

Chapter 3

Native American Approaches to Social Entrepreneurship

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ABSTRACT

Few groups face more significant, complex, and difficult economic and social problems than those confronted by American Indians. Economic impoverishment, unemployment, exploitation of natural resources, a failing educational system, insufficient housing, inadequate healthcare, and loss of cultural identity all threaten the wellbeing of native communities. Social entrepreneurship has proven an effective avenue for the pursuit of tribal economic development, sustained economic independence, and sovereignty of Native American people. Native American social entrepreneurs have specific and unique characteristics which impact business decision making, strategy, and enterprise growth. American Indian entrepreneurs can leverage knowledge of their distinct history, institutions, indigenous culture, and local economic resources in order to add value to their social entrepreneurial ventures.

INTRODUCTION

Indian nations and peoples have supported, engaged in, and enriched themselves with entrepreneurial private and family oriented economic activities throughout history. They have always fostered, encouraged, and supported tribal people in their private economic endeavors, protected their private property rights, and allowed individual Indians to pursue their own ways.

Entrepreneurship and entrepreneurial endeavors have proven to be effective avenues for the pursuit of tribal economic development, sustained economic independence, and sovereignty of Native American people. Despite significant gains in entrepreneurship, there remain significant challenges facing Native American entrepreneurs, including lack of access to capital, insufficient business development support, and bureaucratic entanglements within tribal, state, and federal government agencies. Often, the lack of supportive infrastructure hampers new business development. A mixed strategy of traditional economy,

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individual market enterprise and tribal government managed corporations can coexist and provide multiple strategies and tools for moving toward sustained economic sovereignty in ways that are informed by indigenous values, culture, and interests. Native American entrepreneurs have specific and unique characteristics which impact business decision-making, strategy, and enterprise growth. American Indian entrepreneurs can leverage knowledge of their distinct history, institutions, indigenous culture and local economic resources in order to add value to their entrepreneurial ventures.

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BACKGROUND

Conceptualizing and Defining Social Entrepreneurship

Since the late 1990s, a worldwide and unprecedented surge in interest in the topic has been fostered by significant changes in the political, economic and environmental scenarios. These changes have led policy-makers, conscious citizens and disadvantaged communities to turn to private entrepreneurs for innovative and sustainable solutions that address poverty and related problems as the root causes of inequality and the uneven distribution of the world's wealth (Nicholls 2006; Shaw et al. 2013).

Our colleague, Howard Stevenson of the Harvard Business School, famously defined Entrepreneurship as the relentless pursuit of opportunity beyond resources currently controlled (Eisenmann, 2013). While tribal leaders relentlessly pursue economic opportunity on behalf of their citizens, far too often federal regulators and bureaucrats stand in the way. However, one merely needs to look at what tribes have been able to accomplish, despite having so little, to feel hope that Indian country can succeed as a domestic emerging economy if only given a chance. Indian tribes are the most rural of rural America, yet because of their unique legal status, they have the potential to be the strongest partners for all rural economic development.

The concept of entrepreneurship refers to the identification, evaluation and exploitation of opportunities to bring new products or services into existence as new outputs to be sold at prices higher than their cost of production (Eckhardt and Shane 2003). This definition implies that the fundamental mission of entrepreneurial activities involves profit generation and entrepreneurs' personal wealth. Analogously, social entrepreneurship refers to the identification, evaluation and exploitation of opportunities, and involves profit generation just as entrepreneurial activities do; this profit helps entrepreneurs to build personal wealth. However, the opportunities identified by social entrepreneurs result in social value as opposed to personal or shareholder wealth.

Social entrepreneurs do not merely aim to make money without harming their environment; rather, the achievement of the social mission that they pursue is their primary objective. In this view, social entrepreneurship necessarily involves the entrepreneurial perspective as a form of income-generating venture aimed at social benefits instead of pure profit (Peredo and McLean 2006; Mair et al. 2012).

The fusion of the entrepreneurial root and the social component led to the development of social enterprises as organizations in which economic activity is leveraged to pursue a social objective and implement a social change. Social entrepreneurship involves the provision of goods and services, analo-

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