘what’ leads to community involvement in community-based entrepreneurship. Most surprisingly, very little is known about what ‘community involvement’ actually means in community-based entrepreneurship, although scholars agree that community involvement is the key strategic asset of community-based enterprises (Peredo & Chrisman, 2006). Thus, in a first analytical step, we had to draw from our empirical data to gain a more nuanced understanding of our outcome. Once we had operationalized the outcome, which we separated into active and passive forms of involvement, we went backwards and explored causally significant variables and events, thereby developing a variance model (Van de Ven, 2007).

2.3 CONCEPTUAL AND THEORETICAL BACKGROUND

One central goal of this dissertation is to contribute to the legitimacy of community-based entrepreneurship research by moving from merely descriptive accounts towards theory-based explanations. Put simply, theory is “a statement of concepts and their interrelationships that shows how and/or why a phenomenon occurs” (Corley & Gioia, 2011, p.12). Novel theory or theoretical contributions then come from the identification and explanation of new concepts or of the relationships between these concepts which helps us to understand certain phenomena (Gioia in Gehman et al., 2017). As Essay I shows, there is a growing body of literature on community-based entrepreneurship and although much of it is rather descriptive, these studies contribute to our understanding of the phenomenon and provide important insights on which the studies in this dissertation can be built. The seminal paper by Peredo and Chrisman published in the *Academy of Management Review* in 2006 set an important cornerstone for our theoretical understanding of community-based entrepreneurship. In the article, the authors draw from theoretical insights from anthropology, sociology, and management to propose a very broad theoretical framework for community-based enterprises. Existing theories can be understood as repertoires of lenses through which we can look at different phenomena (Alvesson & Kärreman, 2007). Besides the existing literature on community entrepreneurship, this dissertation therefore also draws from a variety of existing conceptual and theoretical frameworks that help to explain certain aspects of the phenomenon.

While Essay II builds on existing knowledge on entrepreneurial opportunities from the mainstream, social, and sustainable entrepreneurship literatures, Essay III utilizes concepts and explanations from social identity theory and identity-based explanations from the studies of collective action and social movements. Essay IV is based on the small body of research on the intersection of entrepreneurship and leadership. However, the aim of each study in this dissertation is to not only use existing conceptual frameworks and theoretical lenses to advance our understanding of community-based entrepreneurship but, at the same time, to give back to these literatures by building new theory that is transferrable to other settings and domains. The aim of the following chapter is less to provide complete reviews of the other literatures the essays draw from, but rather to justify and explain their use in this dissertation (more detailed literature reviews can be found in the respective essays).

2.3.1 Entrepreneurial Opportunities

Essay II sets out to explore why community-based enterprises emerge only in some communities in response to economic, social, and/or ecological problems. Opportunities are at the heart of entrepreneurship and thus understanding the concept of opportunity is key to understanding entrepreneurship (Davidsson, 2015). Consequently, there is a large and perpetually growing body of literature on the concept of entrepreneurial opportunities (Short et al., 2010). For instance, scholars elaborate on the nature and gestation of entrepreneurial opportunities (e.g., Alvarez & Barney, 2007; Chiasson & Saunders, 2005; Davidsson, 2015; Dimov, 2007; Hjorth, 2007; Sarason et al., 2006) and on the individual and external mechanisms underlying opportunity recognition and exploitation (e.g., Ardichvili et al., 2003; Baron, 2008; De Carolis & Saporito, 2006; Gaglio, 2004; Ireland et al., 2003; Lumpkin & Lichtenstein, 2005). However, despite their undisputed importance for the study of entrepreneurship, opportunities remain an elusive and much-contested concept (Busenitz et al., 2014; Davidsson, 2015). Yet, most scholars agree that the pursuit of entrepreneurial opportunities is a process which makes it important to consider the dynamics of opportunities as they evolve over time (Dimov, 2007; Short et al., 2010). Essay II therefore adopts a processual perspective to explore the nature and formation of opportunities for community entrepreneurship.

There is little agreement about the definition of entrepreneurial opportunities (Davidsson, 2015; Short et al., 2010). Essay II follows the definition proposed by Eckhardt and Shane who claim that entrepreneurial opportunities are “situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships” (2003, p.336). By explicitly emphasizing new means-end relationships, this notion of entrepreneurial opportunities seems particularly suitable for the phenomenon of community entrepreneurship which is often not about the introduction of an innovative new product or service, or about the use of a novel resource, but about an innovative, new combination of different types of resources from different sources to establish an enterprise addressing a problem in an innovative manner.

Till date, extant community entrepreneurship literature often takes the stance that community-based enterprises emerge when ‘normal’ entrepreneurial opportunities are exploited by a collective instead of by an individual or team (e.g., Haugh, 2007;

Valchovska & Watts, 2016). A sub-question guiding the research in Essay II was the question whether, and, if yes, how opportunities underlying community-based enterprises differ from that in other forms of entrepreneurship. Over the past decade, a growing number of articles have explored the concept of entrepreneurial opportunities in other related sub-forms of entrepreneurship such as social and sustainable entrepreneurship (e.g., Belz & Binder, 2017; Dorado, 2006; Hockerts, 2006; Robinson, 2006; Austin et al., 2006; Corner & Ho, 2010; Pacheco et al., 2010; Cohen & Winn, 2007; Patzelt & Shepherd, 2011; Munoz & Dimov, 2015). Some scholars have discussed the transferability of mainstream entrepreneurship research to these novel contexts and have concluded that due to the focus on added social and/or ecological value creation, the concept of entrepreneurial opportunities requires separate exploration and explanation in the contexts of social and sustainable entrepreneurship (Austin et al., 2006; Dorado, 2006; Patzelt & Shepherd, 2011). Community-based enterprises share this focus on added value creation with social and sustainable enterprises but are distinct in that they are established by a larger collective of people. Therefore, extant research from the mainstream, social and sustainable entrepreneurship literatures serve as a valuable basis for Essay II but must be transferred carefully (see Essay II for a more detailed review of the existing literature).

A central challenge during the research for Essay II were terminological issues. Many social entrepreneurship researchers refer to opportunities in the context of social entrepreneurship as ‘social entrepreneurial opportunities’ (e.g., Bacq & Janssen, 2011; Dorado, 2006; Hockerts, 2006; Murphy & Coombes, 2009; Robinson, 2006). In sustainable entrepreneurship research, a handful of scholars has used the term ‘sustainable entrepreneurship opportunity’ (e.g., Gray et al., 2014; Pacheco et al., 2010) while others prefer the term ‘opportunities for sustainable development’ (e.g., Binder, 2017; Pacheco et al., 2010; Patzelt & Shepherd, 2011). Given the fact that collective establishment is what differentiates community-based enterprises from social and sustainable enterprises, ‘collective entrepreneurial opportunities’ first seemed to be an obvious solution. However, several conversations with renowned entrepreneurship scholars finally changed our mind². First, the introduction of a novel concept to the entrepreneurship literature implies distinctiveness from and incompatibility with extant concepts. Although our research revealed major

² I would like to thank Per Davidsson, Denis Grégoire and Oana Branzei for the challenging, yet very helpful discussions on this matter.

idiosyncrasies of opportunity formation in the context of community-based enterprise creation, introducing a new concept seemed superfluous. In addition, our research showed that opportunities must be collectivized in a lengthy process before they are exploited by a collective. Therefore, the term ‘collective entrepreneurial opportunity’ only applies to the final product, thereby neglecting all other states during the opportunity formation process. Since we wanted to gain a much more holistic understanding of the opportunities that opened space for community-based enterprise creation, we finally agreed to use the much broader term ‘opportunity for community-based entrepreneurship’.

2.3.2 Identity Theories

During the open coding for Essay III, identification with the local community and an emerging collective identity as entrepreneurial community emerged as key enablers of successful community-based enterprise creation. Identity is a “general, if individualized, framework for understanding oneself that is formed and sustained via social interaction” (Gioia, 1998, p.19), and provides an answer to the questions “Who am I?” and “Who are we?” (Ashforth et al., 2008). Identification with a group, as observed in Essay III, is an element of social identity theory (Tajfel & Turner, 1979). Collective identity is a concept used in various areas such as collective action and social movements, but has often been criticized for being applied without clear conceptualization (Klandermans & de Weerd, 2000).

Social identity theory has its roots in social psychology and assumes that an individual’s identity stems from and is shaped by social interactions (Hogg & Terry, 2000). According to the theory, individuals break down their social environment in groups (Tajfel & Turner, 1979). Their social identity is then formed through self-categorization, i.e., the identification with certain in-groups, and social comparison, i.e., the comparison with other out-groups (Hogg & Abrams, 1988). Through these processes, identity steers both cognition and behavior (Stryker & Serpe, 1982). Assuming that identification with a certain in-group motivates people to behave in ways that are congruent with the values and norms inherent in this collective, the concept of identity helps to understand why people behave in certain ways in a given situation.

Identification with the local community, as discussed in Essay III, is a form of social or group identification. Social identification is “the process by which people come to define themselves, communicate that definition to others, and use that definition to navigate their lives” (Ashforth et al., 2008, p.334). Such a sense of belongingness lets an individual perceive the fate of the group as her own fate and enhances support and commitment (Ashforth & Mael, 1989). Social identity in general and identification in specific have long played an important role in organizational research (e.g., Ashforth et al., 2011; Ashforth et al., 2008; Ashforth & Mael, 1989; Hogg & Terry, 2000) and, more recently, attracted growing interest of entrepreneurship researchers (e.g., Fauchart & Gruber, 2011; Murnieks & Mosakowski, 2007; Powell & Baker, 2014, 2017; Sieger et al., 2016; Wry & York, 2017). More specifically, the social identity perspective has been adopted by an increasing number of scholars to explain why some individuals engage in pro-social and community-oriented entrepreneurial behaviors (Binder, 2017; Gruber & McMillan, 2017; Wry & York, 2017).

Collective identity is a concept that has been used in many contexts, but its use has often been criticized for deficient operationalization and conceptualization (Stryker, 2000). According to Gamson, collective identity is “manifested through the language and symbols by which it is publicly expressed. We know collective identity by the cultural icons and artifacts displayed by those who embrace it” (1992, p.60). It is formed and negotiated in a process of repeated social interaction among individuals within a group (Melucci, 1996). Hence, collective identity emerges at the nexus between individual and cultural systems through interaction of people who identify with the group. It is often described as sense of “one-ness” or “we-ness” (Snow & McAdam, 2000). As acting collectively requires a collective identity of some form and strength (Klandermans & de Weerd, 2000), it is little surprising that collective identity emerged as an important concept in the study of community entrepreneurship. Although its importance for collective action is undisputed (Oliver et al., 2003), the use of the concept has often been criticized (Stryker, 2000). A major point of criticism relates to the commingling of individual and collective levels (Snow & McAdam, 2000). In Essay III, we therefore clearly differentiate between identification as an individual-level construct and collective identity as a group-level concept.

2.3.3 Leadership

The involvement of the local community constitutes the central asset of community-based enterprises. Naturally, people participate in the enterprise at different times and in different ways. Evidence shows that community-based enterprises are usually initiated by a small group of individuals who adopt process ownership and take on leading roles throughout the entire entrepreneurial process (Haugh, 2007; Vestrum & Rasmussen, 2013; Valchovska & Watts, 2016). These leaders face the challenging task of both attaining and managing community involvement. Although many studies allude to the importance of leadership in community entrepreneurship (Dana & Light, 2011; Johnstone & Lionais, 2004; Johannisson, 1990; Somerville & McElwee, 2011), only two studies specifically deal with issues of leadership in community entrepreneurship (Lobo et al., 2016; Selsky & Smith, 1994). The central aim of Essay IV was to gain a better understanding of how leaders of entrepreneurial ventures attain and manage different forms of community involvement, thereby maximizing the benefits of community involvement while minimizing conflicts.

Most surprisingly, despite the obvious importance of leadership issues in entrepreneurial ventures, there are major gaps in our understanding of leadership in entrepreneurial contexts (Carr et al., 2017). Only recently, scholars have started to conduct more focused research at the intersection of leadership and entrepreneurship (cf. Simsek et al., 2015). While some established leadership concepts and approaches apply in entrepreneurial contexts, they must be transferred with caution as they may not suffice to explain the complex dynamics in entrepreneurship. Since the involvement of the broader community makes leadership in community-based enterprises particularly challenging, Essay IV employs an inductive research strategy guided by emerging findings instead of being too influenced by existing leadership research.

At its core, leadership is about influencing others toward a common goal (Hunt, 2004). In our understanding of leadership, we follow Cogliser and Brigham (2004), who specifically differentiate between leaders and leadership. The goal of Essay IV is not to understand the specific traits and characteristics of individual leaders, but rather to explore leadership practices as elements of leadership as a process of influence. This choice of unit of analysis is in line with an emerging conversation calling for a practice-based approach for studying entrepreneurship (Anderson & Ronteau, 2017).

3. ESSAYS

At the heart of this dissertation are four consecutive essays that all contribute to the overarching aim of this dissertation to establish community-based entrepreneurship as a legitimate sub-field within entrepreneurship research. While Essay I mainly contributes to this aim by establishing boundaries and proposing definitions for the key concepts, Essays II, III, and IV add to the overall aim by generating a theory-based understanding of different aspects and elements of community-based entrepreneurship. Over the past two and a half years, all four studies were presented at multiple research conferences and workshops which was highly valuable for developing them further. At the time of submission, three essays are already submitted to management journals, while one is a working paper in preparation for submission at a high-ranked entrepreneurship journal. Table 4 provides an overview of all four papers, the co-authors, and their status. The versions included in this dissertation vary slightly from the ones submitted to the journals, for instance, due to terminological requirements of the respective journals and Special Issues.

ESSAY	TITLE	AUTHORS	STATUS
I	Community entrepreneurship - A systematic review and research framework	Christina Hertel, Frank-Martin Belz	Presented at <ul style="list-style-type: none"> • Sustainability Ethics Entrepreneurship (SEE) Junior Faculty and Doctoral Consortium 2017 • Annual Meeting of the Academy of Management (AOM) 2017 Submitted at International Journal of Management Reviews
II	Same same but different - The nature and formation process of opportunities for community-based entrepreneurship	Christina Hertel, Frank-Martin Belz	Presented at <ul style="list-style-type: none"> • Research in Entrepreneurship (RENT) Conference 2017 • Babson College Entrepreneurship Research Conference (BCERC) 2018 • International Process Symposium (PROS) 2018 Working paper
III	It takes a village to sustain a village - An identity-based explanation of successful community-based enterprise creation	Christina Hertel, Frank-Martin Belz, Sophie Bacq	Presented at <ul style="list-style-type: none"> • Sustainability Ethics Entrepreneurship (SEE) Junior Faculty and Doctoral Consortium 2018 • Annual Meeting of the Academy of Management (AOM) 2018 Under review at Academy of Management Discoveries
IV	With each other for each other? The role of leadership for community involvement in community-based entrepreneurship	Christina Hertel, Julia Binder, Emmanuelle Fauchart	Presented at <ul style="list-style-type: none"> • Sustainability Ethics Entrepreneurship (SEE) Conference 2018 • Harvard Social Innovation and Social Change Initiative (SICI) Pre-Conference 2018 • Babson College Entrepreneurship Research Conference (BCERC) 2018 Under review at Journal of Management Studies

Table 4: Overview of the essays in this dissertation

ESSAY I:
COMMUNITY ENTREPRENEURSHIP –
A SYSTEMATIC REVIEW AND RESEARCH FRAMEWORK

ABSTRACT

In line with the growing importance of local, citizen-based action for sustainable development, there is a growing body of literature on community entrepreneurship. However, thus far, definitional and conceptual inconsistencies have hampered the development of a coherent scholarly discussion on the topic. To address these issues, we conducted a systematic literature review, which reveals that community entrepreneurship is an umbrella term under which the role, creation and operation of five distinct types of community enterprises is discussed. Embeddedness within the existing structures of the local community, and the aim to contribute to the development of that community emerged as the common denominator of all types of community enterprises. While four of the five types of community enterprises are specific forms of other types of enterprises discussed elsewhere in the literature, community-based enterprises, i.e., enterprises that are collectively established, owned and controlled by the members of the local community in which they are embedded and for which they aim to create economic, social and/or ecological benefits, emerge as the distinct core of community entrepreneurship research. We call for an encompassing scholarly conversation on *community entrepreneurship*, and argue that *community-based entrepreneurship* should be established as a distinct sub-field within entrepreneurship research. We propose a research framework that helps scholars to clearly define the phenomena they study and to situate their work within the body of community entrepreneurship literature, and make suggestions for meaningful future research.

Co-author: Prof. Dr. Frank Martin Belz

Status: Submitted to International Journal of Management Reviews

INTRODUCTION

From economic deprivation, poverty and injustice to the loss of biodiversity, culture and infrastructure – although the nature of the issues differs, local communities all over the world are confronted with diverse and complex challenges diminishing livability or even threatening livelihoods (United Nations, 2015). Despite the efforts of both the public and private sectors to address these problems, many remain to be solved, which is why community-based, local action has become more important than ever (Daskalaki et al., 2015; Dubb, 2016; UNDP, 2009; United Nations, 2015). Providing valuable assets such as social capital or natural resources, local communities offer a fruitful ground for entrepreneurial activity (Johannisson, 1990; Johnstone & Lionais, 2004; Somerville & McElwee, 2011). Around the world, we find a growing number of local communities which utilize their local resources and harness the potential of entrepreneurship to address their most pressing challenges. Against this background, the notion of community entrepreneurship has become increasingly prevalent in the literature. However, despite growing practical and scientific interest and relevance, research on community entrepreneurship remains incoherent and scattered.

The term community entrepreneurship was first introduced into the literature by Johannisson and Nilsson (Johannisson & Nilsson, 1989; Johannisson, 1990). To them, the community entrepreneur is a networking agent who makes others aware of the resources available in their communities, and helps them to turn these assets into business ventures, thereby contributing to community development. The pioneering work by Johannisson and Nilsson has been taken up by many scholars and still holds relevance for contemporary entrepreneurship research (Spilling, 2011).

Another notion of community entrepreneurship was established a decade later by Haugh and Pardy (1999), who argue that entrepreneurship as a process is not necessarily limited to individuals but can also be applied to collectives. The result of this entrepreneurial process is a community-based enterprises; that is, an enterprise that is collectively established, owned, and controlled by the members of the community in which it emerges and which it aims to benefit. This understanding of community entrepreneurship has become particularly prevalent over the past decades since many of the problems local communities are facing are too complex or multi-

faceted to be addressed by individual entrepreneurs (Dacin et al., 2011; de Bruin et al., 2017). In line with this second understanding, Peredo and Chrisman set an important milestone for research on the phenomenon. Their definition of community-based enterprise as “a community acting corporately as both entrepreneur and enterprise in pursuit of the common good” (2006, p.310) has become the most cited definition in the community entrepreneurship literature. It has, however, also often been contested (e.g., Cnaan et al., 2014; Handy et al., 2011; Somerville & McElwee, 2011), and there is still no common understanding of the key terms. Although the number of papers published has been increasing steadily, so far, terminological and definitional challenges have hampered fruitful linkages between different studies on community entrepreneurship. The aim of this paper is to overcome these shortcomings and pave the way for a coherent scholarly conversation on community entrepreneurship. The question that remains to be answered is whether community entrepreneurship qualifies as a distinct and legitimate scholarly domain within community entrepreneurship research.

For a field of research to have legitimacy, it must have clear-cut boundaries, a common understanding of the key underlying concepts and constructs and a conceptual framework that explains phenomena not explained by frameworks from other fields (Venkataraman, 1997; Shane & Venkataraman, 2000). Thus far, authors use the same terms to describe different things and different terms to describe the same thing. Such definitional inconsistencies hamper the generalizability of findings. Understanding different notions of community entrepreneurship and community enterprise is indispensable for evaluating the transferability of findings between different studies. In addition, the ambiguous use of terminology prevents clear boundaries and thereby the demarcation from other, related fields (Austin et al., 2006). Community entrepreneurship naturally shares similarities with other forms of entrepreneurship such as social entrepreneurship, and a distinct scholarly domain of community entrepreneurship would require clear differentiation from these related domains. Finally, a lack of definitions tempts scholars to engage in definitional discussions and although these are normal in nascent research fields, they thwart theory-driven knowledge generation (Dacin et al., 2011). Indeed, much of the research has remained rather descriptive. In times of increasing prevalence and relevance of entrepreneurship in, for and by local communities, it is time to sort out definitional and conceptual contestations and to set the ground for more coherent and theory-driven research.

Extant studies have already started to discuss definitional issues (e.g., Handy et al., 2011; Peredo & Chrisman, 2006; Somerville & McElwee, 2011) and some scholars have tried to avoid tight precast definitional corsets by introducing own terms such as community venture (Vestrum & Rasmussen, 2013; Vestrum, 2014) or community-led social venture (Haugh, 2007). Since label proliferation leads to superfluous fragmentation of fields (Barney, 2003), our aim is not to parcel out the study of community entrepreneurship into small isolated entities, but rather to provide a holistic picture of the different notions and definitions out there, carve out the core of the field, and to contribute to a consolidation of the existing research. To this end, we take inventory of the work that has been published on community or community-based entrepreneurship, and on community or community-based enterprises. First, we provide an overview of different notions of these concepts by delineating and comparing the characteristics of the resulting enterprises. Based on these novel insights, we propose a framework that helps scholars situate their work within the broad field of community entrepreneurship research. The study of community-based enterprises, i.e., enterprises that are collectively established, owned and controlled by the members of the community, in which they are embedded and for which they aim to generate benefits, emerges as the distinct core of community entrepreneurship research. We discuss the implications of these findings and finish with proposing avenues for meaningful future research.

METHODOLOGY

Literature reviews constitute a useful tool to provide an overview of the existing body of research on a certain topic, compare studies and explain differences, assess the contribution of the literature, and uncover research gaps (Webster & Watson, 2002). To comprehensively map the field, we conducted a systematic, i.e. transparent and replicable, review of existing academic literature. On this account, we followed the guidelines as proposed by Tranfield and his colleagues (2003), which have proven to be useful in management research (e.g., Crossan & Apaydin, 2010; Pittaway et al., 2004). To guarantee transparency, all steps and decisions were documented in a formal and verifiable manner by means of a thorough research protocol.

Search and Selection Strategy

To determine our evidence base, we proceeded as follows (Table 5): For our search, we used four different strings namely ‘community entrepreneur*’, ‘community enterprise’, ‘community-based entrepreneur*’, and ‘community-based enterprise’. We also checked for ‘collective’, ‘community-driven’ and ‘community-led’, but – to our own surprise - yielded no relevant and/or additional results (for example, most papers on collective entrepreneurship also mentioned the term community entrepreneurship and were thus already included in our result list). We decided not to include combinations with ‘business’ and ‘venture’ as a substitute for ‘enterprise’, since these terms produced an extensive list of results of which the greater part did not meet our relevance criteria while the rest was already included in our result list. With community entrepreneurship being a multifaceted phenomenon that transcends disciplinary boundaries, we chose *Scopus* and *EBSCO Business Source Premiere* as databases for our search to ensure that all relevant disciplines were covered while keeping the number of duplicates to a minimum. We searched in title, abstract or keywords to keep our study within a reasonable scope and to ensure the relevance of the results. The search was limited to articles published in peer-reviewed journals and, for reasons of feasibility, to articles published in English language. To be able to provide a holistic picture of the research on the topic, we did not make restrictions in terms of publication time and included all articles published before July 2018.

The search with four different strings resulted in 249 articles. In a first step, we created a database and removed the duplicates, thereby ending up with 219 articles. Next, we eliminated all results that appeared in our result list without meeting the inclusion criteria mentioned above. For example, we excluded corrections to articles, book reviews, editorials, correspondence between authors and articles that were not fully translated into English language. In addition, we dropped all publications that were only listed in our result list due to an accidental combination of the search terms in enumerations. This exclusion round left us with 175 articles. Based on abstract and full text, we excluded articles that referred to a scholarly community, entrepreneurship education and public-private partnerships, as well as those that only mentioned the search strings once, for example, in enumerations, without going into any further detail. Overall, we identified 98 articles, which both authors read in detail to gain a holistic understanding of the field. Although all 98 articles relate to the study of community entrepreneurship, a large number of them were published in regional niche

journals and are mere descriptions of specific cases, thereby lacking scientific impact. We therefore finally decided to limit our search to articles published in journals with an impact factor of 1.0 or higher to enhance the relevance of our review. This step left us with 40 articles. Following the example of Pittaway et al. (2004), we decided to include further articles we came across during our analysis, which appeared to be relevant, met our criteria, but did not turn up in our search. This way, we added two articles; one that referred to community enterprises as ‘community-led social ventures’ (Haugh, 2007) and one that uses the term ‘community business entrepreneur’ (Johnstone & Lionais, 2004). We repeated our search with these two terms but obtained no additional results. The final database for this review therefore included 42 articles³.

Step 1: Database analysis based on inclusion criteria	<p><i>Databases:</i> Scopus, EBSCO Business Source Premier</p> <p><i>Search date:</i> June 30, 2018</p> <p><i>Search strings:</i> community entrepreneur*, community-based entrepreneur*, community enterprise, community-based enterprise</p> <p><i>Inclusion criteria:</i> - peer-reviewed journal articles - all scholarly fields - articles published in English language - all articles published before July 2018</p>	Number of articles 249
Step 2: Exclusion of duplicates		- 30 219
Step 3: Post hoc exclusion based on inclusion criteria	<p>Based on the inclusion criteria (listed above), we manually excluded:</p> <ul style="list-style-type: none"> - Corrections to articles, book reviews, correspondence and editorials - Articles that are not completely translated into English - Articles that were listed due to accidental combinations of the search term (e.g. in enumerations: ..., community, enterprises,...) 	- 44 175
Step 4: Exclusion based on relevance criteria	<p>Based on full text analysis, we excluded all articles in which the search term(s)...</p> <ul style="list-style-type: none"> - referred to the scholarly community (e.g. community-based entrepreneurship research) - referred to entrepreneurship education (e.g. community-based entrepreneurship education) - referred to public-private partnerships (e.g. school-community-business collaboration) <p>Based on full text analysis, we excluded all articles that:</p> <ul style="list-style-type: none"> - only mentioned the search terms without going into any further detail about it (e.g. in enumerations: governmental organizations, community enterprises, small and medium enterprises,...) <p>We excluded all articles published in journals with an impact factor < 1.0</p>	- 77 98 - 58 40
Step 5: Narrative Inclusion	We included influential that were not yet included due differences in terminology but were repeatedly cited in included papers (we checked for the alternative terms without yielding additional results)	+ 2 42

Table 5: Overview of the literature search and selection strategy

³ Articles included in our database are marked with * in the table of references.

Analysis Procedure

Both authors were involved in the analysis process and read all 98 articles before focusing on the final 42 articles in-depth. Excel and Maxqda 12 were used to support data management and analysis. We started by analyzing all articles with regard to research design, discipline and outlet, geographical context, research aim and central finding(s), and terminology and definitions. This groundwork was followed by an iterative process of discussing, analyzing and writing. In a final step, we referred back to all 98 articles to ensure that the limitation to papers published in journals with an impact factor of at least 1 had not biased our findings.

REPORTING THE FINDINGS

The review process outlined above yielded 42 articles published between 1986 and 2018. Only seven of these articles were published before 2003, while the remainder of 35 articles was published between 2003 and 2018. This distribution indicates that community entrepreneurship has attracted growing scholarly interest over the past fifteen years.

Research Designs, Disciplines and Outlets

The large majority of articles on community entrepreneurship are empirical in nature (ca. 80 percent,) while a minority are non-empirical, i.e., purely conceptual (ca. 20 percent). Not surprisingly for an emerging field of inquiry, most empirical articles are based on qualitative research (27 articles, 65 percent), while only some employ quantitative methods (3 articles, 7 percent) or mixed methods (2 articles, 5 percent).

Publications transcend disciplinary boundaries. First, our database contains a number of articles published in cross-sectoral journals such as *Forest Policy and Economics*, *Marine Policy* or the *Technological Forecasting and Social Change*. In addition, it includes a set of articles published in journals from the overlapping scholarly fields of geography, planning or development such as *Progress in Planning*, *Journal of Rural Studies* and *Regional Studies*. The largest part of the paper included in our database,

however, was published in journals from the field of entrepreneurship and management. Journals include *Academy of Management Review*, *Entrepreneurship, Theory and Practice*, *Journal of Business Venturing*, *Journal of Business Ethics* and *Entrepreneurship & Regional Development*. With a total of ten publications, *Entrepreneurship & Regional Development* is the journal that has published the most studies on community entrepreneurship by far. The article of Peredo and Chrisman published in the *Academy of Management Review* in 2006 set an important milestone and contributed to the legitimization and maturation of the field. With approximately 1.000 citations, this article is the most influential one ever published on the topic.

Geographical Contexts

Except for two studies, all papers provide case examples. While some studies focus on one geographic context (e.g., Ambrose-Oji et al., 2015; Heilbrunn, 2005; Kleinhans, 2017; Peredo, 2005; Prayukvong, 2005; Tseo, 1996), others describe cases from multiple exemplary contexts (e.g., Johnstone & Lionais, 2004; Nwankwo et al., 2007; Tracey et al., 2005). A large share of the papers included in our review build on cases from a European context (21 articles, equaling 50 percent), mostly from the UK. Nine studies describe cases from Asia (21.4 percent), four from North America (9.5 percent), four from Latin America (9.5 percent), and two from Africa (4.8 percent)⁴.

However, it must be highlighted that these numbers do not necessarily reflect the prevalence of community entrepreneurship in the respective geographic contexts. For instance, we found an extensive number of papers discussing case studies from Asia and Africa, which were excluded during our selection process as they were published in low-tier journals (C journals or lower). While personal interests of researchers from certain contexts partially account for the variation of geographical distribution, different historical and institutional factors also play a role. The UK, for example, has a long history of community enterprise creation rooted in the times of the decline of industries in the 1980s that led to policy measures supporting community enterprises. Similar institutional frameworks were established in the US and Asia.

⁴ Numbers do not add up to 40 articles (or, respectively, 100 percent) since some studies provide examples from more than one country.

TOWARD A COMMON UNDERSTANDING

Our analysis confirmed that the study of community entrepreneurship suffers from a lack of terminological and definitional clarity. While some notions are similar, others are quite distinct. We acknowledge that convergence on a common definition might be neither possible nor desirable. However, to allow for a coherent and meaningful conversation to emerge, it is inevitably necessary to delineate different perspectives, determine common denominators, and condense the essence of the scholarly examination of community entrepreneurship. We analyzed all papers with regard to their understanding of community or community-based entrepreneurship. Our database contains two studies that use the term community entrepreneurship to describe the reciprocal relationship between local communities and the entrepreneurial process and its outcomes (Heilbrunn, 2005; Hoyte, 2018). These articles are distinct from the rest of the articles and belong to a related body of literature exploring the reciprocal relationship between community as a context and entrepreneurial activity (e.g., Dana & Dana, 2007; Dana & Hipango, 2011; Marti et al., 2013).

We found that, in the remaining papers, understandings differ with regard to the nature of the resulting enterprise, for which we found a plethora of terms, including community enterprise (e.g., Somerville & McElwee, 2006; Vestrum et al, 2017), community-based enterprise (e.g., Handy et al., 2011; Peredo & Chrisman, 2006), community venture (e.g., Vestrum, 2014; Vestrum & Rasmussen, 2013), or community-led social venture (Haugh, 2007). The two terms that are by far the most common are ‘community enterprise’ and ‘community-based enterprise’. However, it is impossible to draw clear boundaries between different terms since they are often used interchangeably and without clear differentiation. For instance, for their definition of ‘community enterprise’, Somerville and McElwee (2011) build on Hayton’s (1995) definition of ‘community business’, for their definition of ‘community venture’ Vestrum (2014) uses Haugh and Pardy’s (1999) definition of ‘community business’, and Vestrum and Rasmussen (2013) refer to Haugh’s (2007) definition of ‘community-led social ventures’ to define ‘community venture’. Thus, demarcating types of enterprises based on terminology used is neither possible, nor useful. In the following, we stick to the term community enterprise for the sake of simplicity for the reader.

Definitional Elements of the Resulting Enterprises

Community enterprises can be differentiated from community entrepreneurship in that the former is a product of the latter (Haugh & Pardy, 1999). To shed light on the different understandings of community entrepreneurship, we therefore analyzed the characteristics of the resulting enterprises described in the studies. Here, we identified five distinct definitional elements, namely 1) embeddedness, 2) community orientation, 3) self-sustaining business activity, 4) multiplicity of goals, and 5) collective establishment, ownership and control, which we will briefly explain in the following.

Embeddedness. Embeddedness can be defined as being part of local structures (Jack & Anderson, 2002). In an entrepreneurial context this means that the existing social structure of the community is used as a resource for the entrepreneurial process (Peredo & Chrisman, 2006). The resulting enterprise is imprinted with the unique circumstances within the local community; these comprise shared values and understandings, cultural and ethnic endowments, previously developed skills and experiences and natural resources (Vestrum 2014). Therefore, the type of activity, goals and characteristics of the enterprise emerge out of the local community. Being key to community involvement, resource mobilization, trust and legitimacy (Vestrum, 2014; Vestrum et al., 2017; Vestrum & Rasmussen, 2013), embeddedness contributes to the success and sustainability of the enterprise in the long run.

Community orientation. Community orientation in this context means that the activities of the venture are clearly pointed towards generating self-expanding benefits for the community, in which it is embedded instead of towards individual actors. Community orientation implies that, although shareholders can receive some form of compensation for their investments, benefits in general should not be restricted to shareholders but directed towards the entire community. Although multiplicity of goals and community orientation are related, they are distinct in that an enterprise can generate social and ecological benefits not targeted towards the community in which it is embedded.

Self-sustaining business activity. Enterprises pursuing self-sustaining business activity, produce goods and services in response to market demands, and manage to maintain their existence in the long run. Put differently, they do not rely on donations or subsidies to sustain themselves. This characteristic is important for the demarcation from other related community-based or community-driven phenomena that are set up as non-profit, donation-based organizations mainly operating through voluntary support. Yet, while self-sustaining business activity implies independence from philanthropy and volunteer work, it does not categorically exclude external support.

Multiplicity of goals. By multiplicity of goals, we mean that the businesses do not only aim at generating economic benefits, but strive to combine economic with social and/or ecological value creation. While economic value creation mainly implies the generation of financial revenues, social benefits include improvements of living conditions through social capital generation, improvement of social justice, generation of employment opportunities, political change, preservation of local culture and access to social services. Ecological value creation can be understood in terms of conservation of nature, capitalization and sustainable use of natural resources, and reduction of energy consumption and emissions. We acknowledge that, in one way or another, most enterprises generate not only economic but also social value by generating jobs and incomes for their employees. Multiplicity of goals therefore does not refer to unintentionally generated added value, but rather to the specific goal of an enterprise to generate more than mere economic benefits.

Collective establishment, ownership and control. The last characteristic we identified is that of collective establishment, ownership and control. Entrepreneurship literature usually assumes that, although many different stakeholders are involved in the entrepreneurial process, the enterprise is created by an individual or small group of individuals. However, entrepreneurship as a process is not necessarily limited to individuals but could also be applied to collectives (Haugh & Pardy, 1999). In these cases, the local community plays an important role throughout the entire entrepreneurial process, which comprises creation and operation; while community members, including entrepreneurs, owners, managers, employees and customers, take on different roles. Collective ownership goes hand in hand with collective control, i.e.,

management and governance. Collective governance in this context has a participative notion; this implies that enterprises are controlled by members of the local community instead of by the government, an external organization or a small group of individuals, on behalf of the community. It differentiates them from top-down initiatives or projects, in which community members only serve as representatives on boards.

	Embedded-ness	Community orientation	Self-sustaining business activity	Multiplicity of goals	Collective establishment, ownership & control	Exemplary cases
Community-oriented local enterprises	x	x	x			Two cases of local change agents in Johannisson (1990); School teacher in Boyett & Finlay (1995)
Community-oriented cooperatives	x	x	x		x	Finnish herder cooperatives in Dana & Light (2011); Jasmine farming cooperative in Handy et al. (2011)
Community-oriented social enterprises	x	x	x	x		Jazz music festival in Vestrum (2014); Social care enterprise in Haugh (2007)
Community-oriented grassroots initiatives	x	x		x		Community garden project in Sonnino & Griggs-Trevarthen (2013); Tourism project in Haugh (2007)
Community-based enterprises	x	x	x	x	x	Case of Llocllapampa in Peredo (2003; 2005) and Peredo & Chrisman (2006); Case of case of 4CG in Valchovska & Watts (2016)

Table 6: Definitional elements and types of enterprises in community entrepreneurship research

Five Types of Community Enterprises

Based on different combinations of these definitional elements, we demarcated five different types of resulting enterprises discussed in community entrepreneurship research, and, thus, five different notions of community entrepreneurship. All five types of enterprises share two characteristics, namely embeddedness and, at least to some extent, community orientation. Therefore, we use the umbrella term ‘community enterprise’ to describe enterprises that are embedded in the local community, for which they aim to generate benefits of some form. Four of the five types of enterprises we

identify are specific forms of venture types that are also discussed in other literature streams. Yet, based on their embeddedness in the local community, and their orientation towards the community, they classify as community enterprises.

Overall, we refer to the five distinct types of community enterprises as 1) community-oriented local enterprises, 2) community-oriented cooperatives, 3) community-oriented social enterprises, 4) community-oriented grassroots initiatives, and 5) community-based enterprises. Table 6 provides an overview of the five types and their respective characteristics. As the table shows, the suffix ‘community-oriented’ implies the definitional characteristics of embeddedness and community orientation, while ‘community-based’ additionally implies collective establishment, ownership and control. In the following, we briefly elaborate on each specific type of community enterprise and provide case examples from the literature to illustrate these descriptions.

Community-oriented local enterprises. The notion of community entrepreneurship was introduced to the literature by Johannisson and Nilsson (Johannisson & Nilsson, 1989; Johannisson, 1990). According to them, community entrepreneurship occurs around a networking agent, the community entrepreneur, who uses her personal networks to help other locals to harness community resources to establish their own *self-sustaining enterprises embedded* in local structures. The main aim of the community entrepreneur is to support the community by promoting local economic development, and the community, therefore, is both the facilitator and indirect beneficiary. Hence, *community orientation* is what differentiates the local enterprises discussed in the community entrepreneurship literature from other local enterprises (Jack & Anderson, 2002). This notion of community entrepreneurship was adopted in three other studies included in our review (Boyett & Finlay, 1995; McElwee et al., 2018; Spilling, 2011), but has become influential far beyond the specific conversation around community entrepreneurship.

Johannisson (1990) provides an example of a small community in Sweden that had suffered from population decline for three decades due to the loss of local industry before one local with strong ties in the community mobilized the few remaining local business people and connected them with other locals to establish an entrepreneurial support system. They included local businesses, organizations and authorities in their endeavors and developed a system that provided access to capital, counseling and

affordable premises. Within five years, the number of local businesses more than doubled.

Boyett and Finlay (1995) study a rural community in Nottinghamshire, UK, where the breakdown of the coal industry had led to high unemployment rates and population decline, and in which the head teacher of the local school acted as a community entrepreneur. Before he started, the image of the school was very bad. The teacher understood that he had to generate resources beyond what the school received from the government to not only change the image of the school, but also the situation in the community. To that end, he started cooperating with local businesses with the joint aim to market the area and make it more interesting for tourists and locals. Over time, the school became a center where different businesses could present their products and develop new ideas with the students, teachers and the broader community. These developments not only yielded additional financial resources for the school but also promoted business development in the entire area.

Community-oriented cooperatives. Another group of authors refers to community entrepreneurship as the creation of cooperatives (e.g., Dana & Light, 2011; Handy et al., 2011; Keane & Cinnéide, 1986; Torri, 2011)⁵. Cooperatives are *self-sustaining* business ventures that are *collectively established, owned and controlled* by their members. Although they sometimes entail added social value, they mostly focus on economic value creation and, normally, do not specifically aim to generate additional social and ecological value. In conventional cooperatives, the benefits generated are restricted to its members. Our analysis showed that *embeddedness* in the structures of a broader community and *community orientation* is what differentiates conventional cooperatives from those discussed in the community entrepreneurship literature. Thus, community-oriented cooperatives, a form of community enterprise, are cooperatives that are embedded in the local community and aim to generate value for the broader community, not just for its members.

⁵ Our review only includes a few studies on cooperatives since we did not include the term cooperative as a search string. There is, however, a large body of literature on cooperatives in different fields such as sociology and organizational studies, that may inform the study of community entrepreneurship.

In their study of reindeer herder cooperatives in Finland, Dana and Light (2011), compare indigenous Sami cooperatives with those led by ethnic Fins. Both types of cooperatives are embedded with a local community and collectively established, owned and controlled. Yet, while for Sami reindeer herders the main goal is to reconcile economic value creation with local values and to preserve their local culture, the main goal of Finnish herder cooperatives is financial gain. According to this rationale, Finnish cooperatives are conventional profit-oriented cooperatives, while the Sami cooperatives are community-oriented and thus, can be classified as community enterprise.

Another example is the jasmine flower enterprise in rural India investigated by Handy and his colleagues (2011). It involves more than 600 producers from six communities in the region and has become the main source of income in the region. The farmers work independently, but are part of a cooperative that connects different actors throughout the whole production and distribution process, facilitates all processes, and helps to generate synergies. The enterprise is strongly embedded in local culture and traditions, and does not only create synergies for individual farmers, but specifically strives to strengthen the economy and to empower the entire population in the area.

