

**Sustainable Local Enterprise Networks: Network Bricolage
as Institutional Entrepreneurship in Low Income Economies**

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For reviewing purposes, the manuscript would fit best into the following category:

- Corporate Social Responsibility and Sustainability / Philosophical Foundations

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This paper identifies *sustainable local enterprise networks* as an emerging and distinctive mode of governance that operates effectively in low-income economies to achieve social, economic and environmental goals simultaneously. We argue that these sustainable local enterprise networks can be understood as network-level institutional entrepreneurs that alleviate poverty by means of what we term *network bricolage*. We develop a preliminary theory of network bricolage to explain these unique governance modes, using two examples to illustrate our theory.

Key words: network bricolage, sustainable local enterprise networks, institutional theory, institutional entrepreneurship, social enterprise, social and ecological value creation.

Previous research on economic development in low-income countries has begun to yield a variety of models of enterprise development that can contribute to poverty alleviation and sustainable development. These include the microfinance model (Yunus, 2003), the social entrepreneurship model (Seelos and Mair, 2005) and, most recently, the bottom of the pyramid model (Prahalad, 2005).

Building on and extending previous approaches, the purpose of this paper is to identify and explain an alternative model of economic and social development in low income markets. This model, which we define as a *sustainable local enterprise network*, refers to an embedded network of multiple for-profit and not-for-profit actors, including business and social entrepreneurs, community organizations, local producers, established firms (local or international, large or small), government agencies and/or civil society organizations, that seeks to engage in enterprise activity that simultaneously creates value in economic, social, and ecological terms. In this paper, sustainable local enterprise networks leverage local resources and skills to overcome conditions of market and government provisioning failure in the context of low-income markets.

Building on an institutional perspective (Scott, 2001), this paper suggests that sustainable local enterprise networks act as collective-level institutional entrepreneurs by providing a network-level approach to poverty alleviation. The literature on institutional entrepreneurship research has generated valuable insights into how dominantly positioned actors (large firms, professions, or state agencies, for example) instigate environmental or field-level change (Garud, Sanjay and Kumaraswamy, 2002;

Greenwood and Suddaby, 2006; Lounsbury, 2002; Perkmann and Spicer, 2007). What remains less clear is both the nature of institutional entrepreneurship in low-income environments and the means by which institutional change emerges from less dominant actors in a field. We therefore attempt to contribute to the literature on institutional entrepreneurship in three ways: by explaining how institutional entrepreneurship occurs in low income economies; by illustrating how institutional change can emerge from less powerful actors in a field; and by showing how institutional entrepreneurship can be characterized and implemented as a collective- or network-level phenomenon in bringing about institutional change.

To shed light on how sustainable local enterprise networks succeed as institutional entrepreneurs in low income economies, this paper introduces a theory of *network bricolage*. We define network bricolage as the combination or recombination of existing actors and resources into a formal or informal network to generate self-sustaining and individualized incentivization for the successful achievement of financial, environmental and social goals. Bricolage has been defined at the individual or organization level as “making do by applying combinations of the resources at hand to new problems and opportunities” (Baker and Nelson, 2005: 333), and “facilitating the entrepreneurial creation of something from nothing” (Baker and Nelson, 2005: 336). We propose that network bricolage is an effective governance process in low-income economic settings or other resource-constrained environments because its focus is on engagement with local resources and expertise to achieve economic goals (Baker and Nelson, 2005; Garud and Karnoe, 2003; Levi-Strauss, 1967). Andersen (2008:61), for example, has noted that

processes of bricolage enable organizations to make use of what is built up locally. The limited work on bricolage to date has confined its focus to the individual and organization level of analysis (Baker and Nelson, 2005; Garud and Karnoe, 2003; Rao, Monin and Durand, 2005). Little is known, however, about its role at the network level or its impact as a form of agency and entrepreneurship in contributing to economic and social development. Therefore we develop a preliminary theory of network bricolage to explain the effectiveness of sustainable local enterprise networks. In doing so we also hope to extend current work on bricolage in organization theory by demonstrating its relevance to developing economies.

The paper begins with a review of traditional approaches to poverty alleviation (i.e. charity, socialism, structural adjustment and small and medium sized enterprise development) and more recent models (the microfinance, social entrepreneurship, and bottom of the pyramid models), followed by a contrast of these approaches with the sustainable local enterprise network as an emerging institutional model for success in underdeveloped markets. We then introduce theory to explain the success of sustainable local enterprise networks in low-income markets and draw on three examples to illustrate our theoretical arguments. The paper concludes with a discussion of implications for future research.

CURRENT INSTITUTIONALIZED APPROACHES TO ECONOMIC AND SOCIAL DEVELOPMENT

Long-standing literature on models of economic and social development in low-income countries has described a number of different approaches. These institutionalized approaches, we suggest, vary according to their orientation towards the creation of wealth versus the distribution of wealth and according to the level of intervention, from more individual and organizational level responses to more macro approaches. Figure 1 illustrates these various approaches.

Insert Figure 1 about here

The charitable approach in the upper left quadrant focuses on the distribution of existing resources by individuals and organizations to meet the social, human and economic needs of the poorest and most disadvantaged individuals in societies. This approach has a long history which can be traced through various religious traditions. This category includes emergency relief, as well as longer term social initiatives (e.g. health and education projects, for example) that rely on charitable fundraising or allotments from government aid budgets as the primary source of economic resources. Many of the large international charities (e.g. Oxfam, Save the Children, CARE) were founded on this model and many of the bilateral development agencies established by national governments have institutionalized this model in their development programs.

As represented by the lower left quadrant, a second approach that focuses on the distribution of existing resources to meet the needs of the poor emphasizes the key role of macro-level developing country government policy to redistribute wealth and provide social transfers. In some instances, the state may also control the means of production and

provide goods and services through state socialism as a means of attempting to maximize equality in society.

A third major approach to achieving economic and social objectives in developing and emerging economies is focused on creating an enabling environment for business and private sector wealth creation. This includes policies at the international and national levels oriented towards creating free markets for trade and investment, reducing government budgetary deficits and creating stable macro-economic environments for business, especially foreign investors. This approach is represented in the bottom right quadrant. Through the 1980s, one aspect of this approach was described as ‘structural adjustment,’ and was seen as a necessary precondition for economic growth that would trickle down to improve standards of living and reduce poverty (Greig, Hulme and Turner, 2007). More recently, with some of the ideological excesses of the structural adjustment approach recognized as counter-productive to poverty alleviation, the World Bank has refocused efforts in this quadrant on improving the local business enabling environment policies with their “Doing Business” reports (World Bank, 2008).

A fourth approach, represented in the top right quadrant, describes local business development at the individual and firm level in developing countries. This approach focuses on “unleashing entrepreneurship” (UNDP, 2004) and the founding and growth of micro, small and medium sized enterprises through supporting business incubators, creating export processing zones and tailoring training and finance to meet the needs of local entrepreneurs. This approach also includes corporate entrepreneurship.

