



SOLIDARITY TRACKS
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The collective entrepreneurship: a new way of doing business

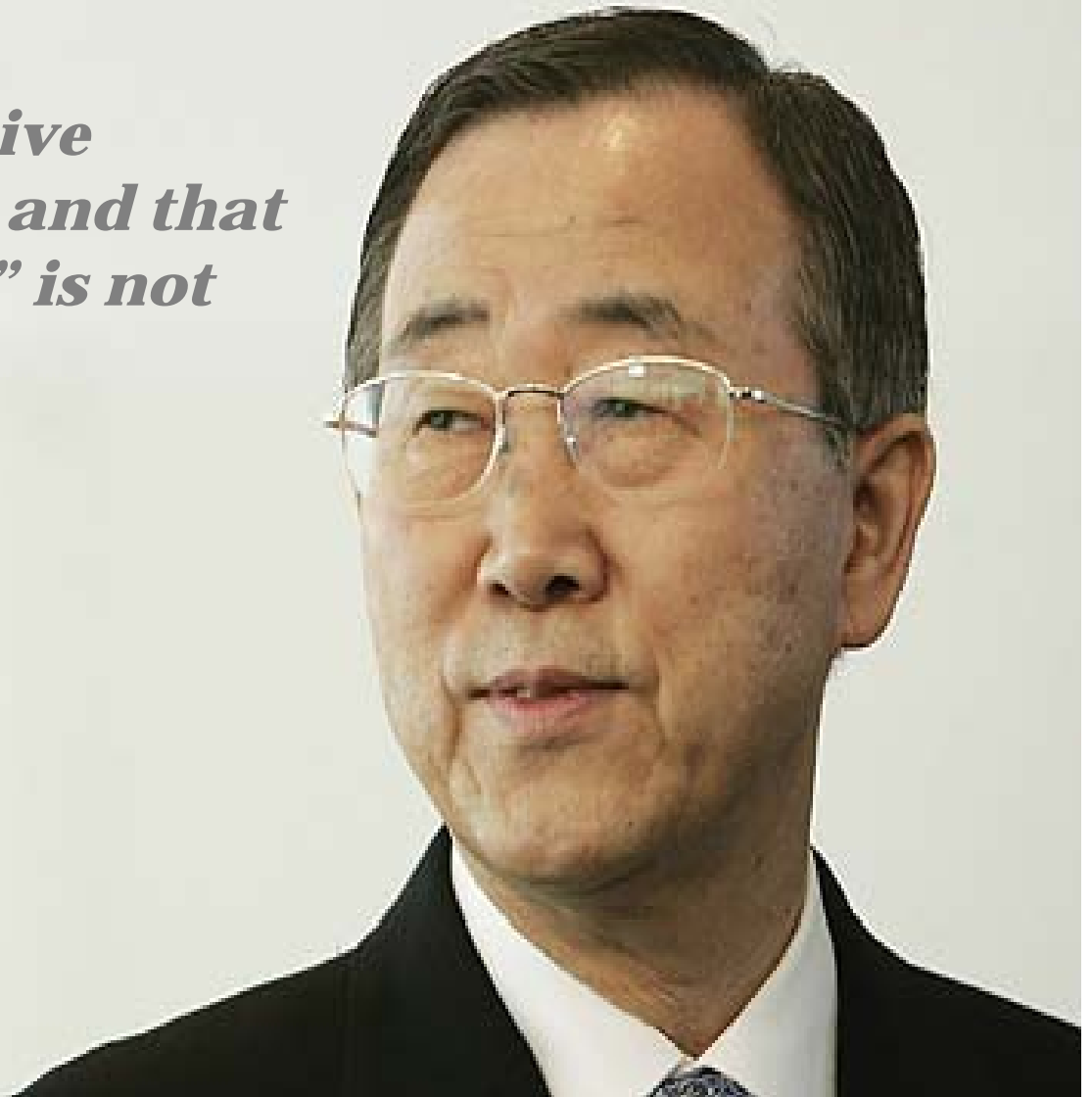


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Lefkada, October 12, 2013

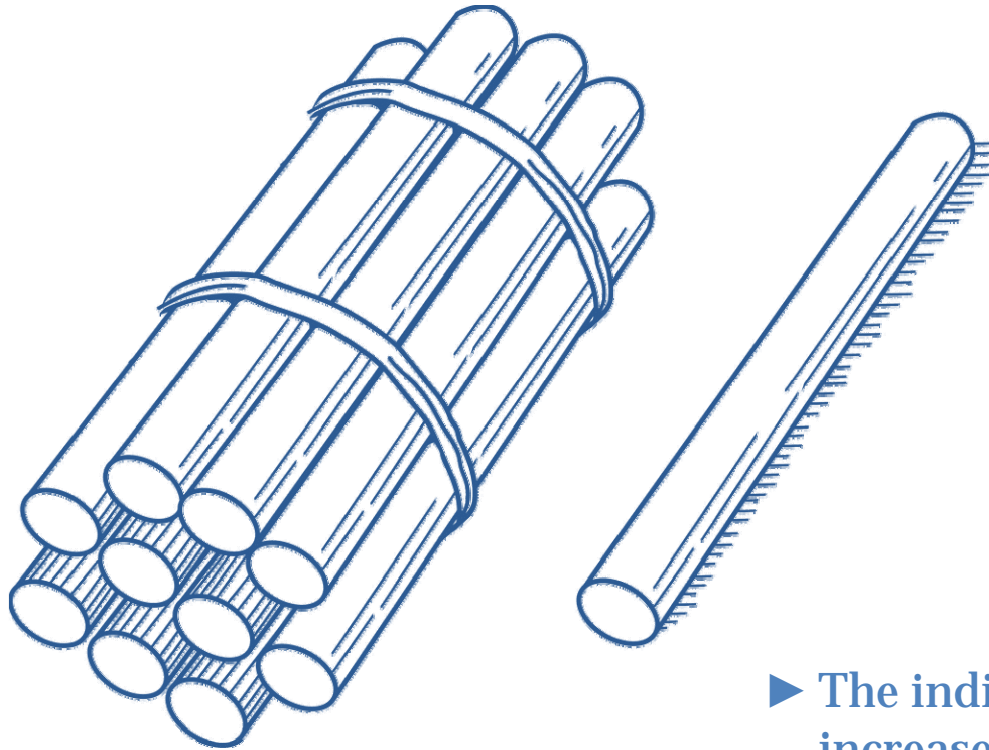


***.....a transformative
change is required and that
“business as usual” is not
an option.***

Ban Ki Moon



Which one is easier to break?



**Entrepreneurship
emerges as a function of
collective action**

$$NB_i = GB_i - C$$

Mancur Olson's equation on the
“logic of collective action”

- ▶ The individual's incentive not to contribute increases with group size
- ▶ Larger groups are less likely to be privileged
- ▶ The larger the number of people that need to be coordinated, the higher the cost of organizing them to an effective level

Entrepreneurship: an inherently individualistic endeavor or a collective phenomenon?

*Entrepreneurship entails a process that begins with **perception** and is completed with **action** (from “seed” to “harvest”)*

- ▶ Conventional perspective equates entrepreneurship with a highly successful, self-employed **individual**.
- ▶ Perception and action describe the entrepreneur as **a dynamic, not static, figure** in economic activity.

rarely is it the case that the perception of opportunity and the ability to act on that perception are embodied in a single individual.



Entrepreneurship: an inherently individualistic endeavor or a collective phenomenon?