Community-oriented social enterprises. According to another group of authors, community enterprises are enterprises that are embedded within a local community and aim at generating economic, social, and/or ecological benefits for this community (i.e., *multiplicity of goals*). The enterprises are economically viable (i.e., *self-sustaining business activity*) and profits are intended – at least to a very high degree - to be re-invested in the enterprise or used to satisfy unmet community needs (Haugh & Pardy, 1999; Haugh, 2007; Somerville & McElwee, 2011) and may not be disbursed to single individuals. As such, these ventures can be characterized as a special type of social enterprise (Short et al., 2009). While many social enterprises are not established within a certain local community in whose existing structures they are embedded, and which they specifically aim to benefit, community-oriented social enterprises are distinct in that they are *embedded* in and *oriented towards a certain local community*. Although community-oriented social enterprises usually involve various stakeholders within the community in some way, they are owned and operated by either an individual or by a small team of entrepreneurs.

The Jazz music festival in a rural Norwegian community described by Vestrum (2014) and Vestrum et al. (2017) is a good example of a community-oriented social enterprise. After the community had struggled with depopulation for decades, the municipality brought in an external expert who proposed the idea of establishing an annual Jazz music festival to revitalize the local community. The first festival took place in 2005 and since then, the number of visitors and supporters has been increasing every year. The enterprise has become economically viable, but the municipality still owns and governs the venture and assumes all economic responsibility. Over the years, the festival has increased the attractiveness of the village and has also had a positive effect on local businesses by attracting tourists to the region.

Haugh (2007) provides several other examples of community-oriented social enterprises. For example, she investigates a social enterprise created to provide social care for disabled youth within the community. The enterprise comprises a horticultural center, and an arts and crafts business incubator. The idea for the venture stemmed from a group of locals who then mobilized other community members to join their group and raised financial resources from private and public investors. Yet, the enterprise does not have a collective ownership and control structure involving the broader community.

Community-oriented grassroots initiatives. The fourth type of enterprise described in the community entrepreneurship literature is what we refer to as community-oriented grassroots initiatives. These can take different forms, such as community furniture-recycling initiatives, gardening projects, or composting schemes (Seyfang & Smith, 2006). They are *embedded* in a local community and have emerged to address a specific problem involving the generation of social and ecological benefits (i.e., *a multiplicity of goals*). While some grassroots initiatives for sustainable development have been established to address broader societal problems such as climate change, community-oriented grassroots initiatives specifically aim at generating benefit for the local community in which they are embedded (i.e., *community orientation*); and they do this, for example, by preserving the local culture and developing sustainable economic systems within the area. These organizations are entrepreneurial in that they develop and initiate innovative solutions. However, although some community-oriented grassroots initiatives offer products or services on a commercial basis, they

cannot sustain themselves through their business activities. Therefore, they rely on philanthropy and voluntary work, which is why we use the term ‘initiative’ instead of ‘enterprise’. What differed among the case examples was the intention to become economically viable and the level of success in achieving that goal.

One example of a community-oriented grassroots initiative is the community garden project described by Sonnino and Griggs-Trevarthen (2013). Located in the center of a British town, the garden is initiated and operated by members of the local community and aims to educate locals about food cultivation and production. It was initiated by a group of residents, who wanted to use vacant space and foster access to locally grown food. While only one staff member is paid, the rest of the activities are only possible through voluntary support. The initiative is governed by a board of trustees from the local community. Initially, the community garden project relied on grants to fund its activities and pay its employee. Today, it sustains itself through donations from different local organizations and voluntary support of community members, but also generates funds by organizing events.

Another example is the tourism project described by Haugh (2007). The aim of this enterprise is to preserve the natural and historic assets of the community and to attract tourists to the region. Initiated in the late 1990s by a group of volunteers, the enterprise organizes events, and sells souvenirs. It is owned and operated by a growing group of locals and is supported by the local government. Although the initiative aims at becoming economically viable by establishing a for-profit residential and study center, it has not yet succeeded in doing so.

Community-based enterprises. Finally, another type of enterprises combines all five definitional elements. Community-based enterprises are business organizations that produce goods and services in response to local market demands (Peredo & Chrisman, 2006; Bailey, 2012). The nature of these goods and services varies widely and depends on local requirements and resources, but in any case, the community-based enterprises operate commercially and aim at economic viability to maintain their existence (i.e., *self-sustaining business activity*) (Valchovska & Watts, 2016). However, economic benefits may have an instrumental role by serving as a means for sustaining enterprise viability thereby enabling the generation of social and/or ecological value (i.e., *multiplicity of goals*) (Peredo & Chrisman, 2006; Valchovska & Watts, 2016).

Community-based enterprises emerge within the existing structure of the community (i.e., *embeddedness*) and define their goals in relation to the requirements of a specific community (Haugh & Pardy 1999; Bailey, 2012; Vestrum & Rasmussen, 2013) and venture ‘in pursuit of the common good’ (i.e., *community orientation*) (Peredo & Chrisman, 2006, p. 310). While for some authors this implies a non-distribution constraint, meaning that revenues should be used for fostering the enterprise’s social or ecological mission and should not be distributed to investors at all (Cieslik, 2016), others propose that parts of the surpluses can be distributed to shareholders but should not primarily aim at individual wealth creation (Bailey, 2012; Haugh, 2007).

What differentiates community-based enterprises from community-oriented social enterprises is that they are *established, owned and controlled collectively* by the members of a local community (Peredo & Chrisman, 2006). In most cases included in our review, one or a few community members are hired to manage the enterprise on a daily basis, but governance is distributed among all owners, usually on a one-member-one-vote basis (Kleinhans et al., 2017; Somerville & McElwee, 2011; Valchovska & Watts, 2016). While borderline cases between cooperatives and community-based enterprises exist, we agree with Peredo & Chrisman (2006), who explicitly highlight that – with some exceptions - cooperatives are not community enterprises since they are driven by a shared interest in profit making rather than by a shared interest in a community that acts cooperatively.

An important discussion arose around the question of the number of community members that must be involved. According to Peredo and Chrisman (2006), all members, or at least a very large majority of the local community, participate in the business in some way. This very strict definitional criteria has been criticized by many others for being too ideal (Handy et al., 2011; Somerville & McElwee, 2011; Valchovska & Watts, 2016). In their theoretical exploration, Somerville and McElwee (2011) discuss the difference between community-based enterprises according to Peredo and Chrisman (2006) and ‘normal’ community enterprises. They conclude that the former should be seen as specific form of the latter: whereas in a community-based enterprise, complete overlap between the members of the community and the members of the enterprise is required, enterprises in which a fraction of the community participates, ‘only’ qualify as community enterprise. Although we agree that the definition provided by Peredo and Chrisman is rather strict, we suggest refraining from further differentiation to avoid fragmentation of the field.

A compelling example is the community-based enterprise in the Andean community Llocllapampa described by Peredo (2003; 2005) and Peredo and Chrisman (2006). Located 11,000 feet above the sea level, this small village is rich in natural resources such as silicon, gypsum, marble, medicinal water and hot springs. In 1975, the villagers established an enterprise that is owned by all community members over 18 years who were born in the community. The community-based enterprise has two main elements, one devoted to production and the other to communal development. The production side includes a water bottling works, a hot spring spa, transportation and agriculture businesses, and marble and silicon plants. The communal development side focuses on education, health and ecology and operates, for example, a drug store and a day care center. Some revenues are distributed to promote the social areas of the enterprise and some are distributed among individual members. All major decisions are made by the members on a one-member-one-vote basis. An elected executive body is responsible for day-to-day management and is audited by an elected control council.

The case of 4CG in Wales (Valchovska & Watts, 2016) illustrates the variety of community-based enterprises. 4CG arose from a protest against the development of a new commercial area endangering the identity of the community and was initiated by a group of individuals who were known for their efforts in the community. In 2012, the enterprise was founded to buy unused properties in the town center. Its main goal is to contribute to the preservation of the local culture and tradition while promoting the business ecosystem of the town through the creation of retail space and infrastructure. At 660 shareholders, about one sixth of the local inhabitants were involved in the venture. The community is sole owner of the enterprise. Strategic decisions are made in communal meetings and are then implemented by a board of directors. The enterprise is economically viable and aims to pay its shareholders a return on investment competitive with bank deposits.

Definitions and Boundaries

In the preceding paragraphs, we have shown that community entrepreneurship means different things to different people, and that different notions can be distinguished based on the characteristics of the enterprise resulting from the entrepreneurial process. We have proposed an overarching definition of community enterprise comprising the two key characteristics *embeddedness* and *community orientation*, and

have described five different types of community enterprises. The set of definitional premises we delineated and the resulting typology can serve a tool box for scholars to classify the phenomena they explore and for deriving more specific definitions for the specific phenomena under study. For instance, based on our typology, community-oriented local enterprises can be defined as self-sustaining business ventures (i.e., self-sustaining business activity), which are embedded in the local community (i.e., embeddedness) for which they aim to generate benefits (i.e., community orientation). Combining all five definitional premises, community-based enterprises can be defined as economically viable enterprises (i.e., self-sustaining business activity) that are collectively established, owned and controlled by the members of a local community (i.e., collective establishment, ownership and control) in which they are embedded (i.e., embeddedness) and for which (i.e., community orientation) they aim to generate economic, social and/or ecological benefits (i.e., multiplicity of goals).

Community-based enterprises are the only type of community enterprises, that are unique to the study of community entrepreneurship, whereas the other four are specific forms of other ventures and, thus, are also covered by related scholarly discussions (see Figure 3). Embeddedness and community orientation emerged as the characteristics that differentiate the enterprises discussed under the label of community entrepreneurship from those explored in related areas of research. This raises the question of how to handle this overlap with other fields. Shane and Venkataraman (2000) argue that, for a field to have legitimacy, it must explain an empirical phenomenon not explained by other fields. Since community-oriented local enterprises, community-oriented cooperatives, community-oriented social ventures, and community-oriented grassroots initiatives constitute special form of other types of enterprises, their study is not unique to the field of community entrepreneurship research. In a strict sense, this implies that the study of community entrepreneurship should exclusively focus on explaining community-based enterprises and leave the study of the other four types of community enterprise to the respective related fields. Although we generally agree with this perspective, we argue that limiting the scholarly conversation on community entrepreneurship to the study of community-based enterprise would not reflect the breath and variety of much needed and increasingly prevalent entrepreneurial phenomena occurring within local communities.

In line with the increasing practical relevance of citizen-based solutions to economic, social and ecological challenges (United Nations, 2015; UNDP, 2018), our findings have endorsed the importance of a scholarly conversation on the role, creation and operation of enterprises that create value for a local community in which they are embedded. Thus, in line with recent calls to understand and tackle grand societal challenges through management research (cf. George et al., 2016; Van der Vegt et al., 2015), we encourage a scholarly conversation on community enterprises of all kinds. Despite their differences in some regards, the five community enterprises all share that the communities in which they emerge are much more than just an exogenous context variable (Peredo & Chrisman, 2006; Welter, 2011) but the ventures' cause and key resource. In all forms of community entrepreneurship, the community and the venture stand in a reciprocal relationship in which the community determines the nature and success of the venture, while the venture changes the structure of and situation within the community (Dentoni et al., 2018; Haugh & Pardy, 1999; Johannisson & Nilsson, 1989; Johnstone & Lionais, 2004; Somerville & McElwee, 2011). Thus, although community entrepreneurship may not be a distinct scholarly field in the strict sense, isolating the studies of these five types of ventures would not be expedient.

A meaningful scholarly conversation requires a comprehensive definition that subsumes all understandings of community entrepreneurship and demarcates it from other conversations and fields. We propose that, to enhance the legitimacy of community entrepreneurship research and the transferability of its results, such an overarching definition must relate to prevalent definitions from the entrepreneurship literature. As such, the definition should encompass the notion of opportunity identification and exploitation (Ardichvili et al., 2003; Busenitz et al., 2003; Shane & Venkataraman, 2000; Short et al., 2010; Venkataraman, 1997), and should adopt a process perspective of entrepreneurship (Dimov, 2007; McMullen & Dimov, 2013, Van de Ven & Engleman, 2004). Building on Shane and Venkataraman's (2000) definition of entrepreneurship, Patzelt and Shepherd's definition of sustainable entrepreneurship, and the findings of our review, we propose the following overarching definition of the study of community entrepreneurship:

The study of community entrepreneurship is the scholarly examination of the process of identifying, creating and exploiting opportunities to bring into existence future goods or services that provide benefits for the local communities in which they are embedded.

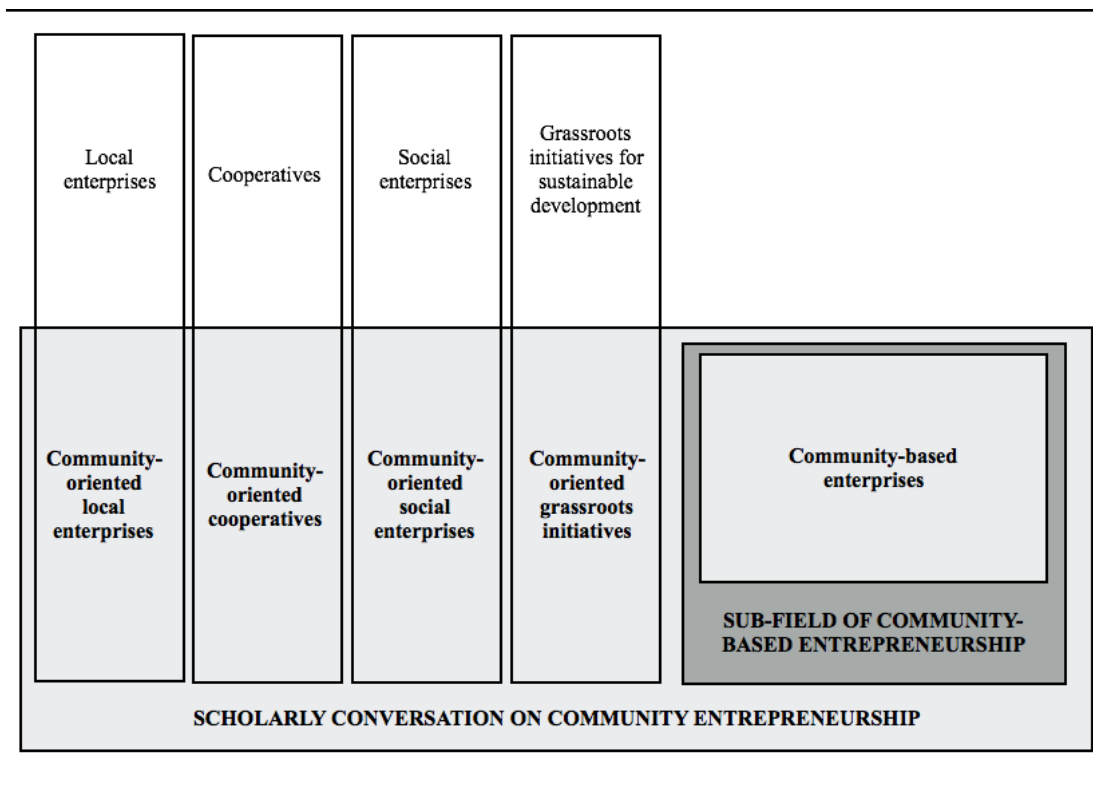


Figure 3: Boundaries of the field of community entrepreneurship

However, the majority of the papers discussed within the study of community entrepreneurship deal with the role, creation and operation of community-based enterprises – a form of enterprises that are distinct to the study of community entrepreneurship. Aiming to generate social and/or ecological benefits by means of economic activity, community-based enterprises share similarities with social and sustainable enterprises (Binder & Belz, 2016; Munoz & Cohen, 2017; Short et al., 2009). However, they substantially differ from other types of enterprises in that they are not established by an individual or team, but collectively by a large group of people contributing to the entrepreneurial process in different ways. The involvement of the broader community adds many layers of additional complexity to the entrepreneurial process and affects both the entrepreneurial process and its outcomes in a way that cannot sufficiently be explained by the existing literature. Idiosyncratic aspects include, among others, the motivations and behaviors of different individuals involved in the process, the mobilization of a variety of resources, the development of the business concept and its strategic mission (Haugh, 2007; Peredo & Chrisman, 2006; Vestrum, 2014; Vestrum & Rasmussen, 2013; Valchovska & Watts, 2016).

In addition, the study of such ventures could yield insights that can challenge and extend existing knowledge in other fields of inquiry. As such, we argue that the study of the role, creation and operation of community-based enterprises, i.e., community-based entrepreneurship is a distinct sub-field of entrepreneurship research that holds academic legitimacy (Figure 3). We propose the following definition for the sub-field of community-based entrepreneurship research:

The sub-field of community-based entrepreneurship research is the scholarly examination of the process of recognizing, creating and exploiting opportunities to collectively bring into existence future goods and services that provide economic, social and/or ecological gains for the local communities in which they are embedded.

A FRAMEWORK FOR COMMUNITY ENTREPRENEURSHIP RESEARCH

In the preceding chapter, we have argued for an encompassing scholarly conversation on community entrepreneurship. Yet, we acknowledge that findings will vary depending on the type of community enterprise studied. For instance, the fact whether an enterprise is owned individually or collectively, and whether it generates economic benefits for its members only or also produces social and ecological benefits for the entire community, naturally affects the entrepreneurial process and its outcomes. To date, scholars adopting different understandings of community entrepreneurship still build on each other's works, often without considering the underlying differences. We argue that, against the backdrop of some significant differences, caution is required when transferring findings from one study to another. To facilitate coherency and generalizability, we suggest a research framework considering 1) the type of community enterprise under study, 2) the context in which the entrepreneurial process unfolds, and 3) the specific central theme of the study (Figure 4). The aim of this framework is to help scholars define the phenomenon they investigate and situate their research within the existing body of research on community entrepreneurship. Besides these three dimensions, researcher can and should adopt different theoretical lenses to add to our understanding of community entrepreneurship.

While we have already introduced the five different types of community enterprises and have discussed their main differences (the first dimension of our research framework), we briefly elaborate on the importance of considering the specific context in community entrepreneurship research, and propose five distinct themes that have been explored in extant research but require further focused examination.

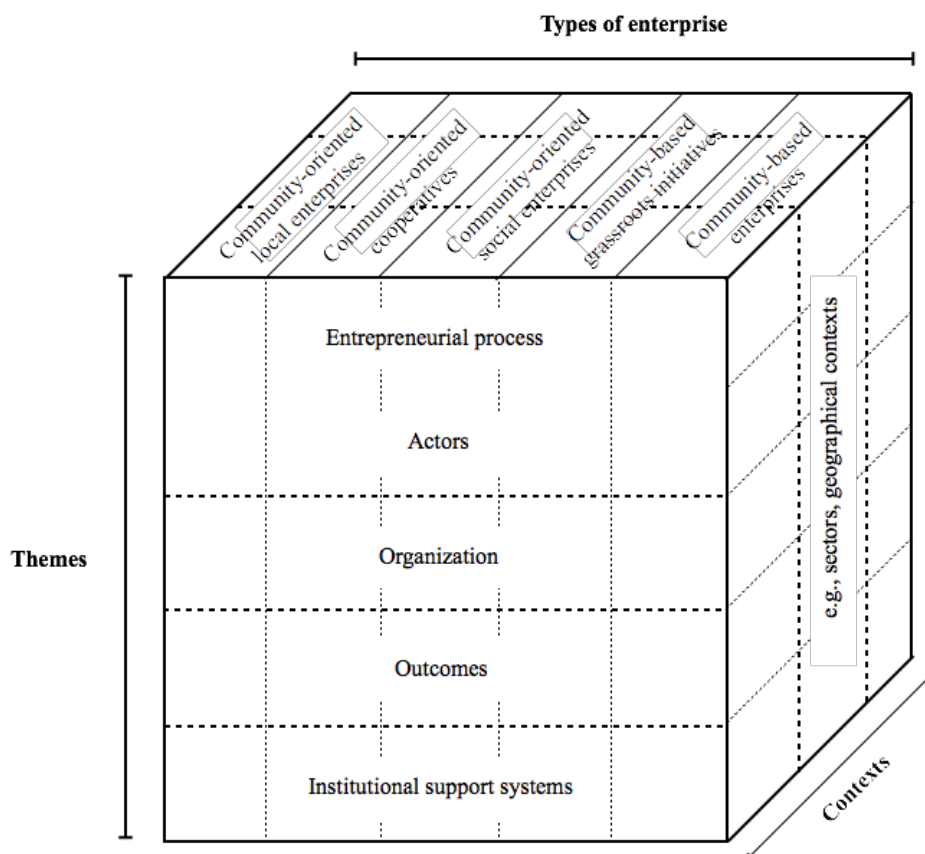


Figure 4: A research framework for community entrepreneurship

Context and Community Entrepreneurship

While context has long been considered a given, exogenous variable in entrepreneurship research, many scholars have highlighted the importance of heeding the dynamic and reciprocal relationship between context and entrepreneurship (Low & MacMillan, 1988; Jack & Anderson, 2002; Katz & Steyeart, 2004; Welter, 2011). In consideration of the inherent centrality of embeddedness, context plays a particularly relevant role in community entrepreneurship research.

We find examples of community enterprises in a variety of sectors, such as forestry (e.g., Ambrose-Oji et al., 2015), tourism (e.g., Mtapuri & Giampiccoli, 2013), agriculture (e.g., Oths et al., 2016), health (e.g., Torri, 2011), energy (e.g., Cieslik, 2016), and culture (e.g., Vestrum, 2014). As our review has shown, community entrepreneurship occurs throughout the world in many different geographical contexts, and in the face of diverse problems. These contextual factors naturally affect the entrepreneurial process and the nature and impact of the resulting ventures, which are highly adaptive to the unique local needs and circumstances within the respective communities. Hence, caution is required when transferring findings between contexts. In their seminal theoretical work on community-based enterprises, Peredo & Chrisman (2006), for instance, build mainly on case studies taken from communities suffering poverty or inequality. The authors even go so far as to propose poverty as a prerequisite for community-based enterprise emergence. Many other studies included in our review show that this perspective is way too narrow (e.g., Haugh, 2007; Kleinhans, 2017; Somerville & McElwee, 2011; Valchovska & Watts, 2006). Future research is required to explore the extent to which findings can or cannot be transferred between different contexts and to extend existing frameworks. For example, researchers could compare community entrepreneurship in the Global South versus Global North, urban versus rural regions, affluent versus depleted areas, religious or spiritual versus secular communities, and collectivistic versus individualistic cultures. Thus far, many studies have remained very context-specific. Future research should aim to generate findings that are generalizable across different contexts. Although we acknowledge that community entrepreneurship must be context sensitive, we argue that researchers should try to balance context sensitivity and generalizability. Comprehensive context descriptions can be one possibility for achieving this balance (cf. Welter, 2011).

Community Entrepreneurship Themes

Overall, we identified and propose five main themes of community entrepreneurship research: 1) Entrepreneurial process, 2) actors, 3) organization, 4) benefits and impact, and 5) institutional support systems. Our aim is not to provide a comprehensive account of all findings, but to give an overview of the research on different themes and to make suggestions for focused future research. Of course, the research agenda we propose is not exhaustive, but rather should serve as an inspiration for scholars to

contribute to a meaningful and coherent scholarly conversation on community entrepreneurship. We focus on pointing out avenues for future research in the context of community-based entrepreneurship, as we believe that the study of community-based enterprises can yield the most novel and intriguing contributions that advance the entire study of community entrepreneurship, as well as our general understanding of entrepreneurship and the role of organizations in society.

Entrepreneurial process. Entrepreneurship is an iterative, non-linear and feedback-driven process (Bhave, 1994; McMullen & Dimov, 2013). Surprisingly, very few studies provide empirical evidence on the community entrepreneurship process. With respect to the study of community-oriented local enterprises, cooperatives and social enterprises, various authors provide descriptive accounts of the entrepreneurial process (e.g., Boyett & Finlay, 1995; Handy et al., 2011; Johannisson, 1990; Johnstone & Lionais, 2004). To generate a better understanding of the distinct features of the entrepreneurial process in the context of community entrepreneurship, research should build on extant process research from local entrepreneurship (e.g., Marti et al. 2013) or in social and sustainable entrepreneurship (e.g., Belz & Binder, 2017; Corner & Ho, 2010; Munoz & Dimov, 2015).

The most interesting and novel insights, however, can be generated by adopting a process perspective to study community-based entrepreneurship. While Valchovska and Watts (2016) give a rather descriptive account of how the process of community-based entrepreneurship unfolds, Haugh (2007) develops a six-stage process model. Others focus on specific elements such as embedding (Vestrum, 2014), resource mobilization (Vestrum, 2016), collective identity creation (Dentoni et al., 2018) or legitimacy building (Vestrum et al., 2017). Notwithstanding these important insights, there is ample room for future research digging deeper into the idiosyncrasies of the community-based entrepreneurship process. The ventures' strong embeddedness in existing structures, their social and/or ecological mission, and the involvement of a large number of community members in the entrepreneurial process naturally entail distinct elements of and dynamics within the entrepreneurial process. Shedding light on these idiosyncratic features of the community-based entrepreneurship process would not only add to the nascent study of community-based entrepreneurship, but would also challenge and extend our understanding of entrepreneurship in general.

Moreover, despite its importance for the entrepreneurial process (Short et al., 2009), the concept of entrepreneurial opportunities has, so far, been neglected in community entrepreneurship research. In general, the study of community enterprises of all kinds can yield interesting insights into the reciprocal relationship between communities and opportunities (Patzelt & Shepherd, 2017; Shepherd, 2015). Thus far, we know hardly anything about the concept of entrepreneurial opportunities in the context of community-based entrepreneurship. While some studies allude to the concept (e.g., Haugh, 2007; Valchovska & Watts, 2016), no study provides an explicit and specific understanding of the nature and formation process of opportunities for community-based entrepreneurship. For instance, further research should explore different sources of opportunities for community-based entrepreneurship, their formation process, and the role of different (groups of) actors within that process.

Actors. Understanding the individual actors who create the venture is central for understanding entrepreneurship (Shane et al., 2003). As we have shown, the community is both the main beneficiary and the key resource of community enterprises, and the community entrepreneurship process requires various assets that are provided in different ways by different actors. Of course, the different roles and skills required during the entrepreneurial process, depend on the type of community enterprise under study. Irrespective of the type of venture under study, all papers report on the important role of visionary leaders for triggering and steering the community entrepreneurship process. Some studies already provide important first insights into the characteristics, traits, and resources of the leading individuals (e.g., Boyett & Finlay, 1995; Johannisson, 1990; Johannisson & Nilsson, 1989; Johnstone & Lionais, 2004). Yet, we know surprisingly little about how these leaders mobilize other community members to participate in their endeavors. In addition, existing studies have tended to focus on the visionary leaders, thereby neglecting the important role of the followers who realize the leaders' visions. Future research should fill these gaps by exploring leader-follower dynamics in the context of community entrepreneurship. Community involvement is particularly important in the context of community-based entrepreneurship as it inherently depends on the participation of a large part of the local community. Surprisingly, although all community-based entrepreneurship researchers agree on the central importance of community involvement (e.g., Cieslik,

2016; Haugh & Pardy, 1999; Lobo et al., 2017; Somerville & McElwee, 2011), we know very little about the roles different individuals take on throughout the entrepreneurial process. Peredo & Chrisman claim that ‘the idea that members act together, corporately, or collaboratively should be understood flexibly. Some members may be more active than others, but most or all will have some role in developing and implementing the entrepreneurial initiative. Most, if not all, members will participate in some relatively direct way’ (2006, p. 315). Evidence shows that individuals take on different roles and that these roles continuously change during the venture creation process (Vestrum & Rasmussen, 2013). Generating a better understanding of these different roles constitutes a particularly needed topic for future research.

Organization. Surprisingly few papers focus on the organization of the emerging community enterprises (e.g., Ambrose-Oji et al., 2015; Bailey, 2012; Handy et al., 2011; Somerville & McElwee, 2011; Vega & Keenan, 2016). Although most studies contain brief descriptions of the resulting organizations, these are mostly snapshots that do not allow for generalization and comparison. This is surprising since organizing and managing community enterprises is critical to the success and one of the biggest challenges in community entrepreneurship (Vega & Keenan, 2016). As such, knowledge on the organization of community enterprises is of utmost theoretical and practical relevance. Overall, we must learn more about possible legal forms, membership arrangements, ownership structures, governance and control mechanisms, and benefit distribution models, as well as on their effectiveness in certain types of enterprises and contexts.

So far, the study of community-based forestry enterprises in the UK by Ambrose-Oji and her colleagues (2015) is the only to systematically and empirically assess characteristics of organizations, assess drivers and challenges, and derive policy implications. Others employ conceptual and theoretical approaches to elaborate on specific enterprise characteristics such as membership arrangements (e.g. Somerville & McElwee, 2011) or ownership and property rights (Vega & Keenan, 2016). We call for both systematic empirical and theoretical future research on the effective organization of community enterprises.

Benefits and impact. In 2006, Peredo and Chrisman stated that “[w]ith regard to the outcomes of [community-based enterprises], there is almost unlimited scope for investigation” (p.324). Although this statement now already dates back more than a decade, it is still fully valid. Thus far, many studies have focused on describing the phenomenon and its potential for addressing a specific problem or generating a certain set of benefits. For instance, studies have shown that community entrepreneurship can be an effective means to eradicate poverty (e.g., Peredo & Chrisman, 2006), empower local farmers (e.g., Galappaththi et al., 2017; Handy et al., 2011) and women (e.g., Torri & Martinez, 2014), provide sustainable, local energy systems (e.g., Cieslik, 2016), harmonize indigenous communities’ culture and needs with market requirements (e.g., Giovannini, 2014; Peredo, 2005), align sustainable resource management with the commercial use of biodiversity (e.g., Gurāu & Dana, 2018), revitalize deprived regions (e.g., Clark et al., 2007; Johnstone & Lionais, 2004), prevent the loss of local culture (e.g., Valchovska & Watts, 2016; Dana & Light, 2011) and compensate for the loss of local community assets caused by socio-demographic changes and cuts in governmental expenditures (e.g., Bailey, 2011; Haugh, 2007). Besides these intended benefits, authors reveal a variety of added, unintentional benefits generated through community entrepreneurship. For instance, authors suggest that it fosters collective action and local activism in other areas (Kleinhans, 2017) and enhances the locals’ entrepreneurial efficacy and desirability, thereby spurring individual entrepreneurship (Peredo & Chrisman, 2006).

Many of these studies remain rather descriptive and context-specific, which is important and normal in burgeoning fields of scholarly inquiry. While they provide an idea of the bandwidth of potential benefits, more systematic research into the benefits and impact of community entrepreneurship is required. With regard to potential outcomes, our differentiation between the five types of community enterprises can be particularly interesting. Future research should compare the benefits of the different forms of community enterprises and aim to understand which form of community entrepreneurship might be particularly promising under certain conditions. We acknowledge that many of the variegated direct and indirect, intentional and unintentional benefits, community entrepreneurship produces are difficult to measure because many of them are intangible and occur on different levels and on different timescales (Bailey, 2012). A major challenge for future community entrepreneurship research will be to develop innovative research designs to overcome these

methodological difficulties. Finally, to date, authors have tended to focus only on the positive effects of community entrepreneurship, thereby neglecting possible downsides. It would be worthwhile to critically assess potential negative consequences of community entrepreneurship as well as how these can be mitigated.

Institutional support systems. Finally, institutional support systems play an important role for triggering and facilitating community entrepreneurship (Kleinhans, 2017), which should also be reflected in research. In various cases described in the papers, the community entrepreneurship process was facilitated through some form of institutional support (e.g., Cieslik, 2016). However, as already discussed earlier, we also found evidence for unsuccessful efforts of external actors (e.g., Haugh & Pardy, 1999). Along with calls for local, citizen-based action to address local problems (e.g., UNDP, 2018), policies and programs have already been put in place in many countries and regions around the world to initiate and facilitate community entrepreneurship. We acknowledge that different forms of community entrepreneurship may require different policy interventions, and suggest a two-pronged approach for developing policy recommendations. While empirical research on the challenges and supportive factors of community entrepreneurship is needed to develop new policy measures, other research should explore what lessons can be learned from already existing programs that have proven to be effective, such as in the UK and the US (Bailey, 2012). The recent paper by Kleinhans (2017) is the only one that specifically assesses the effectiveness of governmental support and policy measures in promoting community entrepreneurship. Their rather negative assessment of the extensive, newly established policy measures in the Netherlands underlines the importance of such work.

CONCLUSION

Our motivation to conduct a systematic review of the literature published on community entrepreneurship was fueled by the growing awareness of practitioners of the importance of local, citizen-based action for sustainable local development, and by

the accompanying increase in scholarly interest, which, however, has not resulted in the development of a coherent stream of literature. The review showed that the study of community entrepreneurship owes most of its incoherency to definitional and conceptual inconsistencies. To address these issues, we analyzed 42 studies published on the topic with respect to their understanding of the phenomenon and found that understandings vary with regard to the type of enterprise resulting from the entrepreneurial process. Overall, we identified five different types of community enterprises and, thus, five notions of community entrepreneurship. Embeddedness in the existing structures of a local community and the aim to generate benefits of some kind of that community emerged as the common denominator all types of community enterprises share. While one type of community enterprises we delineate, community-based enterprises, is distinct to the study of community entrepreneurship, the other four types are specific forms of other ventures that are also discussed elsewhere in the literature. As such, the study of community entrepreneurship does not qualify as distinct scholarly domain. However, due to the commonalities we identified, and the enormous practical relevance, we still encourage an encompassing scholarly conversation on the topic of community entrepreneurship. To enhance coherency of the conversation, we set boundaries by defining the study of community entrepreneurship as the scholarly examination of the process of identifying, creating and exploiting opportunities to bring into existence future goods or services that provide benefits for the local communities in which they are embedded.

The majority of enterprises discussed in the community entrepreneurship literature are community-based enterprises. Community-based enterprises substantially differ from other forms of entrepreneurial ventures in that they are collectively established, owned and controlled by the members of a local community. They are distinct to the study of community entrepreneurship, meaning that they are not discussed in other streams of research, and cannot sufficiently be explained by existing knowledge from other fields. As such, we suggest community-based entrepreneurship as a legitimate sub-field within community entrepreneurship research and define it as the scholarly examination of the process of recognizing, creating and exploiting opportunities to collectively bring into existence future goods and services that provide economic, social and/or ecological gains for the local communities in which they are embedded.

Acknowledging the differences among the different notions and their effects on the findings of the respective studies, we propose a research framework that helps scholars

to define and clearly situate their work within the body of community entrepreneurship research, thereby enhancing transferability of the findings. We finish by proposing avenues for future research. In doing so, we hope to encourage a consistent and meaningful scholarly conversation on an increasingly relevant topic, and to lay the foundation for establishing community-based entrepreneurship as a distinct and legitimate sub-field within community entrepreneurship research.

**ESSAY II:
SAME, SAME BUT DIFFERENT –
THE NATURE AND FORMATION PROCESS OF
OPPORTUNITIES FOR COMMUNITY-BASED ENTREPRENEURSHIP**

ABSTRACT

We see a growing number of local communities that manage to tackle their economic, social, or ecological problems by creating community-based enterprises, i.e., enterprises that are collectively established, owned, and controlled by the members of a community in which they are embedded and for which they aim to create economic, social and/or ecological value. Despite growing prevalence and relevance, we know little about how and why these enterprises emerge. Explaining entrepreneurship requires an understanding of entrepreneurial opportunities. Hence, the aim of this study is to shed light on the nature and formation process of opportunities for community-based entrepreneurship. To that end, we conduct a multiple case study and employ a theory elaboration strategy building on and extending extant knowledge on entrepreneurial opportunities. First, our study reveals three distinct sources of opportunities for community-based entrepreneurship. Second, it proposes a process model of opportunity formation suggesting that, while *potential* opportunities for community-based entrepreneurship can be recognized by an individual, *exploitable* opportunities must be created in a dynamic and inter-related process of development, collectivization and evaluation. The study also develops first insights into the distinct sub-processes of opportunity formation. These findings do not only advance our understanding of the ‘how’ and ‘why’ of community-based entrepreneurship but also yield implications for entrepreneurship research in general.

Co-author: Prof. Dr. Frank Martin Belz

Status: Working paper

INTRODUCTION

In face of complex and increasingly pressing societal challenges that are often insufficiently addressed by the public or private sectors, local citizen-based solutions have become of great importance (Daskalaki et al., 2015; Dubb, 2016; United Nations, 2015). Community-based enterprises, that is enterprises that are collectively established, owned and controlled by the members of a local community, in which they are embedded and for which they aim to generate economic, social, and/or ecological value (Hertel & Belz, 2017), have emerged as an effective mean to address a wide array of challenges. Being highly adaptable to specific local needs, they occur all over the world and in a variety of forms and sectors such as forestry, agriculture, and energy (Plunkett Foundation, 2017). Evidence shows that community-based enterprises can offer solutions in situations in which other forms of entrepreneurial ventures or top-down solutions fail to do so. For instance, they can eradicate poverty and provide sustainable incomes in impoverished communities (Handy et al., 2011; Peredo & Chrisman, 2006), revitalize deprived communities (Johnstone & Lionais, 2004; Vestrum, 2014), and compensate for the loss of local infrastructure caused by socio-demographic changes and socio-economic crises (Bailey, 2011; Haugh, 2007; Kleinhans, 2017). With increasing practical relevance, the phenomenon of community-based entrepreneurship has also attracted growing scholarly interest over the past decades (Hertel & Belz, 2017). Yet, although scholars agree on the potential of community-based enterprises to provide solutions to many intricate and multi-faceted economic, social and ecological challenges (Lumpkin et al., 2018), we know very little about why and how community-based enterprises emerge.

Since there is no entrepreneurship without entrepreneurial opportunities (Shane & Venkataraman, 2000) and understanding opportunities provides an explanation for most parts of the entrepreneurial process (Eckhardt & Shane, 2003), comprehending the why and how of community-based entrepreneurship requires an understanding of opportunities in this context. There is an extensive and ever growing body of literature on entrepreneurial opportunities and associated processes such as recognition, discovery, creation, development, evaluation and exploitation (Busenitz et al., 2014; Short et al., 2010). While earlier research primarily focused on opportunities for profit-driven entrepreneurial ventures, more recently, scholars have started to explore the

concept of opportunities in the increasingly prevalent sub-fields of social and sustainable entrepreneurship. Research has moved from exploring the differences between the different forms of entrepreneurship (Dorado, 2006; Austin et al., 2010) to extending extant theory to explain the identification (Patzelt & Shepherd, 2011), creation (Pacheco et al., 2010), and development (Corner & Ho, 2010) of opportunities for sustainable development.

Community-based enterprises share the focus on generating solutions to economic, social and/or ecological problems with social and sustainable enterprises. Yet, they are substantially distinct in that they are collectively established, owned, and controlled by the members of a local community. This implies that, in community-based entrepreneurship, the entrepreneurial opportunity is exploited collectively by a large group of people, instead of by an individual or small team. Through collectively exploiting opportunities, communities can establish enterprises that generate benefits unattainable to individual entrepreneurs (Peredo & Chrisman, 2006). This raises the questions whether opportunities for community-based entrepreneurship are ‘normal’ entrepreneurial opportunities that are ‘out there’ and that are ‘simply’ exploited by a collective instead of by an individual or small team.

Till now, most of the research on community-based entrepreneurship has focused on the resulting enterprises and their benefits, thereby neglecting both the venture creation process, and the nature and genesis of opportunities. A notable exception is the qualitative study by Haugh (2007), who suggests a six-step process model of what she refers to as community-led social enterprise creation. However, although she elaborates on some of the idiosyncrasies of this process, she refrains from elaborating on the nature and genesis of opportunities. Several other studies on community-based entrepreneurship refer to the concept of opportunity, yet, without specifically going into detail (e.g. Vestrum, 2014; Valchovska & Watts, 2016; Gurāu & Dana, 2017). The aim of this study is therefore to generate a better understanding of the nature and genesis of opportunities for community-based entrepreneurship. To fully understand opportunities, one must incorporate their dynamics as they evolve over time (Dimov, 2007; McMullen & Dimov, 2013). Thus, the overarching research question guiding this study is: How does the formation process of opportunities for community-based entrepreneurship unfold? Based on the insights gained, we further aim to answer the following consecutive question: How do opportunities for community-based entrepreneurship and their formation process differ?

To that end, we conduct a multiple case study (Yin, 2013) based on eight cases of German community enterprises from four different sectors. We collected our data in an open fashion without having theory in mind and then adopted an abductive data analysis approach (Timmermans & Tavory, 2012) building on the extensive body of work on opportunities for conventional, social, and sustainable entrepreneurship. More specifically, we employed theory elaboration method of horizontal contrasting (Fisher & Aguinis, 2017). Contrasting allows to analyze to what extent aspects of a theory are transferable for another context. In an iterative manner, we compared our findings with extant theory and extended this theory when it did not suffice to explain our phenomenon.

Overall, our study makes two distinct contributions. First, our case study analysis reveals three sources of opportunities for community-based entrepreneurship. Second, we propose a process model of opportunity formation suggesting that, while *potential* opportunities for community-based entrepreneurship are *recognized* by *individuals*, *exploitable* opportunities for community-based entrepreneurship must be *created* in a complex and iterative process comprising the inter-related stages of opportunity development, collectivization and evaluation. By doing this, our study yields important implications for the burgeoning field of community entrepreneurship by laying a foundation for future theory-driven research and adding an important puzzle piece to our understanding of how and why community enterprises emerge. In addition, we add to the general study of entrepreneurship by expanding our knowledge on collective shaping of entrepreneurial opportunities.

