

## COMMUNITY-BASED ENTERPRISES: PROPOSITIONS AND CASES

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## **Abstract**

### **Community-Based Enterprises: Propositions and Cases**

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Community-based enterprises have been implemented in a wide range of circumstances in the US and around the world. Community-based enterprises relate to a variety of areas including social entrepreneurship, economic development, empowerment zones, grass roots enterprises, and collective entrepreneurship. Varied initiatives can be found in Indian nations in the U.S., East-Indian villages, Africa, and U.S. inner city neighborhoods, however, little research has been conducted seeking data about their structures, objectives, performance measurement, and founding. The current paper develops eleven propositions to begin constructing a theoretical model that can be empirically tested. Case studies are examined to initially test the viability and robustness of the likely fit between reality and the propositions.

## INTRODUCTION

Community-based enterprises appear to contribute to social and economic survival, and perhaps to development, in marginalized areas in the United States. Community-based enterprises are defined as entrepreneurial initiatives which enhance the quality of life and economic development of a particular region. The intent of the study is to look for patterns that lead to successful formation and operation of entrepreneurial community-based enterprises. The study pursues models, antecedents and outcomes of community-based enterprises by employing qualitative (clinical) research methods to capture rich, descriptive data in the entrepreneurship field as suggested by Arnold Cooper and reinforced by Sue Birley (McCarthy & Nicholls-Nixon, 2001) .

Entrepreneurial ventures have been viewed as one means to improve conditions in economically distressed urban areas (e.g., Cornwall, 1998; Lenzi, 1996; Porter, 1995;1995a; Porter & Habiby,1999; Merion, 2001; Steidlmeier, 1993). On a more macro-level, worldwide economic contributions of new venture formation continue to be confirmed and measured by the Global Economic Monitor studies being conducted under the auspices of the Kauffman Foundation (Zacharakis, Bygrave, & Shepherd, 2001). Venkataraman (1997) emphasizes the need to examine and consider the impact of entrepreneurship on not just economic wealth creation, but also on the social wealth effects or social contribution, a point reiterated by Shane and Venkataraman (2001). Interest by management researchers in the relationship between entrepreneurship and community development appears to be increasing, as evidenced by recent published research, conference sessions, and caucus groups at international conferences (e.g., Christie, 2001; Dana, 1995; Farmbry, 2001; Krueger,

2000; Stewart, 2001). Research intersecting entrepreneurship and economic development has expanded beyond the domain of sociology, psychology and economics where many of the studies originated in the 1960s, and 1970s (e.g., Greenfield and Strickton, 1979; Hagen, 1971; Kasdan, 1971; McClelland, 1961).

## ISSUES AND PRIOR RESEARCH

Government programs, government offices, and popular media news reports in the U.S. offer insights to issues of concern to the American public related to entrepreneurship and community development. The field of economic development offers many examples of community-based enterprises and prescriptions for development involving entrepreneurial value creation in the U.S. as well as in developing or distressed regions throughout the world. Studies from the field of entrepreneurship offer empirical findings as well as theoretical foundations for research issues to be addressed in examining community-based enterprises.

Community-based enterprises, as examined or identified in this study, fit a broad and inclusive definition of entrepreneurship as *new value creation* (Bruyat & Julien, 2000:170-171), which involve market exchange while also creating value through non-market exchange by enhancing the resources in an area or region. Bruyat and Julien (2000:173) suggest that: “entrepreneurship [research] is concerned first and foremost with a process of change, emergence and creation: creation of new value, but also, and at the same time, change and creation for the individual.” This definition of entrepreneurship guides the present study.

### Private Initiatives

Mainstream national media reports have raised awareness of entrepreneurial,

innovative private enterprises which fit into Bruyat and Julien's definition of entrepreneurship which simultaneously intersect with community economic development. *Time Magazine* (June 18, 2001) under the headline of "*New Agents of Change*", portrays individual innovators as leaders of dramatic social change filling gaps in services to marginalized communities in the United States and elsewhere. John Stossel (Stossel, 2001) blasted failed governmental programs then praised a number of highly successful non-governmental projects which improve economies of entire communities, provide critically needed social support, and in short, change lives through entrepreneurial enterprises. The enterprises described above were formed in order to respond to a community need or a community crisis which was not being served by government programs. These popular media reports lead to the following proposition:

P1: Failed or unsuccessful government-only programs will trigger private, value-creating enterprises in economically distressed communities.

