Venture Community: Democratisation of Entrepreneurship in Developing Economies

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Abstract

The motivation of this paper is to assist SMEs (mainly micro and informal enterprises) in developing economies to find the required resources to establish, or develop, their business. We introduce the concept of 'Venture Communities' to provide direct peer-to-peer connections between individuals and SMEs in all parts of the global market. We draw on the well-established concepts of networking, crowdfunding, living labs and value co-creation. The contribution we make lies in the introduction of a novel ecosystem, constructed by multiple actors, through dynamic and interconnected networks, accumulating resources for the benefit of all stakeholders of this community. Our model presents a challenge to the conventional conceptualizations of dyadic relationships between developed economies and emerging economies. Alternatively, we suggest anti-essentialist communities that are temporary constellation of social elements from all parts of the global market to create "hybridized and nomadic" (Laclau and Mouffe 1995) market arrangements.

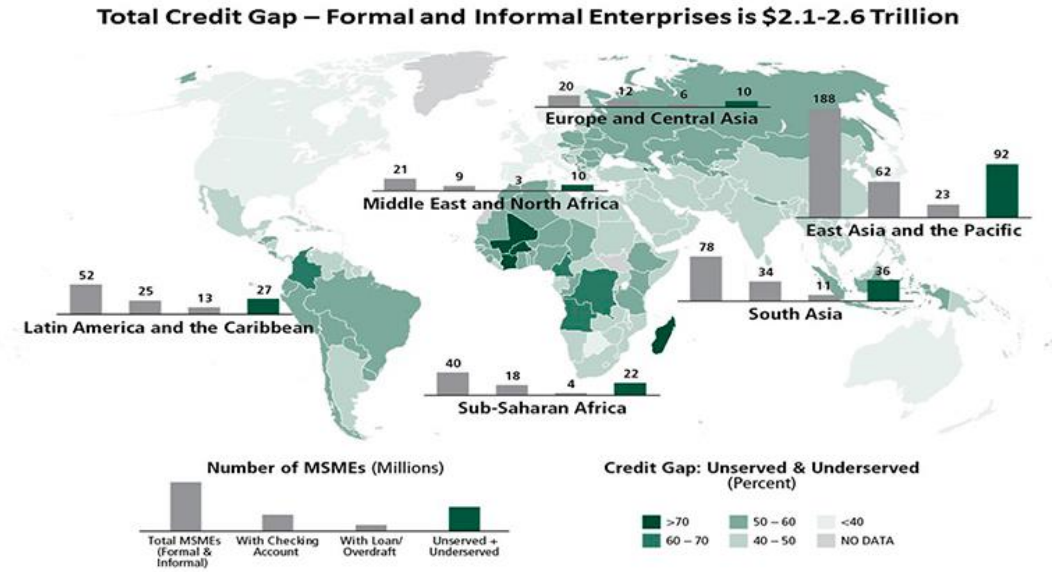
Introduction

Small and medium enterprises (SMEs) play a major role in most economies, particularly in emerging economies. According to the World Bank report (2015) there are between 365-445 million SMEs in emerging markets: 25-30 million of them are formal SMEs; 55-70 million are micro enterprises; and 285-345 million are informal enterprises. This World Bank report (2015) suggests that SMEs contribute up to 45% of total employment and up to 33% of national income (GDP) of developing economies. Most of the jobs are within the SME sector which creates 4 out of every 5 new positions. Despite the noted contributions of SMEs to emerging economies, the literature reports very high failure rate. For example, Olawale and Garwe (2010) note that about 75% of new SMEs in South Africa did not go beyond the start-up stage. Similarly, Von Broembsen *et al*. (2005) highlighted that the probability of a new SME surviving beyond 42 months is less likely in Africa than in any other place in the world.

The literature points at a number of factors that affect the ability of most SME to realize their full potential. These include: inability to access finance, lack of equipment and technology, lack of access to international markets and lack of managerial know-how (Anheier and Seibel, 1987; Steel and Webster, 1991; Aryeetey *et al*, 1994; Gockel and Akoena, 2002; Abor and Quartey 2010). Related to this, Aryeetey *et al.*, (1994) explained that as the consequence of intensifying globalization, many SMEs are now faced with greater external competition that increase pressure to expand market share. Nonetheless, their limited international marketing experience, limited access to international partners, and the lack of necessary information about foreign markets continue to impede their expansion into international markets. While entrepreneurship and innovation are ubiquitous processes, the choice of which business idea becomes commercialized has historically been profoundly un-democratic (Mollick and Robb 2016).

