Open access • Journal Article • DOI:10.1177/0007650309356201

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Ana Maria Peredo, Murdith McLean

Institutions: University of Victoria

Published on: 01 Dec 2013 - Business & Society (SAGE Publications)

Topics: Entrepreneurship, Indigenous, Cultural diversity and Poverty

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Ana María Peredo and Murdith McLean

Ana María Peredo
Faculty of Business, and Centre for Co-operative and Community-Based Economy
University of Victoria, BC
Canada
Telephone: (250) 472-4435
Email: aperedo@uvic.ca

Murdith McLean
Centre for Studies in Religion and Society
University of Victoria, BC
Canada
Telephone: (250) 920-7879
Email: mmclean@uvic.ca

Accepted for publication in **Business and Society, October 2009. Not to be quoted without permission.**

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Abstract

We argue that thinking about entrepreneurship as a potential instrument for relief from endemic poverty and disadvantage, especially amongst the Indigenous, has all too often been captive to a concept of entrepreneurship that is built out of constrained economic and cultural assumptions. We develop this argument from a critical discussion of contributions by Karl Polanyi and Robert Heilbroner. The result is that approaches to venture have been encouraged that are sometimes a poor fit for the circumstances of those they are meant to benefit, and other forms that could have considerable promise have gone unexplored. We outline some features of Indigenous culture, and build upon the analysis of David Harper to construct an improved notion of entrepreneurship that allows for these distinctive features. We conclude that research and policy-making concerning entrepreneurship as an instrument of development among the Indigenous need to be undertaken with this re-constructed understanding of entrepreneurship that is a better fit for the realities of Indigenous culture.

Keywords: entrepreneurship and culture; Indigenous development; cultural diversity

ENTREPRENEURSHIP AND DEVELOPMENT

There is something like a consensus that entrepreneurship is a crucial element, some even suggest a necessary element, in economic development. Boettke and Coyne open their paper on entrepreneurship and development with the observation, “it is now widely agreed that the entrepreneur is the prime driver of economic progress” (Boettke & Coyne, 2003: 1), and record again in their conclusion the widespread agreement that “the entrepreneur is the catalyst of economic progress” (Boettke & Coyne, 2003: 23).

Practitioners as well as scholars have not been slow to apply this maxim to the plight of Indigenous peoples around the world. Indeed, Indigenous people themselves have turned to entrepreneurial activity as a means of improving their condition. That condition, it is widely agreed, is generally one of relative, often extreme, poverty and disadvantage. The World Bank opens its Draft Operational Policy concerning Indigenous with the acknowledgement that “indigenous peoples are commonly among the poorest and most vulnerable segments of society” (World Bank, 2001: 1). Confronted with depressing economic statistics concerning their Indigenous populations, many nations, though certainly not all, have been forced to recognize the desperate circumstances amongst their Indigenous communities and attempt to address those circumstances. Indigenous people, along with other poor populations of the world, have become the target of a wide range of initiatives and programs to assist in economic development; and prominent among these have been initiatives aimed at fostering entrepreneurship.

Some of these initiatives have shown a degree of success, but many have not (Bodley, 1988; Fuller & Cummings, 2003; Haines & Cassels, 2004). It is important to consider carefully what might lie behind the various successes and failures. It is equally important to open our minds to possibilities that may so far have been neglected. Assumptions developed in standard Western market economies may not translate readily to other settings.

We will suggest in this article that those thinking about entrepreneurship as a potential instrument of relief from endemic poverty and disadvantage have all too often been captive to a concept of entrepreneurship that is built out of narrow economic and cultural assumptions. The result is that approaches to venture have been encouraged that are sometimes a poor fit for the circumstances of those they are meant to benefit, and other forms which could have considerable promise have gone unexplored.

We begin with the story of two communities that we believe invite the questions, and the amended outlook, recommended in this article. We continue by outlining a view of the economy's role in society suggested by Karl Polanyi and Robert Heilbroner. Polanyi (1886-1964), an Austrian-born intellectual and economic historian, argued that modern capitalism and the "market system" are historical anomalies, not at all the natural consequences of human nature and the need to provide for societies necessities and wants. Though his argument met with opposition from mainstream economists, it had a powerful impact among social scientists in the middle and late 20th century. Heilbroner (1919-2005), a prominent but unorthodox American economist and historian of economics, similarly contended that standard neo-classical economic analysis omits much of what went on in societies in most of human history, and fails to account for a good deal of what goes on even now in "developed" economies. Polanyi and Heilbroner open the door to considering how partial and contingent might be the standard views of economy and entrepreneurship that underlie development efforts.

We go on to consider several prominent theories of entrepreneurship against this background, and argue that they embody historically and culturally constrained assumptions about the way that economies function. We then consider proposals that have been made as to the nature of many Indigenous cultures, and bring to bear on those proposals arguments offered by David Harper (2003)—a scholar who has considered the cultural adaptability of the idea of entrepreneurship—concerning the ways in which entrepreneurship might be differently expressed in different cultural settings. We conclude with recommendations as to directions of research and development practices this conceptual program suggests.

A TALE OF TWO COMMUNITIES

The Andean highlands that stretch along the western coast of South America offer many examples of spectacular beauty. The same highlands also include many instances of extreme poverty, especially among the Quechua and Aymara peoples who are indigenous to the region.[2] We begin with two vignettes describing communities in this region facing challenges typical of the trials confronting Indigenous people in the Andes.

The first vignette concerns a community we will call "Ankasha."[3] Nestled high in the southern Andes, it is perhaps not the best example of Andean beauty, for at this altitude there is more brown than green, and trees are not numerous. Nevertheless, there is a productive agriculture, based on traditional crops grown at these altitudes—many varieties of potatoes, quinoa, and other staples such as oca, ullucu and qañiwa.[4] These crops have not become commercial products on any scale, partly because of the low social prestige associated with the food crops that sustain the poor, but also because they are labor-intensive in production and processing and thus offer small margins to commercial producers (Bermejo & León, 1994: ch. 14). In any case, production for the sake of sale, and large-scale distribution schemes based on markets, has never been a strong feature of Andean culture. Ankasha, like many Indigenous communities in the Andes, had a long tradition of communal governance, in Spanish the *Communidad Indio*. This tradition included a sector of land that was operated communally, alongside a multitude of *chacras*, small plots allotted to individual families and sub-divided as necessary to accommodate new family members.