### **Governmental Assistance**

While the present study focuses on private initiatives of new value creation, governmental and non-governmental activities overlap due to government-support or financial incentives of private enterprise development in economically distressed areas. The U.S. Small Business Administration supports new ventures in economically distressed regions through many programs, including minority small business investment companies (e.g., Bates, 2001; Caskey, 2001). Under the Clinton administration, the U.S. Department of Housing and Urban Development established urban and rural *empowerment zones, enterprise communities, and renewal communities* to encourage public and private

partnerships to form new businesses and expand existing businesses (HUD, 2001). It should be noted that the effectiveness of government subsidies on business start-ups has been mixed according to research in Europe. Results of a study in Austria indicate that when compared to non-subsidized start-ups, the subsidized ones were more often founded by administrators as opposed to risk-tolerant entrepreneurs, and employed fewer people, but had similar growth and failure rates (Frank, Plaschka, & Roessl, 1991). Thus, we propose a need to examine multiple aspects of relationships between government subsidies and new ventures in economically distressed areas:

P2: Government financial initiatives will help trigger the formation of community-based enterprises.

P3: Government financial support will be associated with smaller community-based enterprises.

U.S. government agencies often give great latitude to local communities and private investors in the choice of the types of programs or business initiatives which can receive funding related to community economic development. Ambassador John Bryant (former U.S. ambassador to the United Nations) created Operation Hope to generate financing for housing and business development in South Los Angeles for minority home- and business-owners (Bryant, 2001). Churches in many cities have formed separate corporations to develop shopping centers, business parks and attract funding for housing development (e.g., DePriest & Jones, 1997). Historically, in other cultures, multiple enterprise formation has been observed in marginalized communities (e.g., Long, 1979). Many of the independent programs apply for and receive seed financing from U.S. governmental agencies, but are operated as successful non-governmental

enterprises, thus blurring the distinction between governmental and non-governmental activities. (Note the faith-based initiatives of President George W. Bush.) However, based on apparent dependencies observed in situations of long term government support such as found on U.S. Indian Reservations and in social welfare programs in the U.S., it is possible that on-going government involvement would have negative consequences for enterprises. Recognizing the complex role of government support suggests the following propositions:

P4: Diverse community-based enterprises emerge in economically distressed areas.

P5: Long term government financial support will be associated with lower performance of community-based enterprises.

### **Sustainable Development<sup>1</sup>**

Protestors at recent world trade summits have embraced *sustainable development* as a battle cry of environmentalists, social reformers and international economic development specialists. Sustainable development has been a challenge formalized as long ago as 1987 in a report from the World Commission on Environment and Development, (Raskin, 2000:67). Sustainable entrepreneurship was introduced at the 2000 Academy of Management Conference in a special symposium attracting presenters from leading universities around the world (Krueger, 2000).

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<sup>1</sup>Note the apolitical use of sustainable development and community-based terminology. The authors do not suggest rejection of globalization, but apply the concepts from the movement as they seem to fit with entrepreneurship and local community development.

**Survival Needs.** According to Raskin, *social sustainability* refers to securing “basic human needs, such as adequate food and clean drinking water (2000:71)” and is characterized by “cooperative partnerships rather than project-oriented aid (2000:67).” In the U.S., as well as in other developed economies, social sustainability might include access to adequate housing, food, and safe neighborhoods. Thus, we conclude:

P6: Social sustainability needs will trigger community-based enterprises.