Small groups of experts, whether employees of funding agencies or venture capitalists, have been responsible for deciding which innovations gain institutional support. In most cases, the entrepreneurs that are able to bring their ideas before these wise men (and, historically, they have mostly been men) are themselves members of a small elite of highly educated, and connected individuals (Case 2013). Consequently, a large portion of this SME sector, mainly the micro enterprises and the informal enterprises, does not have access to adequate and appropriate forms of resources (Cook and Nixson 2000; Parker *et al.*, 1995). Furthermore, half of the formal SMEs do not have access to formal credit. World Bank (2015) report notes that, alternatively, these SMEs rely on internal or “personal” resources to launch and initially run their businesses. The current credit gap for all type of SMEs is estimated to be US$1.2 trillion; the total credit gap for both formal and informal SMEs is as high as US$2.6 trillion (World Bank 2015) see map below.

Small and Medium Enterprises (SMEs) Finance



Source: World Bank report (2015)

Our motivation in this paper is to initiate theoretical conversation that hopefully will help to develop a model which we name 'Venture Community' that can democratize entrepreneurship in developing and emerging economies with the view to enabling access to resources for these nascent and yet marginalized entrepreneurs. The aim of our model is to provide peer-to-peer connections in networks established between individuals and SMEs in developed economies and emerging economies. The purpose of this venture community is to develop 'crowd capital' – organizational-level resources harnessed from the members of the community. These resources are not only funds and include also: knowledge, labour, business contacts, technology and more. Our aim is not to replace existing development agencies or global financial institutions but to offer alternative communities that can operate alongside these institutions.

Internet and Crowdsourcing

Important development that stands in the background of our conceptualisation is the emergence of crowdsourcing – which Howe, (2006) defined as 'taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call' (p. 1). The concept of crowdsourcing suggests that approaching crowds and asking for contributions can help organizations develop solutions to a variety of business challenges. Consistent with this, Surowiecki (2005) and Palacios *at el.* (2015) recognised that crowdsourcing has the potential to help organisations to: recognise opportunities, solve business problems, get access to funds, learn, run open innovation processes, develop new product, collaborate with individuals and other organisations and more. Until recently, accessing and harnessing such resources at a global scale has been nearly impossible for SMEs in emerging economies. However, in large part due to the proliferation of the Internet, mobile technologies, and the recent explosion of social media (Kietzmann *et al.,* 2011) this has become a possibility. Organizations today are in a much better position to engage distributed crowds of individuals for their innovation and problem-solving needs (Lakhani & Panetta, 2007; Afuah & Tucci, 2012; Boudreau & Lakhani, 2013).

Reuber and Fischer (2011) explain that advances in information and communication technologies serve as enablers of international entrepreneurship by increasing the quality and speed of communications and transactions, and decreasing their cost. Such advances have made internationalization more feasible for newly formed resource-constrained SMEs as it has helped them to pursue international opportunities successfully (Hisrich, 2016). Reuber and Fischer (2011) suggested that firms could use the Internet to serve customers effectively, to provide the firm with valuable information about foreign buyers, and establish, monitor and manage the international brand communities. The introduction of Cloud technology intensified this development even further to a level that made some authors (for example, Kenney and Zysman 2015) observe that the information technology revolution now frames and channels important parts of our economic and social lives. Kenney and Zysman (2015) further explained that 'the algorithmic revolution' (p.2) offers businesses digital "platforms" that enable collaborators – entrepreneurs, users, peers, providers and other stakeholders to undertake a range of activities, forming entire ecosystems that create and capture value. These diverse platforms, residing in the Cloud, are 'provoking a profound economic reorganization of markets and work arrangements' (Kenney and Zysman 2015, p.2).

With these developments in the background the rest of this paper will discuss the four pillars of our concept: Networking, Crowdfunding, Open Innovation and Value Co-Creation.

Networking

Fundamental part of Venture Community is the understanding of any business as a network – a collection of contracts and relationships between its various stakeholders and with other firms involved in related activities (Coase, 1988; Alchian and Demsetz, 1972; Williamson, 1985). Accordingly, it is the totality of these contracts and relationships that define the firm and create its distinctive capabilities. In turn, these distinctive capabilities determine the firm's competitive potential (Kay 1993). We view business as a pool of shared resources embedded in social units of economic corporation and coordination (Lane, 2006). Based on this, we associate social capital with both the network and the assets that will be mobilized through this network (Nahapiet and Ghoshal, 1998). Thus, SME and individuals exchange knowledge, skills, financial resources, access to the market and human capital to create a new venture that eventually will enhance the upward social mobility of nascent entrepreneurs.