While there has been a long-standing agriculture in the Indigenous Andes, based on crops evolved for the habitat and inherited practices of conservation, many Andean areas, including the region around Ankasha, have never risen much above subsistence. For many years, however, this condition was seldom experienced as hardship, let alone poverty. Access to the means of life was generally determined by one's membership in the community and not by the ability to pay out of income. Conditions in the latter half of the 20th century, however, began to deteriorate, as pressures from increased population and erosion arising from the effects of more intense agriculture made themselves felt. In the 1980s, the government of Peru, facing the consequences of a national economic crisis, growing political unrest amongst Indigenous populations with terrorist activity capitalizing on that unrest, and increased emigration from the highlands to shantytowns in Lima, became concerned about the situation of communities like Ankasha. It commissioned the Agrarian Bank to intervene in ways that would promote the livelihood of the Indigenous peoples and staunch both the political turmoil and the flow of rural-to-urban emigration.

The Agrarian Bank agreed to try. The Ministry of Agriculture was encouraged by significant increases it had seen in production of potatoes, corn, chicken, and eggs to think that a combination of incentives and improved agricultural techniques could lead to similar improvements in Indigenous agriculture in the Andes. The Agrarian Bank sought to help fuel the incentives with loan programs aimed at agricultural production. It extended loans to those individuals in Ankasha deemed most able to take advantage of added resources, and able to repay the loan. Its aim was what we would call "development."

The program was not deemed a success in Ankasha, or in many other Indigenous communities in the Andes where it was introduced. Branch offices of the Agrarian Bank found that the loans had not generally been spent by recipients on agricultural items or projects, but had often been shifted into the informal community network of transfers devoted to such things as supporting obligations to extended family, or extending resources to others with whom one had reciprocal relations, or even ritual observances by community members. This shifting was not development as the interveners had envisioned it. The people seemed to lack entrepreneurial spirit, and to be unresponsive to the opportunity to better themselves as individuals or families, and through that intended process to better their communities.

The second vignette concerns a different place we will call "Chaquicha". It is located at a somewhat lower altitude than Ankasha, so there is a slightly greater range of crops available together with a modest amount of dairy farming. Like Ankasha, the community of Chaquicha inherited a tradition of community governance and collective activity, and divided its land between a community-operated commons and individual *chacras* allotted to families. By the early 1980s, Chaquicha faced a set of difficulties similar to those confronting Ankasha. Increases in population meant increasing pressure on the common land (mainly pasture), and accelerated subdivision of the *chacras* to the point where production could not support the families farming them. Adding to the problems of producing a livelihood for the community members was a lack of medical and educational programs to support them.

Drawing on their traditions of collective community action, the "commoners" of Chaquicha decided as a body to take advantage of what they came to recognize as a locational-advantage resource: their location between higher and lower regions populated with a number of small communities afforded an opportunity for trading. Chaquicha set aside its plaza for a weekly Trade Fair, and invited those from near and far who would like to trade in goods or services, to rent space in the plaza and engage in trade. The market would have to be considered a success in the terms that commoners of Chaquicha agreed upon. Rental from the market spaces have allowed the community to provide basic medical and educational services that the central government has not been able to supply, and the market has allowed residents of Chaquicha to open or expand their own small businesses and substantially improve their circumstances. There has been no large increase in village employment, but the community has significantly expanded its own community resources in health and education, through market rentals, and at the same time improved the ability of its residents to add to their income. While Chaquicha is hardly prosperous by the standards of "developed" countries, it is undeniable that development has taken place here, and further advances that build on this idea of community enterprise continue to take shape.

This article is an attempt to make sense of the contrast between Ankasha and Chaquicha. No doubt there are many factors influencing the disparity in development between the two communities, and there is no attempt here to build a theory just on these two examples. But the two vignettes suggest to us an analysis that we believe deserves to be tested in the field of development among Indigenous peoples. The analysis involves a reconstruction of the concepts of development and entrepreneurship.

CULTURE, ECONOMICS AND "EMBEDDEDNESS"

Adam Smith's famous observation on the human "propensity to barter, truck and exchange one thing for another" (A. Smith, 1776: I.2.1)[5] all in the interests of improving one's lot strikes many as an apt observation concerning human nature. It seems easy to accept that we are all, deep down, incarnations of "Economic Man" conceived of in this way. It is a small step from there to suppose that market-based economies come naturally to us, that societies have always had this natural tendency at the heart of their economies or been finding their way toward such an arrangement. From this perspective, "provisioning" activities in all societies and cultures, from ancient and non-Western societies to modern industrial nations and groups of nations, may be understood in terms of rational individuals choosing amongst various options in order to optimize their personal well-being. On this view, non-industrialized and industrial societies differ "only in degree, not in kind" (M. E. Smith, 2004: 75). Many economists, economic historians, and anthropologists, it appears, hold something like this view. To the extent that mainline, neoclassical economic thinking has come to permeate the thinking of ordinary citizens in the Western world, this perspective may be the implicit assumption of many such citizens.

From this vantage point, the standard social mechanism that societies employ for determining what things get produced, and how they are distributed and used, is the market economy, a system of exchange in which (ideally) producers decide freely what they will produce, and buyers decide freely what they will buy. The decisions of both are guided largely by prices of things being marketed, prices established by the forces of competition, supply and demand. To the extent that prices are established entirely by these forces, and not by government edict or monopolistic control or "sharp" trading, a market economy is a relatively "free" and "self-regulating" economy. No actual economies are perfectly free and self-regulating in this sense; but many will argue that it is desirable that economies migrate in that direction. And over the course of time, it will be said that the economies of the most prosperous parts of the world have done just that.

What is thought to make this social mechanism work, of course, is a particular and prominent human motive: the inclination to further one's own interests. Orthodox economists, citing Adam Smith, maintain that the combined actions of self-interested, profit-seeking traders fortuitously have the effect, as though guided by an "invisible hand," of promoting the public interest as well, in a way that conscious efforts to serve the public interest are unlikely to achieve.[6] Self-interested individuals interacting in the environment of the market system have the effect of securing a proliferation of goods and services that people need or want, and in a way that offers the best match between the desires of the seller to make a profit and the desires of the buyer to obtain products at a low price. As Adam Smith famously expressed it "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" (A. Smith, 1776: 1.2.2).

It is this particular social mechanism—the self-regulating market system, energized by a particular human trait, the motivation to better one's own condition—that in the minds of many constitutes an economy. Some societies have the advantages of more advanced technologies and more developed supporting institutions, but the way that societies essentially provide for their members is by harnessing the human instinct for self-interested action in the workings of the market.