THEORETICAL BACKGROUND

Community-Based Entrepreneurship

Many of the diverse challenges, society is facing nowadays, cannot be addressed by governments alone, which has led to a growing importance of local, citizen-based development strategies (Dubb, 2016; United Nations, 2015). While social and sustainable entrepreneurship have proven to constitute powerful tools for generating solutions to some of the economic, social and ecological problems (Munoz & Cohen, 2017; Short et al., 2009), other challenges are too complex and multi-faced to be

addressed by individuals or small teams. Community-based enterprises have emerged as an alternative form of enterprise that can generate benefits unattainable to individual entrepreneurs (Daskalaki et al., 2015; Peredo & Chrisman, 2006). Community-based enterprises are enterprises that are collectively established, owned and controlled by the members of a local community, in which they are embedded and for which they aim to generate economic, social and/or ecological value (Hertel & Belz, 2017). They emerge to tackle a wide array of inter-related economic, social and ecological challenges, and are highly adaptable to specific local needs and circumstances (Peredo & Chrisman, 2006; Gurāu & Dana, 2017).

However, although the topic is increasingly gaining traction within the scholarly community, we know little about why and how these enterprises emerge. Since opportunities are at the heart of entrepreneurship, understanding the nature and genesis of opportunities is key to understanding entrepreneurial phenomena (Short et al., 2010). What we know is that community-based enterprises are a distinct form of enterprise in that they are collectively established, owned and controlled by the members of a local community. What we do not know is whether this distinctiveness influences the nature of opportunities, and if yes, how. Thus, the aim of our study is to provide an understanding of the nature and formation process of opportunities for community-based entrepreneurship. As community-based enterprises share similarities with conventional, social and sustainable enterprises, we employ a theory elaboration strategy (Fisher & Aguinis, 2017) aiming to build on and, where necessary, extend existing literature on opportunities. In the following, we review the extant knowledge on opportunities in general, and, specifically, in the sub-fields of social and sustainable entrepreneurship.

Entrepreneurial Opportunities

Fundamentals of entrepreneurial opportunities. Understanding the concept of opportunity is inevitable for explaining entrepreneurship. Consequently, an extensive and perpetually growing body of literature focuses on entrepreneurial opportunities and associated processes such as recognition, discovery, creation, development, evaluation and exploitation (Busenitz et al., 2014; Short et al., 2010). Despite its importance, opportunities have remained an elusive concept and their definition has aroused heated discussions (Davidsson, 2015; Short et al., 2010; Wood & McKinley,

2018). We adopt the definition by Eckhardt and Shane, who define entrepreneurial opportunities as “situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships” (2003, p.336).

To understand the entrepreneurial process, it is important to consider the dynamics of opportunities as they form over time (Dimov, 2007). Before an opportunity yields benefit, it must be recognized by an entrepreneur, who then needs to conclude that pursuing it will generate value (Davidsson, 2015; Eckhardt & Shane, 2003). Entrepreneurial opportunities are not known to every individual at every time and a large body of research has discussed how and why individuals recognize opportunities (e.g., Grégoire et al., 2010a, 2010b; Grégoire & Shepherd, 2012; Gruber et al., 2008; Krueger, 2000; Ozgen & Baron, 2007). Classic entrepreneurship literature suggests five different sources of opportunities: the creation of new products or services, the discovery of new markets, the discovery or creation of new raw materials, the development of new methods of production, and the generation of new ways of organizing (Schumpeter, 1934). Others specify this by suggesting that changes in technology, demographics, regulations, and the natural environment create space for new economic activity (Alvarez & Barney, 2014; Davidsson, 2003; Davidsson, 2015; Shane, 2012). It is important to differentiate between the source of an opportunity and the process of its recognition. While the source is an external enabler that opens room for entrepreneurial activity (Davidsson, 2015), opportunity recognition is the process of making sense of the situation and forming the belief that acting to address this situation could yield net benefits (Grégoire et al., 2010a). The outcome of the opportunity recognition process is the idea for a new venture and the belief that it could be profitable (Shepherd et al., 2007). Overall, opportunities therefore have a dual nature comprising favorability, i.e., if exploiting the opportunity would yield net benefits, and content, i.e., means and end of the opportunity (Davidsson, 2015).

One of the most heated contemporary scholarly discussions on entrepreneurial opportunities has dealt with the question whether opportunities are ‘out there’ and just need to be discovered (discovery view; Kirzner, 1997; Shane & Venkataraman, 2000; Shane, 2003) or whether they do not exist until they are created by an entrepreneur (creation view; Sarasvathy et al., 2003; Sarason et al., 2006; Alvarez & Barney, 2007). As we will show in the following, this discussion also holds relevance in the studies of social, sustainable, and community-based entrepreneurship.

Opportunities for social and sustainable entrepreneurship. More recently, researchers have begun to investigate the concept and formation of opportunities in the domains of social and sustainable entrepreneurship (Dorado, 2006; Hockerts, 2006; Robinson, 2006; Austin et al., 2006; Corner & Ho, 2010; Pacheco et al., 2010; Cohen & Winn, 2007; Patzelt & Shepherd, 2011; Munoz & Dimov, 2015). While social enterprises differ from conventional enterprises in that they aim to generate social value through economic activity (Mair & Marti, 2006), sustainable enterprises are enterprises that venture towards the triple bottom line of economic, social and ecological value creation (Binder & Belz, 2016).

Hockerts (2006) proposes three sources of opportunities for social entrepreneurship: activist interference in the marketplace, which happens when activists realize that their concerns can be best addressed by means of a market-based solution (as seen in the Fair Trade movement), self-help, that is the re-framing of prior beneficiaries of charities as clients of social enterprises (as seen in the development of micro finance organizations), and philanthropy, which is possible when investors are willing to receive a lower return on investment (as seen in the venture philanthropist and impact investment movements). Cohen and Winn (2007) as well as Dean and McMullen (2007) add that market imperfections can be a source of opportunities for sustainable entrepreneurship.

Corner and Ho (2010) empirically investigate opportunity identification and development in social entrepreneurship. They conclude that opportunity formation is much more complex in this context. The study reveals the importance of a spark, that is the moment of inspiration when the vague idea for a new venture surfaces. The authors emphasize that this moment of the spark cannot be conflated with opportunity identification, as the initial idea is often far away from the opportunity that is finally exploited. Thus, the most distinctive feature of social entrepreneurship is the need for a recursive opportunity development process bridging the stages of opportunity identification and exploitation, in which the entrepreneur experiments with the still rather vague idea and creatively shapes the opportunity. Another important feature highlighted by Corner and Ho is the role of collective action evidenced in all cases they investigate. More specifically, they find that multiple actors were involved in each process step and that actors involved comprised other entrepreneurial actors, other organizations and volunteers from the community. Multiple actors are involved since the individual entrepreneurs did not hold the expertise and knowledge required and

thus had to coalesce complementary external knowledge. This idea of involving a community in addressing certain social problems is not new to the social entrepreneurship literature (Dees, 2007; Mair et al., 2012). Concluding their study, Corner and Ho (2010) call for future research embracing the idea of a “collective entrepreneur” and the consequences for the resulting opportunity.

Patzelt and Shepherd (2011) make another important contribution to the conversation on opportunities for sustainable development. Focusing on the question why some people recognize opportunities for sustainable development and decide to pursue them, the authors develop a model of opportunity recognition. They propose that the higher individuals’ prior knowledge of the natural and communal environments, and the higher their entrepreneurial knowledge, the more likely individuals will discover an opportunity for sustainable development. Furthermore, perceived threat of the natural and/or communal environments enhances the likelihood of recognizing such an opportunity. Thus, Patzelt and Shepherd highlight the knowledge related to sustainability issues as an important antecedent but stress that this will unlikely be sufficient to recognize an entrepreneurial opportunity. This finding is particularly intriguing as it implies that sustainable entrepreneurship is a two-dimensional phenomenon combining an interest in solving social and environmental problems with an entrepreneurial attitude and background.

While the model by Patzelt and Shepherd suggests that opportunities for sustainable entrepreneurship exist, waiting to be recognized, Pacheco et al. (2010) differentiate between two types of opportunities for sustainable entrepreneurship: those that are out there ready to be discovered, and those that need to be created by the entrepreneurs. Sustainable entrepreneurs, therefore, can be more than mere discoverers, but can act as structural agents, who proactively develop new economic institutions by influencing or changing industry norms, property rights and government legislation, thereby creating novel opportunities for sustainable entrepreneurship. The authors note that creating these new opportunities may require the entrepreneur to collaborate with other private and civil organizations.

Overall, authors agree that, although social and sustainable entrepreneurship share similarities with mainstream entrepreneurship, they require separate exploration and explanation, and findings from the mainstream entrepreneurship literature must be transferred with caution (Austin et al., 2006; Dorado, 2006; Robinson, 2006).

Opportunities for community-based entrepreneurship. To date, most studies on community-based entrepreneurship do not elaborate on the concept of opportunities or only briefly allude to it without going into any details. Gurāu and Dana (2017), for example, propose that the community entrepreneurship process is characterized by opportunity exploration, identification and exploitation, yet without explaining what they mean with these labels. Similarly, Valchovska & Watts (2016) mention the identification of opportunities but their study remains rather descriptive and little theory-based. Other papers focus on specific steps or elements of the community enterprise creation process. While Vestrum (2014) explores the embedding process of community enterprises, in a more recent paper, she and her co-authors (Vestrum et al., 2017) look into community enterprises' legitimization process. Although these studies do not provide specific theoretical understanding of opportunities for community entrepreneurship, they emphasize the iterative and dynamic nature of the community enterprise creation process.

Very few studies provide detailed insights into the creation process of community-based enterprises (Haugh, 2007; Valchovska & Watts, 2016). Studies suggest that community-based enterprises emerge in response to severe poverty (Peredo & Chrisman, 2006; Handy et al., 2011), detrimental effects of socio-economic crises (Johnstone & Lionais, 2004), the withdrawal of public services (Haugh, 2007; Kleinhans, 2017) or to exploit collective natural resources (Garcia-Lopez, 2013). Haugh (2007) suggests market failures caused by the withdrawal of services from the public sector to be a common situation in which community-based enterprises emerge. Based on five case studies, she develops a six-stage process model comprising 1) opportunity identification, 2) idea articulation, 3) idea ownership, 4) stakeholder mobilization, 5) opportunity exploitation, and 6) stakeholder reflection. We will briefly summarize her findings in the following.

According to Haugh, the venture creation process of community enterprises starts with the recognition of an opportunity, which she equates with the perception of an unsatisfied need within a local community. This need may either be recognized by a local or an external agency as a result of personal experience and knowledge, or environmental or social change. Interestingly, this process step does not necessarily require an actual business idea to address the problem. In the next step of idea articulation, the actors share their thoughts with others in the community. In this process step, which can last over several months, the group discusses potential

business ideas and evaluates alternatives, thereby developing an initial business idea. They then start to form a formal group around their idea, which adopts idea ownership and starts to assemble the required resources. Haugh highlights the importance of different actors from within and outside the community. During stakeholder mobilization, further members are added to the group whose boundaries now become less permeable. According to Haugh, at this point in time, there are still different ideas around on how to address the problem and, in the end of this stage, the members agree on their preferred solution and develop a business model. If evaluation is positive, they develop governance structures, negotiate about roles and responsibilities, and finally enter the market. Overall, Haugh's model touches upon some idiosyncrasies of community-based entrepreneurship, thus providing relevant insights for this study. Yet, although she uses the term 'opportunity' in her model, she refrains from enlarging upon the nature and formation process of the actual entrepreneurial opportunity that allows for community-based enterprise creation.

METHODOLOGY

Study Design

As very little is known about the nature and formation of opportunities for community-based entrepreneurship, we employ a qualitative case study design (Yin, 2014). With opportunities being a dynamic concept (Dimov, 2007), we adopt a process perspective looking at the entire process of opportunity formation starting with the very first idea to establish an enterprise and ending with market entry. Since there is already an extensive body of literature on entrepreneurial opportunities, we adopt an abductive research approach (Timmermans & Tavory, 2012; Mantere & Kentokivi, 2013). We collected our data in an open fashion without having theory in mind. When analyzing our data, we moved to employing the abductive method of theory elaboration or, more specifically, horizontal contrasting (Fisher & Aguinis, 2017). Contrasting allows to analyze to what extent aspects of a theory are transferable for another context. In an iterative manner, we compared our findings with extant knowledge on entrepreneurial opportunities and extended it when it did not suffice to explain our phenomenon.

Sampling

Pursuing a purposeful sampling strategy (Patton, 1990), we selected eight cases of successfully established German community-based enterprises. We used the following sampling criteria: Based on our definition of community entrepreneurship, we searched for cases that were collectively established, owned and controlled by the members of a local community, and aimed to solve a social and/or ecological problem. To reduce the retrospective bias, we only included enterprises that were founded within the past 5 years. Germany is experiencing an upsurge of community-based enterprise creation, which makes it a suitable research context. Based on our pool of suitable cases, we employed a combination of homogenous and maximum variation sampling (Patton, 1990), by choosing eight cases: two each from four distinct sectors, namely from the energy, agriculture, retail and hospitality sector. This strategy helped us to allow for comparisons among similar cases while ensuring that we would get a holistic understanding of the phenomenon of community-based entrepreneurship.

Data Collection

We collected our data between February and November 2017. Overall, we conducted 43 semi-structured face-to-face interviews with leading individuals from the community enterprises. We always started with interviewing one of the venture champions, that is, one of the members from the core founding team, and then employed a snowball sampling strategy (Patton, 1990) by asking him or her to identify further relevant interview partners for us. All interviews were conducted in German language, lasted between 24 and 105 minutes, were tape recorded and fully transcribed verbatim. To triangulate our primary data, we also build on an extensive set of secondary data from both internal and external sources. In all our cases, the founders were extremely open and helpful and provided us access to their internal archives, which allowed us to incorporate archival data from the respective phases in addition to the retrospective interviews. Table 7 provides an overview of the data collected in each case as well as a brief case description.

Case	Data	Description
FAR	8 interviews, secondary data	The community shop in FAR opened in August 2013 and offers all kinds of products for the daily needs ranging from food over cosmetics to local souvenirs. Nearly 75% of the products offered are produced within a radius of 70km. The shop also comprises a small café and take away restaurant. It is organized as a limited liability company with silent capital contributions. Overall, the shop is owned by 268 shareholders, who bought into the business with at least € 200. The shop is operated by one of the main initiators, and has three managing directors and a supervisory board consisting of seven people, who are elected in the annual general meeting by all shareholders.
KRE	4 interviews, secondary data	The community shop in KRE was opened in early 2017 and offers both local products and conventional goods from large retail chains. In addition, the shop comprises a small café, which has become a popular meeting place in the village. The shop is organized as a limited liability company with silent capital contributions. Overall, the venture has 96 members who bought at least one share worth € 200. In addition to the citizens, the local municipality invested in the CEV. The shop is run by one of the initiators and a group of employees, and is governed by three managing directors and a supervisory board. Assigned speakers facilitate between the board and the community.
VOR	7 interviews, secondary data	The community pub in VOR was established after the last pub in the village closed in 2016. The local inhabitants acted immediately and sold shares to raise money to renovate the building. About 260 individuals bought shares and invested more than 21.000 voluntary working hours as well as own financial and natural resources to make the renovation possible. The pub, operated as association, was opened in 2017 and is operated by a tenant and governed by the community members. As in ALT, the community entrepreneurship process has improved the cohesion in the village, has vitalized community life and constitutes a popular attraction for tourists.
ALT	7 interviews, secondary data	The community pub in ALT opened in August 2016. The property is split up in two parts, one for the restaurant and one for the integrated community hall, which are both organized as cooperatives. The pub cooperative is owned by eight shareholders, who all bought three shares worth € 17.500 each. The community hall cooperative is owned by 160 shareholders, who bought at least one share worth € 1.000. Both cooperatives own shares of each other and are closely connected. In addition, during the 1-year building phase, the community members collectively worked 22.000 hours on a voluntary basis to renovate the building. The new pub has become the new heart of the village. It is rented out to a tenant but still actively governed by the community.

Case	Data	Description
HAG	3 interviews, secondary data	The community energy enterprise in HAG was established in 2009. Organized as a registered cooperative, the venture built a wood chip operated heating station, a district heating network, a biogas- and a cogeneration plant. The collectively owned facilities produce thermal energy, distribute it to the local inhabitants and feeds electric power into the grid. The input materials solely stem from locally available, renewable sources. Over 40 community members actively participated in the development of the firm; the number of members in the cooperative is constantly growing. They all own shares worth € 1000 each.
FRE	4 interviews, secondary data	The community energy enterprise in FRE was founded in 2013. It aims at fostering the decentralized energy transition in Germany and already covers the entire energy demand of eleven municipalities in the region. The enterprise is organized as a cooperative with currently more than 500 members, who own at least one share worth € 250. It is operated on a one-member-one-vote basis and citizens are invited to bring in own ideas to extend the enterprise. In addition, the cooperative lends money to its members to enable further renewable energy projects.
BLU	7 interviews, secondary data	The community food enterprise in BLU started in early 2017. To become a member of the business, people can buy shares and then pay an annual fee upfront, which allows the farmers to plan and covers their running expenses. In return, the members receive their share of the harvest on a weekly basis. In addition, a small shop was established where the produce as well as additional local products can be bought. The enterprise also supplies local restaurants with fresh vegetables. Overall, local inhabitants and corporations invested € 150.000 in starting the business. By the end of 2017, 107 shares of the CEV are sold and the initiators are still mobilizing new members. Some members are also participate in the daily business, for example by helping out on the fields.
KLO	3 interviews, secondary data	The community food enterprise in KLO was founded in 2013. Overall, 180 people from the local community own shares in the cooperative, which comprises a community-supported agriculture and multiple other projects, such as educational initiatives and a hostel. The main aim is not only to produce and sell local food, but to reconnect people to nature and an organic, regional and seasonal way of producing food. All members of the cooperative are encouraged to bring in own ideas and use the premises to implement further projects related to the topic.

Table 7: Overview of the cases (Essay II)

Data Analysis

For data analysis, we employed different tools including general recommendations for analyzing qualitative data (Miles et al., 2014; Yin, 2013), theorization strategies from process data (Langley, 1999) and abductive reasoning (Timmermans & Tavory, 2012). Data analysis was organized as follows. We started with treating each case as a single entity to allow unique patterns to emerge (Yin, 2013). We then developed a model of the community enterprise creation process, starting with the first idea and ending with market entry, was reconstructed by synthesizing external sources of evidence with the personal reports of the founders. Through iteratively processing and triangulating data, we wrote detailed reports for all cases individually. Using time-ordered displays (Miles et al., 2014), we discarded redundant information and condensed a series of events, which we clustered into clusters of key events. The narratives helped us to gain a thorough understanding of our cases and constituted the basis for subsequent theorization steps (Langley, 1999). We then iteratively moved back and forth between our data and theory to contrast our findings (Timmermans & Tavory, 2012). In several rounds of coding, we extended the knowledge on entrepreneurial opportunities, where extant knowledge was insufficient to explain the nature and formation process of opportunities for community-based entrepreneurship (Fisher & Aguinis, 2017).

FINDINGS

The analysis of our data, allowed us to identify three distinct sources of opportunities for community-based entrepreneurship and to gain a holistic understanding of the opportunity formation process. In the following chapter, we describe our findings and corroborate them with empirical evidence.

Sources of Opportunities for Community-Based Entrepreneurship

As a first step, we focused on understanding the sources of opportunities for community-based entrepreneurship. The analysis of our empirical data revealed three distinct sources, namely 1) an *unsatisfied local need*, 2) a *multilayered societal problem*, and 3) *unused resources*. In some cases, the community-based enterprises were rooted in a combination of more than one of these sources.

Unsatisfied local need. In four of our eight cases (FAR, KRE, VOR and ALT), the community-based enterprises were established to address a specific common problem of the local community. In FAR and KRE, the last supermarkets in the center of the villages closed due to financial hardships, thereby depriving the locals of both shopping facilities within walking distance and a local meeting hub. Decreasing sales made it difficult for the operators to ensure the freshness of the produce, which again led to reduced customer numbers, and made it even harder for the owners to pay their operating costs. When the lack of local shopping facilities caused growing dissatisfaction in FAR, an individual entrepreneur tried to re-open the shop. However, even though the entrepreneur got subsidies from the municipality to realize this endeavor, she did not manage to withstand the pressure from retail chains and discounters in nearby towns or industrial areas.

We found similar situations in VOR and ALT, where the owners of the last local pubs found themselves stuck in a vicious circle: Over the years, the pubs had come in need for renovation, thereby losing attractiveness. With the decreasing turnovers, the quality of the tenants decreased, which further lowered the pubs' attractiveness and turnovers. When the owners finally decided to close the pubs, the locals "*lost more than just a place to drink*" (ALT-15), but, more importantly, a meeting place and the home of most of their local associations. Like in FAR, the option of selling or renting the buildings to private entrepreneurs or corporations to re-establish the pubs was discussed excessively in both communities, but no profitable solution could be found.

(A)t some point, we started to think about how we could do it, how it could work out economically. But these ideas always got stuck in their infancy and never became a real option. (...) We crunched the numbers for many different models (...), but the high price just made it economically unviable. ALT-5

In all four cases, the lack of an important community asset changed the lives of the villagers and led to growing dissatisfaction. When private business solutions turned out to be unfeasible, the locals approached their municipalities to ask for support. In all four cases, the municipalities refused to take on responsibility for solving the problem due to a lack of financial resources to address such issues.

And then, of course, there was a common opinion: 'Municipality, now come up with a solution, buy that pub and whip it into shape!' But of course, this was difficult because the municipality (...) comprises two villages (...) and of course, this makes it difficult because they said: 'If we buy you a pub now, then the other village will demand the same next week and nobody wants that!' VOR-3

These stories show that, if a private entrepreneur (individual, team or corporation) would have found a way to (re-)establish the businesses in a profitable way, that entrepreneur would have pursued the opportunity. In addition, we argue that a lack of a top-down solution is prerequisite for collective opportunity formation as it triggers the necessity of collective action. Taken together, one source for opportunities for community-based entrepreneurship is a specific, unsolved local problem that can neither be solved by means of a private, individually-led enterprise, nor by top down solutions.

Multilayered societal problem. In other cases, the community-based enterprises were not created in response to a specific problem of the local community, but rather to address a broader societal problem. BLU, one of our food cases, and FRE, one of the energy cases, provide ideal examples for this source of opportunities for community-based entrepreneurship. In both cases, the community-based enterprises emerged in face of the detrimental effects of existing production and consumption systems. In the case of BLU, the initiator was very knowledgeable about the negative consequences of conventional farming practices such as monocultures and pesticides, and unsustainable distribution systems entailing long distance transport, emissions, great gains for big players, and price pressures for small players. In FRE, the initiator had a long history as an activist working for fostering the energy transition in Germany. As a consequence, he had a very good understanding of the energy market, its major players and the underlying dynamics hampering the switch to renewable energy sources.

Based on these experiences from their private and professional lives, the venture champions knew that a single player would never be able to trigger and obtain the required systemic changes, but that tackling flaws in production and distribution systems requires the concerted action of multiple actors on different levels. In FRE, for instance, the initiator explained that, although the energy transition is an important topic on the governmental agenda, holistically changing production, distribution and consumption constitutes an endeavor that cannot be achieved by governments alone, but can only be achieved if different actors, particularly citizens, collaborate and collectively create, distribute and use the local renewable energy produced.

ESSAY II

We wanted to promote the energy change in a practical way. But I knew that we were concerned about realizing projects individual actors would not be able to accomplish. FRE-3

When (...) politicians pat themselves on their shoulders because Germany is one of the countries with the highest number of renewable production, they pat on the wrong shoulders. It's not politics who can achieve things like that. FRE-4

In sum, the formation of an opportunity for community-based entrepreneurship can be rooted in a broader societal problem that is too multilayered and complex to be addressed by individual actors or mere top-down solutions.

Unused resources. The third source of opportunities for community-based entrepreneurship is quite distinct from the other two discussed thus far. Similar like FRE, the community-based energy enterprise in HAG nowadays aims at fostering renewable energies by creating a local production and consumption system, this societal problem was not the primary reason to initiate the creation of a community-based enterprise. The local community in HAG had always had a tradition allowing locals to collect fire wood in the public forests. When a strong thunderstorm destroyed vast parts of the large forests in the area, the locals were left with a great amount of unused wood residues. While some of the forests belonged to the public, other parts were owned by different members of the local community. Most of the wood residues remained unused for some time because their value was rather low for each individual owner and the large amount of commonly owned woods could not be used profitably either. Thus, in this case, the source of the entrepreneurial opportunity were resources that could only be put to their best use if all owners pooled their resources together and used it for producing something of higher value.

And in the meantime, this catastrophe 'Lothar' happened – this notorious storm that caused a lot of damage here in our forests. And then we had to pay the fire brigade to collect this wood. That was just squandering of resources! HAG-3

KLO constitutes another example for an opportunity for community-based entrepreneurship rooted in unused resources. While the enterprise today also works for creating system-level change, the opportunity is rooted in an old monastery in the region, which was not used and for which the nuns wanted to find an alternative use that would generate benefits for society. They had discussed their endeavors with

various local actors such as associations, foundations and the municipality, but could not find a solution that was attractive for the investors. Hence, the opportunity to establish a community-based enterprise also originated from a resource that could not be put in best use without being exploited collectively.

Formation Process of Opportunities for Community-Based Entrepreneurship

Interestingly, while we were able to delineate three different sources of opportunities for community-based entrepreneurship, our analysis revealed very similar subsequent opportunity formation processes in all our cases. Overall, the data uncovered two primary process steps, namely 1) *recognizing a potential opportunity for community-based entrepreneurship* and 2) *creating an exploitable opportunity for community-based entrepreneurship*. While the recognition of a potential opportunity can be traced back to a certain situation and usually involves only one individual, the creation of an exploitable opportunity for community entrepreneurship is far more complex and can be divided into three highly inter-related sub-processes, namely developing, collectivizing and evaluating the opportunity. The result of this complex and often lengthy process is an exploitable opportunity that results in a community-based enterprise.

Recognizing a potential opportunity for community-based entrepreneurship. In the preceding chapter, we described the different sources, i.e., external enablers that opened up room for community-based entrepreneurship. Such situations exist in various communities throughout the world. However, for a community-based enterprise to emerge, it requires an individual who sees an opportunity for community-based entrepreneurship in that situation and believes that it could be worthwhile to enact a course of action to follow up on this idea. We found three triggers for recognizing an opportunity for community-based entrepreneurship.

In the cases in which a specific local problem opened room for the creation of a community-based enterprise, potential solutions had been discussed extensively and often over long periods of time. Different than postulated by Haugh (2007), our data does not suggest that recognizing an unsatisfied need can be equated with recognizing an opportunity for creating a community-based enterprise. In ALT, for example, the closure of the local pub in 2004 aroused dissatisfaction from the beginning and the locals never stopped discussing the issue. However, it took more than ten years until

they decided to solve the problem by means of a community-based enterprise. When the owner announced to sell the building in 2015, which would have destroyed all hopes for re-opening the pub forever, two locals came up with the idea to join forces:

But... what if we did it collectively? ALT-3

While in ALT, the idea for a collective entrepreneurial solution emerged suddenly without any influence of a role model, in half of our cases (VOR, FAR, KRE and HAG) individual locals came up with the idea for a community-based enterprise after hearing about successful best-practice cases from other communities. In FAR, for instance, a local politician heard a talk of a consultant for community-based enterprises and realized that this could be a viable solution for the problem in his own community:

I saw this talk and I thought: 'Yes, that fits!'. And then I invited him. FAR-1

In all these cases, the idea to establish a community-based enterprise can be traced back to one or two individuals, and a specific point in time. In contrast, in three other cases, mostly in those, in which a broader societal problem was the source for the entrepreneurial opportunity, the idea to establish a community-based enterprise to address the problem emerged gradually over time. In KLO, FRE and BLU, we can trace back the idea to specific individuals, who had cared about the issue for a long time and had a high level of background knowledge. However, these individuals were not able to specify the exact point in time when the idea emerged, but rather reported that the idea had emerged over time through interactions with various people. What started as a general comprehension that such issues could not be tackled by individual actors, over time, developed into a more tangible idea for a collective solution, which then slowly turned from an opportunity for someone into an opportunity to pursue together with the community. In KLO, for example, the two idea-givers had been discussing ideas for projects addressing food production and consumption issues for a very long time, when they were approached by the nuns of the monastery and decided that now, their chance to implement a project like that had finally come.

When I came here, I didn't have the idea to establish a community-based enterprise or something like that. But then I saw this place and its potential and I thought: 'I have to use it! This is so beautiful! This (...) has so much potential!' It was only the two of us back then, but relatively soon, we found people who said: 'Yes, wow, we participate!'
KLO-1

In FRE, the idea giver had been involved in various enterprises working with renewable energies before, when a change in legislation suddenly led to an abrupt increase in bureaucracy and costs, thereby additionally decreasing the profitability of individual enterprises. The combination of the complexity of the issue, legal difficulties and his intrinsic, personal motivation eventually led to the realization that it required the bundled power of as many citizens as possible to continue with his endeavors to promote renewable energies.

It is massively frustrating when the enterprise, for which you have been working your ass off for so many years, goes bankrupt because a few politicians decide to make some changes in regulations. (...) My goal was the energy transition and this [a community-based type of business] emerged as the right means at that point in time. FRE-2

It is important to highlight that, at this point in time, none of our venture champions had a full-fledged business concept, but merely a rather vague idea for a potential future venture that could be established on a collective basis. Most importantly, they were unable to assess whether this idea had the potential to actually yield net benefits. While this holds true for most entrepreneurial processes, it is particularly notable in our cases of community-based enterprises, because the feasibility of the idea was highly unforeseeable and lay beyond the sphere of influence of the idea giver, since it fully depended on the willingness of many other individuals to contribute to the development and exploitation of the entrepreneurial opportunity. Thus, the recognition of a potential opportunity for community-based entrepreneurship constitutes the starting point, it only marks the beginning of a complex and dynamic co-evolutionary process resulting in an opportunity that can be profitably exploited by a large group of people from the local community.

Creating an exploitable opportunity for community-based entrepreneurship. In all our cases, it required a lot of effort and the support from a large number of actors to move from the vague idea for a community-based enterprise to an exploitable opportunity for community-based entrepreneurship. Our empirical evidence shows that the formation of such an exploitable opportunity requires an active and conscious creation process consisting of three parallel sub-processes, namely 1) developing the opportunity, 2) collectivizing the opportunity, and 3) evaluating the opportunity. Naturally, these processes unfolded over different periods of time, involved different

types of actors, and entailed different degrees and forms of challenges. Interestingly, we found clear patterns of these processes and dynamics in all eight of our cases.

Any type of entrepreneurship is challenging as it requires a broad spectrum of skills, experiences and resources, and depends on the actions of and feedback from a variety of actors (Haynie et al., 2009; Shane et al., 2003; Welpe et al., 2012). While all entrepreneurial endeavors thus depend on both the entrepreneur(s) and a broader community of inquiry (Shepherd & Patzelt, 2017), the feasibility of an opportunity for community-based entrepreneurship, i.e., whether it can be exploited profitably or not, completely lays beyond the sphere of influence of the idea givers. Instead, it inherently depends on the willingness of a large group of people to support the idea by contributing human, financial and natural resources, not only during venture creation, but also afterwards. This dependence on first mobilizing and then coordinating such a large crowd makes the community-based entrepreneurship process particularly complex and challenging. This additional complexity is also reflected in the great interrelatedness and interdependencies among all processes and sub-processes we identified (see Figure 5). Since opportunity development and collectivization are parallel and highly intertwined process steps, they cannot easily be described separately. Therefore, we first elaborate on the first phase containing the intertwined sub-processes *‘Developing an initial concept and forming a core team’*, before we describe the subsequent phased containing the sub-processes *‘Collectively shaping the opportunity and mobilizing the broader community’*. We finish this chapter with describing the mechanisms used to evaluate the opportunities throughout the entrepreneurial process.

Developing an initial concept and forming a core team. As we have shown, the initial vague ideas to solve the underlying problem by establishing a community-based enterprise stemmed from one or two individuals. Not very surprisingly, we found that, although a large part of the local community had supported the project in one way or another at the end of the entrepreneurial process, the level of involvement and the degree of participation varied widely among the community members. In all cases, the initial idea givers were lacking expertise and/or legitimacy to develop and implement their plans and, thus, soon realized that they would require the support of a committed core team to further develop and implement their concepts.

And Klaus, as an economist, said: ‘Guys, the way you’re imagining this – this is never going to work. If you want to do this, you need a plan. And then you need to make it more concrete, and for that, you need a group that is working on that.’ ALT-13

In all cases, the idea givers set out to assemble a group of people bringing in the required knowledge, expertise and resources. While some potential core team members could be convinced very easily based on their strong intrinsic motivation to tackle the respective problem, it required a sound and feasible concept to mobilize others. Particularly in those cases in which the community-based enterprise was not established in face of a pressing, local problem, but rather to tackle a broader, societal challenge, idea givers encountered difficulties when searching for people willing to invest a large amount of time and energy into establishing a collective project. In these cases, the development of a sound business plan covering all required inputs and the potential outputs and impacts were inevitable to convince people of the existence of a potentially profitable opportunity for community-based entrepreneurship. In general, our evidence shows that, the further developed the concepts were, the easier it became to mobilize additional core team members. At the end of this set of sub-processes, all teams had grown from one or two individuals to a group of seven to fifteen people, that had developed a first version of a business plan containing numbers and next steps.

Overall, the data shows that the development and refinement of the concept, and the formation of a core team are parallel and iterative sub-processes facilitating each other. Once the idea givers feel that they have succeeded in assembling a core team and in developing a first holistic plan, they move on to the next set of iterative sub-processes, namely '*Collectively shaping the opportunity and mobilizing the broader community*'.

Collectively shaping the opportunity and mobilizing the broader community. The formation of a core team and the development of a first concept set important milestones for the community-based entrepreneurship process. Nevertheless, both the feasibility and the content of the final, exploitable opportunity were far from clear, since that depended on the support and inputs from a large group of people from the community. Again, the phase of collective shaping and community mobilization unfolded over different periods of time, and the core teams faced different degrees and types of challenges when trying to mobilize the broader communities. In addition, the community members took on different roles, thereby affecting feasibility and content of the entrepreneurial opportunity in different ways.

Based on their initial plans, all core teams organized information events to which they invited the broader community to present the idea and ask for support. Our data shows that both outputs from the preceding process steps (i.e., core team and business

concept) were decisive for the success of community mobilization. First, we find that the composition and stability of the core teams had an effect on the community members' willingness to participate in the community-based enterprise projects. In VOR, for example, where the idea givers had formed a group of ten well-known locals with expertise in all required areas, community members were less interested in seeing a comprehensive business concept as they naturally trusted the team.

Our secret to success? (...) The right people. I mean, it's obvious: people need to trust in your team at least a bit. VOR-4

In KLO, where the core team did not have such a standing in the local community, the idea of addressing a societal problem by means of a viable business concept was what convinced the supporters.

Second, the level of professionalism and comprehensiveness of the initial business plans affected peoples' willingness to support the projects. In FAR, for instance, the team had collaborated with an external expert, who had helped them develop a comprehensive business plan. When the team presented this plan to the community, it did not take long, before the required number of shares were sold. We find similar success stories in ALT, VOR, HAG and FRE, where the teams had worked hard to develop extensive and professional business plans before approaching the broader community. One core team member from ALT, for example, told us:

We knew that we'd get only this one chance... ALT-3

In BLU, in turn, the community was not convinced of the feasibility and professionalism of the plan presented by the core team. For a while, the team even thought about quitting the project due to lacking community support, but then decided to acquire external support to refine the plan. The updated version of the business plan finally convinced the community in BLU and one of the core team members repeatedly described us how surprised she was about the shift from barely any support to full, blind support:

And then, finally, in autumn 2016, the community said: 'Okay, go for it!' (...) And, after they had finally said this, we had their support and even blind trust. Before that, there was, well, skepticism. But this completely changed into blind trust. BLU-12

In other cases, like KRE, where the team had not invested much time and resources in developing a sound plan, mobilizing the broader community remained difficult, and, in the end, the municipality even had to step in to compensate for the missing support from the community.

Although the involvement of the broader community is inevitable and inherent in all cases of community-based entrepreneurship, the nature of this involvement differed widely among our cases. While in some cases, the core teams primarily focused on attaining the broader communities' financial support, mostly by means of selling shares in the enterprise to the community members, others asked for active support with planning and/or implementation of the plans. Correspondingly, we found great differences in the effect of the broader community on the resulting entrepreneurial opportunity. In all our cases, the community members acted as investors in the enterprise. The value of the shares varied between € 200 and € 1.000, and the teams managed to mobilize between 50 and 200 investors. Evidence shows that some teams, (e.g., in KRE, BLU and FRE) merely used these financial resources to implement the plans developed by the teams and a restricted group of expert supporters:

It was important for us that such a big project was implemented with the citizens for the citizens. But (...) meetings took place with certain players from the associations that wanted to support us but these meetings weren't announced to the rest of the community.
FRE-3

In these cases, the communities' role was limited to ensuring the feasibility of the entrepreneurial opportunity recognized by an individual and developed by a small group of people.

In contrast, most other teams actively encouraged the broader community to get involved in shaping the opportunity further before exploiting it. In ALT, FAR and VOR, the core teams had developed a basic concept for the community-based enterprises they had imagined, but actively involving the broader community did not only change the feasibility of the entrepreneurial opportunity, but also its content. In VOR, for instance, community members developed own ideas for raising additional financial and natural resources that allowed for the extensions of the plans. In the end, the community-based enterprise did not only comprise a community pub but also a local supermarket and a bank branch.

In HAG and KLO, where the initiators had a rather broad vision of tackling a societal problem, the team saw the community-based enterprise more as an umbrella organization under which multiple projects should be integrated and implemented. Community members were asked to bring in own ideas for projects, thereby changing the nature of the entire enterprise. In KLO, for example, individual community members had a background in working with disabled youth and developed a concept for a seminar house in which disabled children and teenagers can live for some time, work on the fields, and learn about organic food production. Others decided to offer seminars for kindergarten and school groups, while others, again, implemented a community-supported agriculture scheme.

It's interesting how the concept actually changed over time with the people that joined in. For example, the agricultural concept changed when Saro joined. You know, he has this predilection for cows and, you know, those are the things that make the difference. And that was our idea from the beginning on, that the concept is not fixed, but that people come and collectively you re-shape the concept. Because it's these people who fill the project with life and you cannot simply impose your concept on them and say: 'You have to do it like this!' I mean, you could do it, but it wouldn't develop well then. KLO-1

Thus, in these cases, the broader community did not only contribute to the feasibility of the opportunities, but actively changed the contents.

Again, we see that mobilizing the community and shaping the opportunity are iterative and inter-dependent sub-processes. Only when sufficient people agree to participate, the project can be pursued and developed further. The more the teams involve the communities, the more the entrepreneurial opportunity will change over time. On the other hand, the more the local community gets involved in co-shaping the entrepreneurial opportunity, the more motivated they get to join and actively support the nascent community-based enterprise. These sub-processes unfolded over longer periods of time lasting from eight to eighteen months, and, finally, resulted in full-fledged entrepreneurial opportunities that could be turned into viable community-based enterprises. While the initial potential opportunities were recognized by individuals, the exploitable opportunities were co-created by core teams supported by an ever growing group of supporters from the local communities. Overall, we observe three parallel and intertwined process steps of development, collectivization and evaluation. While we have focused on the former two steps thus far, we will briefly summarize the empirical evidence on opportunity evaluation in the following.

Evaluating the opportunity. Finally, opportunity evaluation emerged as an important element of the opportunity formation process. Naturally, as in other forms of entrepreneurship, evaluation is not a one-time event, but a continuous and iterative task (Autio et al., 2013; Haynie et al., 2009). What differentiates opportunity evaluation in community-based entrepreneurship from evaluation practices in other forms of entrepreneurship is that the gradual collectivization of the opportunity in itself serves as an inherent evaluation mechanism making other deliberate evaluation activities unnecessary. More specifically, during the early phases, the idea givers use their success in core team assembly as an indicator for the quality of the opportunity. During later phases, the success in mobilizing the broader community serves as evaluation mechanisms.

After we had managed to convince four or five people to say: 'Yes, I'd consider to participate', we started to think: 'This could actually work'... ALT-3

Then we said: We need another € 94.000 (...) and we decided that we wanted to attain these in form of € 1.000-contributions from the locals. And if we managed to get these, we will have a proof that the community is backing us up. That would be the proof, and then we would actually dare to do it. ALT-5

Within the scope of the first information event, we said: well, if we want to do it, we need to do it properly. From the bottom up, properly. And thus we decided to ask the locals to see: 'Does it make sense? Do they want it? Do we have a chance to succeed?' FAR-7

DISCUSSION

The aim of this study was to gain an understanding of the nature and formation process of opportunities for community-based entrepreneurship. Based on the analysis of our empirical evidence, we propose a model of opportunity formation in community-based entrepreneurship (Figure 5). In the following chapter, we discuss our empirical findings against the background of extant literature and show how they add not only to our understanding of community-based entrepreneurship, but also contribute to our general understanding of entrepreneurship.

