COLLECTIVE ACTION WITHOUT SELECTIVE INCENTIVES: HOW SELF-SELECTED STAKEHOLDERS IN THE ENTREPRENEURIAL PROCESS CREATE A SURPLUS OF THE COMMONS (SUMMARY)

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SUMMARY

COLLECTIVE ACTION WITHOUT SELECTIVE INCENTIVES: HOW SELF-SELECTED STAKEHOLDERS IN THE ENTREPRENEURIAL PROCESS CREATE A SURPLUS OF THE COMMONS

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Principal Topic

Several recent contributions have focused on the idea that market failure, in the form of environmental degradation, can represent entrepreneurial opportunity (Cohen & Winn, 2007; Dean and McMullen, 2007). Market failure has fascinated scholars in several disciplines including economics, sociology, management and political science, who have also modeled it as The Prisoner's Dilemma and other related puzzles. Although the traditional solution to market failure from each of these disciplines is collective action (Olson, 1971, 1982; Ostrom, 1998), an entrepreneurial model of collective action has not been offered. This paper supplements these theories with an entrepreneurship-based process model of collective action.

Method

In this theoretical work, I develop a model through bringing together streams of research on collective action, market failure and entrepreneurship. I utilize illustrative examples taken from interviews with founders of renewable energy firms.

Results and Implications

The model shows how individual entrepreneurs can kick start collective action solutions either by (a) actively creating selective incentives that overcome the tragedy of the commons (so that only those who contribute to the solution can obtain the benefits from the solution); and/or (b) effectually creating corridors for self-selected stakeholders who end up transforming the commons into a cornucopia of surplus, allowing selective incentives to emerge from the process itself.

This paper’s contribution is twofold in that it: 1) offers a richer view of collective action than rational choice models typify, thereby helping not only to explain and measure both the social and economic contribution of entrepreneurial action, but also helping to establish the distinctive contribution of the field (Venkataraman, 1997); and 2) expanding theories of collective action to include a model of collective action without the necessity of first creating selective incentives. My hope is that this paper begins to fulfill the promise Olson saw when he wrote “… the incorporation of the concept of entrepreneurship in the provision of collective good into the model developed in this book does not contradict its logic or invalidate its conclusions, but rather enriches the argument, and makes it a better tool for the study of organization leadership and change” (Olson, 1971).

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