This outlook has received sharp challenge from others who study not just the history of societies but their current variety. Some anthropologists, economic historians, and sociologists have been among those foremost in disputing the universality of economic arrangements based on economizers operating in a market system. Economic anthropologist Karl Polanyi and economist Robert Heilbroner are two eminent representatives of this critique.[7]

Polanyi and Heilbroner contend that standard views about economic motivation and the inclination to market-based economies are a generalization from a recent, and relatively brief, period in human history (Dimand, 2004; Heilbroner, 1969, 1993; Polanyi, 1977, 2001 [1944]). Even there, they insist, it does not apply uniformly. "In point of fact," wrote Polanyi, "Adam Smith's suggestions about the economic psychology of early man were as false as

Rousseau's were on the political psychology of the savage" (2001 [1944]: 46). Heilbroner agrees.

> The profit motive, we are constantly being told, is as old as man himself. But it is not. The profit motive as we know it is only as old as "modern man". Even today the notion of gain for gain's sake is foreign to a large portion of the world's population, and it has been conspicuous by its absence over most of recorded history (Heilbroner, 1969: 21).

Heilbroner goes on to point out that amongst unindustrialized people, an increase in surplus from their work does not lead to yet more work aimed at increasing their wealth, but to increased leisure (1969: 22). Polanyi and Heilbroner agree, as well, that there is no natural inclination, flowing from an inherent disposition of humans to trade for profit, to organize societies around the practice of economic exchange. However ancient and widespread the instance of markets may be—and both thought markets were long-standing and ubiquitous in human societies—both argued against a built-in impulse to develop a market *system.*

Markets and other forms of economic exchange in pre-market societies were, in Polanyi's view, "embedded" in, and subordinated to, social, religious and political value systems. "The outstanding discovery of recent historical and anthropological research," he wrote,

> is that man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end (Polanyi, 2001 [1944]: 48).

Polanyi's claim is that the existence of markets and money—which he acknowledges were widespread, though not universal—are not indicators of a market *system*, where market prices are the basic guide to the production and distribution of people's livelihood. His argument is that for most of human history, and in some places still, the governors of economic life are social, religious and political, and that market exchanges are merely one mechanism among others for provisioning a society. The contrast is with modern societies where the economy is dominated by the market, and where, according to Polanyi, "instead of economy being embedded in social relations, social relations are embedded in the economic system" (Polanyi, 2001 [1944]: 60).

A necessary condition of the transition from pre-market, highly embedded societies to our relatively disembedded (Polanyi emphasized that they cannot be *completely* disembedded), market societies is, according to both Polanyi and Heilbroner, the conversion of the physical environment, work and money into the commodities of land, labor, and capital (Heilbroner, 1969: ch. II; Polanyi, 2001 [1944]: ch. 6). A society dominated by a theoretically self-regulating market requires that everything that people need or want, and everything they can use to secure those things, must be marketable. Land, for example, moves from being something to which somebody has access in the light of a variety of conventions, including kinship or religious rites or relations with the sovereign, to something which somebody owns and has a rental or purchase price. Work is translated from productive activity embedded in responsibilities assigned by the community, an inherited social station or a system of guilds, to a commodity exchanged for wages. And capital migrates from a medium of exchange that substitutes for barter, to a commodity which may earn a price called interest. Polanyi and Heilbroner emphasize the extent to which these innovations reflect fundamental social transformations, all of them in the direction of disengaging land, labor and money from cultural and social governance, and all of them requiring the intervention of governments (Polanyi, 2001 [1944]: ch. 6).

If it is not a market system that regulates the production and allocation of livelihood in non-market societies, what is it? Polanyi's answer was that it is the social mechanisms of "reciprocity" and "redistribution" (Polanyi, 2001 [1944]: ch. 4). (Polanyi also mentioned, but left largely undeveloped, the category of "householding" (Isaac, 2005: 16; Polanyi, 2001 [1944]: 53-54).) "Reciprocity" represents the complex networks of mutual obligations running along lines of kinship or tribe or community and sustained by considerations of reputation and social inclusion. “Redistribution” refers to the more or less ritualized activities where goods are gathered by a central authority and shared according to conventions of etiquette and hospitality accepted by members of the community. In both cases, argues Polanyi, the details of production, distribution and consumption are instituted and managed, but not primarily by economic motives (Polanyi, 2001 [1944]: 50ff). Polanyi also recognizes the existence of trade or barter. But he denies that this is necessarily a market activity in the formalist sense. “Individual acts of barter or exchange—this is the bare fact—do not, as a rule, lead to the establishment of markets in a society where other principles of economic behavior prevail” (Polanyi, 2001 [1944]: 64). Polanyi’s claim is that exchange is as likely as reciprocity and redistribution to be governed by status, kinship or other social factors. It need not, he insists, be regulated by economizing as the prevailing motivation (Ankarloo, 2002).

If these are the social mechanisms by which provisioning is accomplished (taking the place of the market in market-system societies), the human motivation that fuels them (parallel to the desire to improve one’s circumstances) is the wish for social relationship. Acts of reciprocity and participation in schemes of redistribution, even trade or barter exchanges, are motivated by the wish to construct and maintain social relationships.

> Take the case of a tribal society. The individual’s economic interest is rarely paramount, for the community keeps all its members from starving unless it is itself borne down by catastrophe, in which case the interests are again threatened collectively, not individually. The maintenance of social ties, on the other hand, is crucial (Polanyi, 2001 [1944]: 48).

So what is harnessed for the social arrangement that fuels society is not the desire to promote self-interest, as in the market system, but the wish to be immersed in a web of social connections. That wish may embrace a great variety of sentiments, from the desire for status or reputation through the wish for influence and control, to the longing for friendship and love. But it is the drive toward social relationship in its various forms that operates the engines of reciprocal and redistributive exchange, and these, in turn, provision the society.

The Polanyi/Heilbroner program remains highly influential amongst anthropologist and historians of economics, even with those who would claim to have transcended it. It has also, of course, been subjected to searching criticism.[8]

One line of attack takes issue with the Polanyi/Heilbroner notion of a sharp dislocation, the “Great Transformation,” between pre-market and market-dominated societies, said to begin in England in the early modern period. In a similar vein, recent anthropologists and archeologists have suggested that Polanyi simply underestimates the presence and function of markets in pre-capitalist societies.