This view is consistent with Granovetter's (1973) observation that economic action is often embedded in ongoing networks of personal relationships rather than carried out by autonomous actors. Business activities that people engage in, take place through interacting with other people and as such the nature of relationships developed with those people affect how individuals carry out their range of actions. These interactions generate social capital (Putman 1995) that is based upon reciprocity and benevolence (DeWever *et al.,* 2005). Debating on the same topic, Seanor and Meaton (2006) explained that social capital networks are rooted in three organizational worlds: voluntary; market trading; a third is the public domain. Therefore, these networks do not only fill social gaps by acting for the common good but economics gaps in the market and several other gaps as well that are associated with the other domains. Ridley-Duff (2006) defined this as the tension that arises between non-for-profit and more-than-profit.

Many scholars hold that networks are important in explaining new business formation because, fundamentally, setting up a business is a social process by its own right (see for example: Storey and Green, 2010). Indeed, drawing upon resources embedded in a network can assist nascent entrepreneurs to overcome the liability of newness (Simba, 2015; Zucker *et al.,* 1998).

Without the benefit of the support found in networks many nascent businesses would be stillborn (Storey and Greene, 2010). This is especially true for nascent entrepreneurs in developing and emerging economies whose opportunities for growth are even more constrained than in the developed world (Beck, Demirguc-Kunt, & Peria, 2008). In a situation of unequally distributed resources such as knowledge, technologies or capital, the formation of global social networks between advantaged and disadvantaged regions are crucial in the mission to reduce worldwide inequalities and to promote entrepreneurship in the developing world. A confirmative finding is demonstrated by Nanda and Khanna (2010) who argue in their research on Indian entrepreneurs that: “cross-border social networks play an important role in helping entrepreneurs to circumvent the barriers arising from imperfect domestic institutions in developing countries.” (p. 991). Therefore, we will suggest networks as a conduit that accelerates new SME formation consistent with Anderson *et al.*, (2010) and Etzkowitz (2003).

Micro-Finance

Many scholars suggest that the lack of access to finance is one of the most significant growth obstacles for SMEs (e.g. Beck & Demirguc-Kunt 2006; Carpenter & Petersen 2002). This is especially true for SMEs in developing and emerging economies. Financiers that are willing to invest into these nations usually demand a certain interest premium on capital as a compensation for the additional risks that may result from high inflation rates, volatile currency exchange rates or unstable governments in the particular country (World Bank, 2015). The risk premium is often completely handed over to entrepreneurs and aggravates their conditions for cost-effective financing. As an example: entrepreneurs in Brazil are required to achieve a significantly higher capital efficiency (more than 25%) than a comparable entrepreneur in Germany (more than 7%) in order to become profitable (Roberts *et al.*, 2012). Additionally, a large amount of potential (micro-) entrepreneurs is completely excluded from the traditional formal financial system because they simply do not fulfill the necessary requirements for lending in terms of guarantees and therefore demonstrate a too high risk or too high transaction costs for the financial institutions.

In recent years micro-finance has emerged as the preferred solution for this problem as it is designed to open access to capital for individuals previously shut out from financial services. Micro-finance spans a range of financial instruments including credit, savings, insurance, mortgages, and retirement plans, all of which are denominated in small amounts, making them accessible to individuals previously shut out from formal means of borrowing and saving (Khavul, 2010). The most important micro-financing instrument can be described as *micro-credit* or *micro-lending*, which refers to 'small, unsecured loans to individuals or groups for the purpose of starting or expanding businesses' (Khavul, 2010, p.58). Increasingly, micro-finance is also being offered in advanced economies to those who want to become micro-entrepreneurs but cannot access credit (Khavul 2010). Previous solutions to end poverty in the developing world have been the purview of large inter-governmental institutions such as the World Bank, where development economists working with donor and recipient governments formulated strategies to stimulate economic growth (Easterly, 2006; Sachs, 2005).

In contrast, micro-financing represents a sea change in the way financial capital is used to stimulate economic growth in developing countries. Micro-financing uses direct engagement with the marginalized entrepreneur, and looks to the individual and her immediate community to generate economic growth. Micro-financing has gained popularity in recent years and this has opened the floodgates for many private international financial capital institutions. Perhaps, the best-known micro-financing organization is Grameen Bank, which, along with its founder Mohammad Yunus, won the 2006 Nobel Peace Prize for establishing a microcredit program in Bangladesh. In more than 30 years, Grameen Bank has disbursed $9.1 billion in loans and expanded to 37 countries. Notably, 97% of Grameen Bank's clients are women (Grameen Bank, 2010). Today, micro-financing has turned into a thriving international industry with multiple stakeholders.