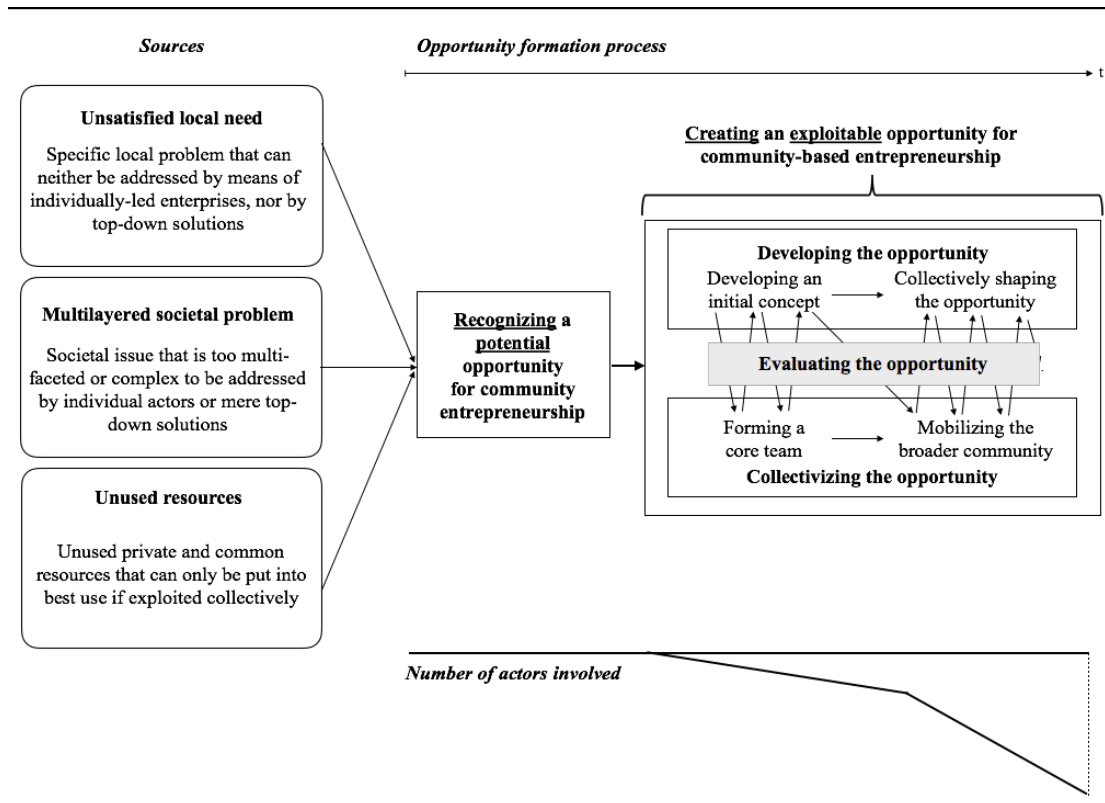


Figure 5: A model of opportunity formation in community-based entrepreneurship

Sources of Opportunities for Community-Based Entrepreneurship

Our first contribution to the community-based entrepreneurship literature is the identification of three distinct sources of opportunities for community-based entrepreneurship.

First, we found that specific local problems, which cannot be addressed by means of private, individually-led enterprises, nor by a top-down solution can be the source of opportunities for community-based entrepreneurship. While the local problems addressed in our case studies were mostly related to the loss of local businesses and the entailed detrimental social effects, these local problems can be of variegated nature depending on the geographical and social context. Extant literature suggests poverty (e.g., Peredo & Chrisman, 2006), socio-economic crises (e.g., Johnstone & Lionais, 2004), and the withdrawal of public services (e.g., Haugh, 2007) to be other examples of local problems that can lead to community-based entrepreneurship. Further local problems potentially opening room for community-based entrepreneurship are natural disasters or the loss of local culture. Yet, most importantly, our study suggests that not

just any unsolved local problem will lead to the formation of an opportunity for community-based entrepreneurship. The data shows that community members will only undergo the tremendous effort of forming such an opportunity in the absence of a private entrepreneurial solution, and if no top-down solution is available to solve the problem. This finding is the first puzzle piece for explaining why community-based enterprises emerge only in some communities. It also corroborates the assumption that the creation of community-based enterprises can outperform other entrepreneurial solutions as well as top-down development aid solutions (Peredo & Chrisman, 2006; Gurāu & Dana, 2017).

Second, other opportunities for community-based entrepreneurship originate from broader, societal challenges that require concerted, multi-level action. In such cases, the main reason for choosing a community-based entrepreneurial solution is the aim to maximize the impact of the solution. While Hockerts (2006) has proposed that activist interference (i.e., the situation in which activists realize that their concerns can be best addressed by means of a market-based solution) is a source of opportunities for social entrepreneurship, community-based entrepreneurship research has, so far, mostly described cases established in face of a specific local problem. The idea of societal challenges as a source for community-based enterprises is new to the literature. These community-based enterprises are formed in the presence of societal problems that are too complex and multi-faceted to be addressed by individual actors or mere governmental intervention. Community-based entrepreneurship constitutes a novel form of collective organizing and often entails the creation of novel, collective forms of local production systems that allow the entrepreneurs to address societal problems in a holistic manner on a local level (Daskalaki et al., 2015; Dubb, 2016). In our study, these types of enterprises emerged in the food and the energy sector, but these are not the only sectors in which intricate sustainability issues may open up space for community-based entrepreneurship. A growing body of literature deals with pro-social cross sector collaboration, which may provide relevant insights for the study of community-based enterprises created to tackle societal issues. So far, however, this stream of literature has tended to portray governments and development organizations as the central elements in these partnership (e.g., Le Ber & Branzei, 2010; Powell et al., 2018). Our findings suggest that they might have discounted the potential of bottom-up, citizen-driven initiatives that can span sectors without the involvement of governments and NGOs.

Third, our study contained two cases in which the source of the opportunity lay in the availability of unused resources, that can only be put in best use if managed and exploited collectively. As we have seen, these resources can be either private or common pool resources. Yet, they will only lead to the creation of a community-based enterprise, if either the resource is a common pool resource that can only be exploited by the entire community collectively, or if the resource would not yield the same benefit when exploited individually as when exploited collectively. There is a large body of literature on the effective use of common resources (Ostrom, 1990), and even work in the context of community-based entrepreneurship (Vega & Keenan, 2016). Studies have described cases in which community-based enterprises were created to manage local resources (Ratten, 2011; Garcia-Lopez, 2013; Galappaththi et al., 2017) or to exploit unused local resources in a way that allowed to harmonize market requirements with local culture (Peredo; 2005; Giovannini, 2014). In our study, it was unused natural capital that triggered opportunity formation. However, other forms of unused capital such as human capital in form of skills or unused man power constitute further potential sources for opportunities for community-based entrepreneurship.

The Formation Process of Opportunities for Community-Based Entrepreneurship

Thus far, scholars have tended to assume that opportunities for community-based entrepreneurship are ‘normal’ entrepreneurial opportunities that are ‘out there’, and are simply exploited by a collective, instead of by an individual or small team. We make several distinct contributions to the nascent stream of literature on community-based entrepreneurship by showing that this view is overly simplified, and by providing much-needed insights into the formation process of opportunities in this context.

From potential to exploitable opportunities. Based on our empirical evidence, we take up the argument of a group of scholars, who differentiate between final opportunities, i.e., opportunities that are ready to be exploited in a profitable manner, and potential opportunities or new venture ideas, i.e., imagined future ventures (Cornelissen & Clarke, 2010; Davidsson, 2015; Dimov, 2007). Extant research has used the terms ‘profitable’ (Eckhardt & Shane, 2003), ‘favorable’ (Davidsson, 2015), and ‘desirable’ (Grégoire et al., 2010a) to describe an opportunity that, if exploited, would yield net

benefits. All three terms imply that it is the would-be entrepreneur's decision to exploit the opportunity based on her individual evaluation whether exploiting this opportunity would yield net benefits. However, the feasibility to solve a problem in a profitable manner by means of a community-based enterprise depends on the collaboration and inputs of the broader community. Thus, in the context of community-based entrepreneurship, the would-be entrepreneur cannot simply decide to turn her idea for a community-based enterprise into practice. To emphasize this difference, we propose the terms *potential* and *exploitable* opportunities. Exploitable, in this context, implies both feasibility, i.e., the possibility of acting upon it, and favorability, i.e., generation of net benefits through exploitation.

Overall, our empirical evidence suggests that exploitable opportunities for community-based entrepreneurship are created in a lengthy and complex process depending on both contextual factors and the involvement of a large number of actors. One of the most heated discussions in the entrepreneurship literature deals with the question whether opportunities are discovered or created (e.g., Alvarez & Barney, 2007; Short et al., 2010). While some scholars argue that opportunities for social and sustainable entrepreneurship can be either discovered or created (Corner & Ho, 2010, Pacheco et al., 2010), our study contributes to the literature by showing that, due to the inherent collective nature of community-based entrepreneurship, opportunities in this context cannot be simply discovered but require a gradual co-creation process to become exploitable (i.e., feasible and favorable).

Recognition of a potential opportunity. An important finding of our study is that it is an individual that recognizes the opportunity to solve a certain local or societal problem by means of a community-based enterprise. Put differently, it is an individual who comes up with the vague idea for establishing an enterprise based on collective action, which – potentially – could solve a local or societal problem that cannot be solved otherwise. While Haugh (2007) has conflated the recognition of an unsatisfied need with the recognition of the opportunity, our study shows that these are two processes that cannot be conflated. In only one of our cases, the venture champions recognized the opportunity immediately after the need had emerged. In all other cases, it required a trigger in form of a role model that inspired the future venture champion or in form of an external shock, such as a change in regulations, which suddenly

increased the pressure for finding a solution, thereby leaving collective action as the only – potentially – profitable and effective solution. Although Peredo and Chrisman (2006) have suggested potential effects of transmissibility of community-based entrepreneurship among local communities, research has, thus far, discounted the role of inspiring role models for triggering the recognition of opportunities for community-based entrepreneurship in further communities. Our study provides first empirical corroboration of this suggested effect.

Furthermore, we add to the literature by unraveling another feature of community-based entrepreneurship. At the time of opportunity recognition, neither the final content, nor the exploitability of the opportunity are known to the would-be entrepreneur. The exploitability of opportunities for community-based entrepreneurship does not only depend on given external conditions and the resources available to an individual entrepreneur. Instead, it depends on the – previously largely unpredictable – behavior of the broader community. The entrepreneur can make assumptions about this behavior, such as peoples' willingness to invest resources and to participate, based on her experience and personal networks (Vestrum et al., 2017). Yet, exploitability of the opportunity lies outside of the idea giver's sphere of influence. Therefore, creating an exploitable opportunity for community-based entrepreneurship is a complex process that is very difficult to plan upfront. Although the fact that the opportunity is recognized by an individual, not by the entire community, might not sound surprising, it constitutes an important contribution to our theoretical understanding of community-based entrepreneurship, which has equated the entire community with the entrepreneur (Peredo & Chrisman, 2006).

Creation of an exploitable opportunity. To create an exploitable opportunity, the potential opportunity needs to be developed, collectivized and evaluated in an iterative and inter-related process. These findings are in line with Haugh (2007), who suggests that development of the business concept and mobilization of the community occur gradually and go hand in hand. Yet, our findings extend her work by providing a more detailed understanding of the elements of opportunity creation, and their interdependencies.

The evidence shows that, once a potential opportunity is recognized, it must be gradually collectivized. Developing and collectivizing an opportunity is a challenging task, which cannot be mastered by an individual alone. Hence, all idea givers assemble

core teams. The formation of a team to pursue an opportunity is not distinct to the phenomenon of community-based entrepreneurship and there is a growing body of literature focusing on how, why and with what effect entrepreneurial teams are formed (see Klotz et al., 2014 for a review). We lay the foundation for further inquiry on the consequences of team formation by shedding light on the interdependent relationship between concept development and core team formation: While adding further team members contributes to the refinement of the business concept, convincing additional members to join becomes easier as the concept is gradually refined.

The outcomes of this iterative phase, the formal core team and the initial business concept, constitute another milestone in the formation of an exploitable opportunity for community-based entrepreneurship. Together, they form the basis for the further collectivization and development of the opportunity. Convincing relevant stakeholders and gaining legitimacy is the next necessary step in any entrepreneurial venture (Cornelissen & Clarke, 2010). However, it is particularly important in community-based entrepreneurship, where the exploitability of the opportunity depends on the willingness of a large group of people to engage in shaping and exploiting the opportunity. The composition of the core team and the comprehensiveness and professionalism of the business concept both play a central role for the further opportunity creation process. In line with Vestrum and her colleagues (Vestrum, 2014; Vestrum & Rasmussen, 2013; Vestrum et al., 2017), we find that the legitimacy of the individual core team members influences the broader community's willingness to join and invest resources in the emerging enterprise. We extend this perspective by showing that core teams can – at least to some degree – compensate a lack of legitimacy with a sound and comprehensive business plan.

In addition, our study alludes to different ways to involve the broader community. While some perceive the community members as mere investors, others involve them in the development of the opportunity. As such, securing community involvement is not only the key to exploitability but can also change the content of the opportunity. The degree of the effect on the content of the opportunity depends on the extent to which the venture champions allow the community to get involved in the development and refinement of the opportunity. Our study contains examples of cases in which the involvement of the broader community completely changed the focus of the resulting community-based enterprise. We find that the possibility to engage in the shaping of the opportunity has a motivational effect on community members.

Finally, we contribute to the literature by providing insights on the role of evaluation and evaluation mechanisms in community-based entrepreneurship. As in any other form of entrepreneurship, iterative evaluation is an inherent and crucial element of opportunity creation (Robinson, 2006; Perrini et al., 2010; Ardichvili et al., 2003). In line with extant findings from the entrepreneurship literature (Autio et al., 2013; Shepherd, 2015), the nascent opportunities are evaluated by sharing them with the context from which it emerged. What differs, however, is the means of evaluation. While in other forms of entrepreneurship, iteratively evaluating an opportunity often entails additional effort, in community-based entrepreneurship, the collectivization process serves as an inherent evaluation mechanism as people will only be willing to participate if they believe in the feasibility of the entrepreneurial opportunity. Thus, collectivization success simultaneously function as a means of evaluation.

We acknowledge that future research is required to dig deeper into the individual processes. Yet, our study makes an important contribution by generating an overview of the opportunity formation process, thereby uncovering starting points for further focused research. Our findings do not only add to the maturing community-based entrepreneurship literature but also heed recent calls to view the entrepreneurial process as one that creates and is affected by communities of inquiry.

Opportunities for Community-Based Entrepreneurship: Same, Same but Different

So, how does the nature and formation process of opportunities for community-based entrepreneurship differ? Our study revealed many similarities, yet also idiosyncratic elements and complexities. Overall, it has shown that community-based entrepreneurship is much more than just the collective exploitation of opportunities.

Although, in theory, all opportunities could be exploited by a collective instead of by an individual or small team, our study shows that, in practice, community-based entrepreneurship will occur only, if exploitation of the opportunity would yield lower or no net benefits for an individual entrepreneur. If an individual entrepreneur could have established a profitable supermarket or pub to address the local need, she would have done it. If an individual entrepreneur could have established a profitable venture that could have changed detrimental production and consumption systems in an effective, she would have done it. If an individual entrepreneur could have harnessed the available resources in a profitable manner, she would have done it. However, only

by pooling financial, natural and human resources, and by distributing work and duties on many shoulders, capital costs can be lowered and lower returns on investment become acceptable, thereby allowing to establish and operate an enterprise that yields higher aggregated financial, social and ecological benefits.

This has implications for the sources of opportunities. The external enablers suggested in extant researcher, such as the discovery or creation of new products, services, markets, raw materials, or methods of production (Schumpeter, 1934; Davidsson, 2015) do not suffice to enable community-based entrepreneurship. Our findings suggest that community-based entrepreneurship emerges in situations in which conventional entrepreneurial solutions fail, and which therefore require the creation of new means-end relationships. By explicitly emphasizing new means-end relationships, the definition of entrepreneurial opportunities proposed by Eckhardt and Shane (2003) proved to be particularly suitable for the phenomenon of community-based entrepreneurship. As Hockerts (2006) correctly suggested, investors' willingness to receive lower returns on investment opens up space for entrepreneurship. However, while he concluded that this willingness requires philanthropy, community-based entrepreneurship offers another solution in which the investments of each individual are so low, and in which the investors do not depend on returns for a living, that people are willing to accept low to zero returns on their investment, thereby opening up space for venture creation that would not have been possible otherwise.

We also unraveled both similarities and differences with respect to opportunity recognition. Patzelt and Shepherd (2011) have argued that recognizing opportunities for sustainable development requires knowledge of the communal and natural environment, as well as entrepreneurial knowledge. In a similar vein, initiators of community-based enterprises must combine knowledge of either the communal environment or societal challenges with entrepreneurial knowledge. However, these two factors will only be sufficient to recognize a potential opportunity. To create an exploitable opportunity, the venture champion needs to successfully collectivize the opportunity – a challenging task that requires entrepreneurial skills as well as social capital and legitimacy within the community. Overall, we have shown that exploitable opportunities for community-based entrepreneurship must be created in a complex and interrelated process of opportunity development, collectivization and evaluation. This new understanding of opportunities for community-based entrepreneurship allows us to propose a more thorough definition of community-based entrepreneurship. We

define community-based entrepreneurship as the process of creating, i.e. developing, collectivizing and evaluating, and exploiting opportunities to collectively create future goods and services that provide economic, social and/or ecological gains for the local communities in which they are embedded, and/or society at large. By doing this, we contribute to the development of community entrepreneurship as a legitimate domain of scholarly inquiry.

Creating an opportunity from a conjecture is far from being trivial in any form of entrepreneurship (Alvarez et al., 2013), and our evidence suggests that this endeavor is even more challenging in community-based entrepreneurship. Alvarez and Barney (2007) have used the analogy of a mountain that needs to be built before it can be climbed to explain opportunity creation. If conventional opportunities are mountains, opportunities for community-based entrepreneurship are anthills – complex structures that depend on a multitude of different individuals taking on different roles. Although some community-based enterprises may seem to resemble each other, offering similar products and services or employing similar business models, there is no ‘one size fits all’-opportunity – just as there will never be two identical anthills.

ESSAY III:

**IT TAKES A VILLAGE TO SUSTAIN A VILLAGE:
AN IDENTITY-BASED EXPLANATION OF
SUCCESSFUL COMMUNITY-BASED ENTERPRISE CREATION**

ABSTRACT

Local action is central to tackling the interrelated problems many rural communities are facing. Community-based enterprises, i.e., enterprises that are established, owned and controlled by the members of a local community, in which they are established and for which they aim to create economic, social and/or ecological benefits, have emerged as a particularly effective means for addressing local problems. However, despite increasing relevance and prevalence, we know little about how these enterprises emerge. In this study, we set out to gain an understanding of successful community-based enterprise creation. To that end, we conducted an explorative case study of two community-based enterprises founded in rural Germany. First, we identify three key prerequisites for successful community-based enterprise creation. Second, we show how these are triggered and sustained through people's identification with their local community. Finally, our study reveals the importance of an emerging collective identity as enterprising community. We contribute to the literatures on community-based enterprises and collective action. Our study highlights the important role played by rural communities in achieving the Sustainable Development Goals. It extends our understanding of how untapped community capacity can be harnessed to address problems in local communities.

Co-authors: Prof. Dr. Frank Martin Belz, Prof. Sophie Bacq (PhD)

Status: Under revision at Academy of Management Discoveries

INTRODUCTION

In times of immense interrelated and pressing economic, social and ecological challenges, that can only partially be addressed by top-down solutions, local community-based action is much needed (Lumpkin et al., 2018; Montgomery et al., 2012; van der Vegt et al., 2015). In all major agendas published over the past decade, the United Nations acknowledge the role of local communities and stress the importance of leveraging their potential for achieving the Sustainable Development Goals (SDGs) (e.g., United Nations, 2015; UNDP, 2018; UNDP Environment and Energy Group, 2010). Along these lines, we see the emergence of alternative forms of community-based organizations that promote sustainable and resilient local economies (Daskalaki et al., 2015; Dubb, 2016). One organizational form that has gained in prevalence are community-based enterprises, i.e., enterprises that are established, owned and controlled by the members of a local community, in which they are established and for which they aim to generate economic, social and/or ecological benefits (Hertel & Belz, 2017). The underlying idea is that, by joining forces, local communities have the capacity to create enterprises that tackle local problems and generate multiple benefits unattainable to individual entrepreneurs (Peredo & Chrisman, 2006).

Community-based enterprises have emerged in different locales, including villages, regions or suburbs in both the developing and the developed worlds. Studies show that they can be an effective means to eradicate poverty (e.g., Peredo & Chrisman, 2006), empower local farmers (e.g., Handy et al., 2011) and women (e.g., Torri & Martinez, 2011), provide sustainable, local energy systems (e.g., Cieslik, 2016), harmonize indigenous communities' culture and needs with market requirements (e.g., Giovannini, 2014), align sustainable resource management and the commercial use of biodiversity (e.g., Garcia-Lopez, 2013), revitalize deprived regions after socio-economic crises (e.g., Johnstone & Lionais, 2004), and compensate for the loss of local community assets caused by socio-demographic changes and cuts in governmental expenditures (e.g., Haugh, 2007). Overall, community-based enterprise creation constitutes an effective means to foster the achievement of various SDGs, including promoting sustainable cities and communities (SDG 11), eradicating poverty, hunger and inequalities (SDGs 1, 2 & 11), and fostering equality, affordable, clean energy, and sustainable consumption and production (SDGs 5, 7 & 12).

While many community-based enterprises emerge in economically weak regions (Giovannini, 2014; Handy et al., 2011; Peredo, 2003, 2005; Peredo & Chrisman, 2006), they are also becoming increasingly prevalent in more affluent regions in the Western world (Hertel & Belz, 2017). Exacerbated by the detrimental effects of the socio-economic crises that have hit Europe and the United States in the past decade, many rural communities have become trapped in a self-reinforcing vicious circle of loss of local businesses and assets, reduced quality of life, and migration of the local populace, which leads to even more unsustainable livelihoods (Daskalaki, 2018; Fotaki, 2015). In the wake of these developments, we see an increasing number of rural communities that take fate into their own hands by collectively establishing businesses such as pubs, village stores, banks and post offices, agriculture and crafts enterprises, tourism and recreational facilities, libraries, child care facilities and retirement homes (Bailey, 2012; Kleinhans, 2017; Somerville & McElwee, 2011). For instance, in the UK alone, between 300 and 500 local shops close every year and, overall, 350 shops and supermarkets have been re-established collectively by local communities with a success rate estimated at over 95% (Plunkett Foundation, 2017).

However, although researchers and practitioners alike agree on the untapped potential of community-based enterprises (Lumpkin et al., 2018), scholarship on this phenomenon is still in its infancy. Thus far, most of the research has remained rather descriptive (Hertel & Belz, 2017) and we still know little about how these enterprises emerge (Daskalaki et al., 2015) or why some communities are more amenable to community-based entrepreneurship (Peredo & Chrisman, 2006). The aim of this paper is to shed light on the enabling factors of successful community-based enterprise creation. Based on the above definition of community-based enterprises, we conceptualize successful community-based enterprise creation as the creation of enterprises that (1) are collectively established, owned and controlled by a large part of the people living in a local community, (2) generate sufficient profit to sustain themselves in the long run, and (3) succeed in solving one or more local problems while yielding additional economic, social and/or ecological value. To that end, we conducted an explorative case study based on data collected from two enterprises in rural Germany.

During our abductive data analysis (Alvesson & Kärreman, 2007), the concepts of identification (Tajfel & Turner, 1979; Ashforth & Mael, 1989) and collective identity (Gamson, 1992; Klandermans & de Weerd, 2000) emerged as central enablers of

successful community-based enterprise creation. Overall, we make three distinct contributions: First, we provide a better understanding of the prerequisites for successful community-based enterprise creation, namely collective agency, willingness to invest private resources, and lasting commitment. Second, we recognize people's identification with the local community as key enabler and delineate four mechanisms that facilitate the relationship between identification and the three prerequisites. Finally, our study reveals the importance of an emerging collective identity as enterprising community for mobilizing the community and securing long-term commitment, and points out strategies for reinforcing collective identity emergence. Our findings yield implications for the literatures on community-based enterprises and collective action. We finish by discussing the important role played by rural communities in achieving the SDGs and extend our understanding of how untapped community capacity can be harnessed to address interrelated economic, social and environmental challenges in local communities.

THEORETICAL BACKGROUND

Community-Based Entrepreneurship as Local Development Mechanism

Socio-demographic changes, market shifts and environmental challenges exert pressure on local communities worldwide, particularly on those in rural areas (European Commission, 2014; UNDP, 2018). The recent socio-economic crises have even fueled these problems in the Western world and have left many governments unable to address them. In many rural communities throughout Europe and the United States, these dynamics entail the closure of important local businesses and facilities such as village stores, local pubs and event spaces, bank branches and post offices, cultivation and processing enterprises, tourism and recreational facilities, libraries, and child care, retirement and medical facilities (Bailey, 2012; Haugh, 2007; Somerville & McElwee, 2011). The forfeiture of these organizations does not only result in a lack of access to certain products and services but also entails a set of interrelated problems, such as a local economy that has been weakened through the loss of jobs and decreasing attractiveness for tourism, the loss of hubs in which locals can interact and socialize, and the decline of local culture (Johnstone & Lionais, 2004; Valchovska &

Watts, 2016). An increasing number of rural communities find themselves trapped in a vicious, self-reinforcing cycle, in which the closure of local businesses and institutions leads to reduced quality of life and, thus, to the migration of the local populace to metropolitan areas. This in turn aggravates the situation within the rural communities. Although policies are enforced by most governments to address these problems (Kleinhans, 2017), available funding is limited and many governments face cuts in expenditures. Consequently, local community-based action, i.e., action that is driven by the community itself and reflects and supports the perspectives and demands of local communities (UNDP Environment and Energy Group, 2010), has become more important than ever (United Nations, 2015). The great potential of local communities to develop creative solutions based on local capacity has thus attracted the interest of practitioners and scholars alike (Daskalaki et al., 2015; Dubb, 2016; UNDP, 2009).

Providing valuable social, human and natural capital, rural communities offer a fruitful ground for entrepreneurial action (Johannisson & Nilsson, 1989; Johnstone & Lionais, 2004; McKeever et al., 2015). Throughout the world, we find a growing number of communities that take on responsibility for their problems by cooperatively establishing local businesses based on local capacity that aim at tackling local problems. So-called community-based enterprises are collectively established, owned and controlled by the members of the local community, in which they are embedded and for which they aim to generate economic, social and/or ecological benefits (Hertel & Belz, 2017). Although economic revenue generation is important to ensure economic viability, it may be secondary, and a great part of the benefits is redistributed to the community (Peredo & Chrisman, 2006). Community-based enterprises address a wide array of often interrelated local problems that emerge in different sectors such as hospitality, health, energy, forestry, and agriculture. Besides the preservation of local assets, they also generate wider economic, social, cultural and ecological benefits such as strengthening of local economies by supporting local producers and making the area more attractive for tourists, reducing emissions through the support of local supply chains and the sustainable use of local natural resources, and providing additional benefits to the community by creating community hubs (Bailey, 2012; Kleinhans, 2017; Valchovska & Watts, 2016). In addition, community-based enterprise creation yields further benefits by promoting individual and community-based entrepreneurship (Peredo & Chrisman, 2006). Taken together, we conceptualize

successful community-based enterprise creation as the creation of enterprises that (1) are collectively established, owned and controlled by a large part of the people living in a local community, (2) generate sufficient profit to sustain themselves in the long run, and (3) succeed in solving one or more local problems while yielding additional economic, social and/or ecological value. However, despite the increasing prevalence of community-based enterprises, their relevance for promoting the achievement several of the SDGs, and growing scholarly interest, we still know little about the creation of community-based enterprises (Daskalaki et al., 2015).

Community-Based Enterprise Creation

Although community-based enterprise creation shares many similarities with that of other types of enterprises (Haugh, 2007), it is substantially distinct in that it often occurs in the face of some sort of problem or crisis (Johnstone & Lionais, 2004), and depends on the involvement of a large number of people who contribute human, financial, natural and social resources (Vestrum & Rasmussen, 2013). Thus far, most of the research on this topic has focused on describing community-based enterprises and on exploring their potential to tackle local problems, thereby neglecting the process of enterprise creation. Only a handful of studies provide empirical evidence of community-based enterprise creation (e.g. Haugh, 2007; Valchovska & Watts, 2016; Vestrum, 2014). While Valchovska & Watts (2016) give a rather descriptive account of the community-based enterprise creation process, Vestrum and her colleagues focus on specific aspects of the process, such as embedding (Vestrum, 2014), resource mobilization (Vestrum, 2016) and legitimacy building (Vestrum et al., 2017). Haugh (2007) develops a six-stage process model of community-based enterprise creation comprising (1) opportunity identification, (2) idea articulation, (3) idea ownership, (4) stakeholder mobilization, (5) opportunity exploitation, and (6) stakeholder reflection. According to her model, the venture creation process starts with the recognition of an unsatisfied need within a local community. Next, the idea givers share their thoughts, develop an initial business idea, create a formal team, and assemble the required resources. Following this, with the support of the local community, they develop, evaluate and implement a business plan, form a legal business, and, finally, enter the market. Although this model serves as a valuable starting point by providing an objective description of how the venture creation process unfolded over time, we still

lack an understanding of the dynamics that trigger and fuel this process (Hertel & Belz, 2017). If community-based enterprises are so effective in addressing local problems, then why do only some communities decide and manage to solve their problems by establishing community-based enterprises, while others facing similar conditions do not?

Broadly, researchers agree that community-based forms of entrepreneurship will emerge in contexts of instability and flux (Bailey, 2012; Daskalaki et al., 2015; Johnstone & Lionais, 2004; Kleinhans, 2017; Lumpkin et al., 2018). Peredo and Chrisman (2006) theoretically derive four factors that trigger the emergence of collective entrepreneurial action, namely (1) the presence of multi-faceted social, cultural, ecological, political and economic problems, (2) a tradition of collective action, (3) a deposit of social capital and social networks, and (4) a medium community size that ensures a resource base of a certain size while, at the same time, securing the strength of the social bonds and networks between the local inhabitants. Acknowledging that these factors constitute only a ‘preliminary attempt (...) to explain typical components’ of community enterprise creation (p.323), they stress that future research is required to explore why some communities are more conducive to community-based enterprise creation. Thus far, subsequent studies have mainly focused on verifying the conditions proposed by Peredo and Chrisman (e.g., Handy et al., 2011; Valchovska & Watts, 2016), but do not dig deeper into the enabling factors of successful community-based enterprise creation. However, if we want to leverage the transformative capacity of rural communities, which is crucial for the achievement of the SDGs, we must gain a more nuanced understanding of the underlying mechanisms and dynamics of successful community-based enterprise creation. In this study, we, therefore, set out to explore the enabling factors of successful community-based enterprise creation.

METHODOLOGY

Research Design

Due to the newness of the topic, we adopted a qualitative research approach. We conducted a case study since it is the preferred method for investigating complex, contemporary phenomena within real-life contexts (Yin, 2013). Initially, we planned to mainly rely on semi-structured interviews. However, after the first round of data collection, we encountered three different breakdowns, i.e., unanticipated and unexpected lack of fit between theoretical assumptions and empirical impressions (Alvesson & Kärreman, 2007), that required an adjustment of the research schema. We, therefore, decided to employ more ethnographic data collection approaches such as participant and non-participant observations, which have proven to be useful for resolving mysteries encountered during the research process (Agar, 1986; Mantere & Kentokivi, 2013). Ethnographic data collection methods are particularly well-suited for phenomena rooted in local culture and identity as they allow the researcher to immerse in and holistically understand local culture and identity (Hammersley & Atkinson, 2007; Mantere & Kentokivi, 2013; Poteete et al, 2010).

Research Context

To date, a large part of the literature focuses on community-based enterprises in contexts characterized by poverty and social inequality (Hertel & Belz, 2017). Despite calls for further studies in developed countries (Daskalaki et al., 2015; Haugh, 2007; Peredo & Chrisman, 2006), only a handful of studies have focused on community-based enterprise creation in more affluent regions (e.g., Haugh, 2007; Valchovska & Watts, 2016). This is surprising since the number of community-based enterprises in rather affluent parts of countries like the US, Germany, or Finland is increasing. The federal state of Bavaria in Germany constitutes a promising research context: Although it is among the two most economically strong states in Germany, many rural villages in Bavaria face the same problems discussed above: with the demographic changes and socio-economic developments, many local businesses are closing, thereby depriving rural areas of employment opportunities and access to services, making these areas even less attractive and fueling migration of the populace to metropolitan areas. In Bavaria, over 750 municipalities have lost their local pubs or restaurants,

which is more than one third of all Bavarian municipalities (Hopfinger et al., 2013). Since pubs and beer are central elements of local tradition, this development has had detrimental effects for the locals. Besides losing a place to eat and drink, inhabitants are being deprived of their central hub and meeting place. A comprehensive study of this development in Bavaria claims “where the pub dies, the village dies” (Hopfinger et al., 2013). Despite Bavaria’s generally strong economic situation, municipalities face cuts in budgets, are forced to reduce expenditures and can, therefore, often not assume responsibility for solving such issues through financial support of community development projects or individual businesses. Thus, we have chosen the creation of community pubs in Bavaria as a relevant exemplary context for studying successful community-based enterprise creation.

Case Selection and Data Collection

We searched for revelatory cases (Yin, 2013) by adopting a purposeful sampling strategy (Patton, 1990). An expert, who had worked as a consultant in this field for more than a decade, helped us to identify cases. We first selected Altenau since it offered access to a unique data set (extensive video footage). During data collection there, we learned about Vorderburg, where we had the opportunity to track parts of the creation process as it unfolded. We soon found that, although Altenau and Vorderburg are similar in various regards, they differ in central aspects and, thus, turned out to be an ideal set of complementary, revelatory cases for our research (Yin, 2013). In our first round of data collection and analysis, we encountered three different breakdowns, which we could not explain (see Data Analysis). We, therefore, engaged in additional rounds of data collection employing ethnographic methods, which gave us a better understanding of the local culture and dynamics (Mantere & Kentokivi, 2013). Overall, the first author spent over 125 hours at Altenau during three visits and over 450 hours at Vorderburg during four visits. This helped us to gain the locals’ trust and to get accepted within the communities, which was crucial for understanding the dynamics of community-based enterprise creation. To comprehend the relations between the different actors, as well as their backgrounds and resultant motivations, we relied on multiple sources of data, including semi-structured interviews (partially supported by visual methods), non-participant and participant observations, visual data (photos and videos), as well as secondary data (Table 8).

ESSAY III

Data source		Altenau	Vorderburg
Primary data	Interviews	7 interviews with 6 individuals (288 min.)	7 interviews with 7 individuals (265 min.)
	Field notes	19 pages of field notes from non-participant observations made during three visits (125 hours on site)	31 pages of field notes from non-participant and participant observations made during four visits (450 hours on site)
Secondary data	Video footage	50 episodes of a TV documentary following the creation process in real time (2-7 mins per episode), 31 pages of summaries and transcriptions of key quotes	n/a
	Internal documents	52 pages of internal documents (legal documents, plans and organigrams, internal documentation of the process)	42 pages of internal documents (legal documents, plans, detailed time sheet documenting all activities and individuals, further internal documentation of the process)
	External documents	16 pages of archival documents (newspaper articles, press releases, transcripts of TV reports)	62 pages of archival documents (newspaper articles, press releases, transcripts of TV and radio reports)

Table 8: Overview of the data collected (Essay III)

Data collection in Altenau. We started data collection in Altenau in March 2016. Enterprise creation started in 2013 and the enterprise opened in 2015. We did not follow the creation process directly, but had access to non-retrospective data as the venture creation process had been covered by a local television channel over 17 months (264 minutes of video footage from 51 short episodes). Prior to the interviews, we watched all episodes, made detailed notes, and transcribed revealing quotes. These notes served as a basis for the first round of semi-structured interviews. Using snowball sampling, we then proceeded to conduct semi-structured interviews with several team members holding leading positions within the enterprises, and then moved on to interview other stakeholders, until we felt that more interviews did not yield novel information. To ensure that we would cover all perspectives, we sampled the interviewees based on a maximum variation strategy (Patton, 1990). Interviews lasted between 35 and 95 minutes, were audio-taped and transcribed. All interviews were conducted directly at the community pub as this environment stimulated the interviewees' emotions and helped to recall memories. During three visits, the first

author also led various informal conversations, during which she took field notes that were digitized. Finally, the team granted us access to their internal archive comprising all articles published online and offline, as well as official documents.

Data collection in Vorderburg. In Vorderburg, the community-based enterprise creation process was initiated in 2016 and the new pub opened in June 2017. We started data collection in January 2017 and were, thus, able to track several months of the creation process directly as it unfolded. To make maximum use of this research opportunity, the lead author visited the community four times in monthly intervals and participated in important meetings and events. Adopting the same respondent sampling strategy as in Altenau, we conducted seven official interviews (25 to 85 minutes) during the first visit. During her multiple visits, the first author shadowed the members on the construction site and actively helped with the construction work. In addition, she accompanied lead actors in their daily life to get a better understanding of their way of living, which she recorded in a diary. Later, she attended the inaugural events that extended over several days and included holistic collective revues of the entire process. The speeches held during these festivities were recorded and transcribed, and turned out to be a pivotal data source. We triangulated our primary data with secondary data from public and internal sources. Most importantly, we built on the community's internal time sheet, which provides an overview of each task that was performed by specific individuals throughout the whole process.

Data Analysis

We employed an abductive data analysis approach to provide theoretical explanations for novel phenomena (Alvesson & Kärreman, 2007). In the following sections, we will elaborate on the single analysis steps we engaged in. Since identification and collective identity emerged as important theoretical concepts to explain the surprising findings and breakdowns we encountered, we will also provide a brief explanation of these concepts.

Case narratives. As the first step, we followed a narrative strategy aiming to condense a detailed story of the enterprise creation processes (Langley, 1999). For this realm,

we used MAXQDA to assign codes and time marks to our data. Following the recommendations of Yin (2013), we first did a within-case analysis before we proceeded to a between-case analysis. We created a document in chronological order for each case and used different types of data displays (Miles et al., 2014). The resulting case narratives constituted the basis for subsequent analysis steps.

Breakdowns. The case narratives yielded three breakdowns which were not in line with existing theory and could not be explained by the empirical evidence we had collected so far (Alvesson & Kärreman, 2007; Mantere & Kentokivi, 2013). First, while the characteristics of the villages and the underlying problem were very similar in both communities, it took 12 years in Altenau for community-based enterprise creation to commence. In Vorderburg, on the other hand, the process started directly after the owner decided to sell the building. This left us with the following question: How do we explain why it took twelve years in Altenau to initiate community-based enterprise creation, while this was the community's immediate reaction in Vorderburg?

Second, in Vorderburg, governmental subsidies initially constituted a central building block in the financial concept. Later, most of the external financial sources were cancelled due to changes in regulations and unrealistic requirements. What puzzled us was the fact that the withdrawal of external support did not impede enterprise creation but rather motivated the locals to find solutions for an even better and bigger project. This led to the question: How do we explain that the lack or withdrawal of external support fueled community-based enterprise creation?

Third, our data contained statements that sounded almost unbelievable or counterintuitive. For example, the respondents repeatedly highlighted how amazed they had been about the inexhaustible and ever-growing support of the community. In both cases, over 200 people actively participated in community-based enterprise creation and invested money, natural resources, time and expertise. Although the processes were lengthy (16 months in Altenau and 19 months in Vorderburg) and strenuous, the number of active supporters steadily increased instead of decreasing, which is what we would have expected based on our experience from prior research projects and findings from the social movements and collective action literatures (e.g., Klandermans & Oegema, 1987; Stryker, 2000). Therefore, the third puzzle we were

confronted with therefore was: How do we explain why both cases managed to sustain and even increase commitment over such long periods of time?

When surprising findings call for an explanation, abductive reasoning is appropriate (Timmermans & Tavory, 2012). Abduction, as a form of scientific reasoning, is based on surprising or puzzling empirical material (Hanson, 1965), which is then, in a methodological rigorous process, analyzed against the background of a variety of theoretical lenses (Alvesson & Kärreman, 2007). With our research questions and the three breakdowns in mind, we engaged in several further rounds of coding and data collection. In a first round of open coding, we kept as close to the respondents' voice as possible. When we condensed the long list of open codes into first-order codes, we became aware of the respondents' extensive use of the word 'identification'. In line with that, we found that, in both villages, the members had strong feelings of attachment to their village and differentiated their village from other villages. We realized that identification could be the key to explaining the puzzles and used it as a starting point for our dialogue with the data, but ensured to remain open to being challenged by the data (Mantere & Kentokivi, 2013). During our subsequent rounds of data collection, we employed more ethnographic methods (Hammersley & Atkinson, 2007; Poteete et al., 2010) and focused on immersing ourselves in the local culture, traditions and history. Using non-participant and participant observation as well as informal conversations, we gradually gained an understanding of the antecedents of the locals' identification with their village and its effect on successful community-based enterprise creation. During our iterative analysis steps, the emergence and reinforcement of a new collective identity as enterprising community additionally emerged as an enabler for successful community-based enterprise creation. In the following, we briefly introduce the theoretical assumptions and draw conceptual boundaries between the concepts of (group) identification and collective identity.