While these critics contend with central features of the Polanyi/Heilbroner program, it is clear that there is one essential feature that they leave undisputed: the idea that there are radically different economic arrangements in different societies, including radically different places for the role of markets. Macfarlane, for instance, having argued that Polanyi is mistaken in his claims about England’s “great transformation,” continues, “Polanyi’s insight that [Adam] Smith was writing within a peculiar social environment is correct when we realize that in many respects England had probably long been different from almost every other major agrarian civilization we know” (Macfarlane, 1978: 199). Macfarlane’s complaint appears to be that Polanyi makes the break too sharp in historical terms, but Macfarlane himself acknowledges a deep divide in economic life between England in the pre-industrial era and the villages he observed in twentieth-century India and China. Whether or not Polanyi was right about the sharpness, the timing and location of the transition from non-market to market societies, his idea that there are essential distinctions to be found in different societies with respect to something you could call “embeddedness” is only reinforced by arguments like Macfarlane’s.

Similarly, other critics from this camp advocate a more subtle and nuanced view of pre-capitalist cultures, complaining that Polanyi over-simplified his account of them. These claims, however, do not challenge his fundamental contention that there is more than one economic “logic” evident in human affairs. One popular lens through which current anthropologists view the “provisioning” of other societies, for instance, is the degree of “commercialization” characterizing the society (e.g. Neale, 1971; M. E. Smith, 2004). By “commercialization” is meant the degree to which commodities and factors of production are allocated by genuine markets, the visibility of entrepreneurs, and the prevalence of such conventions as money, credit, and banking (M. E. Smith, 2004: 78f). Analysis from this perspective suggests that there were highly commercialized states and empires, such as Old Assyria, Swahili, Classical Greece and Rome; but there were also completely non-commercialized societies in such places as ancient Egypt and the Inca empire (M. E. Smith, 2004: 79).

A more radical challenge emerged from those called “formalists” in opposition to the “substantivist” outlook represented by Polanyi in his publication of *Trade and Market in the Early Empires* (1957).

According to “formalists,” differences among ancient, non-Western and modern capitalist economies are just a matter of degree. The principles of “rational choice” are universal; therefore the apparatus of neoclassical economic theory may be applied to societies of any era, beginning with the understanding of economics as rational choice between the alternative uses of scarce resources (M. E. Smith, 2004: 76). “Substantivists,” as we have seen, maintain that ancient and/or non-Western societies had or have economic arrangements substantially different from modern capitalist societies, and that the application of neoclassical economic conceptions to those societies distorts, fundamentally, our view of their economic life.

Several commentators on the formalist/substantivist debate have drawn attention to the way that formalist analyses of historical and anthropological data appear to assume the formalist position rather than establish it. (See, for example, (Ankarloo, 2002: 8).) Others (e.g. Prattis (1982)), extend this claim to the idea that the formalist program, and the critique that issues from it, risk ending in something true by definition but of little use as a tool of analysis. If the formalist brings his/her assumptions about all humans being "economic men" to the historical data, and simply leaves room for the anthropologist to fill in the terms of the utility function people in different societies operate to maximize, then any historical data can be made to fit. Once the anthropologist has uncovered the distinctive values and strategies prevalent in a people, we can safely assume that if a person "is not maximizing monetary profit then it must be some other satisfaction such as family solidarity or leisure" (Prattis, 1982: 212). The apparently interesting claim that human beings always choose in such a way as to maximize apparent utility to themselves seems reduced to the less interesting assertion that people act from their own motives.

Even if substantial parts of the critics' arguments are granted for the sake of argument, what remains is the suggestion that a survey of human practices reveals a mosaic of economic activity, in which it is hard to discern pure examples of either the completely market-free, totally embedded society, or the totally disembedded society governed entirely by a self-regulated market system. Polanyi himself recognizes that forms of market exchange have been evident from the earliest of human societies, and insists that even the most market-governed societies retain a degree of "embeddedness". In fact economies appear to be ranged along a continuum between those in which market forces play little or no part in determining how what is needed and valued in a society is produced and distributed, and those in which market forces leave little room for other factors to influence these matters. The point remains that on the face of it, there appear to be striking differences of economic arrangements within as well as between societies. Differences of enough degrees are hard to distinguish from differences of kind; and the evidence from anthropologists, including those favoring a formalist approach to their subject, suggests there are striking differences of degree, with respect to such things as the prevalence of profit-motivation as well as institutions such as supply-demand-driven market prices; commodified land, labor, and capital; and systems of banking.

For purposes of this article, we will assume that a case has been made for supposing that there are substantial differences between modern, market-driven environments, and the economic activity that goes on in many cultural settings today and in other societies. It is quite plausible, on the anthropological evidence, to suppose there have been and still are societies in which people do not depend mainly for their daily necessities on selling other goods or their labor, where prices are not established for those necessities by supply and demand, and where a person's standard of living is not established primarily by market prices for that person's property and/or labor. The communities described at the beginning of this article represent striking examples, and we will have occasion to mention several others toward the end of the article. There certainly seems to be purchase for the remark that it is insensitive to "detach the principle of individual maximization from its bourgeois context and spread it around the world" (Sahlins, 1972: 127) where there is such diversity in ways of thinking about economic exchange.

Our next task is to show how many applications of the concept of entrepreneurship to Indigenous settings embody just such a detachment and indiscriminate application.

Entrepreneurship, Economic Theory and Cultural Captivity

It is a commonplace in discussing entrepreneurship to note the widespread disagreement amongst entrepreneurship scholars as to the definition of their subject. Venkataraman, editor of *Journal of Business Venturing*, has observed: "…there are fundamentally different conceptions and interpretations of the concept of entrepreneur and the entrepreneurial role, consensus on a definition of the field in terms of the entrepreneur is perhaps an impossibility" (Venkataraman, 1997: 120).

A useful overview of the variety in approaches to entrepreneurship is offered by Brenkert (2002: 7-10). With no claim to comprehensiveness, Brenkert summarizes a variety of accounts of entrepreneurship.

> Among these are claims that entrepreneurship is an alertness to profit opportunities (Kirzner); the exploitation of a new technological possibility (Schumpeter); a bet, gamble, or chance on some new idea (Brenner); the exercise of control over means of production (McClelland); a management discipline (Drucker); the creation and ownership a small business or new business (Drucker; Reynolds, Hay & Camp); a purposeful task or practice (Drucker); and the acceptance of risk and/or uncertainty in the pursuit of profit opportunities (Cantillon) (Brenkert, 2002: 9).