In recent decades, many countries have successfully combined elements of wealth creation and distribution at both the individual/organizational level and the macro level to increase their social and economic standard of living (Sachs, 2005). In India and China, robust economic growth has lifted hundreds of millions of people above the \$1/day poverty line in the last generation (Economist, 2007; World Bank, 2007). Current institutionalized approaches to social and economic development have had less success in conditions of more pronounced market and state provisioning failure. With a number of notable exceptions, many countries in sub-Saharan Africa, for example, have generally stagnated or declined in their economic and human development relative to the rest of the world (Collier, 2007).

The Limitations of Current Institutionalized Approaches

In these low-income contexts among the 'bottom billion' (Collier, 2007), current institutional approaches have had limited success in creating the conditions for the poor to climb their way out of poverty. Part of the institutional problem is that the charitable model lacks feedback mechanisms between the intended beneficiaries (the poor), and the charities and aid agencies that are attempting to serve them. Instead, feedback loops operate most strongly between charities and their donors (individuals or governments). As long as the charitable model maintains legitimacy with donors, the system continues, regardless of its demonstrated effectiveness at achieving results on the ground. Purely socialist approaches to social and economic development at the macro level have also

experienced limited success in their ability to be economically sustainable and generate the wealth required to lift people out of poverty (Stiglitz, 1996).

In the same way that socialism can over-emphasize equity and wealth distribution at the expense of wealth creation, wealth creation approaches, which lack a more granular level of attention to social equity and human development, find it difficult to fully meet the needs of the poor who do not usually have access to the human and financial capital and incentives to participate in formal economies. There are many business and economic development actions that may improve GDP growth and other macroeconomic indicators without necessarily touching the lives of the poor.

EMERGING THEORY AND PRACTICE

Acknowledging the remaining intractable problems of economic and social development in contexts of “subsistence marketplaces” (Viswanathan, 2007), “the bottom billion” (Collier, 2007), “low income sectors” (Austin and Chu, 2006) “subsistence economies” (West, Bamford and Marsden, 2008), “deep poverty” (Seelos and Mair, 2007), or “bottom of the pyramid” markets (Prahalad, 2005), recent research is beginning to propose new models of enterprise development that can contribute to poverty alleviation and sustainable development. These include the microfinance model, the social entrepreneurship model and the bottom of the pyramid model. These models (which are primarily clustered in the upper right quadrant of Figure 1) are reviewed next and serve as the theoretical point of departure for considering an alternative approach to poverty alleviation in subsistence economies.

Microfinance Model

The modern microfinance model of overcoming poverty has emerged from the pioneering efforts of the Accion Bank in Latin America and the Grameen Bank in Bangladesh to provide credit for poor entrepreneurs to start or expand a small individual or family run enterprise (Robinson, 2001; Yunus, 2003; Sundaresan, 2008).

Microfinance addresses a gap in the formal banking system where poor individuals without collateral are unable to receive loans because traditional banks view the risks as too great and the transaction costs as too high. The innovation of the microfinance approach has been to develop new contractual processes leveraging group social capital to reduce the risks and transaction costs of making very small loans, often under \$100. Microfinance has attracted a great deal of interest from the global community, including commercial banks, philanthropists and individual donors and investors (Swanson, 2008; Hammond, Kramer, Katz, Tran and Walker, 2007).

Current literature on the effectiveness of microfinance indicates that microfinance is successful at delivering social development and personal empowerment to its clients (Sabharwal, 2000). At the same time, the microfinance movement's ability to significantly increase incomes for the majority of clients remains inconclusive (Karnani, 2007b). Many leaders and sympathetic critics of the microfinance movement argue that if microfinance is going to move successfully beyond providing social benefits to eradicate poverty on a larger scale, it will have to significantly reconsider two important factors. First, it will have to ensure that the productivity of work created by entrepreneurs

receiving loans is continually improved (Roy and Wheeler, 2006). While some microfinance clients are indeed successful at establishing and growing productive businesses that generate more freedom and options, most remain subsistence ‘entrepreneurs of necessity’ (Bosma, Jones, Autio and Levie, 2007) and rarely put their loans towards new technology, labor or other productivity enhancing investments that could provide quality jobs for themselves and others (Dichter and Harper, 2007). Second, microfinance organizations themselves collectively need to achieve greater scale, sustainability and impact by adopting replicable practices in the industry. Of the estimated 10,000 microfinance organizations globally, only about 3.5% currently possess the managerial and financial capability to grow significantly and provide greater access to financial services to the poor (Lascelles, 2008).

Social Entrepreneurship Model

The social entrepreneurship model addressing poverty alleviation has been described in the entrepreneurship literature (Austin, Stevenson and Wei-Skillern, 2006; Mair and Marti, 2008; Zahra, Gedajlovic, Neubaum and Shulman, forthcoming), the management literature (Seelos and Mair, 2007; Peredo and McLean, 2006; Mair and Marti, 2006) and the practitioner literature (Martin and Osberg, 2007; Nicholls and Cho, 2006; Elkington and Hartigan, 2008) as a form of entrepreneurship where social value creation is the primary objective and economic value creation is seen as a means of achieving the entrepreneur’s social objectives. This model recognizes the social entrepreneur as the key figure in overcoming obstacles of persistent poverty and “catering to basic human needs that existing markets and institutions have failed to satisfy” (Seelos and Mair, 2005: 241). Social entrepreneurs can either establish new organizations (structured as either for-profit

or not-for-profit ventures) or can work as “social intrapreneurs” within existing organizations to meet social needs (Mair and Marti, 2006). Although the social entrepreneurship literature actively addresses one of the limitations in the microfinance model by recognizing the importance of reaching economies of scale through either partnering with one particular large company (Seelos and Mair, 2007) or by creating “value networks” of multiple companies around them in an industry supply chain (Mair and Schoen, 2007), this approach is currently limited by the assumption that partnerships must be created with companies that share the social vision of the social entrepreneur (Mair and Schoen, 2007). This limitation restricts the potential scale and impact of social value creation and opportunity. Evidence suggests that many social enterprises “aren’t being built to grow or last” (Hamm 2008: 49). Those that do seek to grow are often constrained by a wider range of pressures for organizational legitimacy than other organizational forms (Sud, VanSandt and Baugous, 2008).