Group Identification and Collective Identity

Group identification is an element of social identity theory which has its roots in social psychology. The underlying assumption is that individuals break down their social environment in groups (Tajfel & Turner, 1979). An individual's social identity is then formed through self-categorization, i.e., the identification with certain in-groups, and

social comparison, i.e., the comparison with other out-groups (Hogg & Abrams, 1988). Hence, group identification is an element of an individual’s social identity (Klandermans & de Weerd, 2000), and is, thus, an individual level construct.

Although group identification and collective identity are interrelated concepts, they are distinct and need to be carefully separated. Collective identity as a concept has been used in many contexts, but it is often unclear how it is operationalized and conceptualized (Stryker, 2000). According to Gamson (1992, p. 60), collective identity is “manifested through the language and symbols by which it is publicly expressed. We know collective identity by the cultural icons and artifacts displayed by those who embrace it”. As such, it is formed and negotiated in a process of repeated interaction between individuals within a certain group (Melucci, 1996). People who develop a shared collective identity most likely identify with the same group. Collective identity emerges at the nexus between individual and cultural systems (Klandermans & de Weerd, 2000) and, thus, through interaction of people who identify with the group. During the past decades, identity has become a central, yet highly confounded, concept for explaining collective action and social movement dynamics (Snow & McAdam, 2000). Although most scholars agree that collective identity is a prerequisite for collective action (Oliver et al., 2003), many criticize that it is often unclear how identity is operationalized and conceptualized (Stryker, 2000).

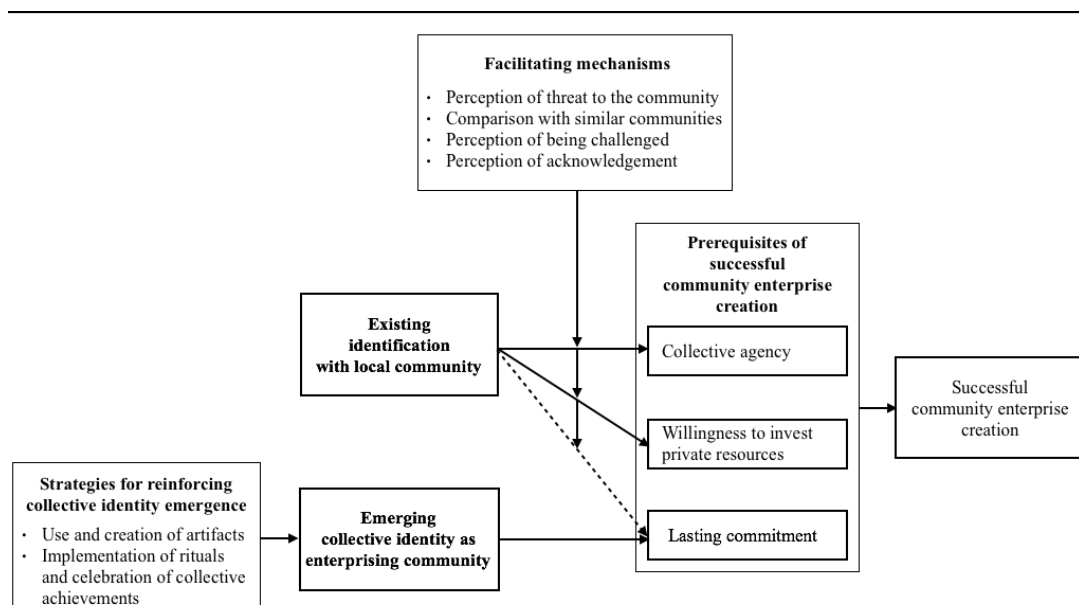


Figure 6: An identity-based explanation of successful community enterprise creation

FINDINGS

The analysis of our empirical evidence allowed us to develop a model for explaining successful enterprise creation (Figure 6), which we will illustrate in the following chapter. We start by explaining the prerequisites for successful community-based enterprise creation, which we derived from our case narratives, before we show how (1) the existing *identification with the local community*, and (2) an *emerging collective identity as enterprising community* function as enablers for these prerequisites.

Prerequisites of Successful Community-Based Enterprise Creation

We started with writing narratives of the community-based enterprise creation process, in which we focused on the underlying problem, the prerequisites of community-based enterprise creation and the outcome of the community-based enterprise creation process. Based on the case narratives, we identified three prerequisites of successful community-based enterprise creation, namely (1) collective agency, (2) willingness to invest private resources, and (3) lasting commitment (Table 9).

Collective agency. Collective agency can be conceptualized as people's shared beliefs in their collective capacity to produce an outcome that cannot be accomplished by an individual (Bandura, 2000). While many local communities face economic, social and/or ecological problems of some kind, most of them remain inactive. Community-based enterprise creation is only triggered, if the members of a community decide to take their fate into their own hands and, instead of waiting for a top-down solution, collectively take on responsibility for tackling the problem. Collective efficacy, i.e., the belief that, collectively, the community can be effective in changing the situation (Brewer & Silver, 2000), is a key ingredient of collective agency (Bandura, 2000). The following quotes illustrate collective agency in both the cases:

We said: 'Now we have to try it, that's the last chance we get!' Altenau-I5

We needed to take that into our own hands – that was clear. (...) We are a small, sworn village community, and with that cohesion, it's possible to accomplish projects like that!
Altenau-I2

It was pretty obvious that we had to do this collectively. Vorderburg-I1

ALTENAU	VORDERBURG
<p>The village</p> <p>Altenau has about 630 inhabitants and is part of a subordinate municipality comprising three villages. The area is a popular destination for tourists for hiking, biking or skiing. With its proximity to the castles of King Ludwig and its lakes and mountains, the area attracts tourists from all over the world.</p>	<p>The village</p> <p>Vorderburg is a small Bavarian village with about 550 inhabitants. It belongs to a municipality that comprises three villages. Its proximity to the mountains and the various recreational activities provided, such as hiking, skiing and cycling, make the village an attractive destination for tourists.</p>
<p>The problem</p> <p>When the tenant of the pub quit in 2001, the pub owners decided not to search for a successor. As nobody was willing to pay a high price for the old building, it was left vacant. The loss of the pub not only entailed the loss of the central meeting space for community members but also had detrimental effects on their social life by depriving the associations of their homes. Despite the growing dissatisfaction and ongoing discussions, however, there was no concrete or tangible solution. Many inhabitants demanded that the government should step in, but the municipality refused to do so due to a lack of resources and a fear of similar claims from sister villages.</p>	<p>The problem</p> <p>In Vorderburg, the pub owner of a local brewery, decided not to search for a new tenant in 2015, after the earlier tenants had struggled to keep up the business for years. Fearing various detrimental consequences for their village, the locals immediately started discussing the problem. However, no matter how they turned it, a private business solution was not a profitable option under the given conditions. The role of the municipality was discussed extensively, but the municipality refused to take on responsibility since they were already investing in several of the local associations and wanted to avoid having to make similar investments in other communities.</p>
<p>Prerequisites of community enterprise creation</p> <p><i>Collective agency.</i> This situation did not change until 2012, when the owners decided to sell the building to the highest bidder. When two locals heard that several external investors had already declared their interest, they realized that this was their last chance to save the pub. The two soon came up with a vision: “But... what if we did it collectively?” (Altenau-I3). Together, they developed an initial vision and realized that implementing these ideas would require a strong team willing to take on responsibility, which is why they assembled a team of ten members.</p>	<p>Prerequisites of community enterprise creation</p> <p><i>Collective agency.</i> When a local contractor received the information that the building was to be sold to an external construction company, he immediately called a friend, who is very well-known for his involvement and leadership in various associations, to tell him about this “catastrophe” (Vorderburg-I5), and ask him to help him prevent this. For the two, it seemed to be instantly clear that this issue had to be solved collectively. They decided that they would need a strong team and convinced seven highly committed others to join them and officially take on process ownership.</p>

ALTENAU	VORDERBURG
<p>Willingness to invest. Over the next few weeks, the core team worked on developing a broad concept, based on which they managed to convince eight locals to invest €50,000 each. This left an amount of €94,000 to be covered by the rest of the community in the form of €1,000 shares in the enterprise. In January 2013, they organized an information event with the aim to evaluate the locals’ willingness to participate. The hall was “full to bursting” (Altenau-I2) and, within only one week, the team had raised more money than expected.</p>	<p>Willingness to invest. The team concluded that they needed €200,000 from the community on top of the governmental subsidies. The information event in late 2015 and attracted more than 200 people and only one week later, the team had collected €204,000. When most of the governmental subsidies were cancelled due to changes in regulations, the team was close to cancelling all the plans. However, the rest of community came up with an idea to mitigate the problems: they collected over 200m³ of wood, which was partially used for the construction and partially sold.</p>
<p>Lasting commitment. Successful mobilization of a large part of the community only marked the start of a lengthy planning and implementation phase. In April 2015, the community started with the renovation of the entire building. Over 16 months, between 20 and 50 people voluntarily helped on the construction site. The level of support exceeded all expectations and the team was able to continuously extend their plans. Although the implementation process took 16 months, commitment to the project did not decrease. On the contrary, people who had been skeptical in the beginning joined in at later stages. Overall, more than 250 people supported the project by investing money, helping with the planning, donating building materials, helping on the construction site, or providing food for the workers.</p>	<p>Lasting commitment. The construction process started in late 2015. From then, more than 25 locals worked on the construction site every weekend for over 19 months. Everyone was invited to contribute in his or her own way: While local experts led teams of voluntary workers on the construction site, the women were responsible for painting, the elderly took care of airing during the week, and the entire community collectively nailed the traditional shingles to the façade. Although the information events had already indicated a high level of support, the core team repeatedly expressed their surprise about the enduring commitment of the crowd of supporters. Notwithstanding the length of the process, participation increased and locals who had been rather skeptical in the beginning joined the project during later stages.</p>
<p>The outcome</p> <p>The community managed to build a pub worth nearly €2,000,000 with an initial investment of about €700,000. Since its opening in 2015, the new pub has become the heart of the village. It is rented out to a tenant but is actively governed by the community. In sum, the pub has enhanced the quality of life in the area by offering a meeting place, providing a home to the local associations, triggering further collective projects, and attracting tourists.</p>	<p>The outcome</p> <p>Overall, the locals invested over 200,000 hours of voluntary work worth €550,000 in the establishment of their pub. The new community pub opened in May 2017. Part of the pub is not only a large village hall, which serves as a meeting place and event space for the locals and their associations, but also a small supermarket selling local products and a bank branch. The pub also has some guest rooms and has become a popular destination for tourists.</p>

Table 9: Case narratives and prerequisites for community-based enterprise creation

Willingness to invest private resources. While collective agency sets the ground for community-based enterprise creation, the enterprise can only be established if sufficient community members commit to invest private resources towards a common cause. Our narratives show that the creation of a community-based enterprise requires different types of financial, natural, human and social capital, invested by different people at different points in time. The main financial investment is covered in the early phases of the process, mostly through selling shares in the enterprise and raising external subsidies. Both teams knew that, if the projects were to be successful in the long-run, ownership had to lie with the community. Interestingly, the teams did not encounter any challenges when it came to raising the money from the community, even though none of the investors could expect any significant returns on their investments. On the contrary, in both cases, community investments exceeded the expectations of the teams and allowed them to even expand their initial plans:

They had to come with their contributions to my house. Seriously, I think I have never had to drink so much schnapps in my entire life before – at least not within ten days! (...) It was beyond belief! The degree of enthusiasm people came with and [said]: ‘I participate with € 1.000’, ‘I put in 5.000€’ –from people we hadn’t expected anything from! Altenau-15

When more than 200 people showed up, we already knew: there is a high interest in saving the pub. (...) Then we told them that, with the shares, they had one week. It was a really thrilling week. (...) And suddenly, we had sold 204 shares – 204 shares within one week! Vorderburg-11

Lasting commitment. While buying shares in the business is a one-time event that does not entail further commitment, the case narratives expose the importance of the extensive investment of human capital, in the form of time, workforce, experience and expertise, for implementing the plans. Both enterprises could only be established in a way that allows for profitable operation due to the high investment of natural capital and human capital in the form of voluntary work of the locals (about 22.000 hours in Altenau and 21.000 hours in Vorderburg). Decreasing commitment over time is a common topic in the collective action and social movements literatures (e.g. Klandermans & Oegema, 1987; Stryker, 2000). The final key prerequisite of community-based enterprise creation, therefore, is the lasting commitment of a formal core team as well as of a large group of supporters from the broader community. The following quotes illustrate the lasting commitment in the two cases:

But because everybody participated, we managed to do much more with the same budget than we had initially planned. That was really amazing. We saved so much money because of all this continuous voluntary work, it was simply amazing! Altenau-I3

We often thought that the motivation would decrease over time. This might have happened with some people for two or three weeks - and then everybody was back! Vorderburg-3

Identification with the Local Community as Enabler of Community-Based Enterprise Creation

In both villages, our respondents expressed strong feelings of attachment to their village, differentiated it from other villages, and often equated themselves with the village. Table 10 provides empirical evidence of the locals' identification with their own communities (i.e., villages), as well as differentiation from other villages (Tajfel & Turner, 1979). Both villages are characterized by continuity and have undergone very little change during the past decades (i.e., low rates of emigration or immigration, few newly built houses). Local tradition plays an important role in the locals' lives, which is reflected in large and strong associations. In both villages, most inhabitants are members of at least one of the multiple local associations, such as the traditional folk music band or the traditional costumes society. Extensive participation is honored in the villages, and some associations, for instance the traditional music band, are also well known in the broader area, and the locals are very proud of their associations. Altogether, continuity, intensive interaction between the local community members, shared values and goals, and prior collective success have led to a very high identification of the locals with their villages.

Our analysis revealed that the people's strong existing identification with the local community functioned as an enabler of the three prerequisites for community-based enterprise creation; particularly of collective agency and people's willingness to invest private resources. In both cases, we identified two locals with a long history of involvement in community activities as initiators of the collective action. Since they identified so strongly with their local community, they perceived the collective problem as a personal problem and decided to adopt problem ownership. Collective action, then, seemed to be a natural response. We were surprised with how easy it was for them to convince others to join the core team—even though people knew that joining the core team would entail a very heavy load of unpaid work and a great level of responsibility. Similarly, astonishing was the fact that the initiators in Altenau managed to convince eight locals to invest € 50.000 each without expecting any

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	Exemplary quote from Altenau	Exemplary quote from Vorderburg
Identification with the village	<p>I identify with the village 100% because there's this cohesion, because it's where I come from, it's the center of my and my family's life. Altenau-VF2</p> <p>I couldn't imagine moving away. If some princess from Schloss Linderhof had asked me to marry her, I would have replied: 'Great, but you need to come to Altenau!' My wife is from here and I could never have imagined moving even to the next village. That would have been impossible. I was born here and I know that I will die here. Altenau-I7</p>	<p>I don't know, it's the cohesion. People absolutely, absolutely identify with the village here. Vorderburg-I2</p> <p>Well, you just have this emotional attachment to this village here... attachment, yes. Not only as an individual but with the entire family – it's pretty amazing... Vorderburg-I5</p>
Differentiation from other villages	<p>Altenau is, when it comes to life in the village, an independent place. Of course, we could have gone to Saulgrub, they would have let us use their village hall – but you just wouldn't have the same identification there! Altenau-I7</p>	<p>No, not a real local, I'm a border crosser. I live about 100 meter on the other side of the border. Vorderburg-I7</p>

Table 10: Evidence for the identification with the local community

personal monetary benefit. When we dug deeper into the backgrounds of the core team members and major investors, we found that, with one exception, they shared an exceptionally high level of identification with their villages as leaders of one of the associations or members of the municipal council. Our evidence shows that the initiators convinced the others to get on board by appealing to their identity as local community members and by highlighting that their participation was highly decisive for the success of the entire enterprise.

The initiators in Altenau specifically explained to us how they had appealed to the others' sense of responsibility and solidarity as local community members and how they had stressed that their participation was crucial for the success of the entire project. In turn, evidence showed how difficult it is to convince individuals without a high level of identification. In Altenau, the initial core team approached a good friend, who could bring in the required business expertise, but had only moved to the village a few years ago. Interestingly, he was the only one who did not believe in the viability of the idea and initially refused to support it. Taken together, our findings show that a

strong prior identification with the local community triggers a perception of collective agency and also entails a certain threshold of collective efficacy. Believing in the capability of the community, people with a strong identification with the village tend to have higher willingness to participate in community-based enterprise creation even before knowing details. On the other hand, when community identification is low, individuals lack collective efficacy and, thus, hesitate to get involved.

Mobilizing the community was the next important milestone for the core teams. When we analyzed the video footage from the information event in Altenau, we could clearly see how the team appealed to the locals' identity as villagers and specifically harnessed their sense of identification with the village. The set-up and agenda of the information events in both cases strongly resembled each other: in both communities, the event took place in the fire stations, which had been built (in Altenau) or renovated (in Vorderburg) collectively by the locals, and, thus, evoked a sense of collective agency. Before presenting the idea, the teams showed old photographs from the pub and life in the village to elicit peoples' memories and trigger a sense of identification (Figure 7).



Figure 7: Harnessing locals' identification with the community: Picture from the first information event in Altenau

Overall, we find that a high level of identification with the local village constitutes the nourishing ground for successful community-based enterprise creation. However, although the variance in the locals' level of identification with their community can explain why some local communities decide and manage to establish community-based enterprises while others who face similar problems do not, it still does not provide answers to the three breakdowns we encountered. For example, although most locals in both villages strongly identified with their communities, this identification did not automatically lead to collective action when the problem occurred in Altenau, while it did so in Vorderburg. We dug deeper into our data and identified four different mechanisms that enhance the locals' perception of their identification with the community, thereby triggering action: (1) perception of threat to the community, (2) comparison with similar communities, (3) perception of being challenged, and (4) perception of acknowledgement.

Perception of threat to the community. A central finding emerged from the most striking difference between our two cases, i.e., the difference in time that passed between the emergence of the problem and initiation of community-based enterprise creation. How can this difference be explained? And why did Altenau suddenly come up with this idea based on collective action after all this time when it was never discussed as an option before? Our first assumption, that the reason could be a lower need or lower level of dissatisfaction in Altenau, was dispelled by our data: within the framework of a governmental development project in Altenau in 2008, people were asked what problem should be addressed first, and for a vast majority of the local inhabitants, the lack of the local pub and village hall was the most pressing issue to be solved. Although this entailed the formation of a special working group, no solution had been found. This situation did not change until 2012, when the owners of the building decided to sell it and soon had several prospective buyers – external investors, who planned to tear down the building. It was the threat of the space being used for building an apartment block or hospice that finally triggered collective agency. We find evidence of a similar situation in Vorderburg, where, like in Altenau, the old building would have been torn down to make room for an apartment block. The idea of watching this happen in the middle of their village constituted a perceived threat to the community as the locals knew it and identified with it:

And there were rumors about various potential buyers, who... For sure, they wouldn't have misused it... But... For example, a hospice association... Of course, that's an important topic, we all need to die one day, but in the middle of our village, directly next to the school?! (...) Altenau-I5

We agreed that we had to decide what to do. (...) If that would have been sold, if maybe a multi-family apartment block had been built there – that would have been a catastrophe for the village!

It was despair, you know, it really was despair. We were desperate. If this had happened... Do you understand that? Vorderburg-I2

Our data shows that, in both cases, collective agency arose suddenly after the owners had announced to sell the building to someone who would re-purpose it. Although the common problem, i.e., the lack of the pub as a meeting place and home to the local associations, had aroused a high level of dissatisfaction in Altenau over many years, it required a triggering event that induced the perception of an explicit and acute threat to the community to trigger community-based enterprise creation. Thus, while a certain level of identification with the local community is a prerequisite for collective agency, a triggering event in the form of an explicit and acute threat to a community's identity may be necessary to actually initiate community-based enterprise creation. Furthermore, the initiators strategically played with this fear to mobilize core team members and supporters, for example, by arguing that people's action was inevitable for "safeguarding" the community as they knew it (Altenau-I3) or "coming up with dramatic names for the meetings" (Vorderburg-I1). As such, the perceived threat also facilitated people's willingness to invest and their commitment.

Comparison with similar communities. At an early stage, the core team in Altenau organized an "espionage tour" to visit other successful community-based enterprises "to check out what others had been able to achieve" (Altenau-VF2). They also had connections to other rural communities in the area facing similar problems, that had convinced the municipalities to subsidize the local pub, but which were still facing significant challenges with economic viability. These experiences triggered the determination to respond to the problem with purely citizen-based collective action showing "them" that "they" could do it by themselves and be more successful at the same time.

I mean, if you look around, in any of the villages where the municipalities have agreed to take over the pub... They're all struggling, they're all facing serious problems. We definitely didn't want that. Altenau-I3

The community in Vorderburg also invited the locals to visit the other villages as a means of inspiration, which had a strong motivational effect on the group:

And then we said: 'Well, okay, then let's drive there!' And then ten people went there with a small bus and they showed us their business and this was when it started. From then on, we knew that we wanted to do it. Vorderburg-I3

Our data shows that the visit triggered the locals' desire to prove that their community was at least as good—if not better than—other similar communities, thereby facilitating all three prerequisites of community-based enterprise creation.

Perception of being challenged. Although it was always clear for the core teams that ownership should remain within the community and, thus, the greatest part of the resources should come from the community itself, the core teams also inquired about external funding possibilities. However, both communities faced massive challenges when applying for external funding. A large part of the scheduled external funds was omitted during this stage due to unachievable requirements or changes in regulations. What is particularly striking is that these difficulties did not constrain the communities in their endeavors but enhanced their determination to solve the problem as a strong collective. When the core team in Vorderburg decided to pause the project after the withdrawal of a large part of the subsidies, the rest of community showed up at the construction site to signal their determination to implement the project anyway, thereby motivating the core team to implement the project without the subsidies:

There were so many people who all said: 'We want to start! When can we start?', and [Steffen] called me and said: 'I can't hold them back, they want to get going now!' Vorderburg-I1

The locals brainstormed about possible alternatives and one of them came up with an idea to compensate for the lacking financial resources: he called all locals owning woodlands and invoked them to donate wood. The community collected over 200m³ of wood, which was partially used for the construction and partially sold to raise money for the enterprise. Overall, the lack of support enhanced their motivation instead of diminishing it. In a similar vein, our data showed that expressions of doubt or a lack of belief in the capability of the community to achieve their goals did not fluster the communities incited their ambition to prove the sceptics wrong:

Let them talk... We will show them what we can achieve. Let's see if they are still critical when they see it in the end... Altenau-FN2

Perception of acknowledgement. Finally, the interviews contain extensive references to the reaction of external individuals and institutions as well as expressions of pride. Very early in the creation process in Altenau, a TV channel declared interest to follow the process. The broadcasting team accompanied the community on the construction site every second week. Our data contains various remarks about how proud the members were to be so famous and how much it motivated them to work hard to show the entire country what they were achieving as a village. One interviewee told us that the people from the production team often complained because everything went hand-in-hand and they could not capture any fights or crises. He also told us that this spurred them even more to avoid fights to keep up the image of their village. In addition, Altenau won a high state prize even before they had finished their construction process. The award ceremony became the first official event in the new village hall and was mentioned by several interviewees as having been highly motivational:

Somehow, we won the national award from the Agency for Rural Development. And we were still in the middle of the construction when they called and invited us to the ceremony but nobody had time to go but then the minister said: 'Well, then I'm coming to you!', and then we had the ceremony in our own new village hall! And, that was like the icing on the cake for us! Altenau-I2

We found evidence for similar mechanisms in Vorderburg. Most of the locals we interviewed proudly talked about newspaper articles or media reports in which their project had been featured. This evidence reveals that external acknowledgement of achievements functions as a powerful motivational factor.

Overall, people's existing identification with the local community is the key enabler for successful community-based enterprise creation. However, while we find it to be the key explanation for collective agency and willingness to invest, it does not fully account for the lasting commitment we saw in our cases. However, our analysis revealed another identity concept accounting for the extensive and lasting commitment of the locals, namely an emerging collective identity as enterprising community. Next, we provide evidence for this collective identity, show how it enhances commitment, and explain two different strategies that initiators of community-based enterprises can employ to reinforce the collective identity.

Collective Enterprise Identity as Stimulus for Community-Based Enterprise Creation

Our data contains extensive, vivid descriptions of events and practices that made the work enjoyable. The interviewees repeatedly stressed how much fun they had had working together and how this experience of collectivity had become a major reason for continuous commitment. While the people who had moved to the villages many years ago were never considered as equal members of the group of villagers, we observed the reshuffle of membership and roles during the community-based enterprise creation process. During this process, a new group emerged in which membership was determined not by an individuals' origin or history in the local community but by participation in the community-based enterprise creation process. For example, the projects also attracted many people from neighboring villages and tourists who saw the project and felt the desire to join. When we asked the "real" locals about the role of the external supporters, all supporters seemed to be equally accepted as members of what can be conceptualized as the new 'enterprising community'.

In fact, we were able to experience this dynamic first hand: When the first author first visited the community in Vorderburg, she was welcomed friendly, yet detached. The locals found it hard to understand why "someone from a university" would come to study them and their project. After she had stayed with them and had helped out on the construction site and had participated in various project-related celebrations, she was no longer seen as a researcher but was accepted as a member of the enterprising community. Hence, we could observe a shift from "*we as a village*" to "*we as a group that collectively achieved this*". While the boundaries of the in-group "villagers" are mostly impermeable and static, a new, more inclusive group emerges with new rules and characteristics. Collective identities emerge as a result of repeated interaction between individuals within a certain group and are shaped by shared goals (Melucci, 1996). In sum, the data shows how the emergence of a new collective identity as enterprising community is a powerful driver of successful community-based enterprise creation as it fosters lasting commitment and even encourages people to join in at later stages of the process. While the new collective identity emerges automatically through interaction and collective endeavors towards a common goal, our data reveals two mechanisms through which the collective identity was explicitly reinforced.

Finally, we identified two strategies that initiators of community-based enterprises can adopt to reinforce collective identity emergence, namely (1) use and creation of artifacts, (2) implementation of rituals and celebration of achievements.

Use and creation of artifacts. Naturally, part of the local culture and traditions are imprinted on the emerging collective identity of the enterprising community. However, although there is an overlap, new traditions and symbols that are characteristic of the new collective enterprising community identity emerge. Both communities developed logos for their project and used these logos whenever possible, for instance as flags on the snacks provided for the workers on the construction site or during local festivities (Figure 8). The logos were also printed on t-shirts that all the supporters wore with pride, not only on the construction site but also in their everyday lives to signal their membership in the community-based enterprise (Figure 9).

In Vorderburg, one of the locals, a famous folk musician, composed a community-based enterprise song and set up a recording studio on the construction site one weekend (Figure 10). She invited everyone to sing the chorus together and mixed an official song for the enterprise. This song was played every week on the construction site and was published online. All interviewees asked us whether we had already heard their song and one of the core team members even started crying when she told us the story:

Of course, I also went there. You want to be part of something like that. And in the end, she played our song and I just stood there... That was... I cried and I had goose bumps like mountains. It's so touching to hear that and to know that you're part of it. (...) I still start crying only by thinking about it. It's really... You're part of that and then you hear that and start thinking: 'My goodness, what have we done? What have we started here? That's incredible!' Vorderburg-1

Furthermore, the community in Vorderburg regularly took team pictures of the entire team of supporters in front of the pub to document their progress and the large supportive crowd (Figure 11). Being in these pictures soon became a matter of honor.

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Figure 8: Example for the use of symbols: Picture of the project logo at a concert of a local band



Figure 9: Example for the creation and use of artifacts: Picture of youth wearing t-shirts with the logo and the slogan



Figure 10: Example for collective artifact: Picture of the recording of the village song on the construction side in Vorderburg



Figure 11: Example for collective artifact: Picture of the newly built pub and all supporters in Vorderburg

Implementation of rituals and celebrations of achievements. A recurring theme in our interviews were the various rituals established throughout the enterprise creation process. Over the 16 months of enterprise development in Altenau and the 19 months in Vorderburg, most working days on the construction site had a clear structure. In Vorderburg, for instance, days on the construction site started at eight in the morning with the hardest parts of the work. At ten, the workers had their first short coffee break on site before they had a rich warm lunch at twelve provided by a group of women from the village or a local business (Figure 12). At three, they had coffee, homemade cake and a beer – a moment which soon became all the supporters' favorite ritual. Although they could have stocked up with enough beer for the weekends during the week, one local drove to the brewery in the neighboring village every week half an hour earlier and her car was received by all workers with clapping and jeering. From three in the afternoon, they started with easier work, such as cleaning, and the working day merged into a collective event. The first author spent several days with the community on the construction site and participated in these events, which often lasted until late at night, and during which they ate and drank, watched pictures from the day, showed each other what they had achieved, talked about the plans for the upcoming weeks and dreamed about the opening and the future.

In Altenau, we found similar rituals, which were described as crucial. For example, every time the group had finished one room of their new pub, they moved tables there to celebrate their success. During the weeks, senior citizens started organizing themselves in groups to paint, air or clean the place. These groups soon became popular meeting points for the locals. Both communities had large opening ceremonies lasting several days (Figure 13). While parts were open to the public and attracted hundreds of people, certain other parts were only for the supporters and the effort of every single supporter was highlighted. In sum, our data shows that, by establishing specific rituals, specifically celebrations of collective achievements, the initiators of community-based enterprises can reinforce collective identity emergence, thereby fostering lasting commitment.



Figure 12: Example for a weekly ritual: Lunch on the construction site in Vorderburg



Figure 13: Example for a celebration of collective success: Picture taken at the opening ceremony in Vorderburg

DISCUSSION

These are the stories of two rural communities that, enabled by people's identification with their local communities and an emerging collective identity as enterprising community, successfully created enterprises that did not only solve a specific local problem, but also yielded additional social and economic benefits for the communities. On a broader level, these are stories about successful sustainable development solutions originating at the local level in the form of effective community-based organizations. By presenting these stories, we highlight the important role rural communities can play in achieving the Sustainable Development Goals, and extend our understanding of how untapped community capacity can be harnessed to address problems in local communities. Our central aim was to explore the factors that enable the successful creation of community-based enterprises in rural communities. Community-based enterprise creation is at the intersection of different scholarly conversations. Our study makes three main contributions and yields implications for the literatures on community-based enterprises and community-based organizing as well as on collective action. In addition, we point out pathways for future theory development.

Enabling Factors of Community-Based Enterprise Creation

Despite growing acknowledgement of the potential of community-based enterprises for addressing societal problems (Lumpkin et al., 2018), we still know very little about how and why these enterprises emerge (Daskalaki et al., 2015) and why some communities seem to be more amenable than others (Peredo & Chrisman, 2006). Thus far, literature has suggested some antecedents of community-based enterprise creation such as social networks and social capital, local culture and a history of collective action (Johnstone & Lionais, 2004; Peredo & Chrisman, 2006; Somerville & McElwee, 2011), but we lack empirical research specifically exploring the enabling factors and underlying dynamics of successful community-based enterprise creation. On this matter, we make three distinct contributions.

Prerequisites of successful community-based enterprise creation. Our first contribution is to derive three key prerequisites imperative for successful community-based enterprise creation, namely (1) collective agency, (2) willingness to invest private resources, and (3) lasting commitment. While most rural communities face some local problems, many remain inactive, hoping for external support, while others take fate into their own hands and decide to act collectively to solve their problems. Doing so requires the locals' perception of their capability to change the situation and the belief that, as a group, they could be successful in achieving their goals. Based on existing literature, we subsume this prerequisite under the term of collective agency (Bandura, 2000). Collective agency also implies collective efficacy, or the belief that, collectively, the community can be effective in changing the situation (Brewer & Silver, 2000). People's shared perception of collective agency and collective efficacy affects the types of future they aspire for their group and the type of action they engage (Bandura, 2000). It also affects people's decisions on how to invest their resources and their level of commitment, thereby also laying the foundation for the other two prerequisites of successful community-based enterprise creation.

Thus, while collective agency is the necessary first step to initiate action, community-based enterprise creation requires multiple forms of capital and resources invested by different actors at different points in time (Haugh, 2007). Obtaining these resources is particularly challenging in community-based enterprises as a form of organization that ventures towards a common goal and in which the investors cannot expect significant returns on their investments (Vestrum & Rasmussen, 2013). However, the plans for collective action can be put into effect only if enough people are willing to invest their private resources towards this common goal. Mobilization of private resources is particularly relevant in the context of community-based enterprise creation since community-based enterprises often emerge in less affluent regions with little access to financial resources (Johnstone & Lionais, 2004; Peredo, 2005), where enterprise creation is only possible through small investments by many people.

Finally, our evidence shows that community-based enterprise creation is a lengthy and strenuous process that not only requires one-time investments from people but also the lasting commitment of its supporters over a long period of time until the enterprise enters the market (Haugh, 2007; Valchovska & Watts, 2016). In addition, participation and support must also be perpetuated after market entry to secure the enterprise's viability in the long run (Cieslik, 2016). Altogether, community-based enterprises can

only be established successfully if all three prerequisites come together. While breaking down successful community-based enterprise creation into three distinct prerequisites was a necessary step for our research aim, it also has implications beyond this study as it can serve as a framework to guide more focused future research on each of the three prerequisites.

Identification with the local community as enabler. Our second contribution is to elaborate on the role of people's identification with the local community as key enabler for community-based enterprise creation. With extant literature suggesting factors like local culture and a history of collective action to be antecedents of community-based enterprise creation (Peredo & Chrisman, 2006; Vestrum, 2014), the relevance of locals' identification with their villages might not come completely as a surprise. However, our study extends our understanding in two important ways.

First, we show how the initiators of community-based enterprises can strategically harness identification by explicitly appealing to potential supporters' identity as members of the community. The question of why some people are willing to bear personal costs to solve common problems is not a new one, and the issue of freeriding has been extensively discussed in the literature of collective action (Ostrom, 1999; Pearce, 1980). According to Gamson (1992), people will act to solve a common problem if they feel that no one else would do it. Our evidence shows that initiators can be mobilized by appealing to their identity as a community member, and by highlighting the decisiveness of their participation for the success of the entire enterprise, and the "safeguarding" of the community.

Second, we show that, while identification with a group has a strong motivational effect (Ashforth et al., 2008; Stryker et al., 2000), a high level of identification will not necessarily lead to action towards community-based enterprise creation. More specifically, our data shows that, while identification functions as the propellant, certain facilitating mechanisms act as catalysts to initiate and intensify action. Individuals identify with multiple groups at the same time and these identities are organized hierarchically (Hogg et al., 1995). The more salient an identity is, meaning the further up in the hierarchy it is, the more action-relevant it becomes. We reveal four mechanisms that enhance the salience of people's identification with their local community, thereby facilitating collective agency, willingness to invest, and

commitment: (1) perception of a threat to the community, (2) comparison with similar communities, (3) perception of being challenged, and (4) perception of acknowledgement.

The most important facilitating mechanism we identified, i.e., the *perception of a threat to the community*, provides an explanation for the first breakdown we encountered, namely why it took twelve years in Altenau to initiate community-based enterprise creation, whereas the process immediately started with the closure of the pub in Vorderburg. While the loss of the pub constituted a problem for the locals in both communities, collective action was only triggered after the perception of a threat to the community, here, in the form of the perspective of external investors tearing down and/or repurposing the building, thereby significantly changing the villages' structures. According to social identity theory, people react with different strategies when they perceive a negative status within a group they identify with (Tajfel, 1974). Collective attempts to improve the status will be preferred if the boundaries of the group are rather impermeable and the improvement of the in-group's situation is perceived to be viable (Ellemers et al., 1993). Thus, while identification with the community is the key ingredient for collective action, it required a catalyst, in the form of an explicit and acute threat, to trigger action. Our data also shows how core teams can leverage this facilitating effect by playing with the locals' fear, for example, by prefiguring adverse scenarios.

The second mechanism we identified is the *comparison with similar communities*. Our evidence shows that both communities compared themselves to other villages that resembled their own village in size, structure and culture, and had been either particularly successful or unsuccessful in solving a similar problem. Inter-group comparison is a central process in social identity theory (Abrams & Hogg, 2006) and has been found to facilitate collective action (Brewer & Silver, 2000). By showing how community-based enterprises can inspire and impel each other by providing a basis for inter-group comparison, we contribute to heeding the call by Peredo and Chrisman (2006) to investigate how community-based enterprises can work with and support each other, and whether established community-based enterprises can foster the creation of new ones in other communities and, if they do, how do they manage to do so?

Next, the *perception of being challenged* emerged as a facilitating mechanism. The evidence contained multiple descriptions of skepticism or a lack or withdrawal of support. The second breakdown was related to the fact that challenges seemed to have a motivational effect on the community instead of hampering their collective efforts. By withdrawing subsidies and challenging the community, the governmental institutions emerged as out-groups (Ross, 2007). The awareness of an out-group is related to awareness of the in-group (Ashforth & Mael, 1989) and being challenged encourages individuals to draw the boundaries of their in-group more sharply, thereby enhancing identification and its action related outcomes (van Knippenberg, 1984). Collective action is often targeted towards a common foe (Rao et al., 2011) and there is an entire body of literature explaining collective action triggered by governmental contestation (e.g., White & Fraser, 2000; Ross, 2007). In a similar vein, challenges in the form of lacking support can fuel community-based enterprise creation by fostering motivation and triggering creative, collective alternatives. This finding is particularly intriguing as its practical implications are highly debatable and further research is needed to explore the conditions under which lack of governmental support facilitates or impedes community-based enterprise creation.

Finally, we detected how people's *perception of acknowledgement* facilitated community-based enterprise creation. Our data shows that external interest and acknowledgement, such as media coverage or awards, have a highly motivational effect, thereby fostering commitment. This is also in line with identity theory, which claims that acknowledgement of external actors facilitates action since individuals will perceive the success of the collective as personal success (Tolman, 1943). This, in turn, enhances the desire to achieve even more (Ashforth & Mael, 1989). Although this might not be the most surprising finding, it is of high practical relevance as it stresses the importance to develop and implement public awards and to offer community-based enterprises a stage to present themselves to both similar communities and a broader audience.

Collective identity as enabler. Our third contribution is to illuminate the importance of the emerging collective identity as enterprising community for successful community-based enterprise creation. While existing research tends to equate the local community (i.e., the village) with the enterprising community (i.e., the group of people

actively supporting the project) (Peredo & Chrisman, 2006), our empirical evidence clearly points to the emergence of a new group with distinct, more inclusive membership criteria based on support, not origin, which also makes it open to non-locals. Although parts of the local community values and culture certainly are imprinted on the emerging collective identity, the enterprising community develops its own idiosyncratic collective identity that is negotiated through interaction and joint efforts towards a common goal (Gamson, 1992).

While identification, facilitated by the four mechanisms described above, induces the three prerequisites of successful community-based enterprise creation, a novel collective identity emerging around and within the enterprising community emerged as the explanation for the third and final breakdown we had encountered. Specifically, it was this collective identity that accounted for a large part of the lasting, and even increasing, commitment we saw in both the cases. Decreasing participation despite successful initial mobilization is a commonly discussed problem in social movements and collective action literatures (e.g., Klandermans & Oegema, 1987; Stryker, 2000). When we asked the interviewees about the reasons for their support, they vividly highlighted and described the shared events and practices that made the work enjoyable and created a shared sense of ‘we-ness’ among the supporters of the enterprises, i.e., the enterprising community. This sense of ‘we-ness’ characterizes the development of a collective identity and behaves as a powerful driver for collective action (Snow & McAdam, 2000). The collective identity induces lasting commitment to finish the project and even motivates people to join in at later stages. This has relevant practical implications since the reinforcement of the collective identity of the enterprising community also motivates non-local supporters who do not identify with the local community. Those who are not drawn in by their identification with the village can later be attracted by an emerging collective community-based enterprise identity.

Along these lines, we identify two explicit strategies that can be employed by the initiators to reinforce the collective identity: (1) the use and creation of artifacts, and (2) the implementation of rituals and celebration of collective achievements. By unraveling these specific tactics to reinforce a motivational collective community enterprise identity, we contribute to the literature by showing how leaders of community-based enterprises can attain and sustain community support even over long periods of time (Lobo et al., 2017; Selsky & Smith, 1994; Valchovska & Watts, 2016).

Implications for the Collective Action Literature

Community-based enterprise creation is a special form of collective local action and, therefore, the literatures on collective action and community-based enterprises or community-based organizing can mutually inform each other. Interestingly, to our best knowledge, only one study has thus far alluded to the relevance of extant knowledge from the collective action literature for the study of community-based enterprises (Montgomery et al., 2012). Our study draws insights from the literatures on collective action and social movements, and also pays back to these literatures in several ways. First, we add to the literature by conducting specific research into the local conditions that spur and facilitate collective action (Boone & Özcan, 2014). Specifically, we extend the literature by explaining how culture matters while accounting for the origins and trajectories of social movements and how it can be harnessed to inspire and propel collective action (Oliver et al., 2003).

The importance of identity concepts for explaining collective action behaviors is beyond controversy (Stryker, 2000). However, identity is a confounded concept in social movement research and prior studies have been criticized for conceptual ambiguity and their tendency to ignore relationships between group and individual level concepts (Klandermans & de Weerd, 2000). We contribute to a clearer conceptualization by empirically showing that identification (on an individual level) and collective identity (on a collective level) are related, yet distinct concepts with different effects on collective action. While identification provokes collective agency and people's willingness to invest private resources towards a common goal, it is the new collective identity emerging within the enterprising community that accounts for much of the lasting commitment. Finally, social movements research has been criticized for neglecting the processes through which identities are constructed and enforced (Snow & McAdam, 2000). We start to address this shortcoming by delineating different strategies that foster the creation and enforcement of a collective identity through the creation and embodiment of cultural artifacts.