Underlying the variety in these accounts is a tacit agreement on a classical or neo-classical understanding of economic exchange, according to which exchange takes place among individual profit-maximizers, among whom entrepreneurs occupy a special place. Entrepreneurs may be seen as playing a variety of roles in introducing market changes meant to present new opportunities for individual profit-making. Their contribution may seen as alertness to opportunities for profitable exchange (Kirzner); or taking advantage of an innovation in technology, supply-source or market to introduce new and profitable exchanges (Schumpeter); or willingness to take a risk on a new idea to institute a novel form of exchange in the hope of profit (Brenner); or exercising control over production in order to produce a surplus that may be profitably traded (McClelland); and so on down to engaging in arbitrage in anticipation of gain (Cantillon). But the fundamental idea of individuals, motivated by a desire for profit and operating in the context of a more-or-less established market, underlies these various conceptions of entrepreneurship.

We argued above that there are societies in which the means of livelihood are made available to their citizens largely, or even entirely, by means other than market-based exchange. We have suggested, further, that analyzing the economic life of these societies in terms of standard classical and neo-classical economic assumptions distorts and misrepresents the economic realities of those societies. If it is true that the received understanding of entrepreneurship is constructed partly out of those assumptions, then it follows that employing that notion of entrepreneurship in those settings will inherit that distortion and misrepresentation. The standard notion(s) of entrepreneurship is/are, it might be said, culturally captive, applicable only in those cultural settings where the apparatus of classical and neo-classical economics can get a reasonable grip.

Indigenous Culture

We follow Peredo et al. (2004) in using a flexible combination of six factors to distinguish Indigenous peoples: (1) descent from populations inhabiting a region prior to later inhabitants, (2) geographical, political, and/or economic domination by later inhabitants or immigrants, (3) maintenance of some distinctive social-cultural norms and institutions, (4) attachment to ancestral lands and their resources, (5) modern subsistence economic arrangements, and (6) distinctive languages.[9] Not all peoples recognized as Indigenous embody all these characteristics; but in general these characteristics, or some significant sub-set of them, distinguish Indigenous peoples from later arrivals. It would, of course, be a mistake to hold that Indigenous culture, defined roughly in this way, is uniform. Indigenous populations are estimated at 300-500 million worldwide, occupying 20% of the world's land mass, found in practically every nation on all of the world's continents, and forming "a spectrum of humanity, ranging from traditional hunter-gatherers and subsistence farmers to legal scholars" (University of Minnesota Human Rights Center, 2003). Dana and Anderson (2006), among others, have drawn attention to the remarkable diversity in Indigenous culture across national boundaries but even within particular regions. There are striking differences in governance, family organization and sexual roles, values concerning work and recreation, religion and guiding myths as well as other important characteristics.

Scholars have nevertheless drawn attention to some features of Indigenous culture which they hold to be broadly, if not universally, characteristic and distinctive. Among these, we draw attention to three that are particularly relevant to the topic of this article: (1) the comparatively “collective” or “communal” orientation of many Indigenous societies, (2) an inclination to kin-based forms of social organization in these societies, and (3) an inclination to employ forms of exchange as much or more for social and cultural purposes as/than for material gains.

Communal orientation. The relatively "communal" orientation claimed for many Indigenous peoples refers to typical forms of social organization and decision-making, but also to property arrangements and methods of production and distribution. In a study of Indigenous communities in the Canadian sub-Arctic, Dana draws attention to "the traditional values of these people, working collectively and sharing collectively, while disliking the concept of competition" (1996: 78). Peredo and Chrisman (2006) sketch a concept of "community orientation" to capture the social organization of Indigenous communities in the Andes on which their study focuses. "The more "community oriented" a society is, the more its members experience their membership as resembling the life of parts of an organism; the more they will feel their status and well-being is a function of the reciprocated contributions they make to their community" (Peredo & Chrisman, 2006: 313). They go on to suggest that as community organization increases, so does the sense that community members have an entitlement to the means of livelihood that over-rides to some extent individual property rights. "Indeed," they propose, "the notion of private property may begin to attenuate as community orientation predominates" (Peredo & Chrisman, 2006: 313). Students of Indigenous communities in many parts of the world characterize the communities they study in ways that echo these suggestions.

Several scholars have employed the analytic framework of five "cultural dimensions" developed by Hofstede (1980) to highlight the relative "collectivism" of Indigenous cultures. Redpath and Nielsen (1997), for example, argue that the Individualism/Collectivism dimension, which measures the degree of integration in a culture and the relative weight given individual and collective needs, captures a fundamental difference between Indigenous cultures and the modern, industrialized nations around them. "This dimension," they contend, "is the key to many core cultural differences between Native and non-Native cultures (and between Indigenous and non-Indigenous cultures throughout the world)" (Redpath &

Nielsen, 1997: 329). Indigenous societies tend to be markedly "collectivist" in relation to the cultures around them, especially the relatively "individualistic" cultures of North America. Lindsay (2005), writing from within an Australian context but referring to Indigenous cultures generally, draws a similar conclusion about the tendency of Indigenous culture to a relatively high "collectivist" orientation.

Kin-based social structures. Several scholars have drawn attention to the fact that kin-based social arrangements are characteristic of the structures of governance and decision-making in Indigenous cultures. What is important for our purposes is the fact that this arrangement extends to many other social structures, including those that concern production, distribution and consumption. Organizations carrying out the "provisioning" functions of a society, including its "trading" functions, are frequently formed on the basis of kin relations rather than the considerations employed in market-based societies. Berkes and Adhikari (Berkes & Adhikari, 2006), investigating a number of Indigenous, entrepreneurial development ventures in Central and South America, noted that a strikingly large number of these ventures involved, directly and indirectly, networks of family members. In their summary of a reference work on Indigenous entrepreneurship, Dana and Anderson observe that "Social organization among Indigenous people is often based on kinship ties, and not created in response to market needs" (2006: 3). Again, this inclination toward kin-based social structures, including those structures governing exchange and other forms of distribution, distinguishes many Indigenous societies from the societies surrounding them, where social organization tends to be based more on such factors as special preparation, social standing or market competition.

Social aims of exchange. A considerable literature has begun to develop on the subject of "Indigenous entrepreneurship" (e.g. R. Anderson, Dana, & Dana, 2006; Cahn, 2008; Dana, 2007; Hindle & Lansdowne, 2005; Peredo & Anderson, 2006). Many contributors to this literature have argued that entrepreneurship in the Indigenous context takes on distinctive forms (some calling, as this article does, for modification of the standard notion of entrepreneurship). In addition to its tendency toward "communal" and "kin-based" orientations, many of these scholars have been struck by the plurality of goals even in comparatively market-based activity. Almost all contributors remark on the inclusion, even the super-ordination, of social aims in the goal structures of exchange activity.