**Grassroots Enterprises.** Examples of community-based, sustainable organizations and enterprises are found worldwide. The Self-Employed Women’s Association (SEWA), formed in 1972 in Ahmedabad, India, began as a coalition of poverty-level women and has evolved into a powerful union initiating “self-help and grass-roots” business strategies for women which has served as a model for similar organizations in Africa, Thailand, Mexico, Poland, and the US (Datta, 2000:55). SEWA offers micro-credit, bank lending, literacy programs, business cooperatives (including a dairy cooperative in which the women owners sell to the mainstream dairy industry), childcare co-ops, and many other cooperative activities to increase the economic power and stability of the members. A community-based seed multiplication program in Tanzania started in 1995 as a small, informal group of farmers sharing seeds and seed multiplication techniques. This initiative has spread to 42 villages and includes training in “seed production, quality control, storage, [and] marketing (Mwaisela, 2000:85).”

Grassroots ventures and enterprises appear to be important mechanisms for spreading the benefits of entrepreneurial enterprises among community members. The above discussion leads to the following proposition:

P7: Grassroots community-based enterprises are likely to be successful and spread to other similar communities.

**Multiple Outcomes.** Building confidence, independence, self-sufficiency, personal empowerment, plus individual and community responsibility represent recurring themes in sustainable entrepreneurship descriptions (e.g., Parajuli & Kothari, 1998; Nzamujo, 1999). The initiatives develop then reinforce entrepreneurial skills in the participants, as exemplified by the Songhai Environmental Rehabilitation Center in Benin on the continent of Africa. Songhai trains young farmers in sustainable farming techniques, entrepreneurial skills, and encourages a focus on economic performance (Nzamujo, 1999). The previously discussed Self-Employed Women's Association (Datta, 2000) also counts among its outcomes the increased capabilities and confidence of its members. Community-based organizations<sup>2</sup> in Ireland, some of which were founded in the 1960s, cross cultural and ethnic boundaries to create environments of non-dependency while battling the effects of unemployment, poverty, and social isolation (Robson, 2000). Assessing the performance of entrepreneurship in terms of social and human capital is not limited to the field of international development specialists. Shane and Venkataraman (2001) support the notion of considering broadly defined outcomes of entrepreneurial ventures, including outcomes for society and developing human capital, in entrepreneurship research. Therefore, we suggest:

P8: Success/failure of community-based enterprises cannot be measured solely in terms of business outcomes (e.g., profits, growth rate, return on investment) but must

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<sup>2</sup> Community-based *organizations* have a primarily social-service purpose in contrast with community-based *enterprises* which have a primarily commercial purpose.

also be evaluated in terms of human capital and social capital outcomes.

P9: Success will be measured based on the objectives or goals of the enterprises.

While all of the issues related to sustainable development and entrepreneurship derive from developing regions, the same or similar mechanisms are expected apply to similar entrepreneurial ventures in economically distressed areas in the U.S. and other developed nations. In fact, one could argue that the economic disparity and geographic proximity of the disparity in the U.S. (or other developed nations) make such efforts even more attractive and feasible, based on access to resources and markets. From sustainable development research essays and reports, three research issues emerged: survival or social sustainability as a trigger to community-based enterprises; success of grassroots ventures; and diverse, multiple outcomes as indicators of success.

### **Role of the Entrepreneur**

The first nine propositions address external factors that are thought to influence the formation or the success of community-based enterprises. However, the individual founder or owner-operator must have the personal capabilities to recognize opportunities and the persistence to form a business enterprise. As described by Venkataraman (1997:121), "Two issues are of particular interest to scholars in entrepreneurship: the sources of opportunities and the nexus of opportunity and enterprising individuals." In the following sections, we address issues related to enterprising individuals and community-based enterprises.

**Individual Preparedness.** To address the needs or capabilities of the individuals in forming new ventures, Lichtenstein and Lyons created a formalized *entrepreneurial development system (EDS)* to increase "the quantity and quality of an area's