However, while micro-financing gains popularity, observers have recently warned that a potential disadvantages may be emerging (e.g. Gokhale, 2009). The weaknesses in some areas of the micro-financen are: lenders tend to charge very high interest rates (Peck, Rosenberg, and Jayadeva 2004). As these loans are for small amounts only and for the short term it is therefore less suitable for investment and building sustainable management. Using other people's creditworthiness as collateral has worked well, however this has led to social tensions and exclusion of those who have once defaulted (Feigenberg, Field; and Pande 2011).
These borrowers might be the poorest of the members of society and might find it almost impossible to identify alternative guarantors. Some microcredit systems are "in the business of lending only" and do not provide packages for local savings. Consequently, these entrepreneurs are pushed for borrowing rather than saving and many of them take on more debt than they can repay,

which, in some cases, is leading them to take out additional loans to repay the earlier ones (Khavul 2010). In India, for example, the average individual micro-finance debt has gone up fivefold, from $27 in 2004 to $135 in 2009 (Gokhale, 2009).

One of the solutions to the micro-finance industry has developed is the group lending practices. Not withstanding this, other scholars (for example, Wydick 1999; Rahman 1999) point to the negative side of group micro-loans and claim that they did not offer the required solution. Using the example of Bangladeshi borrowing groups, Rahman (1999) found that both the lender and the community put intense social pressure on women borrowers to repay their loans much more than on men. Others have focused on the hierarchical versus peer relationships in the group-lending arrangement. Hermes *at el.* (2005) found that group leaders in Eritrean micro-financing groups mattered more in overcoming the moral hazard problem than other group members. Ito (2003) similarly observed that the hierarchical relationship between the borrowers and the lenders influenced compliance with repayment schedules in Bangladesh. Finally, Bruton *et al.* (*in press*) showed that Guatemalan borrowers with high-performing businesses invoke their roles as brokers in the relationships between the group and the lender to motivate compliance. While the data is consistent with the observation that repayment rates are high, the reasons are not entirely clear, and may not accord with the narrative around group lending. Karlan (2007) who conducted a study in Peru, where FINCA-Peru randomly creates groups of borrowers from a waiting list of interested individuals, showed that individuals with stronger connections to others in the group are more likely to repay their loans.

Crowdfunding

In the last decade, new alternative - Crowdfunding - has emerged into the micro-finance market. Crowdfunding can be seen as a natural evolution of the increased connection among individuals via Web 2.0 technologies. Crowdfunding resembles vast social networks, like Facebook and LinkedIn, and represents an advanced method of linking people together for the purpose of financing various projects.

Generally, they do not target any particular client group or sector, but aim to be accessible to all, facilitating and reshaping the relations that have always existed between people seeking funds and those providing them. The disruptive effect for the financial sector is that this model reduces the intermediation by banks and other financial institutions as funds are donated, borrowed and invested directly by individuals to individuals or small businesses (Savarese, 2015).

In 2014 Crowdfunding was very successful, the transaction volume of the industry reached $16,2 billion (Massolution, 2015). This is an increase by 167% compared to the $6,1 billion in 2013 (Massolution, 2015). Massolution (2015) estimates the transaction volume of Crowdfunding to amount $34,4 billion in 2015 and predicts that this alternative instrument of fundraising will surpass the funding volume of the traditional venture capital industry already within the next few years. Savarese (2015) explains that after the credit crisis, many individuals tried to find alternative ways to maintain control over their money when it came to saving and investing. The credit crisis has changed the way in which people allocate their financial resources: they might prefer to invest in specific and new projects instead of giving their money to banks and losing control over its use. Also, low-interest rates are diminishing the returns on traditional saving products. Over the last few decades, many individuals have accumulated investment capital (Savarese 2015). These individuals have become the new informal investors, ready to invest their talents, experiences and money into new ventures. Online platforms allow these individuals, from both economies, to find each other and to exchange their resources, to create networks that operate outside the traditional financial sector (Savarese 2015).

Overman (2014) argued that this trend is especially noticeable with millennials and their desire for "good" in their consumption patterns. Overman writes: 'a new generation aspires to do something different, and they are making everyday choices in ways that defy traditional logic. They are rejecting the old norms - because they can… they are judging where and how their clothes were made, not just how they fit. They are creating and broadcasting their own media, expressing their own point of view, and boycotting and endorsing companies based on their own values…this new generation believes they can and must make the world better, and they expect business and government to get with the program' (xvi). Overman characterizes this radical change at both individual and institutional level as "Conscience Economy". We can see the choice millennial investors make to support crowdfunding as part of this revolution.