Berkes and Adhikari (2006), in a study of 42 cases of Indigenous business ventures in Central America, commented

> The individual profit motive no doubt exists but it seems to be subordinate to meeting community needs and objectives. The social role of many of these enterprises are [sic] apparent in terms of providing local employment, making use of talents and resources locally available, and sharing profits among community members (11f).

They went on to conclude that "the nature of community benefits strongly suggests that Indigenous entrepreneurships tend to focus on social, community-based development" (Berkes & Adhikari, 2006: 18). Anderson, on the basis of his study of Indigenous people pursuing development in the Canadian context, comments "Their goal is not economic development alone, but economic development as part of the larger agenda of rebuilding their communities and nations and reasserting their control over their traditional territories" (2004: 2). Morris examined entrepreneurial practices in Indigenous communities in South Africa and Hawaii, and on that basis remarks that "neither of the two samples placed much emphasis on wealth generation" (2004: 2). Peredo, whose work has centered on "Community-Based Enterprises" among Indigenous populations in the Andes, is even more explicit. "The goals of these Community-Based Enterprises are broad: they include at least social, cultural, political as well as economic aims. In fact economic goals are generally a means to social ends" (Peredo, 2004: 3).

The goals of exchange are seldom singular. Even in the most market-oriented of industrialized societies, social goals play a part in exchange activity. There is clearly, however, a strong case for saying that in many, perhaps most, Indigenous societies, the role of communal and social goals is significantly greater than in many, perhaps most, modern industrialized societies.

Enlarging Our Understanding Of Entrepreneurship

A strong argument has emerged to the effect that Indigenous cultures, for all their diversity, typically display characteristic and relevant contrasts with the modern, industrialized societies in which received economic theory, and its accompanying conception of entrepreneurship, are most at home. One way of summarizing the differences that have surfaced would be to say that, in terms of the Polanyi/Heilbroner account with which we began, the economies of Indigenous societies are characteristically more “embedded” than their industrialized counterparts. The question that presents itself quite forcibly, given the argument of this article, is how the concept of entrepreneurship can even find a place in these societies.

Some have argued that the concept of entrepreneurship cannot directly, because a necessary precondition of development-by-entrepreneurship is the adoption of more individualistic, “merit-based” and profit-oriented market arrangements in which entrepreneurship can flourish. There is more than an echo here of the familiar “Modernization Theory”. For examples of the argument, the reader should see Inkeles and Smith (1974) and Kuznets (1973); for critiques of the argument, the reader should see Engerman, Nils, Haefele, and Latham (2003).

The belief that entrepreneurship depends on the individualistic orientation typical of Western, especially North American, culture has been subjected to close examination by

David Harper (2003). He calls it "the cornerstone hypothesis," and he subjects it to penetrating criticism.

Harper adopts Kirzner's view of entrepreneurship, according to which "alertness to profit opportunities is the essence of entrepreneurship" (2003: 6; See also Kirzner, 1979).[10] He goes on to argue that the inclination to be alert in this way depends, fundamentally, on the agent's beliefs that desired outcomes depend at least to some extent on the agent's actions, and not just on outside forces over which one has little or no control. This, according to Harper, constitutes one's sense of "personal agency," which is made up of two elements: a sense of "locus of control," and a sense of "self-efficacy." "Locus of control" beliefs concern the degree to which the agent believes desired outcomes depend on the actions of that agent, "contingency." "Self-efficacy" beliefs concern the degree to which the agent believes s/he is actually capable of producing the required actions, "competency."

Harper then argues that "individualistic" and "collectivist" cultures produce different conceptions of the self. "Individualistic" societies create "independent" notions of the self, according to which the self exists prior to and independent of society, in a weak and highly variable relation to other members of one's community, possessing deeper knowledge of oneself than other people in that community. "Collectivist" societies, on the other hand, engender "interdependent" notions of the self, according to which one sees oneself as fundamentally a part of a larger social whole, constituted largely by the properties of one's social group and more aware of one's self in relationship than on one's own (Harper, 2003: 140-141).

Both "selves," however, are capable of forming notions of "locus of control" and "self-efficacy" that result in entrepreneurial alertness (Harper, 2003: 147). "Independent" conceptions of the self will, of course, centre on the autonomous person. They will be alert to opportunities for personal gain, and manifest themselves in individual, entrepreneurial activities. This kind of entrepreneurship, according to Harper, will tend to generate variety and innovation. "Interdependent" notions of the self will, on the other hand, focus on the collective membership of a group. They will be attuned to a combination of opportunities for collective action by the group and a sense of how one's actions might contribute to realizing those opportunities. This sort of entrepreneurship will, Harper suggests, tend to produce a "leveraging" of resources, producing added outcomes from collaboration, networking, and even "consensual rule-breaking" (Harper, 2003: 157).

An adequate summary of Harper's rich and nuanced argument would take us well beyond the limits of this article. The above sketch, however, should serve to highlight the possibility that entrepreneurship might be re-cast in a way that is not confined to the individualistic requirements sometimes placed on entrepreneurial potential. Harper's argument is consistent with ours, in seeing the mainstream understanding of entrepreneurship—what he calls "the cornerstone hypothesis"—as narrow and culturally constrained. His thesis, however, is still couched in Kirznerian terms, located firmly in conceptions of market transactions and profit-making. Can his argument apply beyond those conceptions? Can it be extended not just in terms of a "collective" understanding of agency, but also of exchanges embedded in a broader understanding of beneficial outcomes.

Our argument is that it can. Entrepreneurship, we contend, can readily be understood in a way that is continuous with market-based conceptions of the idea, but sufficiently disengaged from those conceptions to apply in relatively non-market contexts.