entrepreneurial capital (2001:5).” Lichtenstein and Lyons have successfully employed their entrepreneurial enterprise career ladder approach with various types of entrepreneurs in Louisville, Kentucky, Philadelphia, Pennsylvania, and in South Africa. Lichtenstein and Lyons built what they describe as an entire business community of entrepreneurs by training individuals based on their levels of skills. The entrepreneurial development system includes assessment of entrepreneurial development levels, assistance targeted to each level, and on-going support through networking and mentors. The practical approach employed by Lichtenstein and Lyons appears to impact the factors included in models of entrepreneurial intentions (e.g., Krueger, Reilly, & Carsrud, 2000). The EDS tackles social or specific desirability of entrepreneurship, improves perceived self-efficacy, enhances or reinforces perceived desirability and feasibility, and thus could be theoretically expected to affect the entrepreneurial intent and propensity to act (all components of the entrepreneurial intent models compared by Krueger, Reilly, and Carsrud (2000)). The EDS program also builds individual skills and reinforces other human capital attributes such as internal locus of control, achievement orientation and perhaps autonomy, factors found to be associated with success in a study of small tourism ventures in Israel (Lerner & Haber, 2000). The success factors confirmed in the Lerner and Haber study could reflect characteristics found in the entrepreneurial intent models, as well. Thus, we include the following:

P10: The community-based enterprise founder will exhibit perceived self-efficacy related to new venture creation; will value the creation of new ventures; and will have a propensity to act on the intent to form a new venture.

**Collective Entrepreneurship.** Johannisson (1998) describes entrepreneurship as a collective phenomenon in addition to the traditional individual focus of entrepreneurship. Johannisson suggests that individuals retain their identity, but act as a *collective* in which individuals work within their social networks creating new ventures. In collective entrepreneurship, “the ability to build and exploit social resources builds a platform for offensive [as opposed to defensive] venturing (Johannisson, 1998:6).” Johannisson characterizes collective entrepreneurship as similar to mutual aid societies in which individuals are key, but the whole is far greater than the sum of the individuals, and social commitment balances economic commitment. Johannisson’s view would suggest that the study of collective entrepreneurship requires a different level of analysis, that of the *collective*. Examples include industrial districts in which the district acts as an entrepreneurial organization to attract business and new opportunities to a region. In the U.S., examples which might fall under the category of collective entrepreneurship would be ventures created by Indian tribal organizations, some urban and rural business enterprise zones, and some technology incubators. Thus, we suggest:

P11: In collective community-based enterprises, the founding collective unit exhibits characteristics similar to individual entrepreneurs, that is: perceived self-efficacy related to new venture creation; values the creation of new ventures; and a propensity to act on the intent to form a new venture.

The eleven propositions reflect a review of three sources of theory and data which can be used to inform the study of community-based enterprises. Data from national news media and government programs offer examples for inductively developing

research propositions. Essays and studies from community and international development sources offer insights and foundations from field experiences in economic development programs. Theoretical arguments from the entrepreneurship field offer a basis for framing the research propositions and for positioning the results and implications of the study.

## METHODS

### Study Design

The present paper builds a theoretical foundation and reports early progress as part of an on-going, evolving study of community-based enterprises. The initial stages of the exploratory study employ qualitative inquiry and analyses methods. Qualitative methods were chosen because of the need to explore a holistic perspective (Janesick, 2000). With little prior theoretical work, an interest in how community-based enterprises fit with whole community and social systems, and a desire to explore broad relationships within the field of entrepreneurship, qualitative methods are most appropriate for collecting and analyzing data (Janesick, 2000). A qualitative, clinical research approach “enables us to look at situations in great depth and understand some of the richness and complexity of the processes involved,” according to Arnold Cooper in an interview for the *Academy of Management Executive* (McCarthy & Nicholls-Nixon, 2001).

### Case Selection

Potential cases have been identified using news reports, internet searches, and personal experiences. The enterprises each meet the following minimum criteria:

- Primarily private enterprise.
- Commercial purpose, at least in part.
- Benefits individuals or groups in marginal economic areas or conditions.

- Individual or collective founding.
- Operates as part of a community, using a broad definition.

Appendix 1 lists the potential cases identified for in-depth data collection. Preliminary analysis indicates that each enterprise or case meets the minimum criteria to be considered a community-based enterprise as defined above. Each enterprise also offers extensive *opportunities to learn* due to availability of information and expected accessibility, factors identified as critical determinants for selecting cases (Stake, 2000).

