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Chapter 13

Opportunity Recognition and Innovative Solutions to Societal Challenges: The Case of Community Cooperatives in Italy



Riccardo Maiolini and Tommaso Ramus

Abstract In this chapter, we present some preliminary, exploratory evidence concerning the peculiarities surrounding the recognition of entrepreneurial opportunities as encountered by community cooperatives, that is, entities established with the mission to create value for the community in which they operate and not for their members exclusively. Drawing from the experience of eight Italian community cooperatives, we offer initial empirical support to the argument that community embeddedness complicates the process of entrepreneurial opportunity recognition. Community cooperatives confront the challenge of accommodating the disparate needs of community members, while operating within a context of resource constraints. However, community embeddedness also favors the engagement of community members in more creative processes to identify more innovative solutions to empower communities. Our preliminary findings speak to the emergent research on community-based enterprises and to the broader stream investigating entrepreneurship. They also show how cooperatives can be a source of social innovation while anchoring themselves to their imprinting of human-centered organizations, established to ameliorate the conditions of marginalized people.

Keywords Community cooperatives · Community empowerment · Entrepreneurial opportunity recognition · Community-based enterprises · Cooperatives in Italy

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13.1 Introduction

Community cooperatives are a novel form of community enterprises that have emerged mainly over the last decade, with the aim to tackle the diverse and interconnected societal challenges that are experienced by people living in marginalized and underdeveloped communities in dispersed rural areas or suburban regions of metropolitan cities (Hertel et al., 2019; Peredo & Chrisman, 2006). These challenges encompass reduced business opportunities, social isolation, deterioration of the local cultural and historical heritage, and lack of access to quality education, welfare, and healthcare, among others (Haugh, 2007; Hertel et al., 2021).

Different from traditional cooperatives that compete in the market to address the specific, homogeneous needs of a single category of stakeholders, mainly cooperative members (Hertel et al., 2019), community cooperatives adopt market-oriented strategies to cater to the varied needs of multiple stakeholders residing within the same marginalized community. For instance, the cooperative “Biccari” has united over 200 citizens from the village of Biccari, placed in a picturesque yet remote rural area of the Puglia region, in the South of Italy. Their collective endeavor aims to revitalize the village’s entrepreneurial and cultural ecosystem to address the needs of business opportunities exerted by local farmers and entrepreneurs, as well as to foster social inclusion for both the elderly and the youth in the community. Recognizing the financial challenges of addressing each of these needs separately, the cooperative members embarked on an innovative approach. They engaged in dialogue to identify services that could simultaneously address the disparate needs of different stakeholders of the local community, capitalizing on the tangible and intangible resources pooled together by local actors. This interaction resulted in the launch of a “slow tourism” initiative that attracted tourists interested in discovering the local cultural, historical, and gastronomical heritage. The profit generated by these initiatives is reinvested to support social inclusion initiatives, thus making the village more culturally vibrant and ultimately more appealing to tourists.

The case of the community cooperative Biccari is interesting for different reasons. It shows how the cooperative model can be reinvigorated and adapted to address multiple, emerging societal challenges that hinder the economic and social development of a community. It also shows how communities can be beneficiaries and, at the same time, agents of entrepreneurial efforts (Bacq et al., 2022). This trend has been captured by research on community enterprises (Peredo & Chrisman, 2006; Haugh, 2007; Murphy et al., 2020), which has defined them as market-oriented organizations that are established, owned, and governed to generate economic, social, and/or ecological value primarily for the members of the community in which they are embedded (Hertel et al., 2021). Finally, when analyzed from an entrepreneurship perspective, community cooperatives face peculiar challenges in terms of identification of entrepreneurial opportunities (Zahra, 2021; Wood & McKinley, 2010), that is, in terms of identification of the business opportunities that lie behind the problems that they are addressing. In traditional business enterprises, the identification of an entrepreneurial opportunity is relatively straightforward: it

encompasses the identification of a problem in relation to a specific customer group (Shepherd & DeTienne, 2001), which can be successfully resolved through new services, products, processes that the enterprise can put on the market (York & Danes, 2014; Smith & Cao, 2007). This process becomes more complex in the case of traditional cooperatives and social enterprises. In the first case of cooperatives, their members need to align their (mainly economic) needs (Hertel et al., 2019) with the potentially divergent demands of business partners and customers. In the case of social enterprises, the complexity arises from the need to identify solutions that not only satisfy potential customers, as in traditional entrepreneurship, but also address the requirements of the target stakeholders who are affected by the societal challenge the enterprise aims to tackle (Santos, 2012; Hertel et al., 2019). We argue that community cooperatives encounter a heightened level of complexity compared to business enterprises, or even social enterprises and traditional cooperatives. As these cooperatives serve the entire community and recombine the demands of disparate stakeholders within that community, the range of needs they address is multifaceted, as are the customers and beneficiaries involved. Consequently, the process of entrepreneurial identification in the context of a community cooperative becomes more open, interactive, and multifaceted. In this chapter, we investigate how community cooperatives address this challenge and we ask:

How do community cooperatives recognize entrepreneurial opportunities?

To address this question, we first explain the difference between traditional cooperatives and community cooperatives, focusing in particular on the Italian context; then we describe the challenge of recognizing entrepreneurial opportunities in general and in the specific context of community cooperatives. Based on the theoretical framework and interviews performed with a sample of community cooperatives, we then show empirical evidence that provides some preliminary and explorative insights about the specific process followed by community cooperatives to recognize entrepreneurial opportunities. Based on this evidence and existing literature, we then elaborate on some contributions and managerial implications.