Let us suppose that the concept of entrepreneurship arises where we are trying to understand the changes that take place in economic arrangements, broadly understood, that result in a net increase of things valued by participants in that economy. Things valued may well extend beyond material acquisitions or what could readily be called "profit". The focus of interest in these changes is what could be called "transfer," i.e. the conveying of some substance or service from one person or group to another. It may seem odd to begin with simple transfer, as distinct from exchange, as the primary focus of interest in entrepreneurship; but as Jane Jacobs has perceptively suggested (2000: 27-28), it may make the most sense to think of formalized sharing as the oldest form of economic activity, and trading or exchange as a derivative. Exchange is simply mutual sharing. The point is that the transfer of something is undertaken for the purpose of bringing about an increase in something valuable both for giver and receiver. In exchange, where both parties give and receive something, the result intended by both parties of their giving and receiving is an increase for both in what they value, and what the other values may be as important as what either agent deems a benefit. What they value need not be material gain alone, and even where material improvement is part of the goal, its influence may be well tempered by other considerations. The processes by which particular instances of transfer, or methods of transfer, are introduced for this purpose are complex and varied. They are the product of initiatives—one could call them undertakings—of many different kinds, and depend for their character upon what things are valued as well as what the social and/or material environment permits or requires. It is these various initiatives that studies of entrepreneurship attend to, and it should not be surprising that scholars at different times and places have found different aspects of this complex process at the centre of their attention.

We suggest that each of these suggestions may be seen as drawing attention to a particular element in the introduction of an instance or type of transfer intended to produce additional value for the parties to the transfer. In traditional terms, alertness to opportunities for such "profitable" transfers (Kirzner), exploitation of an innovation and/or new sources of supply or potential parties to a transfer (Schumpeter), risk-taking on a novel idea that may underlie new transfers (Brenner), exercising control over production so as to produce a transferable surplus (McClelland), and so on, constitute entrepreneurship. Even the views of these theorists, embedded in traditional economic theory where individual profit-making is the engine, can be disengaged from that theory and translated into a setting where exchange is intended to result in an increase in value, where the forms of exchange, as well as the parties to the exchange and the kinds of value are more broadly understood.

RETURN TO THE COMMUNITIES

Consider again the community of Ankasha and its unsuccessful experiment in the 1980s with loans aimed at improving agricultural output in the region. Among the things to which loan funds were diverted was the network of social and ritual activities through which the residents of Ankasha maintain the pattern of relationships that is the foundation of life in the community. What may be less obvious to eyes in the industrialized world is the extent to which these activities are economic; that is, the way that they are significant contributors to the production and distribution of the necessities and accompaniments of life. A child's first haircut, *chuqcharutuy,* is one very important ritual, seen by some as marking the transition from infancy to personhood (Graham, 1999), taking place anywhere up to five years of age. A special set of godparents is appointed, and the rite takes place in a joyful gathering of family, friends and the larger community. The godparents are the first to scissor away knotted locks of hair, then others join in baring the child's head. There is considerable feasting and socializing, all in celebration of the new status of the child at the centre of the ritual. Running through the rite, however, is a set of practices clearly meant to begin the provisioning of the child for his or her life in the community. The godparents offer special gifts, often of livestock, which become the property of the child; and they pledge continuing support for the child's material well-being. Other members of the gathering present their gifts, often small amounts of money, small animals or even bits of property which constitute an economic support fund preserved by the community over the years (Ackerman, 1996).

Similar arrangements surround the celebration of a wedding, which takes place when a man and woman have been living together long enough to acquire the basic resources necessary to purchase land and set up house. Once again, a special set of godparents is chosen, whose role it is to help finance the ceremony, but also to help establish and support the new household materially as well as socially (Graham, 1999: ch. 2). Once again, general gift-giving expresses the material as well as the social support of gathered family and community members.

The diversion of agricultural loan funds into such things as these rituals was clearly regarded as a failure of the program, which was meant to be used for purchasing recognizable agricultural resources. It would be interesting to calculate what the actual effects were, in terms of increasing productive resources in the community, of the unintended support for rites of passage, with their evident provisioning effects. But the main point, for purposes of this article, is that the experiment arguably failed (at least in the terms of interest to the Agrarian Bank) because it assumed a form of entrepreneurship that did not fit the economic life of the community in which it was attempted. Whatever inclination members of the community had to increase their individual or familial wealth by investing in productive resources was apparently outweighed by the sense of community membership and obligation. Production and distribution remained highly "embedded" in the social fabric of the community. The question must be asked whether there were forms of entrepreneurship that could have been devised or encouraged that could be rooted in that economic environment.

It is tempting to say that developments in Chaquicha suggest an answer. The extended understanding of entrepreneurship sketched earlier in this article clearly applies to the activity of that community in mounting a weekly Trade Fair in it plaza and using the proceeds from renting spaces in the fair to improve community well-being. A novel arrangement was introduced that allowed for forms of exchange that produced increases in perceived value for parties to the exchange. Financial profits (to the community) were one objective in this case, but only as a means to community enhancements in medical and educational services. The innovation would have been just as entrepreneurial if profits played no part in the story.

Rist (2000) provides a richer and more detailed outline than it has been possible for us to develop here of the worldview that informs the daily life of Indigenous Andean *campesinos.* He emphasizes that "All aspects of everyday life must be analyzed and interpreted in terms of their material, social and spiritual dimensions" (Rist, 2000: 310). Interventions in an economy conducted in this context, that are based on standard "economic" assumptions about individual agency and profit-maximization, seem bound to fail. Rist continues

> The persistence of reciprocity and barter, which are as important as marketing in terms of allocation, is often seen as a missed opportunity for commodity production. Consequently, very little attention is paid to social relations…, either at the analytical level or with respect to their potential for enhancing livelihood strategies (2000: 311).

The strong suggestion is that paying attention to social relations, and the way that they undergird economic life of the community, may well evoke possibilities for "enhancing livelihood strategies."

Curry (2003, 2007) has argued for an enlarged understanding of "development" that takes into account the intense embeddedness of Indigenous societies, based on his research in Papua New Guinea. "Thinking of development as an expanding market economy increasingly dominated by market relations," he says,

> obscures alternatives outside this framework, a point strongly made in the literature on social embeddedness. That elements of place-based practices like gift exchange have so often been missing from the Development discourse is a telling indictment of the Eurocentrism of much thinking and planning in development (Curry, 2003: 418f)

It is an important part of Curry's argument that even what is to count as a business success has to take into account what the local community values as the outcomes of its activity (Curry, 2007: 481). And fundamental to his position is the idea that thinking about development has been constrained by economic assumptions linked with culture. The link between this conception and our thesis that entrepreneurship needs to be disentangled from its cultural restrictions is obvious.