Bottom of the Pyramid Model

A model of enterprise development and poverty alleviation that has perhaps received the greatest attention in recent years has been the bottom or base of the pyramid (BoP) approach. Distinguishable areas of focus are now beginning to emerge within the BoP literature, including streams focusing on MNC business strategy (Prahalad, 2005), poverty alleviation (London, 2008), the process of entering low income markets (Simanis, Hart and Duke, 2008) and disruptive business innovations incubated in low income markets (Hart and Christensen, 2002). One of the earliest and most prominent proponents of the approach was C.K. Prahalad. As a sole author or with colleagues (Prahalad, 2005;

Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Hammond and Prahalad, 2004), Prahalad primarily targeted his arguments to an audience of well resourced multinational companies (MNCs). Stuart Hart, the coauthor of the original BoP article with Prahalad has worked with colleagues to make important contributions to this discourse under the “base of the pyramid” label (Hart and Milstein, 2003; Hart and Sharma, 2004; London and Hart, 2004; Simanis and Hart, 2008). The essence of the interpretation of the BoP approach is that MNCs should turn their attention to possible new business opportunities presented by the large and growing potential markets among the world’s four billion poorest people. These markets, BoP proponents argue, “present a prodigious opportunity for the world’s wealthiest companies – to seek their fortunes and bring prosperity to the aspiring poor” (Prahalad and Hart, 2002: 2). The BoP approach argues that by taking the lead in viewing the poor as a potential market, the profit-oriented activities of multinationals can lead to poverty reduction. This approach has made a significant contribution to understanding the potential for pro-poor, for-profit enterprise in low-income economies and continues to attract the interest of companies, multilateral organizations and government agencies world wide.

As the BoP discourse has evolved and developed, concerns about the efficacy of a number of the assumptions of the BoP approach have been raised (Karnani, 2007a, Landrum, 2007). Critics question whether an emphasis on the poor as consumers will make a genuine contribution to poverty alleviation and are beginning to challenge the desirability of foreign multinationals displacing local enterprises. The BoP approach has also been questioned for tending to ignore the essential role of government in creating

enabling environments for the poor to participate in the economy and to receive social transfers. There have also been debates in the BoP literature about whether MNCs are genuinely serving basic needs or contributing to the creation of non-essential consumer needs (Karnani, 2007). While these issues in no way compromise the promise or significance of the BoP approach, they suggest latitude for exploring alternative approaches to poverty reduction.

TOWARD AN ALTERNATIVE GOVERNANCE APPROACH TO POVERTY ALLEVIATION

Definition and Characteristics of Sustainable Local Enterprise Networks

An emerging alternative governance mode of poverty alleviation is the *sustainable local enterprise network*. In contrast to other recent models of social and economic development, sustainable local enterprise networks are network-level activity clusters that engage the services and needs of a range of institutional constituents – local producers, investors, government, social service providers, for example – to initiate and sustain locally-based economic enterprises that help to solve financial, social and environmental problems simultaneously. Building on the definition of Wheeler et. al. (2005), we define a sustainable local enterprise network as an embedded network of multiple non-profit and for-profit actors (i.e. some combination of businesses, social entrepreneurs, individual producers, local community organizations, established firms, government organizations and/or civil society organizations) that engages in sustainable enterprise activities for collective social, environmental and economic gain in low-income markets.

Situated conceptually at the center of Figure 1 where the two axes intersect, sustainable local enterprise networks bridge the divide between the creation and distribution of wealth and between the efforts of individual organizations and macro-level initiatives. These networks attract network members and resources from charities, donors and governments as well as financial capital and value chain partners from companies large and small, local and international. Sustainable local enterprise networks create wealth (in many forms) and seek to distribute it among network partners in a way that optimizes the functioning of the network and maximizes returns to network members. In terms of the vertical axis in Figure 1, sustainable local enterprise networks operate at a network level that spans single individuals or organizations and the macro level of government socio-economic policy. Incorporating both micro- and macro-level players that both create and distribute wealth, these network forms offer an intriguing institutional alternative to existing means of social and economic development.

Sustainable local enterprise networks have only recently begun to emerge in low-income markets (although some pioneering exceptions such as SEKEM in Egypt emerged as early as the 1970s). A recent example of such a network is E+Co, a nonprofit investment organization whose sole focus is to empower local entrepreneurs or small enterprises in developing countries to supply clean affordable energy to the 1.6 billion people without access to electricity (Branzei and McKague 2007). Using a 'bottom up' enterprise-centered approach, E+Co assembles and coordinates investment capital and enterprise development services from a wide variety of commercial and social sources and mobilizes a disparate network of investor, government, civil society, business and

development sector organizations to support individual and local financing and training activities. Founded by two former colleagues from the Port Authority of New York and New Jersey, the organization has grown a portfolio of over 200 small companies to produce clean energy in 28 developing countries. Collectively, these enterprises provide clean energy to almost 5 million people. The *Financial Times* named E+Co the Sustainable Investor of the Year for 2008.

In comparison to current alternative approaches to social and economic development that assume the need for a powerful central agent, (e.g. a MNC), large financial investments (e.g. development aid), or a consumer-oriented approach to the poor, sustainable local enterprise networks gather together and leverage existing local resources and skills to generate sustainable (for-profit or nonprofit) business operations by organizing the interests of multiple constituencies into a formal or informal network of mutual value creation. (See Table 1 for a summary comparison of the sustainable local enterprise network to the three dominant governance models of poverty reduction.) Sustainable local enterprise networks alleviate conditions of poverty in ways that are both economically and environmentally sustainable. Despite anecdotal evidence that these emerging forms of governance in low-income countries are unusually successful, few attempts have been made to identify their fundamental characteristics and processes (Branzei and McKague, 2007; Roy and Wheeler, 2006; Valente and Branzei, 2007) or to develop theoretical explanations for their promising capacity to alleviate poverty on a sustainable basis.

Insert Table 1 about here

The next section introduces a theoretical model of the sustainable local enterprise network as an alternative governance approach to poverty alleviation in low-income contexts. We suggest that these networks succeed in attaining financial, environmental, and social gains in low-income markets through collective institutional entrepreneurship at the network level. We argue that their success is primarily attributable to network bricolage. Figure 2 summarizes our theoretical model.

Insert Figure 2 about here

SUSTAINABLE LOCAL ENTERPRISE NETWORKS AND NETWORK BRICOLAGE

Sustainable Local Enterprise Networks as Institutional Entrepreneurs

The literature on institutional entrepreneurship examines those conditions under which novel initiatives are able to emerge in institutionalized settings (Dacin, Goldstein and Scott, 2002). We follow Garud, Jain and Kumaraswamy's (2002: 196-197) definition of institutional entrepreneurs as actors who

create a whole new system of meaning that ties the functioning of disparate sets of institutions together... Assuming the role of champions, they energize efforts toward collective action and devise strategies for establishing stable sequences of interaction with other organizations to create entirely new industries and associated institutions.

Sustainable local enterprise networks identify synergistic interests and objectives among different constituents (local workers, government, private firms, social agencies) that can

be organized into a novel self-perpetuating source of income. Consistent with McGuire, Hardy and Lawrence's (2004: 658) study of institutional entrepreneurship in an "underorganized domain", we characterize sustainable local enterprise networks as institutional entrepreneurs whose success depends upon "the way in which [these] institutional entrepreneurs connect their change projects to the activities and interests of other actors in a field". By operating at a collaborative network level, sustainable local enterprise networks are able to generate cooperation and align interests across multiple actors to mobilize constituencies (Rao, Morrill and Zald, 2000), access resources, and effect institutional change.