13.2 The Cooperative Movement and the Emergence of Community Cooperatives in Italy

The first cooperatives emerged in Italy at the beginning of the last century as individuals living in marginalized, underserved areas decided to put their efforts together to address their needs, in terms of either access to employment, credit, or business opportunities (Cole, 1944) (on the broader history of cooperatives, see Chap. 5). These cooperatives were founded on the principles of mutuality and business orientation, whereby capital and labor could converge into a unified model capable of providing an entrepreneurial response to the social and economic needs faced by organizational members (Birchall, 2011; Chaddad & Cook, 2004).

Cooperatives have been formally recognized by the Italian Constitution since 1947, which has emphasized their social role. It declares that “the Republic recognizes the social function of co-operatives for mutual benefit and without the purpose of private speculation” (Italian constitution, art 45, 1947). Given their constitutionally recognized role in addressing social issues, cooperatives are categorized as members of the Italian social economy, which comprises all entities—associations, cooperatives, social enterprises, and foundations and mutual—that compete in the market to achieve an explicit social purpose (Carini et al., 2018).

Italian cooperatives can be classified considering two variables: type of activity (that is, the sector in which they compete) and type of membership (single or multiple stakeholders). For the classification by activities, cooperatives operate in disparate sectors, encompassing agri-food, retail, finance, health and social care, education, construction, and transport. Concerning the type of members, it is possible to distinguish between traditional cooperative enterprises that support their members only (either workers, consumers or beneficiaries of the services) and social cooperatives. As described more extensively by Velmer in Chap. 12, social cooperatives emerged in Italy in 1991 to address the lack of quality and efficient welfare and social services provided by public bodies. The peculiarity of social cooperative is twofold: first, they do not only support their members but also other beneficiaries who might not be organizational members (Lorenzo-Afable et al., 2020; Hlady-Rispol & Servantie, 2018); second, they aim at addressing societal needs rather than economic needs and can therefore be categorized as social enterprises (Borzaga & Defourny, 2004). Indeed, the Italian legislation grants to social cooperatives the status of social enterprises.

The recognition of cooperatives as key actors to support Italian economic development (Costa & Delbono, 2023) and foster social innovation, inclusion, and sustainability (Cottino & Zandonai, 2012) has favored their widespread diffusion. According to the Italian Institute of Statistics (ISTAT, 2020), as of December 2022, Italy boasted 80,999 active cooperatives and generated a turnover of approximately 120 billion euros, signifying their substantial economic presence. Despite the widespread diffusion of traditional cooperatives in Italy and their central role in addressing the economic and social needs of their members—in the case of traditional cooperatives—and of marginalized individuals—in the case of social cooperatives—a new model has emerged in recent years to address issues that traditional cooperatives are not well positioned to deal with: The model is known as “community cooperative.”

This new cooperative model has been backed by Legacoop (one of the two main category associations of Italian cooperatives) since 2010, when this category association launched a new strategic program aimed at supporting the emergence of community cooperatives. This effort was motivated by the recognition that marginalized communities often confront numerous interrelated challenges that hinder their development. These complex issues demand a comprehensive, multistakeholder approach rather than relying on a traditional model that primarily focuses on the needs of one single category of stakeholders. Indeed, traditional cooperatives typically target one specific category of beneficiaries—either their own members or

non-members, in the case of social cooperatives—and adopt an entrepreneurial, market-oriented strategy to meet the needs of this specific stakeholder category. This specialized approach has demonstrated success in tackling specific challenges faced by particular stakeholder groups, such as unemployment, limited access to business opportunities, consumption barriers, and marginalization. As a consequence, Italian cooperatives, and in particular social cooperatives, have become a central and leading actor of the Italian welfare system. This role has been recognized and institutionalized by several laws that have recognized social enterprises as key partners of public bodies for the delivery of welfare services and addressing specific challenges faced by marginalized individuals (see Chap. 12).

However, traditional cooperatives may be less equipped to handle the complex array of intertwined obstacles that impede the economic and social development of marginalized communities. These challenges are interconnected and cannot be effectively resolved by addressing the needs of a single group in isolation and instead require a comprehensive and multistakeholder approach (Hertel et al., 2019). Community cooperatives serve as a means to address collective needs that cannot be adequately met by individuals or private firms (Area Studi Legacoop, 2019):

The Community Cooperative is a tool through which individuals, businesses, associations, and local entities can address their needs and develop new projects aimed at improving the living conditions of individuals living in a community and of that community as a whole. (Archival Data – Interview President Valle dei Valarieri <http://www.nelcuoredelpaese.it/storie/leconomia-che-guarda-lontano/>. Our translation.)

The peculiarity of the community cooperative model compared to traditional cooperation is that it does not solely aim at creating value for its members or a specific, homogeneous category of beneficiaries (Tricarico, 2014). Community cooperatives work to address the needs of multiple stakeholders who live within the same community, with the primary purpose of fostering both economic and social development for the community itself. For an organization to be identified as a community cooperative, it must be established by members of the community, exploit the resources available within the community itself, and address the needs of the members of that community. As Bianchi (2021) suggests, community cooperatives use local resources, such as abandoned public spaces, natural resources, and cultural heritage, and collaborate with local citizens, public bodies, and private entities. Their objective is to develop innovative solutions tailored to address specific local needs and challenges, with the ultimate aim of reinvigorating and revitalizing the communities they serve (Bianchi, 2021).