- ▶ **Collective entrepreneurship:** a new term that combines business risk and capital investment with the **social values of collective action**.
- ▶ Entails persons conducting business together, sharing ownership. Collective entrepreneurship can be one of the means of **risk diversification and fundraising**

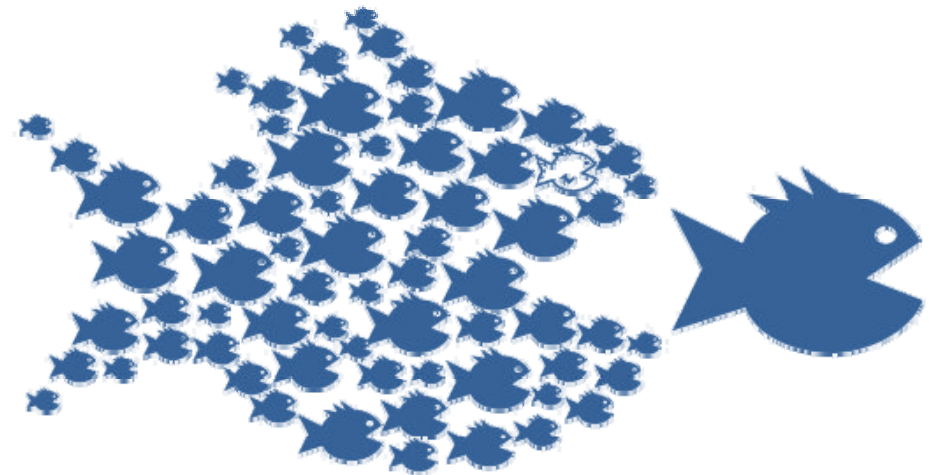
Transition from individual to collective entrepreneurship

- ▶ **Response** to the capital limitations of individual actors and to increases in capital requirements.
- ▶ **Response** to the economic situation.
- ▶ **Greater** access to resources.

Collective entrepreneurship
is a function of the willingness of
individuals to co-operate
(act together)



- ▶ **Collective action**
- ▶ **Convention**



A definition

- ▶ **Collective** must not only describe a situation when two or more people act co-operatively.
- ▶ **Entrepreneur** must not only mean highly successful, self-employed people.
- ▶ **Collective entrepreneurship** is a means of realizing the inherent potential of social capital*. Convention is the catalyst.

**the expected collective or economic benefits derived from the cooperation between individuals and groups (social networks have value)*

- ▶ **Collective entrepreneurship** combines business risk and capital investment with the social values of collective action. It is an event that exists when collective action aims for the economic and social betterment of a locality by means of some transformation of social norms, values, and networks for the production of goods or services by an enterprise

Shapero & Sokol, 1982

Collective entrepreneurship: a recipe for success. Some business models

Family-Owned Firms

Family firms may be able to decrease ownership costs relative to non-family firms by mitigating managerial opportunism, generating long-term organizational commitment, and communicating more effectively.

Patron-Owned Cooperatives

- ▶ an income-generating organization governed by a plurality of **stockholders** that
 - assigns voting rights in proportion to stockholdings and
 - distributes residual income in proportion to stockholdings.

Clusters and Industrial Districts

- ▶ no managerial hierarchy,
- ▶ close consultation along the production chain delivering the capacity to redesign processes and products,
- ▶ satellite firms established with the aid of an existing firm to fill an industry need.

Franchise Agreements

Collective entrepreneurship between the franchisees and the franchise system (*intrapreneurship*)

Collective entrepreneurship: a recipe for success. Some business models

The Traditional Cooperative

- ▶ Members-producers control the cooperative as well as own the property
- ▶ Free participation.
- ▶ “One member - one vote” principle.
- ▶ Payment of a minimum capital by cooperative members.
- ▶ The main volume of capital emanates from retained earnings
- ▶ Joint ownership
- ▶ Non-transferable shares

New Generation Cooperative

- ▶ Shares are marketable and transferable
- ▶ Infinite number of members
- ▶ Vertically integrated joint ventures
- ▶ Economies of scale and bargaining power,
- ▶ Greater flexibility in financing investment
- ▶ Greater mobility of money
- ▶ “One member - one vote” principle.





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Sustainability Pillar	Traditional Cooperatives	New Generation Cooperatives	Private Companies
Economic Development	+ • Reduced capital investment	++ • Possibility of raising capital • Economic efficiency in production and processing	++ • Possibility of raising capital • Economic efficiency in production and processing
Environmental Protection	+ • Externalities	++ • Externalities	+ • Externalities
Social Equality	++ • One member one vote principle	++ • One member one vote principle	+ • Votes depending on the equity



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Thank you...



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