Lawrence, Hardy and Phillips (2002) have observed that interorganizational collaboration as a source of institutional entrepreneurship or change in institutional fields has not been widely examined, despite its potential transformative effects on institutional fields. We propose that sustainable local enterprise networks, as collective-level entrepreneurial models of poverty alleviation, bridge the needs of stakeholders in ways that facilitate access to dispersed resources (Hardy and McGuire, 2008: 201). The capacity of collective institutional entrepreneurs to facilitate access to disbursed resources by linking across multiple stakeholders is consistent both with recent research on institutional entrepreneurship in the social services sector (McGuire et. al., 2004), and with more recent characterizations of institutional entrepreneurship as a predominantly relational and collective process (Hardy and McGuire, 2008). Therefore we propose:

Proposition 1. Sustainable local enterprise networks successfully attain economic, environmental and social goals in low-income market contexts by aligning and mobilizing collective entrepreneurship across multiple institutional sectors and stakeholders.

We develop our theoretical model below by arguing that sustainable local enterprise networks, as collective-level institutional entrepreneurs in resource-constrained environments, engage in processes of network bricolage to achieve success. We draw on two examples of sustainable local enterprise networks – Ciudad Saludable or “Healthy City,” a nonprofit enterprise based in Peru, and Honey Care Africa, the largest East African producer of high quality honey, founded in Kenya – to help illustrate the framework’s subsequent theoretical arguments.

Ciudad Saludable and Honey Care Africa: Two Examples

Ciudad Saludable or “Healthy City” was started by a Peruvian graduate student, Albina Ruiz, in response to the severe health and environmental problems caused by excessive garbage in Peru’s city streets. Based on the impetus of its founder (and now Executive Director), Ciudad Saludable has leveraged street rubbish in urban areas and the poor who scavenge its contents into a sustainable nonprofit recycling operation that employs and trains the impoverished as “specialists” in sorting and recycling as part of its solid waste management mission. The organization has built a network that includes the government, from whom it earns money for its services, traders to whom it sells its recyclable materials, farmers and municipalities who use its organic waste as fertilizer for crops and

city parks, and nonprofit agencies who work with Ciudad Saludable to help reduce environmental waste and urban poverty.

Honey Care Africa links poverty reduction and environmental conservation by providing beehives and related beekeeping equipment to organizations, communities and individuals. This profitable private sector company has revolutionized the honey industry in East Africa. With its founder, Farouk Jiwa as the catalyst, Honey Care Africa has introduced several innovations to the sector including more productive hives, microfinance funding for individuals and community organizations, beekeeping training, prompt cash payments to local farmers, and a guaranteed market for honey producers at Fair Trade prices. The success of this model has seen Honey Care Africa grow from its establishment in 2000 to become East Africa's largest honey producer with 40% of domestic market share in Kenya. Honey Care Africa sources honey from low income small-hold farmers, benefiting over 9,000 households. Forty percent of Honey Care Africa's producers are women. Farmers earn approximately \$200 to \$250 US per year from honey production, typically doubling their previous incomes. The practice of beekeeping supports the essential ecological service of pollination for crops and vegetation. Honey Care Africa itself employs 20 staff to collect, package and market the honey and to manufacture hives. Since its launch Honey Care Africa has expanded its network of producers into Tanzania and Sudan and has extended its distribution to the US and Europe (Valente and Branzei, 2007)

The success of Ciudad Saludable and Honey Care Africa is reflected in their strikingly tangible accomplishments in social, economic and environmental value creation, and in their endurance as a means of poverty alleviation. We suggest that the success of such sustainable local enterprise networks is primarily attributable to network bricolage.

Bricolage: A Brief Review

The concept of bricolage in the administrative sciences has its theoretical origins in the work of Levi-Strauss (1966:17) who referred to bricolage as “to make do with whatever is at hand.” Bricolage is a process of improvisation in which a bricoleur – one who engages in bricolage – “creates something out of nothing” to generate new solutions to existing problems. As Thornton and Ocasio (2008:117) have observed, bricolage is “the creation of new practices and institutions from different elements of existing institutions (Levi-Strauss, 1966).”

Although studies in anthropology have examined individuals as “bricoleurs who tinker, borrow, improvise, experiment and recombine existing elements (Douglas, 1986)” (Rao, Morin and Durand, 2005:971), the application of bricolage to organization theory is limited and recent. Among the first to do so was Baker and Nelson (2005:330) whose study of a sample of small resource-constrained firms showed that bricolage as a process of making do with and recombining elements at hand explained the firms’ entrepreneurial success in rendering unique services and creating self-perpetuating value. Core to the process of bricolage according to Baker and Nelson (2005) is a bias toward action, a refusal to accept historical limitations in the firm’s environment, an improvisational

approach to combining existing resources for new purposes, and the use of existing resources as a platform for entrepreneurial success. Garud and Karnoe's (2003) study of bricolage in the Danish wind turbine industry, for example, showed how Danish engineers scoured scrap dealers for materials and used existing resources for new purposes to grow their business.

Toward a Theory of Network Bricolage

In contrast to individual- or firm-level bricolage, we define *network bricolage* as combining existing resources for new purposes at the network level by engaging actions and meanings negotiated in the local context to develop social, financial, and/or environmental gain. This definition captures the two distinguishing features of sustainable local enterprise networks that differentiate them from alternative approaches to social and economic development in low-income settings. First, they are founded on the basis of an opportunity for social, economic and ecological gain that leverages resources or skills that already exist in situ. E+Co, for example, relies on willing local entrepreneurs who “represent an abundant but largely untapped resource” already present in the local community (Boss 2008). In the same way, Ciudad Saludable recognized an opportunity for a recycling enterprise in the excess refuse piling up in the streets of urban Peru. Second, their governance mode is network based. Sustainable local enterprise networks develop and become self-perpetuating by means of bringing diverse actors together in a network to fund, operate and derive actor-centric benefits from the enterprise. For example, E+Co has used its linkages with local field officers, NGOs and local community leaders to assist the growth of an enterprise in Ghana called Toyola

which sells cookstoves that are 40 percent more efficient than traditional charcoal cookstoves. In addition to producing cleaner energy, the enterprise creates actor-specific “revenue and jobs all along the supply chain, from scrap-metal collectors to metal fabricators to sales staff who peddle the stoves for \$10 apiece” (Boss, 2008). Similarly, as the underlying driver of its success in promoting small-scale beekeeping, Honey Care Africa has relied on a network of over 9,000 local farmers and established ties with development agencies, local firms, and local communities to attain its social and economic agenda.

Based on these two defining characteristics, it is argued that five core processes of network bricolage contribute to the success of sustainable local enterprise networks.