The literature distinguishes between four different crowdfunding concepts: The donation-based, reward-based, interest/lending-based and equity-based model (Mollick 2014; Lambert & Schwienbacher 2010). The four models differ mainly in the reward for the particular investment. In this regard, while the donation-based model is led by charitable purposes and does not provide anything in return, the lending- and equity-based crowdfunding models align more closely with the conventional fundraising via banks and venture capital firms, since they similarly ask for interest payment or company shares in in exchange for the funds.

The reward-based crowdfunding model, however, introduces an entirely different approach. Gerber & Hui (2013) found in their research that investors in this particular model are more interested in receiving the actual pre-sale version of the product, supporting innovative ideas or being part of a community rather than making profit on their investment. Due to these specific characteristics, we argue that the reward-based crowdfunding model is particularly well-suited to reduce the financing gap and to promote the emergence of sustainable entrepreneurship in developing countries. The reward-based model demands the funding-seekers to provide a certain strategy for the repayment of the debt in advance. Often it is a physical repayment in the form of a pre-version or prototype of the intended product and therefore directly linked to the particular business idea. The crowdfunding community evaluates the business idea and decides whether the intended product has the potential to survive on the market. Therefore, we argue that the reward-based crowdfunding model has a "self-regulating" or even "democratic" component because it only provides capital to entrepreneurs whose business ideas have been approved by the crowdfunding community, which is simultaneously a potential customer base. This approach is appropriate because rather than encumbering the entrepreneurs with new debts through interest payments or taking the ownership of their business ideas through equity stakes, the reward-based model provides a fair and sustainable version of "bootstrap" finance. Entrepreneurs are able to test the market acceptance of their ideas, identify potential customers across the world and use the premature cash-flows in order to develop their companies. In this regard, reward-based Crowdfunding is avoiding the previously described risk of micro-finance to grow a bubble, where additional loans are used to repay the former ones.

When compared to the traditional concepts of micro-finance, Crowdfunding provides new opportunities for financing, however, also impose new challenges. The idea of an entirely interconnected world, where capital can flow boundlessly between the countries and where every entrepreneur can get the same access to finance independent of his/her geographical location is visionary, but unfortunately still distant from reality. Current statistics indicate that the main users and profiteers of the new fundraising possibilities are mostly the developed countries themselves, such as the USA, UK, Germany and France (cp. data from Crowdsurfer 2016). It is surprising that despite of the apparently limitless scope of the web, online Crowdfunding still remains a rather national or even regional phenomenon (Agrawal, Catalini & Goldfarb 2015; Kuppuswamy & Bayus 2013; Wardrop et al. 2015). This behavior seems to apply for all four types of Crowdfunding equally.

Open innovation

Innovation needs continuous investments (Ted and Bassett, 2011). Although investments are necessary, their return is not always obvious; only one out of 3000 product ideas in Europe makes it on the market, meaning that there are hundreds of unsuccessful projects behind every success (Mulder and Stappers 2009). Those products that reach the market may sell well but are too often far from being user friendly (European Commission, 2009) therefore will struggle for long-term sustainability. For SMEs in developing and emerging economies who have very limited resources, user-centric development and validation of innovations by network of stakeholders placed in target markets can play an important role in speeding up effectively the innovation process through addressing the actual user needs from a very early stage of the development process. User innovation was important step in this direction.

The notion of user-innovation was introduced by Baldwin and Von Hippel (2010) as an alternative model to the dominant view in management that innovation results from activities between producers and managers. Baldwin and Von Hippel (2010) do not see users just as consumers of products created for them by manufacturers, but instead they are empowered to be active partners in the development of the products or service. In this context, 'users' may be individuals or firms either focused solely on their own needs, or collaborating in communities to share their creations.

Baldwin and Von Hippel (2010) are not satisfied with the traditional literature that was purely focused on innovating users (or customers) and they develop the discussion towards a notion of interaction among users and firms. They and others (Franke & Shah 2003; Fuller *et al.*, 2008) focus on stakeholders' engagement in strong knowledge sharing and co-development in communities. Within these communities, users have been shown to share ideas, knowledge, and inventions freely towards firms and other users (Harhoff *et al.*, 2003). The advance in internet technology stimulates this development, many authors (for example: Franke & Shah, 2003; Sawhney & Prandelli, 2000; Fuller *et al.*, 2008) reported that when users collaborate to develop new products or services they often build upon product-related discussion forums, where they exchange experiences and support each other in developing and using a product. However, research examining the process of collaboration between users and firm that span over economies and different parts of the world is still rather scarce.