Implications for Management Research and the SDGs

We have reached a branching point in how we want to organize society and economy, and management research must contribute to our understanding of possible alternative pathways (George et al., 2016). Scholars agree that local, community-based

organizations hold great potential for building an alternative economic system with greater social capacities (Cheney et al., 2014), and for enhancing the social and economic welfare of local citizens (Montgomery et al., 2012; Seelos et al., 2010). Till date, the potential of local communities to contribute to achieving the SDGs has not been adequately harnessed (UNDP, 2018; UNDP Environment and Energy Group, 2010). We contribute to the conversation on tackling societal grand challenges and achieving the SDGs through management research (cf. George et al., 2016) by providing much needed empirical evidence (Cheney et al., 2014; Daskalaki et al., 2015; Mansuri & Rao, 2004) and by shedding light on why only some communities find ways to address their local challenges (van der Vegt et al., 2015). We provide rich empirical evidence on how communities can harness their local resources and capacities to not only tackle specific local problems but take an important step “from vulnerability to resilience” (van der Vegt et al., 2015, p.972).

**ESSAY IV:
WITH EACH OTHER, FOR EACH OTHER?
THE ROLE OF LEADERSHIP FOR COMMUNITY INVOLVEMENT
IN COMMUNITY-BASED ENTREPRENEURSHIP**

ABSTRACT

Utilizing collective action to develop entrepreneurial ventures is particularly pertinent in times where individual undertakings have become insufficient to address societal challenges. Past research has shown that community involvement is at the central asset of community-based entrepreneurship. Yet, we know surprisingly little about the different forms and extents of community involvement, nor about how they can be attained or managed by dedicated leaders throughout the entrepreneurial process. Addressing this important knowledge gap, we explore the role of leadership in community-based entrepreneurship by means of an inductive analysis of four in-depth case studies. Our analysis reveals the importance of a shared leadership style to successfully involve the community. We further shed light on certain leadership practices, and unravel how these practices stimulate team and community member involvement in early venture activities. Our findings hold relevant theoretical implications for our understanding of leadership in entrepreneurial contexts and provide practical means for managing collective action in organizational development.

Co-authors: Dr. Julia Binder, Prof. Dr. Emmanuelle Fauchart

Status: Under revision at Journal of Management Studies

INTRODUCTION

Entrepreneurs are being praised to be powerful problem solvers and change agents (Munoz & Cohen 2017; Patzelt & Shepherd, 2011). To date, the individual entrepreneur dominates the narratives not only of conventional, but also of social and sustainable entrepreneurship (Harper, 2008; Montgomery et al., 2012). Yet, many of the diverse social, environmental and economic problems society is facing today are too multi-faceted and complex to be solved by single ‘heropreneurs’ (Dacin et al., 2011). Instead, these problems require multi-level and interdisciplinary solutions and thus, the concerted action of multiple actors (Gurãu & Dana, 2017). As a result, we see a growing number of community-based enterprises, that is enterprises that are established, owned, and controlled by the members of a local community in which they are embedded and for which they aim to generate economic, social and/or ecological benefits. The underlying idea is that, by joining forces, the members of local communities can collectively develop multi-functional ventures that can outperform individual enterprises by generating benefits unattainable to individual entrepreneurs (Peredo & Chrisman, 2006; Vega & Keenan, 2017).

Establishing community-based enterprises is a creative and collective process that requires various assets provided in different ways by different actors (Haugh, 2007). Although, per definition, a community forms the social base of all community-based enterprises, community involvement can be understood in terms of a continuum ranging from unmobilized community members to highly engaged leaders (Somerville & McElwee, 2011). Research shows that community-based enterprises are usually initiated by a small group of individuals who perceive the need to make a difference in their community and take on leading roles throughout the entire venture creation process (Johnstone & Lionais, 2004; Valchovska & Watts, 2016; Vestrum & Rasmussen, 2013). These leaders steer the entrepreneurial process and act as brokers who mobilize further community members for venture creation and operation (Lobo et al., 2016).

The involvement of the broader community entails various benefits for community-based enterprises. Most importantly, it provides access to a range of valuable human, financial, social and natural resources unavailable to individual entrepreneurs (Haugh, 2006; Vestrum, 2014). With their main purpose being the creation of value for the community as a whole, and not for individual self-interests, community-based

enterprises tend to accept lower rates of return on investments than their individual counterparts (Johnstone & Lionais, 2004; Peredo & Chrisman, 2006). In addition, community involvement grants a better understanding of local needs, provides access to many customer groups, and can lead to higher customer loyalty (Cieslik, 2016). Overall, involving the community allows to pursue a wider range of opportunities and to put a stronger emphasis on tackling problems, thus resulting in more resilient and sustainable ventures in the long run.

As a result, community involvement is generally seen as the key advantage of community-based enterprises. However, community involvement can take on various forms and can be subject to change over time (Ambrose-Oji et al., 2015; Bailey, 2012). To date, we know very little about the different forms and extents of community involvement, how it can be attained and how it affects the entrepreneurial process. The few studies that have considered the role of community involvement have produced mixed results: While some studies suggest that the best outcomes arise in community-based enterprises in which a large part of the community members take on roles that entail responsibility and involve decision-making power (Bailey, 2012; Cieslik, 2016; DiDomenico et al., 2010; Peredo & Chrisman, 2006), others find evidence for the downsides of community involvement such as ineffective decision-making processes (Lobo et al., 2016) and vested individual interests, that give rise to conflicts and mission drift (Haugh & Pardy, 1999) that can entail the loss of community support or even the breakdown of the entire enterprise (Vega & Keenan, 2016).

Thus, although community involvement is the most important asset of community-based enterprises, securing and managing it poses challenges. The task of leaders is to strategically involve community members in different ways and to different extents, and to manage involvement in a way that harnesses benefits and avoids or minimizes conflicts. This combination of tasks requires a special type of leadership and therefore renders traditional leadership concepts inapplicable (Lobo et al., 2016; Selsky & Smith, 1994). Despite the agreement on the important role of leaders in community-based entrepreneurship, we know very little about how leaders of community-based enterprises master this challenging task. In this study, we therefore set out to provide a more nuanced understanding of the role of leadership for community involvement in community-based entrepreneurship. More specifically, we aim at answering the following overarching research question: How do leaders of community-based enterprises attain and manage different forms of community involvement?

Given the nascent stage of research, we adopted an inductive, explorative case study design and collected in-depth qualitative data from four cases of community-based enterprises. First, our study provides a more nuanced understanding of different forms and extents of community involvement throughout the entrepreneurial process. Second, we find that, while individual characteristics of leaders certainly have an effect on community involvement, they do not explain the variation we saw among our cases. Instead, a different combination of and emphasis on certain leadership practices account for the success of leaders to attain, manage and sustain community involvement. Building on our analysis of leadership practices, we identify two different leadership styles in community-based entrepreneurship, which have an effect on the form and extent of community involvement. Our findings yield several important implications for the study of community-based entrepreneurship, as well as for the studies of entrepreneurial teams and leadership in entrepreneurial ventures in general.

THEORETICAL BACKGROUND

The Nature and Potential of Community-Based Entrepreneurship

The notion of the ‘heropreneur’ who tackles societal problems by means of entrepreneurial solutions has become popular both in entrepreneurship practice and theory over the past decade (Hall et al., 2010; Montgomery et al., 2012). However, many of the challenges society is facing today are too complex and interrelated to be tackled by one individual or a small group of individuals, but instead, require the concerted action of multiple actors (Dubb, 2016). After the recent socio-economic crises, the need for citizen-driven action has increased to compensate for the cut in governmental expenditures for solving local and societal problems (Daskalaki et al., 2015). With this new trend of active citizenship (Kleinhans, 2017) and an ongoing paradigm shift from hierarchies to networks (Gurāu & Dana, 2017), we see a growing number of community-based enterprises, i.e., enterprises that are collectively established, owned, and controlled by the members of a local community, in which they are embedded and for which they aim to generate economic, social and/or ecological benefits (Hertel & Belz, 2017). They produce goods and services in

response to market demands, operate commercially and aim at economic viability to maintain their existence (Bailey, 2012; Valchovska & Watts, 2016). Usually, profit generation is not the primary aim in community-based entrepreneurship but may be instrumental in achieving economic, social and ecological goals for the community and society as a whole (Peredo & Chrisman, 2006). Community-based enterprises emerge in different sectors throughout the world and address a wide array of often interrelated local problems such as poverty, inequality, health issues, exploitation of natural resources or the lack of local infrastructure (Dana & Light, 2011; Gurāu & Dana, 2017; Peredo & Chrisman, 2006). Besides intentional benefits, community-based entrepreneurship often yields additional value for the local communities in which they are created, for example, in form of empowerment of deprived communities, enhanced social capital or economic power through regional added-value (Bailey, 2012; Vega & Keenan, 2016; Vestrum, 2014).

Community Involvement in Community-Based Enterprises

Per definition, a community of some kind forms the social basis of a community-based enterprise and thus, there can be no community-based enterprise without community involvement (Somerville & McElwee, 2011). Community involvement is not only the key defining characteristic of community-based entrepreneurship but can also be its most important asset. Through involving the local community, community-based enterprises can gain access to a range of valuable human, financial, social and natural resources unavailable to individual entrepreneurs (Haugh, 2006; Vestrum, 2014). They can be set up more easily in turbulent environments, in which venture success is highly uncertain, as risks are distributed among a large group of people, thereby reducing the risk borne by each individual. In addition, risks can be mitigated in the case of crises, for example by ameliorating detrimental market developments through voluntary support (Johnstone & Lionais, 2004). Involving the local community can reduce transaction costs in the presence of market imperfections such as market power and asymmetric information (Vega & Keenan, 2016). Community-based enterprises can accept lower rates of return than their individual counterparts because personal profit is not the main objective of the various shareholders (Peredo & Chrisman, 2006). As a result, they can pursue a wider range of opportunities, including opportunities with low profitability or high risks, which are usually unavailable to individual

entrepreneurs, and can put a stronger emphasis on tackling problems without being pressured by investors' expectations of returns. Furthermore, community-based enterprises tend to be more effective in addressing local problems as community involvement brings them closer to the people, which makes them better positioned to understand and respond to local needs (Gurāu & Dana, 2017; Kleinhans, 2017), grants access to many customer groups, and can lead to higher customer loyalty (Johnstone & Lionais, 2004). Overall, community involvement can make a venture more resilient, stable, and more effective in tackling local problems. Not surprisingly then, a lack of involvement has been identified as the main reasons for failure in community-based entrepreneurship (Cieslik, 2016; Haugh & Pardy, 1999; Keane & O'Cinnéide, 1986).

Community involvement can take on various forms and can be subject to change over time (Ambrose-Oji et al., 2015; Bailey, 2012). While research agrees that, per definition, the broader community needs to be actively involved in the entrepreneurial process, hardly any study provides further insights into how, why and by whom these tasks are executed. In their seminal article, Peredo & Chrisman, for example, claim that nearly every community member should be involved, but add that this idea ought to be understood flexibly since 'some might be more active than others' and "most, if not all, members will participate in some relatively direct way' (2006, p.315). In this sense, involvement can be understood in terms of a continuum from passive supporters to highly engaged leaders (Somerville & McElwee, 2011).

To date, we know little about different forms of community involvement, how these can be attained, and how they affect the entrepreneurial process. The few studies that have considered the role of community involvement have produced mixed results: Some studies suggest that the best outcomes arise in enterprises where a large part of the community members take on roles that entail responsibility and involve decision-making power (Bailey, 2012; Cieslik, 2016; DiDomenico et al., 2010). However, others provide evidence for the challenges entailed by distributing responsibilities and decision-making power among a large and often inexperienced group of people. Discrepancies between individuals can make decision-making processes ineffective (Lobo et al., 2016), and lead to mission drift (Haugh & Pardy, 1999; Peredo & Chrisman, 2006) or issues of hierarchy (Keane & O'Cinnéide, 1986). These dynamics hamper business operations and can even lead to the breakdown of the enterprise (Haugh & Pardy, 1999). Therefore, community involvement is a double-edged sword that must be handled carefully.

Past research found that it is often a small group of individuals who perceive the need to make a difference in their community, develop the initial idea and vision for community-based entrepreneurship, and then gradually mobilize other community members (Bailey, 2012; Handy et al., 2011; Valchovska & Watts, 2016). This literature shows that the task of these entrepreneurial leaders is not only to mobilize the local community, but also to manage it carefully to harness positive effects while minimizing challenges. Although many studies allude to the important role of leaders in community-based enterprises (e.g. Johnstone & Lionais, 2004; Lobo et al., 2016; Selsky & Smith, 1995; Vestrum, 2014;), we know very little about how these leaders master this challenging task.

Leadership in Community-Based Enterprises

Leadership is one of social science's most examined phenomena (Antonakis & Day, 2017) and scholars increasingly start to highlight the important role of leadership in entrepreneurship (Simsek et al., 2015). While some existing leadership concepts and approaches apply in entrepreneurial settings, they may not suffice to explain the dynamic pre- and early-venture activities occurring in entrepreneurship. The few studies that specifically study leadership in an entrepreneurial context usually assume that it is the individual entrepreneur who acts as the leader and determines new venture success (Cogliser & Brigham, 2004). In general, this underlying assumption can be transferred from an individual to a collective context, yet, as discussed above, creating an enterprise in a setting in which the local community acts as the organizing context is much more complex regarding to means, ends, scope and number of people involved, and thus provides challenges beyond that of establishing an individual enterprise (Johannisson & Nilsson, 1989). At its core, leadership is about influencing others toward a common goal (Hunt, 2004). Although all entrepreneurs need to attract numerous stakeholders, leadership plays a particularly crucial role in community-based entrepreneurship as community-based enterprises depend on managing various forms of involvement of a broader community.

Despite its importance, only two studies specifically deal with issues of leadership at the intersection of entrepreneurship and community. Selsky & Smith (1994) study leadership in community-based change settings and argue that community settings are particularly distinct from organizational settings and thus render many common

leadership theories and assumptions inapplicable. In the only empirical study on leadership in community-based entrepreneurship, Lobo, Vélez and Puerto (2016) find leaders to act as ‘brokers’, who initialize and sustain collective action, and foster institutional change and sustainable development through the provision of entrepreneurial opportunities. The authors draw from existing insights from the collective action literature and conclude that the transferability of such findings to the context of community-based entrepreneurship is limited, as they do not allow for drawing any inferences about the actual intersection of collective and entrepreneurial action. Overall then, leadership in community-based entrepreneurship yields implications for other entrepreneurial phenomena, yet requires separate exploration.

Besides the two studies that explicitly focus on leadership in community-based enterprises, various other studies highlight the important role of leaders. These studies distinguish the role of leaders in community-based enterprises from that of leaders of individual entrepreneurial ventures by emphasizing that they do not only need to mobilize resources from different stakeholders, but must attain community involvement and manage it in a way that harnesses benefits while avoiding or minimizing conflicts. Leaders of community-based enterprises, thus, adopt process ownership (Haugh, 2007) and assume the role of change agents, who transform the mindset of locals towards accepting greater responsibility of their own local development (Valchovska & Watts, 2016). Furthermore, some studies have suggested personal characteristics that help leaders with mobilizing the local community. For example, they propose that individuals with better social networks and a higher embeddedness in local structure will be more successful in mobilizing people (Jack & Anderson, 2002; Vestrum et al., 2017; Vestrum & Rasmussen; 2013).

Others highlight the importance of existing knowledge and experience, often entailed by a history of collective action, as crucial factors for community mobilization (Peredo & Chrisman, 2006; Vestrum, 2014). Notwithstanding such important insights, no research has specifically explored the important relationship between leadership and community involvement. This constitutes a critical gap as it remains unclear how leadership can effectively contribute to the success of community-based entrepreneurship. The aim of this study is thus to gain a more nuanced understanding of the role of leadership for community involvement in entrepreneurial ventures.

METHODOLOGY

Study Design and Sampling Procedure

Since very little is known about leadership in community-based entrepreneurship, we employed an inductive, exploratory case study design (Eisenhardt, 1989). We adopted a purposeful sampling strategy (Patton, 1990) and searched for cases of new ventures that 1) are established, owned and controlled by the members of a local community, 2) aim to generate social and/or ecological benefits by means of economic activity, and 3) have entered the market within the last three years. While the former two criteria relate to our definition of community-based entrepreneurship, the last criterion was included to ensure that the ventures had gone through all phases of the entrepreneurial process relevant to community mobilization, while minimizing the retrospective bias. To gain a holistic understanding of effective leadership in community-based enterprises, we collaborated with an expert who has worked as a consultant for community-based enterprises for many years, thus having a comprehensive knowledge of cases, and asked him to help us identify two cases that were well known for being highly successful in involving the local community, and one more that had encountered significant challenges during the entrepreneurial process. Additionally, we collected longitudinal data at BLU, a community-based enterprise in which lacking community involvement and strong personal conflicts had brought the entrepreneurial process to a temporary halt, yet, who had managed to overcome these initial challenges. This left us with four cases with similar size and socio-cultural structures.

ALT. ALT is a small Bavarian village with 630 inhabitants. Providing a meeting place for the villagers, the pub had always played an important role. In 2004, the pub closed after the tenant had changed several times and the quality had decreased significantly. After that, the pub had been vacant for nearly ten years and several attempts to revive it failed due to high costs. However, the absence of a pub and the resulting lack of a community meeting place aroused dissatisfaction within the village.

The community pub in ALT opened in August 2016. The property is split up in two parts, one for the restaurant and one for the integrated community hall, which are both organized as cooperatives. The pub cooperative is owned by eight shareholders, who all bought three shares worth € 17.500 each. The community hall cooperative is owned by 160 shareholders, who bought at least one share worth € 1.000. Both cooperatives

own shares of each other and are closely connected. In addition, during the 1-year building phase, they collectively worked 22.000 hours on a voluntary basis to renovate the building. The new pub has become the new heart of the village. It is rented out to a tenant but still actively governed by the community.

FAR. FAR is a village with 3750 inhabitants in Bavaria. In 2007, the last supermarket in the center of the village closed. Within a radius of about 5km, several large supermarkets are located, however, none of them within walking distance, which changed the social situation in the village. Two years later, with the support of the municipality, a private entrepreneur opened a new shop in the village, but failed after only a year due to financial hardships. The lack of a shopping facility within walking distance was an ever-present topic in the village.

The community shop in FAR opened in August 2013 and offers all kinds of products for the daily needs ranging from food over cosmetics to local souvenirs. Nearly 75% of the products offered are produced within a radius of 70km. The shop also comprises a small café and take away restaurant. It is organized as a limited liability company with silent capital contributions. Overall, the shop is owned by 268 shareholders, who bought into the business with at least € 200. The shop is operated by one of the main initiators, and has three managing directors and a supervisory board consisting of seven people, who are elected in the annual general meeting by all shareholders.

KRE. KRE (around 600 inhabitants) is a suburb of a small Bavarian town. The last local supermarket closed after the opening of several large retail chains within a radius of five kilometers. Suffering from decreasing customer numbers due to these large competitors, the last small village shops struggled with offering fresh produce, and thus left the locals of KRE with bad memories of the village shop after its closure. The lack of shopping facilities within walking distance and the entailed loss of a local meeting place aroused dissatisfaction of many people in KRE.

The community shop in KRE was opened in early 2017 and offers both local products and conventional goods from large retail chains. In addition, the shop comprises a small café, which has become a popular meeting place in the village. The shop is organized as a limited liability company with silent capital contributions. Overall, the venture has 96 members who bought at least one share worth € 200. In addition to the

citizens, the local municipality invested in the community-based enterprise. The shop is run by one of the initiators and a group of employees, and is governed by three managing directors and a supervisory board. Assigned speakers facilitate between the board and the community.

BLU. BLU is a small parish in Bavaria, which comprises several residential areas, summing up to 1060 inhabitants. Living in a rural area but still having to buy their fresh produce from large retailers had led to discontentment of a group of people who thus started a hobby garden to grow their own food. Soon, they realized that they would only be able to grow a diversity of vegetables and make an actual change, if they engaged more people and established a community-based enterprise around it.

The community-based agriculture enterprise in BLU started in early 2017. To become a member of the business, people can buy shares and then pay an annual fee upfront, which allows the farmers to plan and covers their running expenses. In return, the members receive their share of the harvest on a weekly basis. In addition, a small shop was established where the produce as well as additional local products can be bought. The enterprise also supplies local restaurants with fresh vegetables. Overall, local inhabitants and corporations invested € 150.000 in starting the business. By the end of 2017, 107 shares of the community-based enterprise are sold and the initiators are still mobilizing new members. Some members are also helping out on the fields.

Data Collection

We started data collection in ALT, where the venture creation process had been covered by a local television channel over a period of 17 months and where we thus had access to an extensive collection of non-retrospective data that comprised 264 minutes of video footage from 51 individual episodes. Prior to the interviews, we watched all episodes, made detailed notes and transcribed revealing quotes. These notes served as a basis for the first round of semi-structured interviews conducted on-site by the same author over a two-week period in February 2017. Simultaneously, we started to collect data at FAR and KRE. Since we build on retrospective time data for this case, we followed a two-step data collection process using the structure-laying-technique (Groeben, 1990). First, we conducted an interview with the lead founder of the community-based enterprise and supplemented it with secondary data to prepare

cards representing the essential phases of venture creation process and practices targeted at community involvement and business performance. In a second interview two weeks later, these cards were presented to the interviewee again and he was asked to check and, if necessary, amend the cards. The structured graphic representation emerging from the structure-laying-technique helps to reveal implicit knowledge, detect misconceptions and reduce the retrospective bias (Flick, 2014). To get a holistic perspective, we started with interviewing one leader and then proceeded to interview more leadership team members and other stakeholders. Adopting a snowball sampling approach, we asked the interviewees to identify other interview partners for us and continued data collection until additional interviews did not yield novel information.

We had started collecting data at BLU during a preceding research project in 2016 (t_1). Back then, the leaders of the community-based enterprise had encountered various challenges that finally even led to a pause in the venture creation process. When we started to collect data for this study and heard that the leaders in BLU had managed to overcome these challenges, we decided to go back to the case to study the change in leadership styles and practices. We collected a second round of data in BLU simultaneously with the interviews in our other cases in early 2017 (t_2). As we proceeded, we saw that the case of BLU serves as an extreme case that corroborated many of the findings we made in the other three cases. We therefore engaged in a third round of data collection in BLU three months later (t_3). All interviews were collected by the first author and a trained research assistant between February and August 2017, were audio taped and transcribed verbatim. Overall, we conducted 31 interviews with 22 different individuals from four enterprises (seven in ALT, seven in FAR, five in KRE, and twelve in BLU). Interviews ranged in length between 20 and 120 minutes. In addition to the interviews, we used secondary data from the website and newspaper articles, and were also granted access by the leaders to internal archival material.

Data Analysis

Since little is known about community involvement and the relationship between leadership and community involvement, we employed an open and inductive analysis approach guided by our emerging insights (Gehman et al., 2017; Glaser & Strauss, 1967; Eisenhardt, 1989).

Community involvement. To explain the role of leadership for community involvement, we first needed to gain a better understanding of different forms community involvement in CEVs, and of how our cases can be evaluated in terms of their success in community involvement. We therefore coded for forms and extents of community involvement, and for statements referring to challenges with attaining and sustaining it, as well as for conflicts arising from it. This analysis step was also important to verify our sampling strategy. We saw that the potential roles of the community change throughout the entrepreneurial process, and differentiated between different forms of involvement during pre-market entry and post market-entry stages. Our data revealed passive and active roles during both phases, whereby it is important to note that, in reality, this is not a dichotomous classification but rather a continuum ranging from unmobilized to highly active (Somerville & McElwee, 2011). In the pre-market entry stage, community members can take on passive roles by acting as investors or resource providers, for example, by selling shares. Active forms of involvement during this stage include, for example, participation in planning and decision-making or active support with construction works. In the post-market entry stage, being customers is the most important passive role community members can assume. Active roles allow participation in governance and further development of the venture. We found great variation among our cases with regards to the number of community members that could be mobilized to take on passive and active roles throughout the entrepreneurial process and the development of these numbers.

Leadership practices. We then set out to explain the variation we had found among our cases in the first analysis step. Literature suggests different characteristics of leaders that are beneficial for mobilizing the community, namely the standing of the leader in the community, i.e. personal history, ties and prior roles within the community (Jack & Anderson, 2002; Vestrum et al., 2017), and prior knowledge, i.e. experience and expertise in business creation and management, but also in community matters (Peredo & Chrisman, 2006; Vestrum, 2014). Although our findings corroborate the suggestions from the literature, these factors were not sufficient to explain the observed differences in community involvement. We therefore decided to shift our focus away from the individual leaders and instead focus on leadership, i.e., the process of influence (Hunt, 2004). We engaged in another round of open, informant-centric coding. The subsequent discussions revealed the importance of

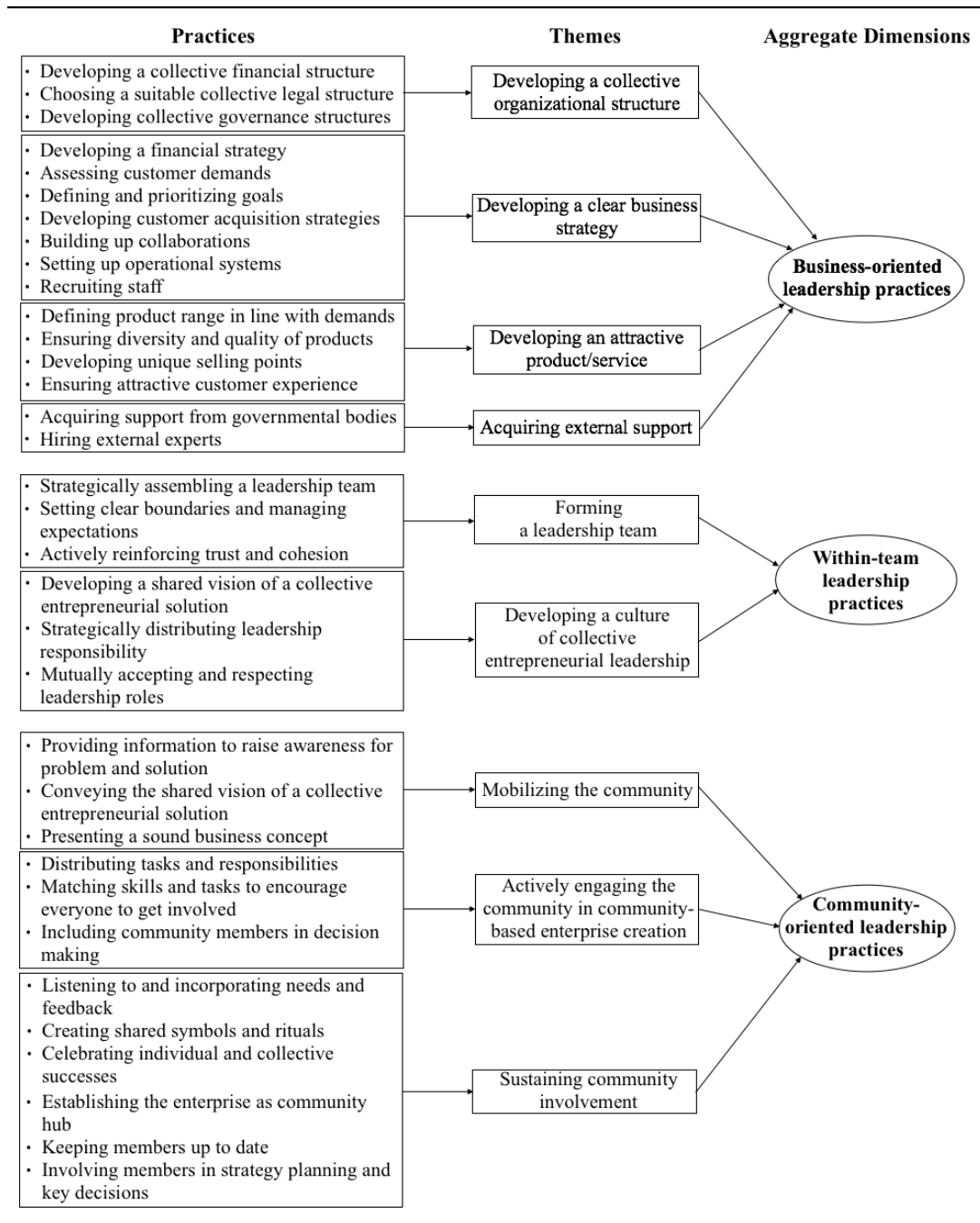


Figure 14: Leadership practices in community-based entrepreneurship

specific leadership practices, which together account for different conceptions and styles of leadership in community-based entrepreneurship. We thus coded for specific leadership practices carried out in our cases. This choice of unit of analysis is in line with a recent conversation that has emerged in the organization and entrepreneurship literatures calling for a practice based approach for studying entrepreneurship, i.e., a focus on the actual activities of entrepreneurs (Anderson & Ronteau, 2017). We first

identified a long list of individual practices, which we then condensed into higher-level themes of practices. Finally, we identified three aggregate dimensions, representing three categories of leadership practices, namely those targeted towards the leadership team itself, those oriented towards the community, and those oriented towards business creation. *Within-leadership team practices* are practices that aim at building up and managing the leadership team. *Community-oriented leadership practices* are practices that are targeted towards one or more members of the local community and often entail communication or engagement with these members. These practices usually lead to enhanced community involvement, but do not necessarily need to specifically aim to do so. *Business-oriented leadership practices*, on the other hand, are practices that involve strategic planning or decision-making targeted towards building or maintaining a viable and effective business. As such, they usually aim at enhancing the business performance of the venture. Overall, we identified four themes of business-oriented, two themes of within-team, and three themes of community-oriented practices (Figure 14).

We then used our comprehensive list of practices to systematically evaluate which practices were carried out in which cases, and the importance the leadership teams had put on the different practices (Table 11). More specifically, we evaluated whether the leaders had not carried out this practice at all (-), carried it out to some extent but without putting much emphasis on it (+), or carried it out extensively, putting a lot of emphasis on this practice (++). This analysis step led to an intriguing finding: Despite smaller context-specific differences, our cases resembled each other with regards to type of business-oriented practices carried out and the emphasis put on them. Although these practices are of central importance for establishing a community-based enterprise and, thus, constitute a prerequisite for community involvement, they did not account for differences in the involvement we found among our cases. The cases, however, varied significantly with regards to the type of within-team and community-oriented leadership practices, and the emphasis put on these practices. Acknowledging the importance of business-oriented leadership practices for the study of community-based entrepreneurship in general, yet, at the same time, considering the aim of this study to generate a better understanding of the role of leadership in managing community involvement in community-based enterprises, we decided to focus on within-leadership team and community-oriented practices.

FINDINGS

Forms and Extents of Community Involvement

Although all four cases meet the definitional criteria of community-based enterprises, the in-depth analysis revealed significant differences in their success with involving the community. In the following, we provide an overview of community involvement in the four cases. As described above, we analyzed the number of people assuming passive roles and active roles during pre-market entry stages and post-market entry stages, and the development of these numbers over time. Table 12 provides an overview of these findings as well as exemplar quotes.

In ALT, the leaders faced no problems with mobilizing locals as investors. Within the first weeks, they managed to convince eight locals to invest 50.000€ each, and 160 more to buy at least one share worth 1.000€ each. Interest in the project was high from the beginning, which is reflected in over 200 people attending the first information event. It seemed similarly easy to persuade a large group of people to take on more active roles during the venture creation process and to provide support with planning and implementation. Overall, over 100 people invested time and resources over a period of 18 months, for example by bringing in own expertise and working on the construction site on the weekends. Interestingly, both passive and active community support even increased over time. After market entry, most community members still support the venture as customers, most investors still participate in biannual strategy meetings, and a smaller group of about 20 people is still actively involved in the operation and governance of the venture. When the tenants need help with repair works, they know that they can always find someone from the community to take care of it.

In FAR, the leaders also did not face many problems with mobilizing community members as investors. More than 90 people participated in the first event and 268 agreed to buy at least one share worth 200€. While they first managed to mobilize about 30 people to participate in working groups and to become involved more actively, this number decreased over time leaving most of the work to a much smaller group of about 15 people. Several attempts to address this issue were only partly successful and in end, it always came back to the same group of people, which led to

Orientation	Theme	Practice	ALT	FAR	KRE	BLU	
						(t ₁)	(t ₂ /t ₃)
Team	Forming a leadership team	Strategically assembling a leadership team	++	++	-	-	+
		Setting clear boundaries and managing expectations	++	+	-	+	++
		Actively reinforcing trust and cohesion	-	-	-	-	++
Community	Developing a culture of collective entrepreneurial leadership	Developing a shared vision of a collective entrepreneurial solution	++	-	-	-	++
		Strategically distributing leadership responsibility	++	+	-	+	++
		Mutually accepting and respecting leadership roles	++	-	+	-	++
	Community mobilization	Providing information to raise awareness for problem and solution	++	++	+	+	++
		Conveying the shared vision of a collective entrepreneurial solution	++	+	-	+	++
		Presenting a sound business concept	++	++	+	+	++
	Actively engaging the community engagement in community-based enterprise creation	Distributing tasks and responsibilities	++	+	-		+
		Matching skills and tasks to encourage everyone to get involved	++	-	-		-
		Including community members in decision making	+	+	-		++
	Sustaining community involvement	Listening to and incorporating needs and feedback	+	++	+		++
Creating shared symbols and rituals		++	-	-		-	
Celebrating individual and collective successes		++	+	+		+	
Establishing the enterprise as community hub		++	++	-		+	
Keeping members up to date		++	++	-		++	
Involving members in strategy planning and key decisions		+	+	-		++	

Table 11: Overview of the team- and community-oriented leadership practices

several pauses. Many locals still support the community-based enterprise as customers and revenues are increasing continuously but our data also contains statements from shareholders expressing that they hardly ever buy anything at the shop and sometimes even forget it exists. About half of the investors attend the annual meetings and besides the core of the initial leadership team, only a handful of people is actively involved in the governance of the business.

In KRE, the leaders faced great challenges with mobilizing enough community members to finance their business. While the leaders of ALT and FAR managed to acquire the necessary financial resources within the first weeks, it took the team in KRE several months, nearly led to the termination of the venture endeavors, and finally required the support of the municipality to attain sufficient capital to get started. In the end, 96 locals bought one 200€-share and the major granted an additional interest-free loan to get the project going. Although the team even used the municipality's communication channels to invite everybody in the community to take on active roles in the project, most of the work related to planning and implementation was done by a small group of people. Interestingly, many locals now support the shop as customers and the turnovers of the shop increase steadily, but whenever active support is needed, the leaders need to pay a professional or turn to family and friends.

In BLU, the participation dynamics changed significantly over time. In the early stages, the leaders had great problems to mobilize the broader community and the challenges seemed to be so insurmountable that they even decided to pause their endeavors due to a lack of support from the community. However, in a second attempt about a year later, they managed to convince a large constituency, 107 people bought shares worth 500€ each, and a number of local organizations and businesses invested another 150.000€ in the community-based enterprise. Although much of the work is done by the leadership team itself, a large part of the community actively participates in decision-making and the leaders can ask for help, for example, when they need support with events. While the entrepreneurial process was dominated by severe resistance in the beginning, the leaders managed to create a completely different culture over time.

	Pre-market entry phase		Post-market entry phase		Exemplary Quotes
	Passive support as investors	Active support in venture creation	Passive support as customers	Active support	
ALT	8 community members who invested 50.000€ each, 160 invested 1.000€ each; many locals donated natural resources (e.g. wood)	More than 100 people actively helped with planning and construction works over a period of 18 months	Many locals come to the pub as customers; revenues are increasing steadily	Most shareholders still attend the biannual strategy meetings; small group of people (voted by community) actively participate in governance	<i>We just grew together so closely over this time. This will always be our project, we won't ever let that go. It is just so important to us, so important that it keeps on going.</i> (ALT-I2)
FAR	268 community members who invested 200€ each	At first, high interest during information events but then only 30 people agreed to participate in working group, and this number steadily decreased	Many locals come to the shop as customers; revenues are increasing steadily	About half of the investors attend the annual meetings; only a handful of people is actively involved in the governance of the business	<i>Collecting the money did not take long, but this having to push over and over again... We had to pause several times because we [the core team] were the only ones working for it.</i> (FAR-I7) <i>It was a matter of honor, it was just clear that something like that had to be established and that one had to be part of that! (...) But no, I'm not shopping here regularly. Yeah, weird... Well, no, I tend to forget that we have this shop even though I pass by the shop every day.</i> (FAR-I2)
KRE	96 community members who invested 200€ each	About 15 people and their families worked together to establish the venture; this group was steady	Many locals come to the shop as customers; revenues are increasing steadily	About one third of the investors attend the annual meetings; only a handful of people is actively involved in the governance of the business	<i>I (...) participated in most meetings and I experienced these times in which the project was more dead than alive. (...). And also the reluctance of people to buy shares, which only improved later with the support of the municipality...</i> (KRE-I4) <i>In the beginning, it was just a few of us. And actually, that didn't change until the end, to be honest.... We never got much support from the villagers. And it kept on decreasing over time. It was always the same group of people. But you come to the point of no return and then you simply have to do it.</i> (KRE-I1)
BLU (t ₁)	No willingness to invest money during the first attempt	No willingness to support the team	--	--	<i>We were facing a great lack of trust from the community. That's why we split up. There was zero trust in the capability of our green group.</i> (BLU-I1)
BLU (t _{2,3})	107 community members who invested 300€ each and a number of local organizations and businesses that invested another 150.000€	Much of the actual work done by the leadership team, but most shareholders actively engaged in decision making and planning	All members are customers; Number of members is steadily increasing	Many shareholders are still actively engaged in decision making and planning; Growing number of members who are getting involved actively (e.g. on the fields)	<i>It was only in the autumn of 2016, when the community finally said: "Okay, yes, go for it!" (...) And from the point where they said "You do it", we suddenly had their blind trust. Before that, we faced so much skepticism. But we managed to turn it into blind trust and support.</i> (BLU-I1)

Table 12: Overview of the forms and extents of community involvement

Within-Team Leadership Practices

Forming a leadership team. Our findings are in line with existing literature stating that community-based enterprises are initiated by a group of highly engaged people, who take on leading roles throughout the entire process (Haugh, 2007; Somerville & McElwee, 2011). Composition and formation process of these leadership teams, as well as their internal structures and dynamics varied among our cases.

Strategically assembling a leadership team. The cases differed with regards to the strategy towards and effort put into assembling a leadership team. In ALT, the initial idea stemmed from two locals, who then assembled a formal team by “*deliberately thinking about what [they]’d need*” (ALT-I4). For doing this, they strategically approached specific community members: First, community members who held leading positions in the village, for example as chairmen of local associations, and who could thus function as multipliers. Second, community members who could provide specific expertise from conceptual and financial planning to construction planning and implementation. Finally, they were looking to include people they had known for a long time and whom they trusted. In the end, ten people, who had known each other for years or decades, formed a leadership team which did not change throughout the entire entrepreneurial process. We have observed a similar strategic approach in FAR and BLU where most of the acquired team members were involved based on strategic considerations. What differentiates the team composition in FAR and BLU from that in ALT is that most team members had no personal connection or shared history.

And then it’s all about politics: Something like this only works here if you have the farmers on board. I, personally, have never had a good connection with the farmers (...). That’s why I thought: ‘I’ll ask Lisa!’ because (...) it was totally clear for me that we needed a farmer. And Rosi is the wife of the second major who is from [the conservative party] and who had always been an opponent of [my party]. That’s why I thought: ‘She should also be part of the team’ FAR-I7

In opposite to the strategic approach towards team formation outlined before, the idea to establish a community-based enterprise in KRE was developed by Astrid, who refrained from strategically searching for team members bringing in required knowledge, but rather “*just drew some people with her*” (KRE-I1). Accordingly, the team is formed employing a rather opportunistic strategy and peoples’ willingness to support the project is the only decisive criterion.

Setting clear boundaries and managing expectations. This next practice of boundary-setting refers to the permeability of leadership team boundaries and the stability of the team. In two of our cases, ALT and BLU, we found a clearly defined and cohesive leadership team of six to nine people. Although other community members were actively involved throughout the process, the leadership teams had clear boundaries everybody was aware of. Collectively, the team assumed process ownership and thereby the overall responsibility for successful planning and implementation. Both teams actively drew these boundaries by introducing themselves and acting as a team at events and by signing notes to the community with all their names. Furthermore, in both cases the teams were stable and did not change over time. As a result, setting clear leadership team boundaries turns out to be crucial for internal management of expectations and external signaling purposes. By joining the formal leadership team, all members in ALT and BLU implicitly agreed to accept a high level of responsibility and to invest much of their time into the project without being paid for it, thereby gaining trust from the other community members as well. Although the initiators in FAR and KRE also assembled a team of supporters around them, and some of the members were active throughout the entire process, it was not possible for us to identify a distinct team with clear boundaries and the composition of the team changed over time. Particularly in KRE, the venture was a side project for most team members, but they never intended to take on much responsibility. The unclear roles within the teams and the failure to manage expectations within the team resulted in a lack of team coherence and in turn caused several conflicts throughout the entrepreneurial process in FAR and KRE.

Actively reinforcing trust and cohesion. Naturally, this practice is particularly important in cases where personal relationships were not a criterion for team assembly. While the team in ALT was already connected by strong amicable relationships and a shared history, in BLU, most of the team members had not known each other well before starting the project, and had to actively engage in team building efforts, e.g. by inviting external coaches. This practice was also a result from the bad experiences they had made during their first attempt to establish the business, where a lack of trust and cohesion within the team had been one of the central reasons for project failure. In FAR and KRE we did not find any evidence of active team building efforts.