These are outlined below.

Core Processes of Network Bricolage

Using Resources at Hand. Applied at the network level, bricolage refers to directing the network toward employing local pre-existing resources to solve problems or create new opportunities. Multiple participants construct a new outcome, such as higher income or lower environmental costs, from an existing contextual circumstance or stock repertoire of resources usable in alternative but previously unimaginable ways. The use of resources already extant in the local market locale helps to reduce what Hodgson (2001: 76) refers to as “the vexed question of distributive fairness within the market order.” “Mak[ing] to do with what is at hand” (Levi-Strauss 1968: 17), Ciudad Saludable has used the existing social problem of excess refuse mounting in local urban areas as the foundational

resource for creating its waste management and recycling enterprise and building a network of participants to sustain its function as a source of income. Based on the resourcefulness of several individuals, the network succeeds in “creating new ventures out of nothing and defy(ing) conventional assumptions about the role of the environment in determining the success or failure of organizations” (Phillips and Tracey, 2007). Similarly, Honey Care Africa has “made use of what was built up locally” (Andersen 2008: 61) – an abundance of potential for beekeeping – to create a sustainable business. In addition, as beekeeping requires minimal land, the small-hold farmers have been able to engage in commercial beekeeping on the basis of what is at hand, that is, on the land they already own. In this way bricolage assists in reducing “a different distribution of ‘original endowments’ – i.e. allocation of ownership of factors of production across the individuals of a particular society (Hodgson 2001: 76). Also consistent with previous views of bricolage as being oriented toward practical problem-solving, the use of resources at hand gains particular traction in contexts where new resource acquisition is problematic, suggesting that network bricolage is especially well suited to low-income economies.

Combining Existing Resources For New Purposes. Using resources at hand is insufficient alone as a process of successful network bricolage. Resources must be combined for new purposes to successfully “create something out of nothing.” In sustainable local enterprise networks, combining existing resources occurs as a synergistic process that evolves through bottom-up mobilization of participants within the locality. Consistent with bricolage, sustainable local enterprise networks are innovations

“initiated locally and founded on ‘concerted efforts in the pursuit of collective goals’ (Pierre & Peters, 2005, p. 103)” Andersen (2008). Ciudad Saludable’s recycling management program in Pucallpa, the fastest growing city in the Amazon region of Peru, has organized impoverished individuals who searched through city refuse into a network of ‘recycling workers’. These workers earn profits as small-scale entrepreneurs who, through training in safe and efficient recycling methods, collect and recycle solid waste to sell to traders, as well as earning additional money from the municipal government for their services. By forming linkages with municipalities, other nonprofits, local traders, and the local community, the network as a whole has been able to contribute collectively to the development of the local economy and the alleviation of a significant environmental problem. In 2007 Ciudad Saludable won first prize among 700 institutions in the “Innovative Environment Project” organized by Australia’s Global Development Network Foundation.

Network bricolage as a process of combining existing resources for new purposes also means the active assembly of existing human resources to achieve novel outcomes. In the same way that Ciudad Saludable organizes the unemployed poor into trained recycling specialists, E+Co hires regional staff members to locate and support would-be entrepreneurs who already reside in targeted low-income sectors. Similarly, Honey Care Africa identifies rural subsistence farmers already residing in impoverished areas and works with various aid agencies to train these farmers in beekeeping as a primary or supplementary source of income. Therefore, network bricolage in sustainable local enterprise networks partially succeeds because it induces a process of combining

resources at hand, including human capital, through a bottom-up network approach that produces synergistic partnerships that meet both individual and collective-level goals.

Negotiating Actions and Meanings in Context. Bricolage is negotiated in context by local participants who interpret or conceptualize possible solutions fitted to local problems and constraints. In contrast to external funding or charitable approaches to poverty alleviation, bricolage as a process anchors the meaning of economic and social action in the context in which the poor negotiate the adversity of their daily life. From the perspective of bricolage, resourcefulness is a function of one's knowledge of the immediate environment. Levi-Strauss (1966) argued that a local orientation to what is at hand may contribute to deeper levels of social knowledge with respect to local resource endowments, and that this deeper knowledge makes more apparent the usefulness of what is available cheaply (Baker 2007: 697). Meaning is also negotiated in context because bricolage is practice that is grounded in daily activities rather than pre-designed policies or rules. In other words, bricolage is situated resourcefulness negotiated in context by local participants who interpret action in terms of local problems and available resources. Contextual or in situ problem solving orients the disadvantaged toward workable rather than theoretically optimized solutions to local constraints, increasing the feasibility of proposed solutions. For example, Honey Care Africa's rural Kenyan farmers, as noted earlier, can adapt beekeeping activities to their current physical circumstances (their own existing farms) rather than having to adopt entirely new practices or circumstances to enact economic enterprise. In the same way, E+Co works off ideas for clean energy that have already been conceptualized by on-the-ground aspiring entrepreneurs in the local

area rather than working from rigidly prescriptive frameworks imposed by non-local agencies or foreign firms. In each of these examples, economic activity is negotiated with local participants on the basis of approaches and meaning systems they already possess.

Network bricolage also alters the meaning of daily activity from within the network itself. The transformation of Ciudad Saludable's workers from waste scavengers to trained waste management business owners has altered their own and community members' perceptions of their roles and identity over time – from trash collectors to 'self-employed entrepreneurs' and 'waste management experts'. In generating meaning systems from within the network, bricolage is able to occur outside the formal boundaries of institutionalized arrangements while simultaneously drawing institutions into the network's own meaning systems and practices, just as Ciudad Saludable's waste management enterprise developed outside state and municipal institutions while simultaneously drawing these institutions into the network as purchasers and beneficiaries of the network's output. Thus, in contrast to externally imposed models of poverty alleviation, the sustainable local enterprise network itself defines and situates the nature of economic action within the potentialities available from skills and resources at hand.

Customizing Incentives to Network Members' Interests. A fourth core process of successful network bricolage in sustainable local enterprise networks is connecting entrepreneurial enterprise to the "activities and interests of other actors in a field, crafting their [enterprise] to fit the conditions of the field itself" (Maguire, Hardy and Lawrence,

2004:659). Value in sustainable local enterprise networks differs in form across network participants (e.g. improving health for rural communities; creating jobs for low-income employees and entrepreneurs, increasing social and financial return to capital investors). By being locally oriented, network bricoleurs in sustainable local enterprise networks better understand the interests of various network members so that they are incentivized to contribute their needed resources to the network by receiving returns on the investments that are of interest to them. Honey Care Africa provides on-the-spot cash payments and training to honey producers, customized incentives that are highly motivational to subsistence farmers. Honey Care Africa guarantees to buy honey from farmers in cash at prices that are mutually agreed in advance (practices previously unheard of in the industry). The recycling ‘entrepreneurs’ of Ciudad Saludable gain direct profit from their expertise in collecting and separating solid waste. Other actors in the network are similarly incentivized. Local traders are anxious to purchase recycled goods from Ciudad Saludable for the high quality of recycled material that it provides. Municipal governments in Peru have a strong incentive to pay Ciudad Saludable entrepreneurs for their collection and recycling services due to the significant reduction in waste disposal costs for the city. (In Pacullpa, Peru, for example, city waste disposal costs are now one-tenth of what they were prior to Ciudad Saludable’s establishment.) Moreover, the returns do not necessarily have to be in the type of capital that was initially invested. For example, locals pay a minimal fee to Ciudad Saludable workers to collect and remove their trash. The return to the local community goes beyond timely trash removal to a lower incidence of disease, greater urban beautification, and the conversion of previously uninhabitable land into green space for the local community.