Over the years, Legacoop has supported the start-up of community cooperatives in more than 500 different communities through the training of cooperatives' members, providing favored access to credit and subsidized financing, the promotion of the cooperative culture, and the establishment of networks among cooperatives. As a result, over the last ten years, 188 community cooperatives have been established (Venturi & Miccolis, 2021). Most of them have been launched after 2018, thus being still in the start-up phase and operate in rural areas. They operate in different

sectors: tourism (60%), environmental conservation and protection (47%), and agriculture (38%).

13.3 Community Cooperatives as Community Enterprises

Community cooperatives represent an innovative model within the cooperative system and also fit the broader category of “community-based enterprises—enterprises that are collectively established, owned, and controlled by the members of a local community, for which they aim to generate economic, social, and/or ecological benefits” (Hertel et al., 2019: 438). Community-based enterprises can take a variety of legal forms but their key feature is that they are created by communities, for communities. Therefore, communities are both beneficiaries and agents of the entrepreneurial efforts (Haugh, 2007; Peredo & Chrisman, 2006; Bacq et al., 2022). Community enterprises share five elements, as defined by Hertel and Belz (2017): (i) they are embedded in a specific, geographically located community; (ii) they are financially self-sustainable; (iii) they pursue multiple goals; (iv) the value created should accrue to the local community; and (v) they are established, owned, and controlled by the community itself.

A small but growing body of research in the entrepreneurship domain has described the characteristics of community enterprises (Peredo & Chrisman, 2006) and studied drivers leading to their emergence (Johnstone & Lionais, 2004) and the conditions and processes favoring their establishment (Hertel et al., 2021). This scholarly work has shed light on the work required to create a community enterprise, emphasizing the importance of creating a common organizational identity shared by community members (Hertel et al., 2019), to legitimize the ventures within the community (Vestrum et al., 2017) and acquire resources (Vestrum, 2016) through stakeholder mobilization. In particular, recently Murphy et al. (2020) have emphasized how a community’s historical values, culture, and knowledge shape community-based entrepreneurial opportunity recognition (Read et al., 2016; Sarasvathy, 2009). They emphasize that at community level opportunity recognition is often an effectual rather than rational, causal process, significantly influenced by the cultural and historical resources available at community level. They also suggest that opportunity recognition depends on the alignment between organizational efforts and the values and needs exerted by community members.

Despite the merits of previous scholarly work, however, we still know little about how the alignment between organizational entrepreneurial efforts and local values and interests is achieved throughout the entrepreneurial opportunity recognition process. Therefore, we need more research to disentangle how community enterprises deal with the challenges that they face as they try to recombine multiple goals and transform communities’ multiple and intertwined needs in entrepreneurial opportunities.

13.4 The Opportunity Recognition Process

The concept of entrepreneurial opportunity recognition is well institutionalized in the entrepreneurship literature. According to Casson (1982), Shane and Venkataraman (2000), and Eckhardt and Shane (2003), entrepreneurial opportunities refer to the identification of opportunities for putting on the market new products, services, resources, and methods of organization. It requires the identification of customer needs and of the possibility to address them through innovative services, products, or modes of organizing. Research on entrepreneurial opportunities has focused on defining this concept (Gartner et al., 2008) and to explain its difference and connection with the concepts of opportunity generation (Shepherd & DeTienne, 2001; Corbett, 2002; Linton & Walsh, 2008), opportunity exploitation, and the importance of studying opportunities in entrepreneurship (Eckhardt & Shane, 2003).

Combining this body of research, it is possible to identify four distinct phases leading to opportunity recognition: *pre-vision*, *discovery*, *elaboration*, and *formation*. These phases collectively form a systematic framework for understanding and operationalizing the process by which entrepreneurial opportunities are identified and exploited.

The *pre-vision phase* represents the initial stage and requires the active assessment of the environment in search of signals and cues that may indicate the existence of unmet needs or untapped markets in order to develop entrepreneurial ideas. In the *discovery phase* entrepreneurial efforts involve a deliberate and proactive exercise of exploration of specific opportunities to address unmet needs. Once a potential opportunity is recognized, the *elaboration phase* begins to eventually operationalize the entrepreneurial idea and identify a feasible solution for the problem identified in the discovery phase. Finally, the *formation phase* involves the creation of a concrete business venture to commercialize the solution to the problem identified in the previous phases.

Entrepreneurship literature typically assumes that opportunity recognition is carried out by single or groups of entrepreneurs (Shane, 2003; Shaver & Scott, 1992), and that this process generally produces solutions that are focused on the opportunity selected (Gartner et al., 2008). Entrepreneurs initiate a new business with a focused problem-solving (Naratama & Windasari, 2019), also known as the directional search for opportunities (Gavetti & Levinthal, 2000). Focusing on a single issue enables entrepreneurs to direct all their resources toward devising swift and efficient solutions. This specialization strategy emerges as a necessity primarily due to resource scarcity, a common challenge in the entrepreneurial landscape (Vinogradov et al., 2013). Resource constraints, encompassing financial, human, and time resources, compel entrepreneurs to maximize their limited assets by addressing one problem at a time.