An important development in the open-innovation dialogue has been the introduction of 'living labs'. This concept has gained popularity in the last decade. Hence, an increasing number of managers have become interested in the notion of living labs as a way of transforming their conventional R&D organizations to follow an open-innovation model (Westerlund and Leminen, 2011). The notion of 'living labs' (or living laboratories) emerged in the early 1990s (e.g., Bajgier *et al.*, 1991) to describe regional areas where students undertook real-world projects to solve large-scale problems. Later on, William Mitchell of MIT used the concept as a user-centric methodology for studying smart/future homes. The purpose was to sense, prototype, validate, and refine complex home technology in a real-life context.

Living labs would allow firms to involve stakeholders in the development of new products, services, or applications in a process of co-creation, because the average user, equipped with the proper tools, is the most suitable candidate to design a product or service (Lynch *at el.*, 2014). Therefore, living labs offer a way through which innovations are created and validated in collaborative real-world environments in which users and other stakeholders coexist and interact (Ericsson *et al.*, 2005). Living labs are composed of heterogeneous actors, resources, and activities that enable and support innovation at all phases of the lifecycle.

Westerlund and Leminen (2011) defined living labs as physical regions or virtual realities in which stakeholders form public-private-people partnerships of firms, public agencies, universities, institutes, and users all collaborating for creation, prototyping, validating, and testing of services, products, and systems in real-life contexts. Therefore, living labs have the potential to help SMEs in developing and emerging economies to commercialize their innovations to a global market. One of the most significant characteristics of living labs is that they are open-innovation networks. Living labs offer a research "think-tank" and innovation platform, which can help Venture Communities to apply user-driven innovation practices (van der Walt *et al.*, 2009). User-centred research can have commercial value for companies by helping alleviate the risks involved when launching a new product, technology, or service (Liedtke *et al*., 2012). Collaborative development platforms, such as living labs, should bring together all the relevant parties: developers, public sector agencies, exploiters, and end-users of new technologies and related products and services (Ballon *et al.*, 2005).

We believe that notion of living labs is relevant to 'venture community' in developing economies as it is fundamentally a self-organizing model that is based on voluntary collaboration. Each participant is considered to have a similar role and relevance in the network. Living labs approach thus differs from more classical approaches as users are involved in all stages of the product development lifecycle, not primarily in the testing phase, and that the evaluation emphasises the daily life context. Whereas, users are rather seen as a subject in traditional research, in the living lab approach users are seen as co-creators of innovation. Differently put, living labs can provide a demand-driven 'concurrent innovation' approach by iteratively engaging all key actors across the phases, and putting the user in the driver's seat. Increasingly, users appear in roles where they provide expertise and are given room for initiative, by participating in the informing, ideating, and conceptualizing activities in the early design phases.

Value Co-Creation in Networks

The word "market" conjures up two distinct images. On one hand, it represents an aggregation of consumers. On the other hand, it is the locus of exchange where a firm trades goods and services with the consumer (Prahalad and Ramaswamy, 2004). Implicit in this view is the assumption that firms can act autonomously in designing products, developing production processes, crafting marketing messages, and controlling sales channels with little or no interference from or interaction with consumers. Both of these images of the market are being challenged by the emergence of connected, informed, empowered, and active consumers (Prahalad and Ramaswamy, 2004).

In the traditional conception of process of value creation, consumers were "outside the firm." Value creation occurred inside the firm (through its activities) and outside markets. The firm and the consumer had distinct roles of production and consumption, respectively. Firms focus on the locus of interaction—the exchange—as the locus of economic value extraction. The exchanges between companies and customers are not seen as a source of value creation (Normann & Ramirez, 1994; Wikstrom, 1996). In recent years the scene has changed, and business environment seems more like the experimental theatre of the 1960s and 1970s; everyone and anyone can be part of the action. The shift away from formal, defined roles is already occurring in business-to-business relationships.

Major business discontinuities such as deregulation, globalization, technological convergence, and the rapid evolution of the Internet have blurred the roles that companies play in their dealings with other businesses (Prahalad and Ramaswamy, 2004). Consumers now seek to exercise their influence in every part of the business system. Armed with new tools and dissatisfied with available choices, consumers want to interact with firms and thereby "co-create" value (Prahalad and Ramaswamy, 2004). The changing nature of the consumer-company interaction as the locus of co-creation of value redefines the meaning of value and the process of value creation.