At a broader network level, interest alignment among multiple actors is also a key feature of network bricolage. Sustainable local enterprise networks continually align differentiated incentives and interests to mobilize the participation of all collaborating organizations. For example, the Honey Care Africa network aligns the interests of small-scale farmers and community organizations (for income generation), donor agencies (for environmental protection and poverty alleviation), government agencies (for cost reductions) and private sector investors (for financial returns). By customizing incentives and aligning interests among members of the network, Honey Care Africa is able to mobilize the required resources needed for the network to prosper and grow. Unlike organizations that catalyze change around a single core vision to which all stakeholders must adhere, sustainable local enterprise networks are distinguishable for their capacity to ‘connect the dots’ across differing interests and customize incentives to each participant’s preferences and objectives. The process of network bricolage therefore acknowledges differences among network members in their motivations for participation and their valuations of different kinds of social, economic and ecological capital.

Engaging Local Participation Through Distributed Agency. The fifth and final element that we propose as core to network bricolage is decentralized or distributed decision making agency. Garud and Karnoe’s (2003) study of bricolage showed, for example, that resources were developed or redeployed by “constellations of different players, with the entire bricolage process supporting and demonstrating ‘distributed agency’” (Baker and Nelson, 2005:333). Distributed agency, we suggest, is an adaptive

economic response to market situations in which there are scarce, fragile, or depleted resources or a management or state deficit in coordinating action. Baker and Nelson (2005), for example, found that bricolage was particularly relevant in highly resource-constrained environments. In the context of market failure and failures of government provisioning of basic needs and services, distributed network agency allows for the access and mobilization of a broader variety of necessary resources, including financial, human, and social capital. Distributed agency also reduces problems periodically associated with other means of poverty alleviation, including vulnerability to either a culture of dependency (a single MNC or aid agency) (Easterly 2006) or inequitable income distribution (Wheeler et al. 2005).

In addition, distributed decision making has the ability to create a conducive environment for more network actors to take initiative and combine their capabilities to overcome obstacles and challenges. In their study of bricolage at the organizational level, Baker and Nelson (2005: 356) observed: “How...you create something out of nothing is by refusing to treat and therefore see the resources at hand as nothing. This refusal calls upon and provides a context in which firms actively exercise their creative and combinatorial capabilities...through this process, bricolage is used to create something from nothing.” In addition, distributed decision-making maximizes network member involvement and ensures a level of freedom for each network member to act according to their needs. Distributed decision making is central to Honey Care Africa’s network, for example. Farmers are not locked into any contract with Honey Care Africa after the loan for

purchasing their hive (about \$60 dollars) is paid off. They are free to sell honey to any buyer, but typically continue to sell to Honey Care Africa.

From the foregoing elaboration of processes of network bricolage, we therefore propose the following:

Proposition 2a: The development of sustainable local enterprise networks is a function of processes of network bricolage.

Proposition 2b: The success of sustainable local enterprise networks will be a function of five core processes of network bricolage: using resources at hand; combining existing resources for new purposes; negotiating actions and meanings in context; customizing incentives to network members' interests; and engaging local participation through distributed agency.

While sustainable local enterprise networks are generative governance modes that create new practices through a grass-roots recognition of opportunities in situ, their success is facilitated by external intervention into the bricolage process around two main factors: training and technical assistance. Local workers commonly require training and technical assistance to obtain sufficient expertise in developing the enterprise and this assistance is carried out locally. For example, locally based E+Co investment officers provide training workshops. Network members of Honey Care Africa provide rural farmers with training and technical assistance in beekeeping. Ciudad Saludable trains independent workers in

safe, efficient recycling methods. While training and technical assistance are neither core nor unique to network bricolage, they nonetheless play an important facilitating role, as our model indicates, in extracting value from the resources or skills in which network members, as bricoleurs, see untapped value or potential.

Proposition 3: The successful development of sustainable local enterprise networks through network bricolage is facilitated by training and technical assistance.

We conclude our theory of network bricolage by hypothesizing what we view as the core outcome characteristics of institutional entrepreneurship to which processes of bricolage give rise.

Network Level Institutional Entrepreneurship

Contrary to previous work on institutional entrepreneurship, the core processes of network bricolage outlined above imply that entrepreneurship in emerging fields can develop from actors who do not occupy dominant or formal field positions. Like Maguire, Hardy and Lawrence's (2004:658) work in underdeveloped domains, we have suggested that key to the success of sustainable local enterprise networks "is the way in which [they] connect their change projects to the activities and interests of other actors in the field, crafting their project to fit the conditions of the field itself." In particular, they leverage the expertise and motivations of multiple constituents (Dew and Sarasvathy, 2007) to create and implement a new economic enterprise from resources in situ, and

they build this leverage by organizing constituents into a network that serves the actor-centric needs of each individual constituent.

What emerges from our analysis of network bricolage is a portrayal of collective-level institutional entrepreneurship that is relatively unique in terms of its constellation of outcomes in low-income environments. We categorize these distinctive outcome characteristics of network bricolage into five key elements of network-level institutional entrepreneurship: sustainable improvisation, governance transparency, trust-based ties, representation and voice, and distributed power.

Sustainable Improvisation. While a commonly cited limitation of social entrepreneurship and microfinance approaches to change is their difficulty in surviving over time and achieving scale, entrepreneurial change by sustainable local enterprise networks is distinctive in its ability to invoke change that is permanent, self-perpetuating, and capable of further growth and diffusion. Honey Care Africa has grown to over 9,000 beekeepers in less than a decade and has spread to other countries (e.g. from Kenya to Tanzania and Sudan). The operations of Ciudad Saludable have similarly diffused to 43 municipalities in Peru. E+Co has grown to finance over 200 small enterprises which provide clean energy to almost 5 million underserved people and is targeting its enterprises to provide energy to 100 million people by 2020. Thus, in contrast to numerous contemporary initiatives to alleviate poverty that are unable to achieve scale, collective-level entrepreneurship through sustainable local enterprise networks tends to be an enduring and scaleable source of innovation and income.