In contrast to traditional entrepreneurship, social enterprises and traditional cooperatives address the needs of both customers and beneficiaries (in the case of social enterprises) or members (in the case of traditional cooperatives) and therefore

face peculiar challenges, not addressed by traditional entrepreneurial initiatives (Roundy & Bonnal, 2017). We argue that this focus on both customers and beneficiaries/members implies that each of the four stages constituting the opportunity recognition process is more challenging for social entrepreneurial and cooperative initiatives. Each phase requires devoting attention to both beneficiaries/members and customer needs and to the potential for those needs to be realigned (Mair & Marti, 2006; Trivedi & Stokols, 2011). Focusing specifically on social entrepreneurship, numerous studies have investigated the notion of opportunity recognition. For instance, Mair and Marti (2006) define entrepreneurial identification opportunities as those that allow for the creation of new, profitable outputs, distinguishing traditional and social entrepreneurship by how opportunities are identified. In social entrepreneurship, the focus is on sustainably meeting social needs, even though these opportunities arise from the same unmet needs as in business (Mair and Marti, 2006: 3). Hockerts (2006) states that the exploitation of social entrepreneurial opportunities depends on the ability to concurrently generate economic profits and social benefits. This approach allows social enterprises to combine social impact and profitability (Hockerts, 2006). Guclu et al. (2002) argue that opportunity recognition arises from both an entrepreneur's personal experience and societal needs. Alvord and colleagues (2002) focus on the capacity of social entrepreneurial innovation to reconfigure resources for better delivery, citing three types of social innovation: enhancing local capacities, disseminating reconfigured products and resources, and empowering marginalized groups.

As detailed, traditional and social entrepreneurship and traditional cooperation all face peculiar and increasingly complex challenges when it comes to recognizing entrepreneurial opportunities. However, the challenges faced by community cooperatives in the phase of opportunity recognition are potentially more pressing. Their multistakeholder and inclusive nature expose them to the need to consider the expectations of disparate actors and their fit with the organizational goal of boosting community development (Murphy et al., 2020). This is not easy and could create obstacles in each of the four phases of the process of entrepreneurial opportunity recognition. However, the very nature of community enterprises can also favor the resolution of those challenges because dialogue and engagement with multiple actors can favor the emergence of innovative and creative solutions (Hertel et al., 2019).

13.5 Research Design and Sampling

We began our research without formulating any hypothesis about the processes followed by community cooperatives to recognize entrepreneurial opportunities. Therefore, we initially gathered publicly available and archival data on community cooperatives in Italy, to understand their characteristics and evolution. We then interviewed an expert in the sector and one manager of Legacoop involved in the community cooperative project to gain a better understanding of the aims and

characteristics of community cooperatives. These experts suggested several community cooperatives, of which we identified seven for further study. When selecting the cooperatives as the object of this study, our goal was to collect a diverse and comprehensive perspective of the challenges faced by community cooperatives in the start-up phase. Our selection was based on two variables. First, we decided to investigate both enterprises founded as community cooperatives and cooperatives that changed their status and transformed from traditional cooperatives to community cooperatives. The goal was to assess whether the background of the cooperatives would influence their approach to opportunity recognition, with cooperatives transforming to a community model being more reluctant to adopt a multistakeholder approach compared to cooperatives established adopting the community model. Second, we identified both mature and recently established cooperatives, to assess whether this variable would influence how they worked to recognize opportunities, in view of the assumption that more mature organizations could have a more established network of contacts in the community, thus being more ready to engage multiple stakeholder in dialogue compared to start-ups. In total, we performed 8 interviews and collected 69 archival data. The community cooperative object of this study are listed below, in Table 13.1.

13.6 Data Analysis

We divided our data analysis into two steps. In the first step, we developed a comprehensive mapping of the processes and actions undertaken by community cooperatives to recognize entrepreneurial opportunities. In a second phase of the analysis, we assessed the empirical evidence collected in view of the four phases of the entrepreneurial opportunity recognition process: We analyzed the data by asking ourselves whether the different actions we identified were instrumental to (i) scan the environment, looking for needs of different stakeholders in the community thus fitting the pre-vision phase; (ii) analyze whether identified unmet needs could be addressed through entrepreneurial initiatives (discovery phase); (iii) elaborate some possible models to match societal needs and business opportunities (elaboration phase); (iv) put in place entrepreneurial initiative (*formation phase*). In this way, we discovered that the entrepreneurial opportunity recognition process performed by community cooperatives involved a deep dialogue with disparate stakeholders and that this dialogue shaped both the identification of stakeholder needs and of the solutions to address them. Below we provide more empirical evidence to detail how community cooperatives recognize entrepreneurial opportunities.

Table 13.1 List of community cooperatives studied

Name	Year of foundation	Area	Main activity
Biccari	2017	Biccari, Foggia (South of Italy)	The cooperative has created a range of services for its community in addition to providing hospitality and restaurant services, such as a school, events for senior citizens, support services, areas designated for street artists, and an economic agreement with discount coupons and vouchers to be used within the community's businesses.
Giardini Luzzati Spazio Comune	1987	Genova (North of Italy)	The cooperative was launched to regenerate underdeveloped neighborhood in the city of Genova: the cooperative created cultural and recreational activities and new business in the area.
Ilex	2019	Pietrelcina Benevento (South of Italy)	The cooperative aims to manage and provide tourist-recreational and hospitality services, both through promoting tourist packages and managing-related facilities. It seeks to enhance the municipality's resources by developing eco-sustainable economic activities, focusing on goods, services, and the restoration of environmental and monumental assets.
Il Passo Della Barca	2021	Bologna (Center of Italy)	The Passo delle Barca Soc. coop promotes socio-economic urban renewal in Bologna's Barca district and neighboring areas. Community integration, quality of life, and environmental respect are promoted. Members manage public utility venues as social hubs and multifunctional centers to create an innovative, welcoming, and sustainable urban landscape.
Melpignano	2011	Meplignano Lecce (South of Italy)	The cooperative was established with the goal of producing and distributing green energy to local citizens by investing in the photovoltaic sector. The cooperative also engaged in charitable endeavors like the purchase of textbooks for neighborhood kids. It also installed potable water dispensers with the goal to promote public water and lessen the impact of plastic bottles.
Valle Dei Cavalieri	1991	Succiso Reggio Emilia (Center of Italy)	The cooperative was founded in 1991 following the closure of the last commercial activity (the village bar). A group of young residents, together with the local tourist promotion association initiated the community cooperative that focuses on food and wine activities (with a restaurant), agritourism (hospitality services), farming, and a range of educational and sport activities.
Vara	2016	Borghetto di Vara La Spezia (North of Italy)	The cooperative was created to distribute clean energy to community members. Over time it also launched initiatives in the responsible tourism.