### Data Collection

Case data are being collected from a variety of sources to ensure comprehensive and representative pictures of identified community-based enterprises. Interviews, observation, public records and documents constitute the main sources of data (Charmaz, 2000; Hodder, 2000). Interviews follow an unstructured approach with a general list of topics or issues of interest (Fontana & Frey, 2000; Janesick, 2000; Stake, 2000) and have lasted from one to several hours over the course of a day. Observations have been conducted (and are planned) over a periods of two hours to several hours over multiple days (e.g., Angrosino & Mays de Pérez, 2000). Data collection continues as a dynamic, interactive, and expanding process, guided by analyses of previously collected data following methods of case development (Ryan & Bernard, 2000) and grounded theory development (Charmaz, 2000).

### Analyses Methods

Data from cases are summarized into case notes and case memos for subsequent interpretation and analysis. The authors analyze the case notes, making note of issues covered in the theoretically-developed propositions and data related directly and



indirectly to the interview guidelines. Tables and lists of themes and concepts are generated to facilitate categorization, interpretation, and comparisons among cases related to characteristics and outcomes of community-based enterprises (Ryan & Bernard, 2000). The authors confer to discuss and reach agreement about the interpretations and summaries of the cases.

### **Case Summaries**

This section presents condensed examples of three case summaries to illustrate community-based enterprises. The selected cases are: FAME Renaissance, in South Central Los Angeles; Delancey Street Foundation, in San Francisco; and Choctaw Enterprises, in Choctaw, Mississippi.

**FAME Renaissance.** The FAME Renaissance enterprises (DePriest & Jones, 1997; FAME, 2001) include a variety of businesses, business services, and social service programs. FAME Renaissance, is formally incorporated as the FAME Assistance Corporation is a California 501(C) non-profit corporation. It grew out of programs initiated by the First African Methodist Church of Los Angeles and maintains a strong affiliation with the church. The Business Enterprise Center, a business incubator, scheduled to open September 2001, will house technology-intensive start-up enterprises, with a focus on the entertainment business as well as offer training programs to area residents. The FAME equity fund, started with seed money from the Wells Fargo Bank, invests in emerging, minority-owned businesses. The Business Resource Center operates a micro-lending service and provides technical assistance. The FAME Personnel Services offer a full range of staffing and placement services. It hosts an annual Job Fair attracting more than 50 employers and several thousand applicants. Placements have included Disney, Dream Works,

Warner Brothers, the Metropolitan Water District, plus many small to medium sized enterprises. The Entrepreneurial Training Program teaches business start-up, management and networking skills using local entrepreneurs and professional educators. More than 2,500 individuals have participated in the ten-week training program. The FAME Housing Corporation constructs and manages apartment complexes for low- to moderate-income level families. Similar enterprises operate in many major cities, including Houston, Atlanta, and New York City, often affiliated with predominantly African-American churches and dynamic church leaders (DePriest & Jones, 1997).

**Delancey Street Foundation.** The Delancey Street Foundation operates 20 businesses through five self-sufficient, self-sustaining residential programs serving more than 1,500 residents in the US (Mieszkowski, 1998). The foundation started in 1971 in San Francisco where it now operates an upscale restaurant, a construction company, a moving company, and Christmas tree sales. In 1997 the foundation's business generated \$9 million in revenues plus \$3 million in private contributions (Mieszkowski, 1998). Residents (program participants) perform all the business operations, training activities, administrative functions, and fund raising. The residents are ex-convicts, recovering drug addicts, and formerly homeless people who want to make a change and are willing to commit at least two years to live and work at the Foundation. Comments generated at the UC Berkeley parents' association web site demonstrate the success of one of the Foundation's businesses, the Delancey Street Moving Company. It is the only company repeatedly praised (and showing no complaints) for excellent service among the many listed on the site (UCB Parents, 2001). The restaurant receives top

reviews in local papers and travel websites (e.g., Kradel, 2001). New residential programs now operate in New York, North Carolina, New Mexico, and Los Angeles (Grassroots, 2001).