Thanks largely to the Internet; consumers have been increasingly engaging themselves in an active and explicit dialogue with manufacturers of products and services. What's more, corporations are no longer controlling this dialogue. Individual consumers can address and learn about businesses either on their own or through the collective knowledge of other customers. Consumers can now initiate the dialogue; they have moved out of the audience and onto the stage.
Customers are fundamentally changing the dynamics of the marketplace. The market has become a forum in which consumers play an active role in creating and competing for value. The distinguishing feature of this new marketplace is that consumers become a new source of competence for the corporation. The competence that customers bring is a function of the knowledge and skills they possess, their willingness to learn and experiment, and their ability to engage in an active dialogue. Regardless of the industry or location, almost all companies are operating on faster evolutionary tracks and at greater risks than at any previous time.

Thus, the main challenge of Venture Community has become its ability to continually redesign and adapt its value chain and to reshuffle its structural, technological, financial and human assets in order to achieve maximum competitive advantage. Business network is made of independent players- producers, suppliers, employees, retail channels, customers and others- who add value in different parts of the value chain. These players are also seeking their own competitive advantage. This competitiveness makes every value-chain dynamic and changes continuously. Organizations today must continually disintegrate and reintegrate themselves in order to quickly and continually assess which parts of their value chain are vulnerable, which parts are defensible, which corporate alliances make the most strategic sense and which threats are deadly (Fine *et al.,* 2002). In this value-chain assessment process, the value of the customer must be recognized and reinforced throughout the chain (Prahalad and Ramaswamy, 2000, 2003).

In this context, meaningfully involving target customers at every touch-point of the value chain can bring a competitive edge to the suppliers, employees, designers and engineers, systems and subsystems, the processes and products, distributors and to the marketers that constitute the value chain (reference). Every part or member of the value chain can be affected by (and in turn affect) the changing customer preferences. The greater the attention paid to and participation invited from the target customers at every step of the value chain, the greater will be customer satisfaction, retention and customer delight (Fournier and Mick, 1999; Keiningham *et al.,* 1999). This view is based on the idea that value is ultimately derived and determined through an experience created in conjunction with or use of an offering or value proposition, in a particular context (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2008; Vargo *et al.*, 2008). Most recently, Vargo and Lusch (2011) emphasized on the participation and perspectives of multiple actors, including firms, customers, and other stakeholders in value co-creation (Akaka & Chandler, 2011; Vargo & Lusch, 2011).
They proposed an ecosystems approach to thinking about how value is co-created through dynamic and interconnected networks of interaction and resource integration. More specifically, ecosystems are ‘‘relatively self-contained self-adjusting systems of resource integrating actors connected by shared institutional logics and mutual value creation through service exchange’’ (Vargo & Lusch, 2011). The study of networks has been identified as a theoretical framework for studying markets and marketing, as well as a complementary view for conceptualizing and measuring properties of service ecosystems (Chandler & Wieland, 2010; Lusch & Vargo, 2006). Lacobucci (1996, p. xv) explained that, ‘‘the goal of researchers working within the network paradigm is to understand structures of relationships.’’ She further argued that, ‘‘much of marketing is relational. Networks are an excellent means of studying relational phenomena. [Therefore] networks are an excellent means of studying much of marketing.’’ Equally, Gummesson

(2006, p. 349) proposed that a grand theory of marketing can be based on ‘‘networks and their universal capacity to mirror reality by allowing for complexity, context and dynamism.’’ More importantly, Normann (2001) established the connection between networks of relationships and value co-creation suggesting that ‘‘value constellations’’ can be configured and reconfigured to mobilize resources and make them more accessible and adaptable – increase ‘‘density’’ – for customers. Thus, a closer look at the literature on networks in marketing and related streams helps to further the study of value co-creation by providing a means for measuring interconnected relationships, interaction, and influence, among multiple actors in markets.

In Ford and Hakansson (1995) it was made that business interactions must be studied under a network paradigm because business relationships cannot be understood through the perspective of a single company. Furthermore, Ford and Hakansson (1995) explained that business relationships are inherently interactive and the actions of a single company are largely based on its internal interpretations of past and present relationships. Clearly, business networks recognize that each actor is heterogeneous (Cooke, 2001) in terms of its resources, needs, and goals and businesses cannot be categorized neatly into homogeneous groups such as customers, suppliers, competitors, manufacturers, or retailers. Additionally, in such an interactive environment, the process or flow of resources is not linear or controlled by any one actor (Malerba and Breschi, 2005). Although Gummesson (2006, p. 349) noted that the research regarding network theory in marketing originated in the B2B literature. Gummesson acknowledged the applicability of network theory for all of marketing by arguing that ‘‘not only organizations live in networks, but also consumer citizens and employees”.