Governance Transparency. In contrast to charitable or aid agencies which tend to provide limited feedback mechanisms between the poor and the agency serving them, feedback by means of collective-level institutional entrepreneurship is immediate because the donors and workers form part of the same network and use local criteria to evaluate success. High levels of feedback, in turn, are conducive to governance transparency. By including a range of actors in the network, more resources can also be brought to bear to examine and monitor outcomes. E+Co, for example, provides transparent accounting of its performance twice a year through clearly articulated metrics and reporting procedures. Thus, a second important outcome characteristic of network bricolage in sustainable local enterprise networks is governance transparency.

Trust-based Ties. The engagement of local participation through distributed agency, as a core process of network bricolage, tends to create trust among network members.

Although the network literature acknowledges the importance of trust in interorganizational networks (Brass, Galaskiewicz, Greve and Tsai, 2004), trust is perhaps particularly crucial in contexts of high uncertainty and low levels of governance. Trust enables network members to learn from one another about potential mutual interests, which accelerates joint problem solving, a process that is essential where existing resources or skills are scarce. The self-perpetuating nature and customized incentives of sustainable local enterprise networks also increase the tendency of actors to enter into long-term relationships (e.g. Honey Care Africa's collective business model), which in turn contributes to the likelihood of trust-based ties.

Representation and Voice. Network bricolage tends to result in collective-level entrepreneurship characterized by representation and voice rather than command and control as the underlying mechanism of authority. Processes of network bricolage in sustainable local enterprise networks empower the disadvantaged to exercise a voice in their own economic activities because network members are interdependent and rely on shared consensus for the achievement of goals. In sustainable local enterprise networks intermediaries between national governments or aid agencies and the local community where the entrepreneurial activity occurs are less likely to exploit the distance between the two because the network tends to be inclusive of all members of the value chain affected by the local enterprise, including intermediaries, such as suppliers, distributors, and local field officers. Thus, representation is broader and efforts to disable it tend to be unavailing. While no governance mode is fully fair and inclusive, the mutual dependencies and social embeddedness of sustainable local enterprise networks tend to discourage ‘capture’ by ruling elites or intermediaries and to encourage collective representation and voice.

Distributed Power. Network bricolage generates a community of practice in which power is shared. Unlike models of entrepreneurship that emphasize struggle and contestation as the impetus for institutional change, power is distributed in sustainable local enterprise networks by means of delegation of resource and market access to the workers (farmers, trash collectors, clean energy producers) directly responsible for on-the-ground economic activity. Also, unlike more centralized approaches to poverty

reduction (direct aid provision, MNC dependencies), power is distributed through performance accountability throughout the network of constituents who actually implement the network's vision. For example, after receiving free training and the necessary equipment from government, NGOs, or local suppliers or producers, the recycling workers who collect and sort trash at Ciudad Saludable, as well as the farmers who provide honey to Honey Care Africa, are established as independent business owners and the direct recipients of the income they generate. As the operations grow, any necessity to provide further technical support, growth capital, or access to markets diminishes, and the power distributions across local community enterprises become institutionalized.

The five foregoing outcome characteristics of collective level institutional entrepreneurship thus help to explain the results of network bricolage for institutional entrepreneurship. Together, the processes of network bricolage and outcome characteristics of sustainable local enterprise networks serve to illuminate how these networks achieve successful economic, social and environmental value creation in low-income economies.

Proposition 4a: Network bricolage will lead to successful institutional entrepreneurship in low-income economies.

Proposition 4b: Institutional entrepreneurship resulting from network bricolage will be characterized by five distinct outcomes that tend to generate successful economic, social

and/or environmental value creation: sustainable improvisation, governance transparency, trust-based ties, representation and voice, and distributed power.

DISCUSSION

Conventional theories of poverty alleviation do not explain how sustainable local enterprise networks succeed as governance modes of poverty alleviation in low-income markets. We have argued that sustainable local enterprise networks are institutional entrepreneurs in subsistence economies that use network bricolage to overcome market and government provisioning failure in subsistence economies.

Our preliminary theory on sustainable local enterprise networks has several implications for the literature on institutional entrepreneurship and change. First, it suggests that underorganized or underdeveloped domains “offer considerable scope for institutional entrepreneurship (Lawrence 1999), particularly for smaller marginal players” (Perkmann and Spicer, 2007: 1115), partially because these players have more to gain from change but also because they possess unique localized knowledge about the adverse circumstances that impede local innovation (Hardy and Maguire, 2008: 200; Maguire et al, 2004). Therefore, in contrast to examinations of institutional entrepreneurship that point to social position, elite status, or field dominance as necessities in catalyzing change, future work on institutional entrepreneurship might consider how less advantaged actors are able to envision and institute change as a product of their motivation for change and their unique understanding of the impediments to the change process.

Another implication of our model for institutional entrepreneurship is the power of practical positive inducements and customized incentives in altering institutional fields. Although considerable attention has been devoted to coercive, mimetic and normative processes in bringing about institutional change, less attention has been paid to tangible financial and social benefits as a catalyst for institutional change. Future researchers might also examine how such material incentives create new discourse and rationales surrounding legitimate economic behavior and help to reinforce and instantiate economic change.

This paper also introduced the concept of network bricolage to explain how innovation may emerge from networked actors who leverage current resources to bring about change. Future research might apply network bricolage to governance networks, such as professional associations that rely on networks of individuals to create new social or economic initiatives with limited resources, to determine whether bricolage processes are generalizable across different settings or effective as agents of social and economic reform. Future theorists might also examine the extent to which network bricolage as an organizing element within markets can redress some of the limitations of markets as a means of welfare improvement. In his exploration of the moral value of market systems, Hodgson (2004:3) draws attention to the “severely idealized” conceptualization of general market equilibrium in market economies. Future work might begin to address the moral value of network bricolage as an economic arrangement judged, as Hodgson observes, on “...the consequentialist dimension of moral assessment – i.e. one wherein

actions or institutional practices are judged desirable to the extent they bring about an end deemed morally valuable.” (Hodgson, 2004:3).

Finally, sustainable local enterprise networks have the potential to contribute to the current management literature on organization-level approaches to poverty alleviation. While microfinance has proven successful in demonstrating social benefits and empowering microfinance clients, one of the main critiques of microfinance has been its limited ability to transform subsistence entrepreneurs of necessity into entrepreneurs of opportunity who can create more productive jobs for both themselves and others. A sustainable local enterprise network model suggests that the microfinance movement can benefit from entering into mutually reinforcing relationships with other individuals and organizations at the local level to help turn microfinance loans into income generating activities that can be scaled up beyond a subsistence level.