Yes, a lot has changed within our group. We grew together as a group very very much. We managed to build up trust in these sessions. Trust that we can manage that, that we can work together, that we can handle the conflicts, handle our differences, just deal with all that. And we are all so happy about that. Everyone of us! It works so well now and of course, the community can feel that, we reflect that... BLU-I12

Developing a culture of collective entrepreneurial leadership. The next theme of practices we identified is what we called the development of a culture of collective entrepreneurial leadership, which emerged as a particular important aspect in successful leadership in community-based entrepreneurship.

Developing a shared vision of a collective entrepreneurial solution. This leadership practice comprises two important elements: the development of a vision that is shared among all leadership team members, and that the vision is built around a collective entrepreneurial solution. In ALT, the team developed a strong shared vision during the first joint meetings where they locked themselves up in a room for an entire weekend. The shared vision was continuously reinforced by talking about it and sharing it with others. As responsibilities were distributed early on, all team members were aware of their specific roles in realizing this vision. In BLU, both elements were not met during the first attempt to establish the venture as the individual members had different visions and for some, this vision did not necessarily entail the creation of a viable enterprise.

The vision... We are still discussing that in our sessions. What is our shared vision, in which direction do we want to go? What do we want to achieve within the next years? And, again, we realized, we're not there yet, we haven't fully found our shared vision. BLU-I3

Having learned from these experiences, the team later explicitly formulated written vision statements with the help of an external facilitator to ensure that everyone was on the same page.

In FAR, Peter developed a well thought out vision of a collective entrepreneurial solution, but he failed to communicate this vision among the other leadership team members, and thus, instead of becoming a truly shared vision, our data shows that it was always perceived as Peter's vision throughout the entire process.

Hm, that was Peter. It was Peter's thing from the very beginning. We just joined him and support him. FAR-I4

In KRE, on the other hand, community involvement always remained a necessity rather than an important element of their vision. Our data also reveals that even the leaders themselves lacked a strong vision and belief in the potential of this vision.

No. No one of us was convinced that this would work. Well, we just decided to give it a try somehow... KRE-I1

Strategically distributing leadership responsibility. Community-based entrepreneurship entails a myriad of tasks and responsibilities that need be carried out and distributed among team members and other supporters. Interestingly, all four cases differed with regard to both the extent to which leadership was distributed among team members as well as the distribution strategy and rules. For example, in ALT, tasks and responsibilities were clearly distributed based on personal expertise, but all decisions, even the small ones, were still made as a team. The situation in BLU changed significantly over time. During the first attempt to create a community-based enterprise and also during the early phases of the second attempt, Biggi was the hierarchical main leader in the beginning and all leadership responsibility remained with her. However, this led to increasing dissatisfaction among the others and Biggi decided to step back for the good of the venture. The group first established a similar system like in ALT, where all decisions were made collectively, but then decided to assign certain areas to smaller groups of the team and give them decision making power for all issues falling within this area, as the initial concept turned out to be too lengthy and inefficient.

The others, who were part of the new group, requested to have a say. The new group existed since January and we distributed the responsibilities at some point in March or April. Until then, I had more or less led the group. From the viewpoint of the others, I had led and delegated way too much. This had nothing to do with democracy, I was the hierarchical leader. They voiced the wish that responsibilities should be distributed, that people could actually assume responsibility, to become a team with equal rights. BLU-I11

Yeah, conflicts arise when responsibilities are not distributed clearly and people don't know who's responsible for what. That often led to misunderstandings. (...) It was a real turning point when we distributed the hats, the responsibilities within our team. That was the moment when suddenly we all felt this drive. That definitely was a team building moment! BLU-I6

Although, in FAR, Peter had also partially assembled his team based on individual expertise and skills, he did not distribute leadership responsibility based on these factors. Instead, while certain tasks were distributed to other team members, most of the leadership responsibility remained with him. To avoid discontentment among his fellow team members, he started to strategically distribute responsibility and decision making power for single, less important areas, such as the procurement of certain local products or interior design.

We had some discontentment. (...) But we managed to compromise. I had to accept some things, take a step back. Now, with some things, I'm saying: "Okay, do it the way you want. If you want to decorate, put the FC Bayern flag on the wall. Play around with your local herbs" – they are way too cheap, but they don't want to listen, so I let them proceed. And in turn, they let me do my stuff... FAR-I1

Finally, in KRE, the failure to form a leadership team with fixed boundaries and managed expectations also had detrimental effects on the distribution of leadership. As nobody wanted to be the one to bear all the responsibility, the team outsourced much of the leadership responsibility to an external consultant and the major. After some time, they realized that this strategy would not get them anywhere and they decided to hire and pay one team member to assume the responsibility. From that point on, they built up a similar hierarchical leadership system like in FAR. Interestingly, they seem to realize that this strategy counteracts the idea of a community-based enterprise but do not reflect about reasons and possibilities to change it:

Well, I need to admit that... Of course, we discuss things as a team, but then I decide, because... Well, the others are stepping back. I feel like a lone wolf sometimes. (...) I mean, when I call them, they will always come, but besides that... And I know that this is not at all the point of a community shop, we lost track here. But well, what to do about that? I need to try to... well, I can handle it. KRE-I1

Mutually accepting and respecting leadership roles. Although this practice is closely related to the preceding one, it is distinct and we found significant differences regarding the extent to which it was carried out in our cases. While mutual respect for each other's roles emerged naturally in ALT, it was actively fostered in BLU with the help of an external coach. In opposite to these two cases, FAR and KRE are examples where one person emerged as the main leader while the other team members did not assume much leadership responsibility. In KRE, this situation is taken to be natural and is not questioned due to differences in payment status:

Yeah, it's all voluntary work. They are not paid but I'm being paid. That's why I think that I do what I can and for the rest, I need to call them anyway. KRE-11

Even more intriguing is that while Peter actively reflects on the fact that a CEV can and should not be led by one individual, he does not put this into practice and contradicts himself only a couple of minutes later:

I realized that if I don't distribute anything, then I'm going to kill myself, and, second, then that would counteract our motto "With each other for each other". If only one gets to decide, this has nothing to do with "together" – and then you risk the entire thing. FAR-17

You need strong personalities, but you need chieftains and Indians. It's like this: You need a few chieftains and many Indians. And the Indians need to like being Indians. Everyone likes to have a say, but when it comes to assuming responsibility... You need many good Indians, a few chieftains and one chief-chieftain. You need one person for that. FAR-17

Community-Oriented Leadership Practices

Our analysis revealed another very important set of practices, namely those oriented towards the community. This set of leadership practices is the one most specific for the phenomenon of community-based entrepreneurship and most directly related to our research question regarding community involvement. We will explain these practices and the extent to which they have been carried out in our four cases in the following.

Mobilizing the community. We found three central leadership practices aiming at community mobilization, which are 1) providing information to raise awareness for problem and solution, 2) conveying the shared vision of a collective entrepreneurial solution, and 3) presenting a sound business concept.

Providing information to raise awareness for problem and solution. We found awareness about the problem to be addressed as well as information about the potential solution by means of a community-based enterprise to be decisive factors for community involvement. In ALT, the underlying problem (i.e. the lack of a pub in the area and the entailed detrimental social consequences) was one of the most discussed

issues in the village and thus, there was no need for raising awareness. Instead, the team focused directly on providing as much detailed information about a potential solution based on collective action as possible by means of information events, newspaper articles and public postings. Since several large supermarkets and discounters were located within a radius of 5km, Peter had to focus more on highlighting the negative social aspects entailed in the loss of a supermarket in the village. Similarly as in ALT, he organized several information events and used a variety of external communication channels to inform the community about the project.

The situation in KRE was similar like in FAR, but here, the team did not try to raise awareness for the issue to be tackled. Although they also organized information events and used the municipality's communication channels to advertise their idea, they failed to attain some peoples' attention due to a lack of awareness for the underlying problem.

We, ourselves were very... well, we always got such negative responses - 'That won't work anyway' (...). But we somehow managed to prevail. It is working and now people say: "We didn't really know what we were missing! We had forgotten about that and only now we can really value what you've done for us". KRE-I1

A lack of awareness for the problem to be tackled was one of the reasons why the attempts to establish a community-based enterprise in BLU failed in the first round. The leaders recognized this issue and included detailed information about the actual problem in their information events and materials as they realized that an understanding of the problem would set the basis for peoples' willingness to participate.

We had to put a lot of effort into raising awareness. I mean: food doesn't just grow in the supermarkets, you need to grow it, you need to take care of it, cultivate it. It's about living organisms, plants, animals. Regional – what does that mean? To what degree are you willing to adapt your cooking habits? People had no awareness for that. (...) And that required a lot of effort to create this awareness. BLU-I11

Conveying the shared vision of a collective entrepreneurial solution. Although conveying a shared vision goes hand in hand with the provision of information about the solution, it is not the same thing as a vision is a more abstract image of a desired outcome. Having developed a strong shared vision within the leadership team made it rather easy for the teams in ALT and BLU to also convey this vision to the rest of the

community and our data contains several quotes from community members explaining how much the vision and drive of the leaders inspired the entire community. The team in BLU regularly organized events at which they communicated their vision and plans and inquired expectations to align these with their plans.

We learned that it's super important to take the community by the hand from the early stages on, instead of saying: 'Hey, that's what we've come up with!'. Because then you get too much resistance. It's important, to say upfront: 'That's our vision, what's your expectation?' – and then we see how to align these two. BLU-I16

When I was asked: "Matilde, are you in?", that was like "wow, that's gigantic... If this is actually going to work – wow!" And that's just, these thought ripe inside you and it was just so gigantic to imagine what we could achieve. And once you have caught fire, you can also pass the fire on. And this fire caught us all – young and old, it really caught all of us. And it burned until the last day. And that although it was pretty tough in the end... ALT-I2

The data shows that it is much easier to convey *a shared vision* for a community-based enterprise than to convey *an individual's vision*. Although Peter acquired many community members as investors, he did not manage to convey his vision in a way that inspired people to actively get involved. Naturally, as the team in KRE had not established a shared vision within their team, they could not convey it to the broader community, which we found to be one of the main reasons for problems with community mobilization. As the following quote from one of the leaders shows, the lack of a vision within the leadership team thereby has consequences on subsequent efforts to mobilize the community.

I mean, we have a Lidl just 3 km away from here. Obviously, it is not easy to establish a community store here. People said they wanted it but when it was about joining a working group, it got less. And when it came to actually paying, it became even harder. KRE-I3

Presenting a sound business concept. Even though the vision of a joint solution based on collective action showed to be extremely powerful, at the end of the day, establishing a community-based enterprise is about building up a business venture that must be economically viable in the future. Therefore, we found that presenting a sound business concept is also an important element that affects the community members' willingness to get involved. Our data contains various references to community members who doubted the feasibility of the community-based entrepreneurship solution but then could be convinced through hard facts and concrete numbers.

A good friend of mine was very skeptical in the beginning because he said that he didn't want to support another subsidized project. And then we took the tie to explain him the entire concept, how we wanted to build and structure the business – and all of a sudden, he was all in. From this point on, he said: "I'm in. 100% in, that's good!" ALT-I5

The importance of a sound business plan can be seen particularly well in the case of BLU, where the community had doubts about the leadership team's expertise to write a realistic and correct business plan. When the team was faced with this lack of confidence, they decided to eliminate all doubts by hiring an external expert to revise their initial business plan. This strategy turned out to be very successful and represented the final push needed for getting the broad support from the community.

I had written business plans during my training as a gardener. I believe I know how it's done. And so I wrote the one for this project... and it was destroyed by the community: "No, we don't want that one, goodbye!" They didn't believe that it actually worked until we asked an external expert to check it. (...) And with that, well, the community had their say to some degree, but they then accepted the overall package. BLU-I11

Actively engaging the community in community-based enterprise creation. In line with what existing literatures proposes, we found that, apart from being passive investors in the venture, the broader community can also assume various more active roles in the venture creation process. Attaining active community support is thus of utmost importance. With respect to active involvement of the community in community-based enterprise creation, we found three distinct leadership practices: 1) Distributing tasks and responsibilities, 2) matching skills and tasks to encourage everybody to get involved, and 3) including community members in decision making.

Distributing tasks and responsibilities. Our cases varied strongly with respect to the form and extent of active community involvement. As already presented, more than one hundred people were actively involved in the venture creation process in ALT. Every weekend, the locals were asked to come to the construction site and were then assigned to certain teams. For every step of the construction process such as roof tiling, the team approached one expert from the local community and asked him to adopt the responsibility for this certain area. Some leadership responsibility thus rotated among many community members. This way, the leaders saved a large amount of money and ensured that work on the construction site was proceeding in a structured way.

ESSAY IV

We had an expert in every profession: a carpenter, a floor layer, someone for the windows, a bricklayer – everything except a tiler. (...) And when the heating engineer comes and says: 'That needs to be done this way!', then I won't discuss that with him. That's his profession and that's why he'll know what needs to be done! ALT-13

We see a significant lower level of active participation from the community in the community-based enterprise creation process in FAR. The following quote shows that Peter did not perceive it as an option to ask the community members for voluntary work, which is why he preferred to buy from large retail chains:

We couldn't have it all handmade, because we didn't have the money. We had to take the best we could get. It would have been impossible to do all that. We would have need a lot of extra money to use local suppliers. And that's why we bought at IKEA. FAR-11

Similarly, much of the business development process was supported by the external consultant. Four working groups were established in which a small group from the community participated, yet Peter did much of the work himself supported by the rest of the leadership team.

Our data clearly shows that the leadership team in KRE limits the role of the rest of the community to that of an investor and customer, and actively engaging the rest of the community in the venture creation process was never a key goal:

I'm totally satisfied if the villagers just come here as customers. That's the main thing. KRE-11

As demanded by the consultant, they engaged in some efforts to involve the locals during the early stages but the central aim of these activities was more to satisfy the consultancy and to get to know the requirements of their future customers. Instead of engaging community members in the construction and renovation activities, the team bought most of the interior online or at large retail chains to save as much money as possible. Although our data shows that the leadership team would have wished for more support, they perceived mobilizing supporters as more strenuous than simply doing the work themselves.

No, no, I am just not the type for that [trying to convince people] I always think: take it or leave it. And that's how you have to do it because otherwise you're harming yourself. And we didn't have the nerves for that. KRE-12

From the mobilization process, the leadership team in BLU had learned that engaging the local community in the process was key to winning their trust, and thereby their support. However, since the implementation of the community-based enterprise in BLU required less active support in form of construction, active engagement was rather limited to involvement in decision-making and will be discussed below.

Matching skills and tasks to encourage everybody to get involved. We only found this practice carried out in ALT, where it had a very positive effect on active involvement. Although the entrepreneurial process requires certain skills that can only be brought in by certain experts, the team in ALT explicitly tried to match the skills of the locals with the required tasks to allow everyone to get involved and feel useful. For example, one of the members was responsible for the catering and initiated an online group where people could post on Thursdays what food and drinks they would provide for the upcoming weekend. She told us that people were fighting about who was allowed to cook for the workers and that people called her days earlier because they were disappointed that they never got a chance to provide lunch, cake and coffee. In the end of the venture creation process, nearly every member of the local community had somehow been actively involved in the creation process:

Everybody participated somehow. The wife of one core team member made all the curtains, one painted all the symbols and wall decorations. Except the tables and chairs, we got customized interior from the carpenters, the floor in the entrance area was created with so much love and so much work – you would never be able to pay for something like that! ALT-I2

Including community members in decision making. In addition to distributing tasks and assigning areas of responsibility to certain community members, three of the teams also engaged the broader community in decision-making. In ALT, for example, the community was engaged in the choice of a tenant. The leadership team assessed all applicants and then invited their favorite candidate to introduce himself to the entire village. Similarly, the community could suggest and vote for a name for the new pub. Final decision making power, however, always remained with the leadership team. In FAR and in KRE, the different working groups were allowed to make suggestions, but Peter and Kathrin always remained the ones who made the final decisions. While in KRE the broader community was never involved in decision making during the venture creation process, Peter involved the community in FAR in key strategic decisions. After the issues with distrust during their first attempts to establish the

venture, the team in BLU had realized that they would need to involve the community in decision making to sustain the newly built up trust. While smaller decisions were made by the team, all larger decisions were made collectively with the community based on suggestions and plans developed by the team.

Finances, for example. That's nothing we'd just decide in our team. We developed something and then we decided it together with the community. BLU-I12

Sustaining community involvement. While active involvement during pre-venture stages lays the foundation for sustained community involvement, explicit leadership practices are inevitable to sustain involvement over time. Our analysis revealed six distinct practices leaders can use towards this end.

Listening to and incorporating needs and feedback. As the venture in ALT is operated by an external tenant, the leadership team there has less possibilities to directly incorporate feedback from the community, but providing feedback is still highly encouraged. Although the leadership team in FAR did not engage in much effort to actively engage the community in the venture creation process, they put much more effort into building up emotional engagement. Always being open to feedback and needs is a matter of course for Peter and he actively encourages the community members to approach him. For example, he orders special products for community members upon request. In contrast, Kathrin from KRE explicitly stated that when locals express feedback and suggestions for improvement, she listens to them but will only implement it, if it entails economic benefits and no additional effort. In BLU, the team worked together closely with the community throughout the entire creation process and constantly worked to synchronize the community members' needs and suggestions with their own plans and actions.

Creating shared symbols and rituals. Early in the process, the leadership team in ALT developed a logo and used it whenever possible, for example, as flags on the food provided on the construction site. The logo was also printed on t-shirts, which all supporters wore with pride not only on the construction site, but also in their everyday lives to signal their membership in the community-based enterprise. The motto "*Nothing is as powerful as an idea whose time has come*", a strong conveyor of the

shared vision, was printed in large letters on the site. Another recurring theme in our interviews with locals from ALT were the various rituals established during the process. For instance, most working days on the construction site had a clear structure, involved joint meals and often merged into a collective event that lasted into the night.

We had fixed routines: You start at 8, have a snack at 10, 12 is lunch time, coffee at 3 and then we worked until 6 or even longer. And we always had so much fun! Really, people were sometimes only coming to experience this atmosphere. I'm not kidding, it was just amazing! ALT-I2

During the weeks, groups of women and elderly locals started organizing themselves in groups to paint, air or clean the construction site. These groups soon became famous meeting points for the locals and being part of them became important to many locals. Interestingly, although all other three teams developed logos for their venture, we find no or very little evidence of the explicit use of shared symbols or the creation of rituals in FAR, KRE and BLU.

Celebrating individual and collective successes. In FAR, KRE and BLU, the leadership teams limited celebrations to a public opening ceremony to which every community member was invited, as well as a smaller party for all active supporters. We found a huge difference in the way the leadership teams described these opening ceremonies and thank-you parties: All supporters and the entire community were invited to the events in FAR and KRE, but the main goal rather seemed to be to present the success to special guests such as representatives of the municipality and politicians. In BLU, gaining publicity and attracting more members was the underlying aim of the opening ceremony. In ALT, on the other hand, the leaders organized several parties that were specifically targeted at only the supporters and the community to express their gratitude and celebrate each other. There, collective celebrations of small and large successes had become an important element of the entrepreneurial process. For example, every time the group had finished one room of their new pub, they moved tables and chairs there and celebrated their latest success. They organized a huge opening ceremony lasting several days, in which they explicitly emphasized the service and performance of every single supporter.

What excites me most is the large number of young people who just came to support us. We always had a lot of fun in here, I need to be honest here. Every time we were done with one room, we moved all tables there and had lunch there. And we had so much fun.
(...) ALT-I3

Establishing the enterprise as community hub. Winning locals as customers is one step, creating a new community meeting place people like to spend time at, is another. Our data shows that establishing the community-based enterprise as a new hub is a highly effective strategy for sustaining long term commitment. For the teams in ALT and FAR, this had been part of the plan from the very beginning and thus, they both engaged in efforts to achieve this. Both teams continuously organize events and workshops for and with the community such as, for example, carnival balls, concerts or wine tastings. In addition, the localities can be used by the community to organize their own events. For the team in BLU, the idea of establishing their premises as meeting place only emerged over time. When they reflected about the reasons for the lack of active involvement of the local community, they realized that they had to offer attractive activities the community members could participate in. They thus started to organize growing and harvesting workshops and events. At the time of the third round of data collection for this study, this strategy started to come to fruition and the community-based enterprise had become a place for locals to meet on the weekends.

We now try to organize hand-on-activities to engage these members we already have because we believe that then they will stay engaged and will also mobilize new members! We want to open it up much more to encourage more people to join us. BLU-I16

In KRE, in contrast, the team perceives the creation of a community hub as an additional burden and thus engages in no efforts to encourage that:

No, we don't want that. No, because then we would have to hire an additional person. It wouldn't work otherwise. And that's just too much for us. KRE-I2

Keeping members up to date. Continuously informing the local community about the latest developments and plans of the community-based enterprise emerged as another strategic practice fostering sustained community involvement. The teams in ALT, FAR and BLU all put a strong emphasis on this practice by publishing monthly newsletters, communicating progresses over public displays or even organizing regular information events. Only in KRE, we found no evidence of active provision of information.

Involving members in strategic planning and key decisions. Finally, involving the members in planning and decision making after market entry emerged as a central practice to sustain involvement. In all cases, boards were established to govern the CEV and members of the local community are voted into these boards during the annual or biannual member meetings. A supervisory board consisting of members of the local community ensures that the desires of the people are heard. In KRE, we did not find any evidence of community involvement exceeding this minimum form. Quite the contrary, we found several statements by leaders explicitly highlighting that they see the shareholders mostly as donators and do not believe that community members would be interested in being involved more. They even express that they would like to avoid further involvement in planning and decision making as this would also be strenuous for the leadership team. While the teams in ALT and FAR organize extraordinary assemblies when key strategic decisions need to be made, the efforts in BLU to engage the community members in planning and decision making even go one step further. They have established a system with monthly meetings in which they present their progress and encourage community members to get involved in planning and the upcoming decisions. The plan is to even distribute leadership responsibility to community members in the future.

The plan is to keep on opening up [our team] to encourage more members to get engaged and become part of it. BLU-18

DISCUSSION

Our study provides two distinct contributions to literature: First, we unravel concrete leadership practices that are most effective in stimulating team and community member involvement in early venture activities. Second, we provide first evidence for the importance of a shared entrepreneurial leadership style to successfully involve a community in the creation of a venture, and finally sustain and manage this involvement. The elements of our model of *collective entrepreneurial leadership* (Figure 15) hold implications for the studies of community-based entrepreneurship, entrepreneurial teams, leadership in entrepreneurship, and leadership in general, which we will elaborate in more detail in the following.

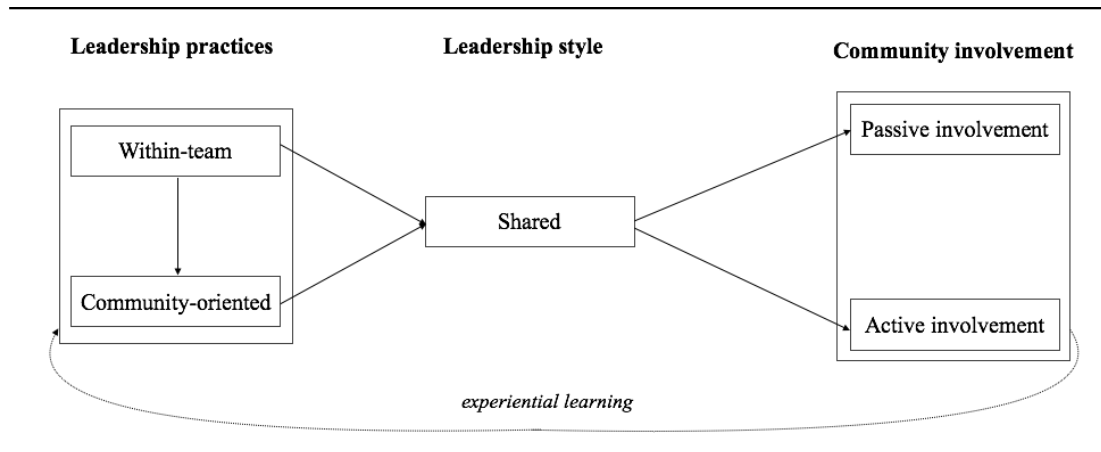


Figure 15: A model of collective entrepreneurial leadership

Towards a Practice Based View of Leadership in Collective Entrepreneurship

Prior literature suggests that entrepreneurial leadership involves the creation and dissemination of a vision, as well as the mobilization of supportive participants who adopt this vision (Gupta et al., 2004). Yet, *how* leaders of entrepreneurial ventures realize this in practice remains less well understood (Renko et al., 2015; Ruvio et al., 2010). While research on leadership in community-based entrepreneurship has suggested that it is an individual’s standing and prior knowledge that determine the success in community involvement (Peredo & Chrisman, 2006; Vestrum, 2014) and research on entrepreneurial leadership has proposed characteristics like creativity, risk taking, passion, or vision (Gupta et al., 2004; Mainemelis et al., 2015; Nicholson, 1998), we do not find such characteristics to account for the variation in community involvement observed in our study. Instead, we find the differences of success in involving dedicated followers to result from variations in *leadership practices*. Thereby, the results of our study correspond to a recent conversation that has emerged in the entrepreneurship literature calling for a practice based approach for studying entrepreneurship, i.e. a focus on the actual activities of entrepreneurs (Anderson & Ronteau, 2017). By emphasizing practices as the unit of analysis, this research moves away from the predominant focus on individual behavior towards an understanding of entrepreneurship as an accumulation of social practices executed by a multitude of different actors (Johannisson, 2011). We add to this conversation by delineating concrete leadership practices targeted at community involvement, which can be distinguished as either within-team or community-oriented leadership practices.

Within-Team Leadership Practices. Our results highlight the importance of a formal core leadership team for building a strong community. Along these lines, *forming a leadership team* emerged as a central theme. With previous studies documenting the importance of the internal team environment as antecedents for shared leadership (Carson et al., 2007), we find that leadership teams may be assembled strategically, based on three relevant criteria, that is, individuals' degree of standing in community, their prior knowledge and expertise, as well as personal relationships, most strongly expressed in form of trust (see also Francis & Sandberg, 2000 with respect to personal ties in entrepreneurial teams). Our findings thereby support prior research stating that team formation based on a mixture of task-related and relationship-oriented criteria to be most desirable (Forbes et al., 2006). Setting clear boundaries and managing expectations emerged as an equally important team-formation practice, as it creates a feeling of responsibility, prevents dissatisfaction, and steers the team's productive and creative potential (Clark et al., 1985). In opposite to such strategic approaches, we also observed an opportunistic team formation strategy, which is merely based on individuals' willingness to participate. Not surprisingly, we found the strategic approach towards team formation to be a key antecedent for successful community involvement, as strategic composition based on the criteria outlined above does not only result in a more capable team, but also provides a much stronger trust basis, which enhances legitimacy within the broader community. However, as our case BLU shows, a lack of ex ante personal ties, trust and team cohesion, can be compensated through explicit and continuous team building practices.

Interestingly, although the leadership team in FAR and ALT both adopt a strategic team formation strategy that resulted in establishing a capable core team, and thus face similar starting conditions, the leadership team in FAR encountered difficulties due to a failure to establish *a culture of collective entrepreneurial leadership*. With this respect, developing a shared vision of a collective entrepreneurial solution emerged as a central leadership practice in our data. While Gupta et al. (2004) emphasized the importance of creating a vision as an important task of entrepreneurial leaders, they see this activity as largely executed by a single leading individual. In opposite to this, we find that it is the collective development of a shared vision that is of central importance to get the leadership team members' buy in. An additional team-oriented practice is the distribution of leadership responsibilities (Brown & Hosking, 1989; Day et al., 2014). In our study two approaches for fulfilling this requirement emerged: First,

like in the case of BLU, every member of the leadership team has a clearly defined area of responsibility, for which she or he can decide autonomously, and only critical decisions are made collectively with the entire team. Second, like in the case of ALT, all decisions, whether operational or critical, are made collectively with the entire team. While the former approach allows for a more practical and time-efficient processing of decisions, it runs the risk of conflicts after a decision has been made, which may be impossible or costly to change. The latter approach, may prove to be ineffective due to the need for extensive communication, that may cause conflict and slow down the decision-making process, yet a positive outcome is that at the end decisions will have the full support of all team members. What this shows more concretely is, that it is not sufficient to form a strong leadership team, but in order for a leadership team to function successfully members must distribute roles and tasks and have to accept each other as equal partners and leaders (Mehra et al., 2006; Peel & Bailey, 2003).

Taken together, our findings propose a refocus from the single, charismatic ‘heropreneur’ who has dominated the narrative of many studies (Bailey, 2012; Handy et al., 2011; Mansuri & Rao, 2004) towards a dedicated entrepreneurial leadership team (Harper, 2008; West, 2007). By providing in-depth empirical insights into the antecedents of effective leadership in entrepreneurial teams, these findings have implications for the growing body of literature on entrepreneurial teams (Klotz et al., 2014). They also provide an important missing puzzle piece to the study of collective entrepreneurship, which has already alluded to the importance of a formal leadership team (e.g., Haugh, 2007; Lobo et al., 2016), yet, without elaborating on how these teams are formed and how they must be organized in order to operate successfully.

Community-Oriented Practices. Naturally, the creation of an entrepreneurial venture is a complex process that requires a multitude of human capital, such as specific skills, tools, and experiences, as well as social capital, i.e., access to relevant social networks (Haynes et al., 2015). In turn then, the possibility to obtain these necessary resources from the community either for free or below market value constitutes one of the main assets of community-based enterprises (Vestrum, 2014). To benefit from a community’s extensive human and social capital, the relationship between leaders and the community is of key interest (Somerville & McElwee, 2011; Vestrum & Rasmussen, 2013). In line with extant research (Bailey, 2012; Vestrum, 2014), our results highlight the importance of *mobilization practices* such as information events

and communication efforts to share the leadership team's vision for a collective entrepreneurial solution, as an important first step in collective entrepreneurship. Indeed, practices of this type turned out to be the leadership practices carried out most extensively across all our cases.

However, one of our main findings is that, while these mobilization practices help to win community members as passive supporters in the form of investors or donors, they do not necessarily lead to active involvement of the community in the entrepreneurial process. Yet, as our results show, more active forms of community involvement have a strong effect on the entrepreneurial process and can critically contribute to the success of the community-based enterprise. Our inductive analysis reveals different ways to actively engage the local community, for example, by distributing tasks and responsibilities, and including community members in decision making. We show that, in order to ensure active support by the community, for example, in form of support on the construction site, leaders must carry out explicit *active engagement practices* such as distributing tasks and responsibilities, actively matching skills and tasks to encourage everyone to get involved, and including community members in decision making. When leaders involve community members in the execution of certain activities and distribute tasks among them, these members gain a feeling to actively contribute to the development of the venture and its success, which generates a sense of agency and ownership, and, in turn, increases commitment and active engagement both in the short and the long run (Gallagher, 2000; Pierce et al., 2001).

Although a sense of agency and ownership created through active engagement in the entrepreneurial process triggers increased commitment and thus contributes to sustaining the level of involvement, another central finding of this study is the importance of specific *leadership practices for sustaining community involvement* over time. Our analysis revealed six different practices that lead to sustained community involvement by creating emotional engagement and thus an increased sense of ownership in the community-based enterprise. While sense of ownership has been found to be a decisive success factor for follower participation in both the literature on leadership (Burns, 1978; Ensley et al., 2006) as well as collective entrepreneurship (Birdavolu et al., 2015; Cieslik, 2016; Marks & Davis, 2012; Peredo & Chrisman, 2006), our analysis extends such research by unraveling concrete emotional engagement practices, like developing shared symbols and rituals or

celebrating successes, that are instrumental for establishing an emotional connection between the evolving start-up and the community, thereby securing long-term involvement and support.

To conclude, our study suggests that community involvement should not be reduced to merely the mobilization of followers, but that the active engagement community members and the sustainment of this support provide important gains for the new venture. These findings directly heed the call by Somerville and McElwee (2011) to address the quality and nature of community participation. By doing this, we extend the literature on collective entrepreneurship that has partially tended to discount the role of the community to that of more passive resource providers (e.g., Vestrum, 2014) or has highlighted more active forms of community involvement without providing more detailed insights on the antecedents, nature, and effect of these active roles (e.g., Peredo & Chrisman, 2006). We also add to the literature by showing that leaders of community-based enterprises must not only initialize, but also *sustain* community involvement, and by delineating explicit leadership practices to that end.

Revisiting the Construct of Leadership in Community-Based Entrepreneurship

Building on our analysis of leadership practices, we identified two different leadership styles in collective entrepreneurial ventures, which affect the form and extent of community involvement. Per definition, community-based entrepreneurship comprises the creation and operation of an entrepreneurial venture and the involvement of the broader community. Although this dyad is inherent in all community-based enterprises, we find different conceptions of leadership in community-based entrepreneurship: For some leaders, community involvement constitutes merely a strategic asset, and thus, a necessity that must be secured to attain the advantages community-based enterprises have compared to their individual counterparts. Based on this understanding, they develop a hierarchical entrepreneurial leadership style, which can lead to the successful establishment of a community-based enterprise, but in which the broader community will only adopt passive roles. On the other hand, other leaders see the community as integral part of the community-based enterprise and perceive themselves as part of this community. As a result, they establish shared leadership structures leading to extensive and sustained passive and active community involvement.

Hierarchical entrepreneurial leadership. Characteristic for a hierarchical entrepreneurial leadership style is that the leaders discount the importance of community involvement, hope that it will emerge as a by-product of business-oriented leadership practices, and establish hierarchical leadership structures with little emphasis on within-team or community-oriented leadership practices. Interestingly, hierarchical in this context does not only refer to the relationship between the leadership team and the rest of the community, but is also manifested in within-leadership team structures, where one member is the clear leader while the others act as active supporters. In these ventures, most decisions are made by the hierarchical leader, who only selectively and strategically distributes some of the responsibility to others in his team or even the broader community. Roles are formally assigned and rarely change throughout the process. For instance, in FAR and KRE, the formal leadership role is clearly linked to one individual, responsibility for specific and often less crucial tasks is either selectively shared with other team members or remains completely the responsibility of the leading individual. Stewart et al. (2017) refer to this form of leadership as team-based empowerment, i.e., leadership where a formal leader remains in force, yet where team members are encouraged to take over control for some tasks.

Through few strategic community mobilization practices, community resources are leveraged, thereby securing the success of the community-based enterprise. However, feelings of agency and ownership remain with the formal leader or leadership team. Although the resulting venture still satisfies the definitional criteria of a community-based enterprise, leadership in these ventures resembles that found in individual entrepreneurial ventures (Haynes et al., 2015; Kang et al., 2015; Vecchio, 2003). While a strong focus on sound business-oriented leadership practices combined with some selected community-oriented mobilization practices can suffice to attain passive involvement in pre-market entry stages (community members as investors), as well as during post market-entry stages (community members as customers), this hierarchical entrepreneurial leadership style hardly leads to active and sustained community involvement.

Shared entrepreneurial leadership. In contrast, other leaders acknowledge the community as an integral part of a community-based enterprise and thus adopt a more

holistic understanding of leadership that reflects the role of the broader community as the social base for the community-based enterprise (Somerville & McElwee, 2011). In two of our cases (ALT and BLU), we identified a shared entrepreneurial leadership style, which allows for the establishment of a venture that is led, managed, and owned by the entire community. While a clear core leadership team exists, roles and responsibilities change in response to different situations and demands, and the entire community is actively and emotionally involved throughout the entire venture development process. In teams adopting a shared entrepreneurial leadership style, all leadership team members are more or less equal, and no individual leader can be identified. Such a self-governed shared leadership style in its most extreme form can be observed in ALT, where none of the involved team members was able to highlight any individual taking a dominant leadership position within their team of ten. So-called heterarchical power structures reflect power relations within a team that shift over time and task (Aime et al., 2014). This appears to be particularly pertinent in responding to the dynamics of the entrepreneurial process, which requires different expertise for different tasks and situations (Haugh, 2007). While in the case of ALT, these heterarchical leadership structures naturally occurred as a result of very strong trust relationships prior to launching the venture, the case of BLU exemplifies that such heterarchical organization of power can be the result of deliberate practices in form of continuous team building activities, as well. The shared nature of the leadership style is not limited to the leadership team, but leadership, for example in form of decision-making power, is also strategically shared with changing individuals from the broader community or even the entire community. Accordingly, the community is not only passively involved, for example, as investors, but assumes much more active roles as co-creators of the entire venture. As a result, community members develop a sense of agency and ownership, which facilitates active and sustained engagement in community-based entrepreneurship.

Taken together, our conceptualization of a shared entrepreneurial leadership style, provides a much needed contribution to shed light on the hitherto largely overlooked role of leadership in community-based entrepreneurship (Lobo et al., 2016) and similarly adds to the study of entrepreneurial teams by highlighting the effect within-team practices can have on establishing stakeholder relationships (Klotz et al., 2014). In addition, our findings add to the study of leadership, which predicts a paradigm shift from hierarchical to shared leadership styles, i.e., leadership that is carried out by a

group of people rather than by a single leader (Pearce & Conger, 2003). Over the past years, the construct of shared leadership has received considerable scholarly interest, referring to organizational arrangements that are characterized by a democratic approach towards power and authority (Carson et al., 2007). Given the advantages of a shared leadership style, it is not surprising, that shared leadership has been found to increase new venture performance (Ensley et al., 2006).

Yet, while the concept of shared leadership has received increasing scholarly interest in recent years (Antonakis & Day, 2017), it has so far mainly focused on the *number* of team members among which leadership is distributed (Carson et al. 2007), our findings provide a more nuanced picture of shared leadership in an entrepreneurial context. Accordingly, our conceptualization of shared leadership provides a differentiation and systematization of concrete leadership practices on three dimensions, namely: the *timing and duration* of leadership distribution (point in time at which leadership distribution begins; continuity of leadership distribution throughout the entrepreneurial process), the *extent* of leadership distribution (number of people among which leadership is distributed; whether leadership is only distributed within a formal leadership team or also among members of a broader community) and the level of *criticality* of the distributed leadership tasks (the importance of a distributed leadership task for the success of the venture). Thereby, our findings contribute important insights on how leadership style affects internal team dynamics and community involvement in start-ups, an important, yet hitherto overlooked research area (Kang et al., 2015).

Finally, we found experiential learning to be an important element of a shared entrepreneurial leadership style. As community-based enterprises are highly context specific and differ widely based on contextual and situational factors under which they are established (Peredo & Chrisman, 2006), one of the major challenges of leadership in community-based entrepreneurship is the lack of ready-to-wear models and ground rules (Lobo et al., 2016; Selsky & Smith, 1994). In addressing these challenges, experiential learning emerged as a powerful mechanism in entrepreneurial leadership. Our conceptualization of experiential learning thereby resembles key characteristics of experiential learning theory (Kolb, 1984), which distinguished between two interdependent processes, namely that of 1) grasping experience (concrete experience and abstract conceptualization) and that of 2) transforming experience (reflective observation and active experimentation). Accordingly, we find experiential learning

in our specific leadership context to consist of three components: carrying out a leadership practice and personally experiencing the outcomes, reflecting on these outcomes, and adapting leadership practices accordingly. The importance of experiential learning is particularly well reflected in BLU, where our longitudinal data collection allowed us to track the changes in their leadership practices over a period of two years. The data shows that experiential learning can help to compensate for prior failures and to mitigate conflicts and challenges. As such, it has a positive effect on attainment and sustainment of community involvement. Beyond the context of community-based entrepreneurship, the importance of experiential learning is also relevant in other forms of entrepreneurship, and can be used to navigate through the dynamics of the entrepreneurial process.

Implications for Research on Leadership in Entrepreneurial Ventures

We are confident that the findings of our study yield several implications for the general study of leadership in entrepreneurial ventures. First, we add to the literature on entrepreneurial leadership, which has highlighted the importance of follower mobilization (Carr et al., 2017; Gupta et al., 2004), by unraveling the importance of active engagement of these followers through the entire entrepreneurial process. In addition, we advance the nascent literature on entrepreneurial leadership by introducing a practice-based approach to leadership. As this approach aims at reflecting on peoples' understanding of 'how to get things done' in complex settings (Orlikowski, 2002), this approach appears particularly well suited for studying leadership in dynamic and complex entrepreneurial settings, and our study sets an important cornerstone for future research that is relevant for both theory and practice. Furthermore, our study extends the literature by providing empirical evidence of the important role of a strategic leadership team, and the ways leaders interact with other actors to leverage their influence on their organizations' performance (Hambrick & Mason, 1984; Simsek et al., 2015). Indeed, our study emphasizes the importance of interactions of strategic leaders of new ventures with various stakeholders who are key for the venture's success. In the context of community-based entrepreneurship, for instance, a strategic composition of the team can greatly influence the ability of the venture to sustain support from the community over time, thereby having an important effect in the success of the venture of the venture in the long run.

The concept of shared leadership has gained importance over the past decades (Ensley et al., 2006) and community-based entrepreneurship offers a pertinent setting to study the emergence, formation, and effect of shared leadership styles. With this respect, our findings naturally extend to research on entrepreneurial teams as well and given the fact that the vast majority of entrepreneurial ventures are established by leadership teams (West, 2007), shared leadership styles must be seen as a particularly relevant, yet under-researched phenomenon in entrepreneurial contexts (Hmieleski et al., 2012). By shedding light on the characteristics and effects of a shared leadership style on stakeholder involvement in entrepreneurial ventures, our study adds an important new puzzle piece to this discussion. Lastly, findings from this study should in fact be able to inform leadership research in a variety of settings, where we experience a shift towards stakeholder involvement and collective action (Dubb, 2016; Mintzberg, 2009; Shepherd & Patzelt, 2017). More pointedly, although community-based enterprises now represent an extreme case, they may foreshadow the organizations of tomorrow, where shared leadership practices, aimed at engaging various stakeholders and communities, are likely to become a core strategic activity.