**Choctaw Enterprises.** In the late 1960s, the Choctaw Indian Band of Mississippi experienced an unemployment rate of nearly 80%, after more than 15 years of government programs effort to alleviate the poverty in the area (Choctaw, 2001). Today, tribal manufacturing, hospitality, retail, and international manufacturing businesses employ more than 8,000 people, providing employment opportunities for the entire tribal workforce. Nearly 65% of the workers are non-Indian. The first business, a construction company, began in 1969 under the leadership of Chief Martin. After building an industrial park and attracting an automotive wiring harness company, the development attracted a stereo speaker manufacturing company, a plastics molding manufacturer, and a greeting card manufacturing operation. The original construction company has built residential housing and worked on the large resort complex and retail services center. Two of the companies, the wiring harness manufacturing and the plastic molding operation, have expanded to Mexico in order remain competitive. The tribal economic development organization now seeks high technology manufacturing partners for its Mississippi facilities. The resort business and related retail services businesses continue to expand serving the region's golfers and tourists.

## RESULTS

The early stage results provide insight into the enterprises and their operations, as summarized in Table 1. The following discussion analyzes the three cases in terms of the eleven theoretically grounded propositions. While evidence supporting or

not supporting the propositions offers interesting perspectives, the authors do not imply any attempt to test hypotheses. The analyses use the propositions as a framework to highlight and link to related, possibly useful, theoretical foundations for the on-going study.

--- Table 1 about here. ---

**Governmental Involvement.** Early data suggest that the three community-based enterprises were established as result of a void in services or a need in the community of interest, as suggested by Proposition 1. Two of the examples are clearly non-governmental and the third (Choctaw Enterprises) was formed by a local governing authority operating contrary to prior governance structures. Two of the organizations take advantage of government funding or grants, while the third operates with no government monies. Without further data, it cannot be determined if the availability of government funding triggered the enterprises (Proposition 2). None of the community-based enterprises examined are small, thus it cannot be determined if smaller enterprises relate to government subsidies as suggested by Proposition 3. All three examples evolved into multiple, diverse businesses (Proposition 4) and have grown substantially from their initial operations. Preliminary (and partial data) suggest that contrary to Proposition 5, it appears that long-term government support does not hinder the performance of community-based enterprises.

**Sustainable Development.** The enterprises clearly contribute to the social sustainability (Raskin, 2000) of their community members and may have been formed in response to gaps in meeting the needs of community members, as suggested by Proposition 6. The three enterprises also fit the pattern of grassroots formation in that they were founded by community members who

continue to be closely involved in the enterprises. As suggested by Proposition 7, the enterprises have spread to other similar communities, especially the Delancey Street Foundation. FAME also appears to be part of a spreading grassroots effort among African-American churches (DePriest & Jones, 1997). All three of the enterprises, like the entrepreneurial development system described by Lichtenstein and Lyons (2001), appear to develop skills using various forms of member involvement, a non-financial yet critical outcome (Proposition 8). In terms of the measures of success (Proposition 9), none of the enterprises offers to measure its success based on purely financial or business indicators. Each enterprise appears to be meeting targeted needs of community members, and could be considered successful in attaining related social performance goals.

**Role of the Entrepreneur.** All three community-based enterprises benefit from a strong individual founder, while one of the enterprises might be considered a collective (Johannisson, 1998). The characteristics of the founders suggest that each exhibits a strong sense of perceived self-efficacy, positive views toward venture formation, and a propensity to take action (Krueger, Reilly, & Carsud, 2000) in terms of the enterprise formation and growth, as suggested by Proposition 10. The data from Choctaw Enterprises, if confirmed as a collective, indicate support for Proposition 11, that the collective exhibits strong perceptions of self-efficacy, positive views toward venture formation, and a strong orientation toward acting on the intent to form ventures.

### **Implications for Research**

The results of this phase of our on-going study suggest that similarities exist among diverse types of community-based enterprises. Triggers to the formation of the

enterprises seem to be unmet social survivability needs within the community, at least among the three cases summarized. Social outcomes as well as business outcomes appear to be important. The case data lend credence to the theoretically grounded propositions, suggesting that the propositions will be useful for future research leading toward the development of models and success measures of community-based enterprises. The applicability and usefulness of the eleven research propositions reveal the most important research implication of the present phase of the research. The propositions offer a framework for collecting and examining additional case data. The theoretical bases of the eleven propositions represent a starting point for developing more in-depth studies of community-based enterprises. With the collection and analyses of more case data, models and hypotheses can be formed to shed light on community-based enterprises and their roles in economic development and social sustainability.