13.6.1 Findings

The management of the four phases of opportunity recognition—pre-vision, discovery, elaboration, and formation—takes on peculiar characteristics within the context of community cooperatives, as outlined below.

13.6.1.1 Pre-Vision Phase

In the pre-vision phase, opportunity recognition stems from the identification of customer needs (in traditional entrepreneurial efforts) or beneficiaries' needs (in the case of social entrepreneurial efforts) that are either inefficiently addressed or unmet (Holcombe, 2003; Yu, 2001). In the case of inefficient solutions, the pre-vision phase involves the exploration of areas of improvement of existing solutions, in terms of services, products, or combinations of the two (Mason & Harvey, 2013). In the case of unmet needs, the pre-vision phase requires a more extensive and radical search for new services or products (Siegel & Renko, 2012). Since entrepreneurial initiatives usually target homogenous customer groups, in traditional entrepreneurship the two sources of opportunity recognition are typically an alternative: either customers' needs are unaddressed, or they are addressed inefficiently. Therefore, in the pre-vision phase, entrepreneurial ideational efforts are either focused on identifying areas of improvement for existing solutions or on identifying new solutions to unmet needs. In the case of social entrepreneurship, the pre-vision phase could potentially involve more complexity. The beneficiary and the customer group addressed by social entrepreneurial ventures present different, either unsolved or inefficiently solved, needs and social entrepreneurs have to figure out how to recombine the two (Santos et al., 2015). In the case of community cooperatives, the pre-vision phase presents even more challenges because different stakeholder groups populating a community can present a vast variety of different needs, either unsolved or inefficiently solved, and this increases exponentially the complexity that community entrepreneurs have to deal with. The founder of the community cooperative Melpignano explained well how their community, in the Puglia region, faced both unmet and inefficiently met needs:

When we started, we tried to bring together very different needs and shortages affecting our community. Most local entrepreneurs struggled to have access to financial resources and debt capital. There was also a lack of basic public services such as the provision of electricity and water. We tried to figure out how to address both these problems—inefficient access to financial resources and lack of public services—at the same time. It has been challenging because nobody has ever done anything like this before (Interview, Melpignano).

In the case of community cooperatives, the pre-vision phase requires mapping all the diverse stakeholders populating a community and their needs, and understanding whether they are unaddressed or inefficiently addressed. Given the collective nature of a community cooperative, it can happen that multiple actors bring forth their own perspectives, each representing an inefficient solution or an unsolved

need: Prioritizing them cannot be based neither on the resources available as in the case of traditional entrepreneurship nor on the prioritization of one specific stakeholder group—beneficiaries as in the case of social entrepreneurship. The representative of the cooperative Melpignano further explained:

The first thing we need to understand, as a community, is what works and what does not work within the community. They are not detached but they are, in fact, two sides of the same coin... . If we do not find a common solution to what is missing and what is inefficient, the community won't last (Interview, Melpignano).

Therefore, in the case of community cooperatives, the pre-vision phase of the entrepreneurial opportunity recognition process consists of mapping all stakeholder needs and envisioning how to realign them. Our evidence suggests that community cooperatives achieve this mapping and realignment by engaging different stakeholders in a dialogue aimed at developing a common definition of community development and at understanding together how to combine needs that are unmet or inefficiently met, in view of the strengths of the community itself. For instance, the cooperative Vara, situated in a secluded valley in the province of La Spezia, came into being in 2016 following a one-year process during which the founders of the cooperative engaged the entire community through forums, focus groups, and meetings to comprehend their needs and expectations. Through these endeavors, the founders realized that some members of the community—in particular those operating in the tourism and agricultural sectors—were seeking enhanced business opportunities. Other members struggled to get access to affordable and environmentally friendly products and energy. This ongoing dialogue with the community enabled Vara's founders to recognize that the varied needs of the community members were united by a shared aspiration for heightened environmental sustainability. This overarching need served as the starting point to identify and implement varied environmentally friendly services and products that could address different stakeholder needs while fostering the sustainable development of the community.