Lietaer and De Meulenaere (2003) consider especially the collision between "developed" and Indigenous economic arrangements that take place in the context of highly developed tourism. Their studies begin in Bali, with an extension to Papua New Guinea. Once again employing the concept of embeddedness, they argue that effective forms of developmental, entrepreneurial activity have developed through the use of a double currency, one of them woven deeply into the fabric of social relationships in the community. Their conclusion is that cultural inventiveness may actually find ways of marrying economic logics allowing traditional arrangements to co-exist with and benefit from other ways of organizing economic life. This creates a space for new varieties of entrepreneurship.

No doubt other examples of these exploratory suggestions may be found. Their implications for developmental entrepreneurship are rich and fertile. But it is plain that they have not occupied any prominent position on the development-through-entrepreneurship agenda. The argument of this article is that it is a failure of theoretical imagination that allows this to happen.

IMPLICATIONS FOR RESEARCH AND PRACTICE

If the above argument is sound, it is likely that standard research and practice concerning entrepreneurship as an instrument of "development" in Indigenous settings has embodied at least two errors.

The first is that entrepreneurial initiatives will have been encouraged in, even imposed upon, Indigenous communities with the assumption that those communities conformed, or could and should be brought to conform, to the cultural assumptions of standard economic theory. We have argued that this assumption appears, in many cases, to be false; and we suggest that this helps explain why many interventions have failed. Many initiatives in impoverished Indigenous settings, for instance, have assumed that making credit more readily available would unleash productive capacity that would result in increased well-being. These interventions failed to take account of the way that credit was not simply used to capitalize profitable ventures for individual entrepreneurs, but was drawn into the community network of ritual observances and mutual support that absorbed the added capital without using it *in the ways anticipated*, to produce increased surplus.

The second mistake is the failure to look for entrepreneurial interventions that may not fit standard economic theory, but do embody an extended understanding of entrepreneurship that fits in the distinctive environment of Indigenous society. Peredo and Chrisman (2006) have drawn attention to a form of developmental entrepreneurship that is based on Indigenous communities acting collectively as both entrepreneur and enterprise, with profit-making subordinated to social outcomes. It is argued that there is genuine entrepreneurship in these cases, but it is incorporated in distinctive cultural forms, often with a collective character. The wide acceptance of theories of development and entrepreneurship that do not recognize phenomena like these as examples is, arguably, a blinder to recognizing possibilities for entrepreneurial development that offer rich potential in Indigenous communities but fall outside our conceptual assumptions.

The conclusion of this article is a recommendation that we “re-frame” research concerning entrepreneurship as an engine of Indigenous development, and re-direct our policies of entrepreneurial development among the Indigenous. Our argument is that we need to enlarge our understanding of entrepreneurship in ways that allow for different cultural embodiments. Our research should be re-directed to take account of the variety of ways that various Indigenous cultures increase what they value in the process of exchange, without assuming that their processes of exchange are adequately modeled by standard market assumptions about prices, supply and demand, or that the fundamental motivation in exchange is or should be an increase in individual monetary profit. Our practices of attempting to foster entrepreneurial development should be broadened to build upon activities that communities and cultures have developed to increase the amounts of things that they value, even where their techniques and their values do not conform to received economic theory. We need both to expand and to sharpen our awareness of different ways in which individuals, groups or whole communities may act entrepreneurially, in keeping with distinctive economic “logics,” to increase supplies of what they value. And finally, we will need to take with us this enlarged view of the structures and goals of exchange, and the role of entrepreneurship in that process, in evaluating the outcomes of these endeavors.

It may well be that entrepreneurship is the key element in bringing about development in disadvantaged circumstances throughout the world, as many have maintained. But we have argued that among Indigenous peoples at least, our understanding of entrepreneurship needs to be freed from its cultural captivity for this maxim to apply. If we are right, the lesson may apply even more widely.

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Murdith McLean is an Associate Professor of Philosophy, associated with the Centre for Studies in Religion & Society at the University of Victoria. He holds a DPhil from the University of Oxford. His current research interests are philosophy of religion, as well as applied ethics and the role of business in society, especially in 'developmental' contexts.

Ana María Peredo is an Associate Professor of Sustainability, Entrepreneurship and International Business in the Faculty of Business, and is also Director of the Centre for Co-operative and Community-Based Economy, both at the University of Victoria. She holds a PhD from the University of Calgary. Her current research interests are in community-based economy, especially among indigenous and disadvantaged communities.

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[1] Dr. Peredo gratefully acknowledges the support of the Social Sciences and Humanities Research Canada of Council while conducting the research leading to this article. The authors also extend their thanks to Dr. Richard Moore, and the editor of *Business and Society,* for their helpful comments on earlier drafts of the article.

[2] "Quechuas" refers to an ethnically and linguistically diverse Indigenous group of about 10 million in South America, mainly in the Andean highlands of Peru, Bolivia, Ecuador, Colombia and Argentina, who speak a variety of the Quechua language. Quechua was the language of the Incas, as well as some of the Incas long-standing enemies. The Aymara people is another Indigenous group, numbering about two million and occupying the altiplano regions of Western Bolivia, Southern Peru and Northern Chile. The Aymara language is spoken mainly by people living in the Lake Titicaca basin of Peru and surrounding regions.

[3] We give fictitious names to the two communities to preserve their privacy.

[4] Oca and ullucu are Andean tubers that, like potatoes, can be freeze-dried to provide a nutritious food staple. Qañiwa is an Andean grain related to quinoa, well adapted to high altitudes and rich in protein.

[5] Because there are various editions published over the years of Smith (1776), rather than pages, a different citation system is used here throughout the article: A. Smith, 1904 [1776]: I.2.1 refers to Book I (of five books), Chapter 2, Paragraph 1. The citation system is taken from Edwin Cannan (Ed., Tr.), 1904, 5th ed., London: Methuen & Co., available at http://www.econlib.org/library/Smith/smWN.html, which is organized into two volumes not typically cited as such.

[6] In its original context, Adam Smith's exact reference to the "invisible hand" concerns the outcome of individuals' preferring to buy domestically rather than importing (1904 [1776]: IV.2.9). It is arguable that he generalized the argument beyond that, and standard economic theory certainly does.

[7] The perplexing question of what the actual connection was between Polanyi and Heilbroner is explored in Dimand (2004).

[8] The Polanyi/Heilbroner position constitutes the "substantivist" side in the "substantivist/formalist" debate that prevailed in economic anthropology in the 1960s and 1970s.

[9] For a review of different approaches to defining Indigenous culture, see Peredo and Anderson (2006).

[10] Israel Meir Kirzner is a leading economist of the Austrian School, currently Professor Emeritus of Economics at New York University.