### **Implications for Economic Development Specialists**

A model for creating successful and contributing community-based enterprises would be a useful tool for community development directors. Such a model could suggest a powerful approach to forming enterprises to meet social sustainability needs within a community. The present study offers indications that various types of non-governmental community-based enterprises operate with successful outcomes in the United States serving the needs of community members.

Simply identifying successful examples does not constitute a model for future enterprises. However, examining theoretically grounded propositions with case data, begins to bridge the gap between theory and practice. The present study is expected to evolve to

demonstrate similarities among community-based enterprises toward the development of a solid, testable, and replicable model. Early evidence suggests that successful community-based enterprises focus on their community needs; develop entrepreneurial organizations; employ government funding without becoming dependent; and flexibly respond to changes in their external environments.

### **Limitations and Future Directions**

While the current study offers some valuable insights into community-based enterprises, the limitations are clear. Limitations of the present study relate especially to the early stage of the research: the small number of cases analyzed; the need for additional field interviews and data; and a need to expand the theoretical foundations based on the analyses conducted to date. Each of the limitations suggests future directions for the research.

### **Expanding Base of Interviews & Sites.**

Using the targeted case site list as a basis for continued data collection, additional interviews and site observations need to be coordinated with the managers and participants of enterprises. In depth data collection activities need to continue in order to build a base of data for model development and to a strong foundation for testable hypotheses.

**Community & Enterprise Focus.** In the course of collecting additional data, it would be helpful to begin to assess the perceived impact on the communities from community members. This type of data could balance the perspectives provided by founders and employees of community-based enterprises. The goals of the enterprises should be examined and compared with the outcome measures used by the enterprises or their funding agencies to determine the on-going performance of the organizations. From the perspective of the enterprise, as well as the community, understanding appropriate performance measures could affect future investment decisions. Policy makers at the local, state, and national level would be able to apply the data from future research to encourage high potential investments in various types of enterprise development programs.

### **CONCLUSION**

The present study suggests eleven theoretically grounded research propositions and provides analyses of three cases of community-based enterprises. The analyses suggest that similarities exist among very diverse community-based enterprises. Future research is warranted to help clarify characteristics, outcome measures, and develop a replicable model of community-based enterprises.

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**Identified Case Sites**

**Independent Operations**

Delancey Street Enterprises (San Francisco)  
Maxwell Street Markets (Chicago)  
Streetwise (Chicago)  
Operation Hope (Los Angeles)  
Manning Fiber Optic Network (Manning, Iowa)

**Native American Operations**

Choctaw Enterprises Choctaw Band of Mississippi (Mississippi)  
Inn of the Mountain Gods (Ruidoso, NM)  
Zuni Entrepreneurial Enterprises (Gallup, NM)

**Church-Affiliated Operations**

FAME Renaissance (Los Angeles)  
Wheat Street Initiatives (Atlanta)  
Excel-Eco Development Corporation (Houston)  
Allen Development (Queens, NY)

**Operations in Chile**

La Ligua, Chile  
Pomaire Pottery  
Alfombras de Puyuhuape  
Mercado de Puerto Montt  
Los Dominicos Centro Artesanal  
Family Development Center, Lo Barnechea

**Table 1**

**Summary of Community-Based Enterprise Examples**

<b>CBE Name Affiliation Founder</b>	<b>First Business</b>	<b>Businesses</b>	<b>Funding</b>	<b>Beneficiaries</b>
<b>FAME</b> church affiliated church leader	1992	business incubator residential housing personnel services business lending charter school	private grants gov't. grants & funds enterprise income	local residents church members
<b>Delancey Street</b> independent individual	1971	restaurant moving company Christmas tree sales construction charter school	enterprise income private grants	ex-convicts homeless recovering addicts
<b>Choctaw Enterprises</b> tribal nation tribal chief	1969	plastics molding automotive wiring audio speaker components resort development construction senior citizens care greeting card manufacture resort operations gaming real estate development	enterprise income gov't grants & funds	8,000 + employees tribal families regional families families in Mexico