13.6.1.2 Discovery Phase

The identification of a community's different needs and of their interconnections is the starting point of the opportunity recognition process and it is followed by the discovery phase, in which different possible solutions to the identified needs are assessed. In general, this phase of opportunity discovery involves the identification of a market that could provide financial viability to the solutions identified, and the evaluation of the tangible and intangible resources that could be used or acquired to sustain the solutions identified. Therefore, in traditional entrepreneurial initiatives, this phase requires the assessment of the available resources and a detailed market analysis to match resources to needs. In the case of social entrepreneurship and traditional cooperatives, the discovery phase is more complex for two reasons: these organizations often address market failures (Santos, 2012; Borzaga & Tortia, 2004) and operate in environments characterized by resources scarcity (André & Pache,

2016; Seelos & Mair, 2005, 2007). Therefore, the discovery phase involves dialogue with stakeholders to build a network of supporting actors, who could provide the tangible and intangible resources needed to match beneficiaries and customer needs (André & Pache, 2016) and create a market (Santos, 2012). Community cooperatives share the same challenges of traditional cooperatives and social enterprises in terms of market creation and struggle for resource acquisition. However, they are more constrained in terms of stakeholders they can engage to mobilize resources. Resources should come from the community itself and markets should create value for the community. A representative of Legacoop explained to us:

A community cooperative emerges where there is a lack of market. Communities die precisely because there are no entrepreneurial opportunities, and businesses cannot stand by themselves, they are unsustainable because of a lack of market opportunities. Community cooperatives try to create the conditions for overcoming market inefficiencies, by putting together the needs and resources of all community members. The purpose is to harness available resources so that the community can have enough products and services to thrive. (Interview_Legacoop Manager)

Therefore, different from other entrepreneurial models, in community cooperatives the emphasis of stakeholder engagement is not on identifying opportunities to maximize the value created for a specific category of stakeholders or to balance their needs. Instead, it is paramount to identify how to exploit the few resources the community can generate to create new markets and sustain entrepreneurial efforts. In particular, engagement and dialogue with community help identify more motivated community members, who, given their sense of belonging and identification with the community, are willing to work to empower it. These actors are fundamental to explain the success of community cooperatives. Cooperative Vara was launched not only because stakeholder engagement enabled its founders to recognize the points of contact unifying the needs' of community members, but also because it showed the willingness of the community to participate in the entrepreneurial initiative to protect the environmental heritage of the Vara valley. Similarly, the cooperative Valle dei Cavalieri, located in Succiso, a village on the Apennines, was established and survived the first challenging years because of the commitment of some community members who wanted to protect the village and keep it alive. This commitment motivated these actors to invest in the new initiative their time, money, and efforts. In an interview to a local newspaper in 2016, one of the founders explained:

In 1991, the only bar in the village closed down. Shortly before, the last shop had also shuttered. Succiso was destined to depopulate and become a ghost town. So, a group of nine long-time friends ... created the cooperative. We all had our own professions, but we always worked as volunteers. At first, we risked our own money, then we invested regional, provincial, and European funds." Thus, in that distant January of 1991, the bar reopened first, followed by a small mini market ... We did it because we loved our land; we didn't want to see it abandoned" (Interview to a local newspaper)

Together with this sense of belonging and commitment, engagement of community members also enables assess whether the community has enough tangible and intangible assets to invest in new entrepreneurial efforts. In this sense, two kinds of

resources seem to be paramount. First, the presence of a strong community identity, based on its cultural, historical, or environmental heritage.

This is the last chance to save and empower our territories: our project is based on the historical values characterizing our community: solidarity, trust and cooperation. Building on these values we are developing a model that could enhance the sustainable development of the territory at the intersection of market performance and social impact. To achieve our goal we need to be able to rely on all the resources that are available (Archival Data_presentation of the community cooperative Vara)

Second, key assets for the success of community cooperatives seem to be common goods such as parks, schools, churches, museums, and natural resources. For instance, cooperative Giardini Luzzati, located in city of Genova, was established when community members realized that a neighborhood in downtown Genova that was completely abandoned could be regenerated starting from the beauty of its squares, churches, streets that could be used as assets to establish business and cultural activities.

13.6.1.3 Elaboration Phase

After the evaluation of current resources and market prospects, conducted through dialogue with community members performed in the discovery phase, the entrepreneurial opportunity process advances to the elaboration phase. In conventional entrepreneurship, in this phase the focus is on tackling obstacles centered around evaluating the viability of the entrepreneurial idea in financially viable undertakings (Ardichvili et al., 2003). In social entrepreneurship this phase involves defining services and products that could be consistent with the mission pursued by the social enterprise (Perrini et al., 2010) while being also aligned with customers' expectations (Austin et al., 2006). In the case of community cooperatives, the elaboration phase mainly focuses on two interrelated activities: the identification of a synthesis of stakeholder needs and of services that could address them. First, through dialogue with community members, the cooperative finds a synthesis of the different needs exerted by community members and of the various entrepreneurial opportunities that they may generate. This synthesis is achieved through the formalization of the community cooperative's mission and vision that capture and formalize its identity. The vision and mission are focused neither on any single stakeholder need nor on addressing all of them, but on favoring the overall development of the community. This is well shown by the following quote:

The aim of our project is to enhance social cohesion through engagement of different categories of stakeholders, irrespectively from their social status, physical conditions, origins. The end-goal is to reinvigorate an unused asset to foster a more sustainable economic development (Archival data_Ilex la cooperativa di comunità di Pietrelcina_Legacoop_Website)

Building upon the establishment of a shared identity, during the elaboration phase, community cooperatives identify the particular services and products capable of giving life to their mission and generating value that benefits the entire community.