The second contemporary approach to poverty alleviation that we reviewed, the social enterprise model, shares a number of features with the sustainable local enterprise network model, including emphasis on the importance of new institutions that create markets and encourage market participation by the poor (Mair, Marti and Ganly, 2007). The social enterprise literature and the sustainable local enterprise network model also base their approaches on local needs rather than on the assumptions of large centralized institutions (Seelos and Mair 2005). However, the social entrepreneurship literature suggests that, to create successful alliances, social entrepreneurial organizations should create networks with “companies which share their social vision” (Mair and Schoen,

2007: 66). The sustainable local enterprise network model suggests that social and economic value creation can be achieved simultaneously, without the need to prioritize one over the other, and without the need for all members of the network to share the same social mission. Therefore, future research on social entrepreneurship might take its cue from Seelos and Mair's (2007: 60) observation that governance is enhanced when "the partners explicitly go about maximizing their own private benefits."

With respect to the BoP approach to poverty alleviation, the sustainable local enterprise network model shares its emphasis on the need to access a wide range of knowledge, information and resources to create new models of enterprise. However, an essential component of the BoP approach is the instrumental use of the MNC-organized market ecosystem for the utility of the multinational firm. Much of the BoP literature focuses on recommended strategies for MNCs to create new business ecosystems around themselves and asks "How do we move the composition of the ecosystems toward large firms?" (Prahalad, 2005: 68). Sustainable local enterprise network models suggest that distributed and inclusive network approaches to poverty reduction may be as or more effective than MNC-centric models. Alternatively, MNC-based initiatives may benefit from developing linkages with community enterprises as a mechanism for social investment in developing countries, a conclusion supported by recent research into a MNC's social investment in water provisioning in Nigeria (Nwankwo, Phillips, and Tracey, 2007). These authors found that the MNC, by partnering with local community enterprises, was able to play a meaningful role in local capacity building and empowerment. Thus, a sustainable local

enterprise network model suggests the need for future research on the benefits of more community-based network engagement in poverty alleviation (Singer, 2006).

CONCLUSION

Network bricolage in sustainable local enterprise networks offers an alternative and potentially effective approach to the problem of poverty reduction in low-income economies. The sustainable local enterprise network model not only provides an important extension to the existing literature on current approaches to value creation in low-income markets; it also points to the potential importance of collaborative action through distributed goal fulfillment as a source of institutional entrepreneurship. As Lawrence and his colleagues (2002: 289) have observed, “[w]hile the concept of institutional entrepreneurship has provided an important addition to institutional theory, discussions have tended to focus on the activities of powerful actors, such as state organizations and professional associations working alone to shape institutional fields”. The network bricolage of sustainable local enterprise networks offers an emerging collaborative phenomenon that has the potential to genuinely benefit the poor as well as create new models of doing business where previous attempts have had limited success.

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FIGURE 1

Traditional Approaches to Social and Economic Development

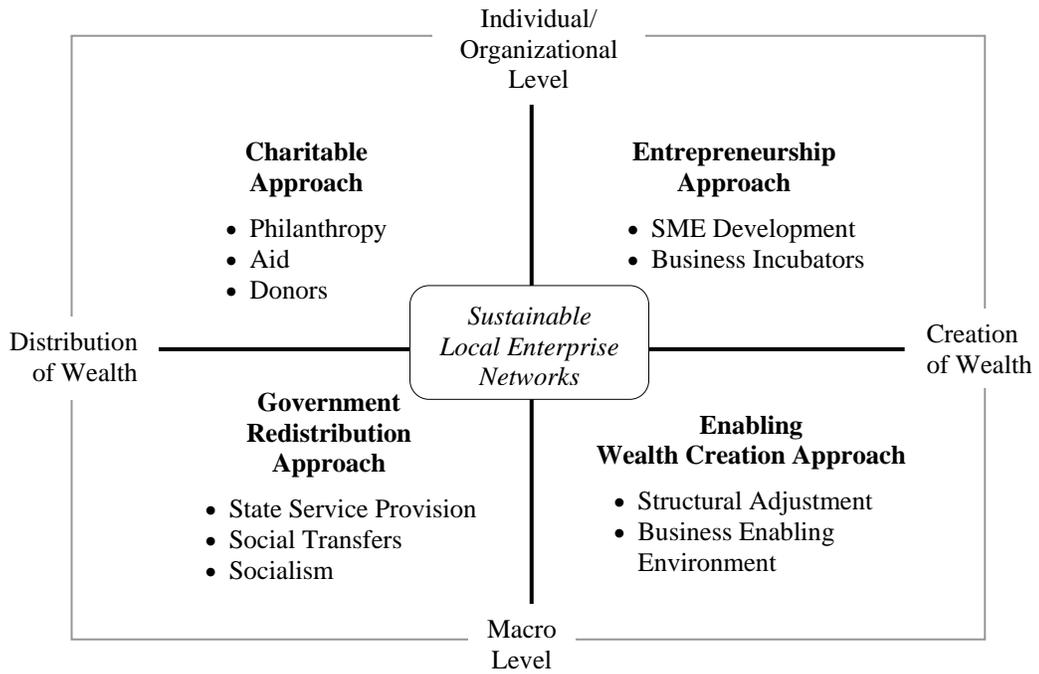


TABLE 1

Comparison of Recent Alternative Approaches to Poverty Alleviation and Economic Development

Core Dimensions of Alternative Models	Microfinance	Social Entrepreneurship	Bottom of the Pyramid	Sustainable Local Enterprise Network
Goal Orientation	Focus on social empowerment and access to financial capital for borrowers	Social value creation paramount, economic value a means to an end	Instrumental focus on profits for multinationals, poverty reduction assumed to follow	Identify and mobilize financial, social, human and ecological capital to meet interest of network members
Interests of actors	Lending model innovatively redeveloped to meet needs and interests of disadvantaged	Partners must share common social vision	Seek partners to align with interests of MNC	Success requires interest understanding and alignment
Network development	Leading microfinance organizations seek to develop broader relationships	Potential partnerships between social entrepreneurs and MNCs	Market based ecosystem organized around nodal MNC	Inclusive network collaboration that incentivizes and equalizes the unique goals of each participant
Boundary spanning	Microfinance institutions primarily look for donors or investors to provide capital to lend	Understand obstacles and challenges holistically and draw on multiple ways to understand problems	MNC identifies and mobilizes resources from different business units within the firm and with NGO partners	Capability to mobilize and recombine resources within the network and access resources from global sources
Distribution of decision making	Group lending models effectively provide social controls over client repayment behaviour	Partnerships between social entrepreneurs and MNCs ideally regulated by price mechanism of exchange	Business models can seek to 'lock in' customers or producers into profitable MNC value chain	Choice and freedom of network members motivated by aligned incentives
Optimization of value	Social value created; improved incomes not certain	Social value prioritized over economic value	Value optimized for extraction by MNC	Optimization of social, ecological and economic value across all network members
Local orientation	Successful microfinance models built on local social contracts and trust	Social Entrepreneurs understand local needs, issues and possible solutions	Partner with NGOs for local legitimacy and to understand local markets	Local producers and consumers empowered by network governance structure

FIGURE 2

Sustainable Local Enterprise Networks: A Process Model