4. DISCUSSION

The scientific endeavors concatenated in this dissertation all started with the personal interest and desire to gain a better understanding of a phenomenon that seemed to hold so much potential to contribute to sustainable development in local communities throughout the world. Although the notion of collective entrepreneurial action for local development had gained traction within the scholarly community, research on community-based entrepreneurship somehow remained incoherent and scattered, and we were lacking a theory-driven understanding of most aspects of the phenomenon. Existing studies on community-based entrepreneurship confirmed its great practical relevance and also alluded to a great untapped scientific potential. Against this backdrop, the overarching aim of this dissertation became to contribute to the development of community-based entrepreneurship as a legitimate sub-field within entrepreneurship research. The introductory chapter has introduced the phenomenon and has conceptually elaborated on the promise of community-based entrepreneurship research for practice and science. The four essays at the core of this dissertation have all contributed to this aim, and have corroborated and extended these underlying assumptions by reviewing the literature and analyzing an extensive set of empirical data. In this chapter, the key findings and theoretical contributions of the studies are summarized. In addition, a specific focus is set on the practical implications of these novel insights. The chapter concludes with pointing out the studies' limitations, and with deriving avenues for future research that follow up on this dissertation's efforts to establish community-based entrepreneurship as a meaningful and legitimate scholarly domain.

4.1 KEY FINDINGS AND THEORETICAL CONTRIBUTIONS

The four essays in this dissertation have yielded multiple insights on different elements and concepts of community-based entrepreneurship. Overall, they have contributed to the overarching aim of this dissertation to establish community-based entrepreneurship as a legitimate sub-field by defining key concepts, establishing clear boundaries, and by providing theory-based explanations of central aspects of the domain, namely opportunities for community-based entrepreneurship, enabling factors and community involvement. By doing so, this dissertation does not only add to the emerging literature on community-based entrepreneurship but also to our understanding of entrepreneurship in general. The four essays show that community-based entrepreneurship is not only an interesting research domain in itself but also a promising extreme context for challenging and extending theory in various other fields where we are experiencing a shift towards stakeholder involvement and collective action (Corner & Ho, 2010; Dubb, 2016; Mintzberg, 2009; Shepherd & Patzelt, 2017).

4.1.1 Key Findings and Contributions of Essay I

In Essay I, we set out to gain a holistic understanding of the different understandings of community and community-based entrepreneurship. The objective was to delineate the key concepts and propose definitions, thereby establishing boundaries of the scholarly domain of community-based entrepreneurship and contributing to its legitimacy. Based on these insights, we aimed to highlight avenues for future research.

First, Essay I shows that the literature on community entrepreneurship comprises the study of different types of entrepreneurial ventures. We delineated a set of five organizational characteristics that helped to differentiate between five distinct types of enterprises, and, thus, five notions of community entrepreneurship. As such, community-based entrepreneurship, as defined in this dissertation is only one phenomenon studied within community entrepreneurship research. Embeddedness in the existing structures of the local community, and community orientation emerged as the common denominator of all community enterprises which allowed us to propose an overarching definition of the study of community entrepreneurship. These findings contribute to the coherency of community entrepreneurship research, as the proposed set of definitional premises and the resulting typology of community enterprises can

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serve as a tool box for scholars to classify and define the phenomena they explore. This also helps to circumvent the unwary transfer of findings among studies exploring different phenomena.

Second, Essay I reveals that community-based enterprises are the only type of community enterprises that are unique to the study of community entrepreneurship, while the other four are specific forms of other ventures that are also discussed elsewhere in the literature. Based on the premise that, to attain academic legitimacy, a field must have a conceptual framework that explains phenomena not explained in other fields and clear boundaries (Shane & Venkataraman, 2000), we conclude that the study of community entrepreneurship does not qualify as distinct scholarly domain. Nevertheless, due to the practical importance of local entrepreneurial action for contributing to sustainable development worldwide, we encourage an encompassing scholarly conversation on community entrepreneurship. Instead, these findings corroborate our initial arguments for the legitimacy of community-based entrepreneurship as a sub-field within the study of entrepreneurship, and suggest a definition for this field. We define the sub-field of community-based entrepreneurship as the scholarly examination of the process of recognizing, creating and exploiting opportunities to collectively bring into existence future goods and services that provide economic, social and/or ecological gains for the local communities in which they are embedded. By doing this, we bring clarity on the status of the scholarly examinations of community and community-based entrepreneurship. These definitions set clear boundaries for the scholarly conversation on community entrepreneurship, thereby contributing to its coherency and academic legitimacy (Dacin et al., 2011).

Third, Essay I proposes a three-dimensional research framework comprising context (e.g., different sectors and geographical contexts), type of enterprise (i.e., the notion of entrepreneurship), and theme (i.e., the specific focus or theme of the study). For each of the five themes (entrepreneurial process, actors, organization, benefits and impact, and institutional support systems), it gives a brief overview of extant research and makes suggestions for future investigation. Our research framework allows scholars to clearly position their work within the study of community entrepreneurship, thereby contributing to coherency and the transferability of findings. Our research agenda facilitates focused, meaningful research, hopefully encouraging researchers to contribute to these relevant and promising conversations.

4.1.2 Key Findings and Contributions of Essay II

The aim of Essay II was to address the calls to provide a better understanding of the ‘how’ and ‘why’ of community-based entrepreneurship (Daskalaki et al., 2015; Peredo & Chrisman, 2006; Vestrum et al., 2017) by shedding light on the nature and formation process of opportunities for community-based entrepreneurship.

First, the study revealed three distinct sources of opportunities for community-based entrepreneurship. These are: 1) A specific local problem that can neither be addressed by means of individually-led enterprises, nor by top-down solutions, 2) a societal issue that is too multi-faceted or complex to be addressed by individual actors or mere top-down solutions, and 3) unused private and common resources that can only be put into best use if exploited collectively. This contributes to the literature on community-based entrepreneurship by providing a holistic overview of the sources of opportunities for community-based entrepreneurship. Most importantly, it extends our knowledge by showing that not only specific local problems, but also broader societal problems can open up space for community-based entrepreneurship.

Second, Essay II reveals that one must differentiate between potential opportunities for community-based entrepreneurship, i.e., ideas for addressing a problem by means of community-based enterprise creation, and exploitable opportunities for community-based entrepreneurship, i.e., opportunities that can be exploited by a collective, thereby yielding net benefits. While potential opportunities for community-based entrepreneurship are recognized by an individual, exploitable opportunities must be created. This finding adds to the literature on community-based entrepreneurship and to its legitimacy as distinctive scholarly domain by shedding light on the idiosyncrasies of opportunities formation in community-based entrepreneurship and by showing that community-based entrepreneurship is much more than just the collective exploitation of an entrepreneurial opportunity.

Third, we generate first insights into the distinct sup-processes of opportunity formation. Most importantly, the study shows that the creation process of an exploitable opportunity comprises the three parallel and highly interrelated sub-processes of development, collectivization and evaluation. Important process elements are the formation of a core team and the development of an initial concept, and the mobilization of the broader community and the collective shaping of the opportunity. Although we acknowledge that further, more focused research is required, these

findings contribute not only to the nascent sub-field of community-based entrepreneurship research, but also to our general understanding of entrepreneurship by providing empirical evidence for the collective shaping of opportunities (Corner & Ho, 2010; Patzelt & Shepherd, 2017), and by showing how the collectivization of entrepreneurial opportunities can increase the net benefits yielded by opportunity exploitation.

4.1.3 Key Findings and Contributions of Essay III

Essay III aimed to extend our understanding of why and how some communities decide and manage to address their problems by means of community-based enterprise creation. More specifically, we wanted to gain insights into the factors and dynamics that enable successful community-based enterprise creation.

Based on our understanding and definition of community-based entrepreneurship, we first conceptualized successful community enterprise creation as the creation of enterprises that 1) are collectively established, owned and governed by a large part of the people living in a local community, 2) generate sufficient profit to sustain themselves in the long run, and 3) succeed in solving one or more local problems while yielding additional economic, social and/or ecological value. The first key finding is the identification of three key prerequisites imperative for successful community enterprise creation, namely collective agency, willingness to invest private resources, and lasting commitment. This does not only serve as an important basis for this study, but also opens up avenues for future research focusing on understanding the antecedents and dynamics behind each of these three factors.

Second, we identify the importance of the locals' identification with the local community as key enabler for community enterprise creation. Although, based on extant findings proposing a history of collective action as an antecedent of community-based enterprise creation (Peredo & Chrisman, 2006), this might not come completely as a surprise, Essay III extends our understanding in two important ways. To begin with, it shows how the initiators of community enterprises can strategically harness identification by explicitly appealing to potential supporters' identity as members of the community. Moreover, we provide a more nuanced picture of this effect by unveiling that a high level of identification will not necessarily enable community-based enterprise creation. Instead, certain facilitating mechanisms are required to act

as catalysts to initiate and intensify action. The four mechanisms revealed in Essay III are 1) perception of a threat to the community, 2) comparison with similar communities, 3) perception of being challenged, and 4) perception of acknowledgement.

Third, Essay III detects the importance of an emerging collective identity as enterprising community, which induces lasting commitment and can help to motivate supporters who lack identification with the local community. Furthermore, it identifies two strategies initiators of community-based enterprises can employ to reinforce the emerging collective identity: 1) the use and creation of artifacts, and 2) the implementation of rituals and celebration of collective achievements. This finding challenges and extends existing community-based entrepreneurship research, which has tended to equate the local community with the enterprising community (Peredo & Chrisman, 2006). By providing a missing puzzle piece for explaining lasting commitment (Lobo et al., 2017; Selsky & Smith, 1994; Valchovska & Watts, 2016), and by unraveling these specific tactics to reinforce a motivational collective identity, this finding does not only contribute to our understanding of successful community-based enterprise creation, but also holds importance for the studies of social movements and collective action (e.g., Klandermans & Oegema, 1987; Stryker, 2000).

4.1.4 Key Findings and Contributions of Essay IV

The objective of Essay IV was to provide a better understanding of the role of leadership in community-based entrepreneurship. More specifically, we wanted to shed light on how leaders of community-based enterprises master the challenging task of attaining and managing different forms of community involvement.

First, the case analysis allowed to differentiate between different active and passive forms of involvement during pre-market entry and post market-entry stages. These findings heed the call by Somerville and McElwee (2011) to address the quality and nature of community participation, thereby extending the literature on community-based entrepreneurship that has partially tended to discount the role of the community to that of passive resource providers (e.g., Vestrum, 2014) or has highlighted more active forms of community involvement without providing more detailed insights on the antecedents, nature, and effect of these active roles (e.g., Peredo & Chrisman, 2006).

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Second, when trying to explain the variance in community involvement, we found the differences to result from variations in leadership practices. We delineate a set of concrete within-team and community-oriented leadership practices, which affect community involvement in different ways. This challenges existing community-based entrepreneurship research that has suggested factors like an individual's standing and prior knowledge to determine the success in community involvement (Peredo & Chrisman, 2006; Vestrum, 2014). By emphasizing practices as the unit of analysis, Essay IV heeds calls to move away from the predominant focus on individual behavior towards an understanding of entrepreneurship as an accumulation of social practices executed by a multitude of different actors (Johannisson, 2011).

Third, with respect to within-team leadership practices, forming a leadership team and establishing a culture of collective entrepreneurial leadership emerged as particularly important. By providing in-depth empirical insights into the antecedents of effective leadership in entrepreneurial teams, they provide an important missing puzzle piece to the study of community-based entrepreneurship, which has already alluded to the importance of a formal leadership team (e.g., Haugh, 2007; Lobo et al., 2016), yet, without elaborating on how these teams are formed and how they must be organized in order to operate successfully.

Fourth, with respect to community-oriented leadership practices, Essay IV corroborates existing research by highlighting the importance of mobilization practices. Yet, it reveals that, while these mobilization practices help to win community members as passive supporters, they do not suffice to attain active forms of involvement. Along these lines, Essay IV unravels certain active engagement practices. Finally, it demonstrates the importance of specific leadership practices for sustaining community involvement over time. These findings challenge extant perspectives on community-based entrepreneurship by suggesting that community involvement should not be reduced to the mere mobilization of followers (Lobo et al., 2016; Vestrum & Rasmussen, 2013; Vestrum et al., 2017), and by highlighting the gains that the active engagement community members and the sustainment of this support yield for the new venture. Besides that, Essay IV provides much-needed insights on the topic of entrepreneurial leadership, for instance, by providing empirical and theoretical insights into how leaders of entrepreneurial ventures manage to convey their visions (Renko et al., 2015; Ruvio et al., 2010).

Finally, we identified two different leadership styles in community-based enterprises, that affect the form and extent of community involvement. While for some leaders, community involvement constitutes a mere strategic asset, others see the community as integral part of the enterprise and perceive themselves as part of this community. Based on these distinct understandings, the former develop a hierarchical entrepreneurial leadership style, which can lead to the successful creation and operation of a community-based enterprise, but in which the broader community will only adopt passive roles. In contrast, the latter establish shared leadership structures (Antonakis & Day, 2017), which can lead to extensive and sustained passive and active community involvement. By doing this, Essay IV adds the missing puzzle piece to our understanding of the effect of different leadership practices and leadership styles on the attainment and management of different forms of community involvement.

4.2 LIMITATIONS

Naturally, the studies in this dissertation are subject to limitations. The following chapter presents the main limitations and explains the approaches and strategies applied to mitigate them.

Literature reviews are often criticized for being prone to biases rooted in the researchers' individual interests and perspectives. Essay I minimizes this risk by following the tenets proposed by Tranfield et al. (2003) for systematic, transparent and replicable literature reviews. Our collection process first yielded 98 articles dealing with community or community-based entrepreneurship and community or community-based enterprises in the broadest sense. After reading and analyzing the entire set of articles, we decided to narrow our selection down to those articles published in journals with an impact factor of 1.0 or higher. Although this decision led to a reduction of the data set to 42 articles, it enhanced the overall relevance and legitimacy of our review. To ensure that we had not lost important insights and perspectives through this reduction step, we iteratively confirmed our findings and conclusions with the excluded articles.

All three empirical papers in this dissertation use qualitative methods. Although qualitative research methods are appropriate for studying phenomena about which little is known (Bansal & Corley, 2011), they naturally entail limitations. Despite their usefulness for generating theoretical insights on new phenomena (Siggelkow, 2007; Yin, 2014), the limited numbers of cases investigated in each study naturally impose constraints on the generalizability of the findings (Eisenhardt, 1991). However, the use of multiple cases allowed for replication (Eisenhardt, 1989), and the sampling strategy carefully designed for the requirements of the respective studies ensured the choice of representative cases (Patton, 1990). Moreover, building theory from qualitative studies always involves a conceptual leap from the empirical data to abstract theoretical ideas (Klag & Langley, 2013). To address these issues, we always tried to be as transparent as possible, for instance, by providing rich descriptions of the analysis procedures and by showing parts of our data in the findings sections (Bansal & Corley, 2012; Gehman et al., 2017; Gioia et al., 2013).

Except for two cases, in which we were able to track large parts of the entrepreneurial process as it unfolded, the data on which the studies in this dissertation built were collected retrospectively. Although retrospective data can undoubtedly lead to biases, we are confident that we took sufficient countermeasures to minimize retrospective biases to a minimum. First, we sampled only cases that were established within the past five years. Second, we always triangulated interview data from multiple informants. Third, we employed the structure laying technique as an additional method for eliciting memories and validating data (Groeben, 1990). Finally, we built on data from multiple sources. Since we visited all cases several times and spent several days at each site, we could gain the trust of the locals, which gave us access to a rich set of internal archival data. In one case, we reduced the retrospective bias through triangulation with video footage that had been recorded as the process unfolded.

Lastly, all community-based enterprises investigated in this dissertation were established in Germany, which, despite some small deviations, is a rather affluent study context. Based on the case descriptions from other geographic contexts provided in extant studies, we are confident that our findings are transferable to other contexts. As community-based entrepreneurship is a global phenomenon that emerges in different types of communities with different standards and living conditions, and in face of a diverse set of problems, it would still make sense to conduct similar studies in other geographic and social contexts.

4.3 AVENUES FOR FUTURE RESEARCH

This chapter starts with some general remarks regarding future research approaches, designs and settings before it proceeds with pointing out more specific opportunities for future research to follow up on and extend the insights generated in each of the four essays. Of course, the proposed research agenda is not exhaustive but rather aims to be an inspiration for future research either aiming to advance our understanding of community-based entrepreneurship or using community-based entrepreneurship as a fruitful research contexts for extending other fields.

4.3.1 The Use of Extant Theories in Community-Based Entrepreneurship Research

Although community-based entrepreneurship is a distinct phenomenon that cannot be sufficiently explained with extant knowledge from other fields, it shares commonalities with other phenomena. It can be located somewhere at the intersection between social or sustainable entrepreneurship (depending on a double or triple bottom line solution), collective action, and social movements. However, it could also benefit from insights from the literatures on, among others, entrepreneurial teams and family entrepreneurship. Researcher should set out to explore how and to what extent the literatures on community-based entrepreneurship and entrepreneurial teams or family entrepreneurship can mutually inform each other. Moreover, there is a plethora of theories that can advance the study of community-based entrepreneurship. Essay III, for instance, has drawn from social identity theory to explain successful community-based enterprise creation. Following up on the findings of Essay IV, for exploring the individual side of community-based entrepreneurship, role identity theory (Stryker & Serpe, 1982) can be expedient to explain role choices and behaviors. From an organizational perspective, employing classical theories such as the theory of the firm (Demsetz et al., 2000; Jensen & Meckling, 1976) could yield intriguing insights both for the study of community-based entrepreneurship as well as for organizational research in general. Institutional theorists have called the community a neglected institutional order (Thornton et al., 2012), thereby alluding for the mutual value of institutional theory and the context of community-based entrepreneurship. These represent only some exemplary ideas and the list of further potentially useful theories is sheer unlimited depending on the respective specific research question.

As such, reinventing the wheel to explain community-based entrepreneurship would be superfluous and even thwart the development as legitimate and meaningful scholarly domain. Therefore, the sub-field of community-based entrepreneurship research should not emerge in isolation, but should, from the beginning on, move outwards to engage with other fields and domains. ‘Engage’, in this context, should be understood in that community-based entrepreneurship research should get inspired by and draw from extant theory from related fields to generate novel theoretical insights, but also strive to give back to these fields by extending or challenging existing knowledge and assumptions (Corley & Gioia, 2011; Mair & Marti, 2006; Whetten, 1989). This stance is also reflected in the abductive reasoning strategies used in Essays II and III.

4.3.2 Different Methods in Community-Based Entrepreneurship Research

Community-based enterprises are highly adaptive to local circumstances and there is no ‘one size fits all’-design (Kleinhans, 2017; Peredo & Chrisman, 2006). This uniqueness of the individual solutions explains the great number of papers providing in-depth accounts of community-based enterprises in specific contexts. Indisputably, community-based entrepreneurship research must be context sensitive. However, future research should aim to generate findings that are generalizable and transferrable among settings and contexts. While comprehensive descriptions of the context are key for balancing context sensitivity and generalizability (Welter, 2011), future research should refrain from providing rich descriptions of the venture creation process and the resulting venture, but should zoom in on specific elements or dynamics of community-based entrepreneurship and produce generalizable, theory-based explanations.

Naturally, most of the empirical research on community-based entrepreneurship is qualitative. As the scholarly domain is still in a nascent stage, further qualitative, explorative research is needed to generate a theory-based understanding of community-based entrepreneurship (Bansal & Corley, 2011, 2012). Yet, some remarks must be made with respect to the design of future research projects. Besides few examples, most studies rely on retrospective data. Future research should employ longitudinal designs to capture social interactions as they emerge, and the entrepreneurship journey as it unfolds. With respect to data sources and data collection

strategies, there is also room for advancements. Most of the empirical research has hitherto built on data collected directly at the community-based enterprises. Focus groups (Myers, 2010) with local community members, governmental representatives, local politicians, and experts in the field of community-based entrepreneurship could be an effective way to generate interesting, novel insights on specific topics such as motivations, challenges and barriers. Community-based entrepreneurship is a complex phenomenon grounded in repeated social actions among a large number of individuals. Analyzing and understanding these dynamics can be difficult by means of mere observation and field notes. Collecting visual data in form of photos or videos helps to capture more comprehensive and realistic presentations of social interactions, facilitate their analysis, and reduce selective biases of the researcher (Flick, 2014).

To date, only very few community-based entrepreneurship studies use quantitative methods and those that do employ mixed methods and are of the ‘census taking’ type trying to document the prevalence of community-based enterprises and their characteristics (e.g., Ambrose-Oji et al., 2015; Cieslik, 2016). Based on the emerging theoretical insights, researchers should set out to validate and refine the models produced in qualitative research. Qualitative comparative analysis (QCA) could be an interesting research method to bridge qualitative and quantitative methods in community-based entrepreneurship research, as it allows to analyze larger sets of cases, pinpoint decisive cross-case patterns, and to determine different combinations of causal conditions that generate the same outcome (Ragin, 1987; Ragin, 2008). Moreover, the study of community-based entrepreneurship would greatly benefit from the use of experimental methods, which are increasingly acknowledged for their potential to advance entrepreneurship research (Grégoire et al., forthcoming; Hsu et al., 2016; McMullen et al., 2016). For instance, quasi-field and even field experiments based on the insights gained in qualitative studies could advance our understanding of the dynamics of opportunity recognition and the decision to pursue a potential opportunity for community-based entrepreneurship.

4.3.3 Avenues for Future Research Extending Essay I

In Essay I, we have developed a transparent search and selection strategy to find and identify the literature published on community entrepreneurship in general. For this essay, we have used this set of articles to understand different notions and definitions.

There are, however, ample further opportunities to use this database (or that part of it, that deals with community-based entrepreneurship as defined in this dissertation) to dig deeper into more specific aspects of the phenomenon. For instance, this strategy could yield important first insights into different ownership and governance structures – a topic that is crucial for our understanding of the phenomenon but that has, with very few exceptions (e.g., Ambrose-Oji et al., 2015), been neglected thus far. Another important topic that has been discounted relates to the challenges of community-based entrepreneurship. While many studies provide anecdotal evidence that alludes to challenges (e.g., Keane & Cinnéide, 1986; Peredo, 2003; Vestrum, 2014), no research has systematically focused on understanding the challenges and potential downsides of community-based entrepreneurship. The data set compiled for Essay I could be a useful base for such explorations. Besides these suggestions, Essay I has already pointed to various other gaps in our understanding and potentially relevant research questions.

Another opportunity for future research relates to the related scholarly domains we have identified in Essay I. One of the key findings of Essay I was that community-based enterprises are the only type of community enterprises that is unique to the study of community entrepreneurship, while all other four types are specific forms of other types of entrepreneurial ventures that have been also discussed elsewhere in the literature. Future research is required to explore how extant knowledge from the literatures on local entrepreneurship (e.g., Audretsch et al., 2012; Johannisson, 1983; Marti et al., 2013), social entrepreneurship (e.g., Bacq & Eddleston, 2017; Lumpkin et al., 2013; Seelos et al., 2011), cooperatives (e.g., Ashforth & Reingen, 2014; Boone & Özcan, 2014; Schneiberg et al., 2008), and grassroots initiatives for sustainable development (e.g., Feola & Nunes, 2014; Seyfang & Smith, 2007; Smith et al., 2016) can inform the study of community-based entrepreneurship.

4.3.4 Avenues for Future Research Extending Essay II

Essay II has suggested three different sources of opportunities for community-based entrepreneurship. We acknowledge that a qualitative case study with eight cases from one country cannot claim to account for all possible sources. Future research should explore whether other sources exist in different contexts, particularly in the developing world, and provide more context-specific evidence for the three suggested sources.

DISCUSSION

Another question that requires further investigation relates to the number of potential opportunities for community-based entrepreneurship out there. Innumerable local communities throughout the world suffer from similar problems like the ones in Essay II, which decided and managed to establish community-based enterprises to address these problems. Does this mean that there are theoretically innumerable, yet overlooked, opportunities for community-based entrepreneurship out there waiting to be recognized and developed into exploitable opportunities?

Moreover, Essay II has provided a holistic understanding of the opportunity formation process in the context of community-based entrepreneurship. While this constitutes an important first step, further research must dig deeper into the individual phases and sub-processes. For instance, researchers should generate a more fine-grained understanding of the factors that lead to the recognition of a potential opportunity for community-based entrepreneurship. Essay II has suggested three sources, and has described how individuals recognized the potential opportunity to solve the underlying problem(s) by means of community-based enterprise creation. Yet, there remain gaps in our understanding with respect to the individual and context-related factors that lead to the recognition of such opportunities as well as to the intention to pursue them: Why do some individuals, and not others, recognize potential opportunities for community-based entrepreneurship? When and under what conditions do individuals recognize potential opportunities for community-based entrepreneurship? Why and under what conditions do individuals decide to follow up on these vague, initial ideas? By unraveling the role of identity dynamics for enabling community-based enterprise creation, Essay III has already provided insights for answering the latter question.

In addition, there is substantial room for future research with respect to opportunity creation or, more specifically, the inter-related processes of opportunity development and collectivization. Vestrum and her colleagues have already started to investigate process elements like resource mobilization and legitimization of the future venture (Vestrum & Rasmussen, 2013; Vestrum et al., 2017). Researchers can build on these findings to further explore the important events and processes occurring between the recognition of a potential opportunity and the actual exploitation of the final, full-fledged opportunity. Opportunities must be shaped in a way to meet the specific needs of the respective community, and are restricted by the resources available within that community (Bailey, 2012; Peredo, 2005; Somerville & McElwee, 2011; Vestrum, 2014). Further inquiries of opportunity formation in community-based

entrepreneurship can yield contributions for entrepreneurship research by extending our understanding of how opportunities are refined through interactions with communities of inquiry, and vice versa (Patzelt & Shepherd, 2017; Shepherd, 2015). We also lack an understanding of the skills and resources required for venture leaders to mobilize fellow community members for their endeavor. Understanding individual and contextual factors that affect opportunity collectivization would be of utmost importance for our understanding of community-based enterprise creation.

4.3.5 Avenues for Future Research Extending Essay III

In Essay III, identification and collective identity emerged as useful concepts for explaining successful community-based enterprise creation. Proceeding on this path, there is plenty to be done in future research. While identity concepts have long been used to explain collective action phenomena (Stryker et al., 2000), entrepreneurship researchers have more recently started to employ identity theories to generate new insights into the underlying dynamics of entrepreneurial action (Gruber & MacMillan, 2017). Future research should adopt an individual perspective focusing on explaining differences between actors. It should heed the calls to delineate the different roles taken on by community members in the process, and explain why different people take on different roles (Lobo et al., 2016; Somerville & McElwee, 2011). As individual level constructs, social identity and role identity can help to explain the motivations of different people to engage in community-based enterprise creation in different ways (Stryker, 2000). In addition, focusing on the emerging collective identity as enterprising community can yield intriguing insights both for the study of community-based entrepreneurship and for entrepreneurship and organizational research in general. For instance, it would be interesting to know how the emerging collective identity as enterprising community affects the individual social and role identities of the individual participants, and if this has an effect on future – individual or collective – entrepreneurial behavior. Overall, as a multi-level phenomenon involving individuals, different types of groups, and organizations, community-based entrepreneurship constitutes a fruitful setting for exploring the hitherto neglected cross-level identity dynamics in emerging organizations (Gioia et al., 2013).

In their conceptual paper, Peredo and Chrisman (2006) have proposed a set of antecedents for successful community-based enterprise creation, such as the presence of pressing problems, a history of collective action, a threshold of social capital, and a medium community size. Empirical research is needed to verify these suggestions and to identify additional factors and conditions. Quantitative Comparative Analysis (QCA) could be a particularly suitable research method to that end. While Essay III has focused on the antecedents and early stages of venture creation until market entry, future research is needed to explore the facilitating factors important in post-market entry stages.

For our study, we conceptualized the successful creation of community-based enterprises as the creation of enterprises that are collectively established, owned, generate sufficient profit to sustain themselves in the long run, and succeed in solving one or more local problems while yielding additional economic, social and/or ecological value. Although all our cases met these criteria at the time of data collection, future research is required to track the development and performance of community-based enterprises over time. Performance, in this context, does not only refer to economic viability but also to the effective solving of the underlying problem, and the generation of added benefits, such as the enhancement of social capital and community cohesion. Based on prior research and own empirical evidence, Essay III proposes that community-based enterprise creation can be an effective local mechanism for contributing to the achievement of various of the SDGs. Longitudinal research based on both qualitative and quantitative indicators is inevitable to verify this claim.

4.3.6 Avenues for Future Research Extending Essay IV

By investigating the link between leadership and community involvement, Essay IV provides an important puzzle piece to our understanding of community-based entrepreneurship. However, there is still considerable scope for research on both community involvement and leadership in community-based entrepreneurship. For instance, in line with existing research, our data alludes to challenges and conflicts entailed by active community involvement. Although our study already highlights the importance of experiential learning to address these, more research is needed to explore when and under what conditions community involvement entails detrimental effects, and how these can be avoided or mitigated. Furthermore, Essay IV

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corroborates extant claims that community involvement fosters the entrepreneurial process and lead to the long-term success of a community-based enterprise (Haugh & Pardy, 1999; Vestrum et al., 2017). Yet, the effect of community involvement on the resulting venture remains to be further explored and tested. For example, we need to gain a more nuanced understanding of the effect of community involvement on the nature of the resulting enterprise. Another unanswered question relates to the link between different forms and extents of community involvement and the economic and social performance of the resulting enterprise. Longitudinal study designs are inevitable for generating rigorous insights on these matters.

Next, community involvement is only one aspect of community-based entrepreneurship that is affected by leadership styles and practices. As the focus of Essay IV was on understanding community involvement, we decided to neglect business-oriented leadership practices. Of course, this does not imply that these practices are less relevant for the process and outcomes of community-based entrepreneurship. Hence, future research focusing on business-oriented leadership practices and their effects on the entrepreneurial process and the resulting community-based enterprise is much needed. Researchers should also explore other potential effects of within-team and community-oriented practices.

With respect to the study of entrepreneurial leadership, there remains much to be done (Carr et al., 2017). In Essay IV, we have positioned community-based entrepreneurship as fruitful extreme context for studying leadership, which yields implications for various other settings and contexts. Further research should apply our findings to other entrepreneurial and organizational contexts, but also to studies of collective action and social movements phenomena. A particular focus should be put on our emerging construct of collective entrepreneurial leadership, which is likely to be relevant for other leadership settings, which currently experience a shift from hierarchical to shared leadership styles (Pearce & Conger, 2003). We have proposed an extended conceptualization of shared leadership comprising not only the number of people involved in leadership, but also the timing and criticality of the distributed tasks. Both qualitative and quantitative inquiries are necessary to extend this new insight and to explore the effects of different manifestations of these three dimensions of shared leadership.

4.4 PRACTICAL IMPLICATIONS

Management research has often been criticized for lacking societal impact (George et al., 2016). Community-based entrepreneurship is more than merely another increasingly prevalent form of entrepreneurship and a promising research context. As this dissertation has shown, the phenomenon also holds great untapped potential for tackling a variety of local and societal challenges, thereby contributing to achieving the SDGs and a more sustainable future. As such, community-based entrepreneurship scholars should embrace their responsibility to not only build theory that holds scientific utility, but also practical implications (Corley & Gioia, 2011). Along these lines, this dissertation dedicates a separate chapter to the practical implications that can be derived from the findings of the four essays.

The essays in this dissertation have corroborated the introductory quote by Jamison Ervin (UNDP, 2017) proposing that local communities can be a hotspot for innovative solutions to sustainability challenges. The introductory chapter of this dissertation and Essay I provide an overarching understanding of the benefits of community-based entrepreneurship, thereby serving as a useful basis to inform practitioners about the general potential of community-based entrepreneurship as local development solution. Taken together, the findings of the four essays raise a set of central questions for practitioners and yield various helpful insights for answering these:

- How can we get local communities to perceive their problems as entrepreneurial opportunities?
- How can we encourage them to collectively pursue these opportunities?
- How can we help them develop the most innovative and comprehensive solutions possible?
- How can we support them throughout the strenuous process of opportunity collectivization and development?
- How can we facilitate the long-term viability of the resulting community-based enterprises?

With respect to the first two questions, Essay II generates insights on the sources of opportunities for community-based entrepreneurship and on how individuals recognize these opportunities and form the intention to pursue them. A key insight that

is of high practical importance is that, in many cases, the underlying problems have existed for long periods of time before an individual recognized the opportunity to solve the problem by means of community-based enterprise creation. The empirical evidence also evinces that it often requires an external impulse to trigger the recognition of a potential opportunity for community-based entrepreneurship. The most relevant trigger we identified was the discovery of examples of other communities that have been successful in addressing their problems through the creation of a community-based enterprise. The importance of role models was also verified in Essay III. From a practitioners' perspective, this is a pleasing finding since the dissemination of best practice examples among local communities could constitute an easy and cost-effective mechanisms for triggering community-based entrepreneurship. Governments on all levels should develop and implement campaigns promoting community-based entrepreneurship as an effective development tool among local communities. The findings of Essay III lead to the inference that this 'role model'-strategy will be particular effective if the local communities addressed with such campaigns can identify with the communities presented as role models. In other words, practitioners should aim to ensure a close match in community structure and culture between role model-community and recipient-community. Another effective strategy could be the creation of online and offline networks to facilitate the dissemination of success stories.

Next, Essay III points out the importance of collective agency and efficacy, i.e., the belief that, collectively, the community can be effective in changing the situation (Brewer & Silver, 2000). As Peter Block has stated, "the transition from patient to citizen is always difficult" (2009, p.89). Triggering a sense of collective agency and collective efficacy is key for facilitating community-based entrepreneurship. The empirical evidence in Essay III suggests that this can be done by reminding the locals of prior collective achievements – be it the joint renovation of a local building or just the successful organization of an event. Furthermore, Essay III reveals the importance of a high level of identification with the local community for enabling community-based entrepreneurship. Although this might not come completely unexpectedly, it is of high practical relevance and should serve as a starting point for the development of programs and policies fostering community-based entrepreneurship. If identification is key for successful community-based enterprise creation, then practitioners should focus on conditions and mechanisms that enhance or diminish identification in rural

villages. Specific questions that need to be addressed are: How can we sustain or enhance identification in rural villages? Or, how can we avoid diminishing identification in rural villages? As the findings indicate, strengthening local culture and associations, and preserving local meeting hubs constitute effective strategies.

Essay III produces first intriguing insights with respect to the third question relating to the development of innovative and comprehensive solutions. In a nutshell, the empirical evidence shows that, once a certain determination to pursue the opportunity has been reached, the sudden withdrawal of external support can enhance the locals' sense of collective agency and lead to even more creative and more comprehensive solutions. For instance, when both EU and local subsidies were cancelled in Vorderburg, this did not lead to the failure of the entire project but triggered the development of alternative funding mechanisms that allowed for the implementation of a much more comprehensive concept than initially planned. Similar evidence can be found in various other cases. The practical implications of this finding remain to be discussed and future research is required to provide a more nuanced understanding of such mechanisms as it would be overly naïve and even dangerous to conclude that rejecting or withdrawing funds should be the strategy of choice for governments to foster community-based entrepreneurship. The allocation of seed capital rewarding innovative community-based solutions could be an interesting starting point.

All essays in this dissertation endorse that the creation and exploitation of opportunities for community-based entrepreneurship is a lengthy, challenging, and resource-intensive process. Essays II and IV both indicate that collaboration with external experts enhances the quality of the business concepts and additionally increases the legitimacy of the core teams when it comes to mobilizing the broader community. During data collection for this dissertation, we collaborated with an expert who has worked as a consultant for community-based enterprise creation for many years. This expert, who is commonly referred to as 'the Pope', was involved in some way in most of the cases we investigated. Governments should invest in training and employing further consultants that support the leaders of community-based enterprises throughout the entire process. Thus far, most of the existing consultancy programs focus on legal and financial issues, thereby neglecting the importance of community mobilization and engagement. The programs must be extended and complemented with specific training programs covering issues of leadership. Finally, Essay III points to the motivational effect of awards and media coverage. Most existing awards are

given to projects that have already been successful in establishing a community-based enterprise. While this is important to reward the communities and serves as a dissemination mechanism, it would be beneficial to initiate award schemes focusing on earlier stages with the aim to encourage and motivate communities during the lengthy and challenging entrepreneurial process.

With respect to the last question about the long-term support of community-based enterprises, the dissertation leaves much room for further inquiry and discussion. Over the past years, many support programs for rural development have been established on a national and international level. While in some countries such as the UK, these policies seem to yield good successes (Somerville & McElwee, 2011; Bailey, 2012), studies have revealed shortcomings of and hindrances for such policy programs (e.g., Kleinhans, 2017). Our empirical evidence from local communities in Germany has illustrated that the conditions and regulations underlying some of these large-scale policy programs can be impossible for small communities to fulfill. Therefore, practitioners should work on generating better congruity between institutional offerings on one side, and community needs and possibilities on the other side.

A final remark relates to the role of researcher for fostering community-based entrepreneurship. Johannisson (1983) argues that it is the duty of researchers in the context of local and community entrepreneurship to act not only as independent, external investigators but as facilitators who make use of his or her knowledge to foster entrepreneurial action and community mobilization. Community-based entrepreneurship researchers should keep this call in mind and reflect upon their own potential for promoting community-based entrepreneurship.

4.5 CONCLUDING REMARKS

This dissertation started with elaborating on the practical and scientific relevance of community-based entrepreneurship. The underlying premise was that community-based entrepreneurship is not only a relevant and increasingly prevalent practical phenomenon but also a distinct scholarly domain. The four essays all verify and extend this premise.

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First, from a practical perspective, the empirical evidence corroborates that community-based entrepreneurship is an effective tool for achieving sustainable development in local communities. The findings even expand this notion by showing it can also be an effective mean for tackling broader societal challenges. Taking these insights further, researchers must develop methods to assess and measure these direct and indirect benefits. Particular focus should be put on the effects of community-based entrepreneurship on the behaviors of the individuals and of other communities as there seems to be much untapped potential for transforming society and achieving a sustainable future.

Second, the essays contribute to the academic legitimacy of the study of community-based entrepreneurship by identifying distinctive features, suggesting definitions and boundaries, and generating theoretical explanations for key aspects. In a nutshell, the essays have contributed to a theory-based understanding of the nature and formation or opportunities, the prerequisites and key enabling factors, and the effect of leadership on different forms of community involvement. While this constitutes an important starting point, there is still ample room and need for further scholarly inquiry. The research framework developed in Essay I and the research avenues pointed out in the preceding chapter hopefully encourage and inspire researchers to further contribute to the development of the domain.

Third, the dissertation points to several ways in which community-based entrepreneurship research can inform the broader entrepreneurship, management and organizations literatures. Community-based enterprises can not only offer a fruitful extreme context but may even foreshadow the organizations of tomorrow, that are characterized by stakeholder involvement and shared ownership and governance structures (Dubb, 2016; Mintzberg, 2009).

In conclusion, community-based entrepreneurship is a highly relevant topic and a promising research context that deserves further scholarly attention. Future research should embrace and reflect the collective, cooperative, boundary-spanning, innovative, and creative nature of the phenomenon. More pointedly, I call for research that is designed and conducted collectively and cooperatively by scholars from different fields and sectors, practitioners, and governmental agencies, and that rigorously employs innovative and creative methods to generate both theoretically and practically relevant insights.

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Eidesstattliche Erklärung

Ich erkläre des Eides statt, dass ich die bei der promotionsführenden Einrichtung

Graduate Center of TUM School of Management

der TUM zur Promotionsprüfung vorgelegte Arbeit mit dem Titel

Community-Based Entrepreneurship – Toward A Legitimate Research Domain

in **TUM School of Management, Professur für Unternehmerische Nachhaltigkeit**

unter der Anleitung und Betreuung durch **Prof. Dr. Frank-Martin Belz** ohne sonstige Hilfe erstellt und bei der Abfassung nur die gemäß § 6 Ab. 6 und 7 Satz 2 angebotenen Hilfsmittel benutzt habe.

Ich habe keine Organisation eingeschaltet, die gegen Entgelt Betreuerinnen und Betreuer für die Anfertigung von Dissertationen sucht, oder die mir obliegenden Pflichten hinsichtlich der Prüfungsleistungen für mich ganz oder teilweise erledigt.

Ich habe die Dissertation in dieser oder ähnlicher Form in keinem anderen Prüfungsverfahren als Prüfungsleistung vorgelegt.

Ich habe den angestrebten Doktorgrad noch nicht erworben und bin nicht in einem früheren Promotionsverfahren für den angestrebten Doktorgrad endgültig gescheitert.

Die öffentlich zugängliche Promotionsordnung der TUM ist mir bekannt, insbesondere habe ich die Bedeutung von § 28 (Nichtigkeit der Promotion) und § 29 (Entzug des Doktorgrades) zur Kenntnis genommen. Ich bin mir der Konsequenzen einer falschen eidesstattlichen Erklärung bewusst.

Mit der Aufnahme meiner personenbezogenen Daten in die Alumni-Datei der TUM bin ich einverstanden.

München, 18.09.2018



Data collection in Vorderburg.