This process necessitates the active involvement of community members to pool the resources available and discover potential synergies among them. A key element favoring the discovery of synergies and the identification of financially viable entrepreneurial initiatives is the engagement of all community members in the co-design and co-development of the entrepreneurial project because this engagement fosters long-term commitment and identification. For instance, one of the members of cooperative Biccari explained that the idea of linking tourist, cultural, and agricultural activities emerged through dialogue with local stakeholders, as detailed below:

Our cooperative has emerged as a result of a socially innovative process based on stakeholder engagement: all citizens and cooperative's members have identified common needs, and possible solutions. They have then tried to operationalize this idea in actual services, in view of the resources that were available at community level. (Interview_Cooperativa Biccari)

The participative process of co-designing solutions to community needs results in the elaboration and test of specific services and/or products. For instance, the cooperative “Il Passo della Barca” emerged from the collective efforts of the citizens of a peripheral and underserved neighborhood of the city of Bologna, in Italy. Their mission revolves around the “*neighborhood revitalization, cultivating citizens' collaboration, and enhancing the living standards of the local community*” (Mission, Il Passo della Barca). Based on this identity, the members of the cooperative engaged the local community in dialogue to identify synergies among the resources that were available at community level. In this way they realized that they could exploit some common spaces and places that could be used to create cultural, recreational educational events for citizens. Members of the community cooperative then transformed a recently dismissed shop in a place where local citizens could meet and organize recreational and educational initiatives, and then expanded the activities in other spaces, that they used as valuable assets to enhance community cohesion. On their website they wrote:

Our activities take place in various places: squares, parks, gardens. These are spaces we aim to enhance for improved environmental and social quality, transforming them into increasingly distinctive places hosting cultural offerings that act as catalysts for the growth of local well-being (Archival data_website_ilpassodellabarca)

13.6.1.4 Formation Phase

In the opportunity formation phase, what was planned in the previous phases is operationalized. This phase involves the collective task of recombining various types of resources to eventually commercialize the products and services required to provide a financially viable solution to the needs previously identified. In traditional entrepreneurship, this phase involves efforts to develop a value proposition that satisfies the specific needs of the customer segment previously identified. In social entrepreneurship, the goal is the recombination of the potentially divergent needs of two categories of stakeholders: customers and beneficiaries through different value propositions (Pache et al., 2018). Community cooperatives should develop

different services and products to create value for multiple stakeholders in view of the organizational overarching mission and vision. Therefore, this phase requires engagement with community members to leverage its strengths to co-design and implement a complex system of services and products. For instance, the cooperative Vara built on the strong ties connecting members of the community and their common aim to protect the environmental and ecological diversity of the valley to develop a number of services, as detailed below:

The idea is to develop an integrated business model that recombines different businesses as a way to boost the development of the Vara Valley: tourism, agriculture, forest management, and welfare services. This can be achieved by creating a network among community members and putting together the competencies of citizens, local enterprises, and families (Archival data_presentazione cooperativa di comunità Vara)

This phase also involves a thorough analysis of potential synergies and complementarities among various activities and services. The goal is to identify ways to reduce production and coordination costs by capitalizing on economies of scale and scope, wherever feasible. For example, the cooperative “Biccari” offers a range of services including tourism, agriculture, and education to uplift the remote Biccari village nestled in the Puglia Region. The members of the cooperatives organize tours to bring tourists to visit local farms and engage them in the cultural activities of the village as a way to support and foster cultural initiatives and agricultural endeavors, while also making the touristic experience more appealing, thus adding value to it.

13.6.2 Discussion and Contributions

Our findings present initial, provisional, and exploratory evidence of the unique features of the entrepreneurial opportunity recognition process as experienced by community cooperatives (Murphy et al., 2020). This process is inherent in various entrepreneurial endeavors, and extensive research has studied its peculiarities in the context of both traditional (Shepherd & DeTienne, 2001) and social entrepreneurship. Despite the recognition that communities extensively shape entrepreneurial efforts (Bacq et al., 2022), however, only scant research has studied how the process of opportunity recognition is shaped by embeddedness in a specific community (Murphy et al., 2020). We address this gap by shedding light on the impact of community engagement on each stage of the opportunity recognition process. In this way, we contribute to a more comprehensive and fine-tuned understanding of opportunity recognition as faced by different types of entrepreneurs (see Table 13.2) and contribute to research on entrepreneurial effectuation (Sarasvathy, 2009; Murphy et al., 2020), community-based entrepreneurship (Bacq et al., 2022), and cooperatives (Borzaga et al., 2011).

Previous research on community-based enterprises (Haugh, 2007) has suggested that local communities can be both beneficiaries and agents of entrepreneurial efforts (Bacq et al., 2022) and has pinpointed the challenges and benefits arising

Table 13.2 The opportunity recognition process

Opportunity recognition phase	Traditional entrepreneurship	Social entrepreneurship	Traditional cooperatives	Community cooperatives
Pre-vision phase	Customers exert either unmet or inefficiently met needs. Entrepreneurs need to recognize the needs.	Different needs from beneficiaries and customers can be unaddressed or inefficiently addressed. When inconsistent, beneficiaries' needs should be prioritized, conditional on satisfying customers.	Different needs from members and customers can be unaddressed or inefficiently addressed. When inconsistent, members' needs should be prioritized, conditional on satisfying customers.	Multiple stakeholders might exert divergent and incompatible needs. Dialogue with stakeholders is instrumental to find a common ground.
Discovery phase	Entrepreneurial efforts to find solutions to needs that match available resources to needs.	Resources acquisition and market creation requires the engagement of multiple stakeholders who identify around the mission.	Resource acquisition requires the engagement of multiple members, while creation of markets necessitates interaction with other cooperatives.	Stakeholder and members engagement is constrained by communities' boundaries, and it is needed to exploit tangible and intangible resources available at community level.
Elaboration phase	Developing and testing products and services that could address customer needs.	Developing and testing products and services that are aligned with the organizational mission and beneficiaries' social needs while also satisfying customer needs.	Developing and testing products and services that satisfy customer needs and while satisfying the (mainly economic) needs of the cooperative's members.	Co-design and co-developing of products and services that unify and satisfy multiple stakeholder needs.

(continued)

Table 13.2 (continued)

Opportunity recognition phase	Traditional entrepreneurship	Social entrepreneurship	Traditional cooperatives	Community cooperatives
Formation phase	Development of a value proposition to address the needs of a specific customer segment.	Development of two, complementary value propositions to address both customers and beneficiaries' needs.	Development of a value proposition to address customer needs in line with members' own needs.	Development of different services and products to meet the needs of multiple stakeholders, as well as the identification of economies of scale and scope that align with the organization's overall goal and vision.

from this dual role, particularly in terms of resource mobilization (Hertel et al., 2021), legitimation (Vestrum, 2014), and opportunities recognition (Murphy et al., 2020). Our evidence complements this stream of work by providing a granulated understanding of how these challenges and benefits unfold in each stage of the opportunity recognition process.

As suggested by previous literature, members of a community might be well motivated to engage in a common entrepreneurial endeavor by their shared identity (Hertel et al., 2019) as well as by some overarching values (Murphy et al., 2020) holding them together. However, our findings suggest, when considering how entrepreneurial initiatives can yield value for diverse community members, distinct stakeholder groups are likely to emerge, each of them motivated by different pragmatic and contingent needs. Communities as beneficiaries of entrepreneurial efforts are not homogeneous entities, because their members harbor heterogeneous needs that could prove difficult to recombine, despite the common identity and values unifying community members. Community development, therefore, hinges on the capacity of a community enterprise to identify the diverse needs propelling stakeholders within a community and to pinpoint where these needs intersect. This understanding serves as a fundamental requirement for harnessing the tangible and intangible resources available at the community level to craft new products and services that have the potential to complement one another while addressing the wide array of stakeholder needs.

While community embeddedness complicates the entrepreneurial opportunity process, it also provides, paradoxically, a remedy to this complexity. Our findings suggest that the common values and identity motivating community members not only trigger their engagement (Hertel et al., 2019), but also facilitate purposeful and creative dialogue to identify common goals and co-design shared solutions to those needs for the well-being of both stakeholder groups and the community. Further research is needed, however, to shed light on the mechanisms and processes enabling

this dialogue and on how agreement is reached in the context of community enterprises, in general, and community cooperatives in particular, in view of their peculiar goals and governance models.

Our evidence confirms and extends previous research advancing an effectual-based strategy (Sarasvathy, 2009) to entrepreneurial opportunity recognition at the community level. Indeed, opportunities do not emerge following a logic of causation (Read et al., 2016), in which needs are clearly identified and then addressed by drawing causal links with available resources and solutions (Sarasvathy, 2009). Instead, in community enterprises, needs and solutions are identified based on interaction with the different stakeholders of the community. Therefore, our evidence suggests both needs and solutions are prone to adaptation depending on the feedback received by diverse stakeholders and on the negotiation occurring among them on the basis of their needs and resources. In this sense, further research is needed to shed a deeper light on how this process of adaptation and negotiation unfolds, under which conditions it might lead to goal displacement (Grodal & O'Mahony, 2017) and on how it is shaped by the economic and cultural characteristics of each community (Vestrum et al., 2017; Peredo & Chrisman, 2006).

Finally, our work also provides evidence regarding the innovative role that cooperatives can play in tackling societal grand challenges (Bacq et al., 2022) and ameliorating the conditions of individuals living in underserved areas. Grand challenges have an impact on a global scale but become visible at community and field level (Berrone et al., 2016) and require collective endeavor to be tackled (Ferraro et al., 2015). While most cooperatives nowadays are focused on addressing the (mainly economic) needs of their members (Hertel et al., 2019), their collective and participative governance and mutual orientation make them more attuned than traditional businesses to engage in socially responsible behaviors and to address societal challenges at community level (Borzaga & Defourny, 2004; Hertel et al., 2019). The example of community cooperatives in Italy provides some evidence about the social impact that cooperatives, by virtue of their governance and intrinsic community orientation, can have on communities. This example also provides evidence of possible innovative avenues that the cooperative movement can undertake to innovate and rejuvenate this organizational model while anchoring it to its historical heritage and imprinting. Despite many cooperatives now operate in competitive markets and have mutated strategies and business models from traditional corporations, accordingly, originally cooperatives emerged to foster the development of marginalized communities and of their members. Fulfilling this social mission in the face of globalization and compelling societal challenges require the adoption of innovative strategies and business models (Tracey & Stott, 2017). Community cooperatives can represent an innovation in the cooperative domain, by virtue of their capacity to recombine multiple stakeholders needs and adapt to the specific challenges faced by the territories in which they operate. The sustainability and impact of community cooperatives, however, is often hindered by their inherent limits to growth. Further research is therefore needed to understand how community

cooperatives can be integrated in the broader cooperative system to benefit from its support to scale their impact. More research is also needed to understand how the scaling strategies adopted by traditional and social (Kim & Kim, 2022) entrepreneurial efforts can be adapted to the community cooperative model, in view of their peculiarities.

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