Discussion

The new and powerful concept we propose here for democratising entrepreneurship proposed in this conceptual paper sets a new landscape for supporting marginalised and yet promising business ideas in developing and less developed economies. However, this new concept benefits resource-constrained entrepreneurs from all parts of the global market. The notion of establishing peer-to-peer connections in networks (Granovetter, 1973) underpins resource pooling (Nahapiet and Ghoshal, 1998) in venture communities. Social networks and crowd-based initiatives provide tools for entrepreneurs to develop their business ideas from the first step of conception up to the running of viable businesses regardless of their geographic location, social strata, gender or any other categorisation. Indeed, in ‘venture communities’ individuals and small businesses all over the globe are able to explore their corresponding capabilities and negotiate their parts in the new community.

We are clear in advancing the notion that crowdsourcing may offer a suitable solution for marginalised entrepreneurs we concerned about. Indeed, crowd investors do not look much at the social strata of an individual, collateral security or their business plan but they are rather interested more in their business idea and its core values (Lehner, 2013) and thus effectively democratising entrepreneurship. This is consistent with Drury and Stott (2011) who suggested that crowd-based processes are increasingly perceived by the public as democratic. Therefore, this mode of propagating entrepreneurship can be a powerful way of engaging ideas in individuals from different parts of the global village enabling them to reach full economic potential while at the same time enabling social investors to contribute as well through co-creation.

Nonetheless, widespread internet access and the establishment of networking platforms alongside the emancipation of crowd (Drury and Stott 2011) and living labs (Westerlund and Leminen, 2011) provide meaningful and real opportunities for nascent entrepreneurs in developing and emerging economies. Lehner (2013) shared similar views by expressing that using internet technology as a platform for crowd-based processes for supporting entrepreneurs can help them to access and gain start-up capital. This is an essential developmental step for nascent entrepreneurs in developing economies in particular because of the socio-economic conditions in their environment that conspire to militate their access to external finance at their early stages of business formation (Cosh *et al*., 2009).
Evidently, the idea of using a crowd-based process to seek for ‘seed funding’ for nascent entrepreneurs appears to be gaining momentum in entrepreneurship. Clearly, the notion crowdfunding has through networking has made it possible for aspiring entrepreneurs to seek capital for project-specific investments as well as for starting up new ventures (Schwienbacher and Larralde, 2010). Hence, our motivation for proposing peer-to-peer venture communities is to extend this concept of crowdfunding and include the exchange of knowledge, relationships, capabilities and other resources between potential members of the community as a viable model for providing real support for entrepreneurs in developing economies. The benefits from this go beyond the individual entrepreneurs. Viable enterprises create jobs as well as contribute economically these nations (World Bank, 2015).

Conclusion

The distinguishing feature of the new model we offer is that individuals, wherever they are positioned on the supply chain, become a source of competence for the network of stakeholders that construct any business entity. The competence that these individuals bring is a function of the knowledge and skills they possess, their willingness to learn and experiment, and their ability to engage in an active dialogue based on equality and contribution to the venture.

According to the traditional view of business and marketing, firms can act autonomously in designing products, developing production processes, crafting marketing messages, and controlling sales channels with little or no interference from or interaction with external stakeholders. Alternatively, we describe new marketing reality as consisting of advent of connected, informed, empowered, and active stakeholders that are part of the network of the venture community. We take inspiration from Vargo and Lusch (2011) that highlighted the participation and perspectives of multiple actors, including firms, customers, and other stakeholders in value co-creation a view, which also supported in Akaka & Chandler (2011). Normann (2001) recognized the connection between networks of relationships and value co-creation by suggesting that ‘‘value constellations’’, as he calls it, can be configured and reconfigured to mobilize resources and make them more accessible and adaptable – increase ‘‘density’’ – for customers. ‘‘Customer communities’’ enable consumers to communicate and share ideas and feelings and take part in social exchange.

The power of these customer communities stems from shared opinions and personal experiences that affect demand and reverse the traditional firm-to-customer flow of marketing communications. In this way, customers not only contribute to the value created for them but, through their interactions, also create new meanings associated with firm’s value propositions. Venture Community, as a network, recognizes that each member of the community is heterogeneous in terms of their resources, needs, and goals. We cannot categorize these members neatly into homogeneous groups such as customers, suppliers, competitors, manufacturers, or retailers. Additionally, in such an interactive environment, the process or flow of resources is not a linear transfer of resources from North to South; from developed economy to developing economy that is controlled by institutions. Therefore, the institutionalized approach that is dominating the economic development policy in emerging economies literature needs to be revised.

Business initiatives such as the ‘Venture Community’ can use the development of interdependent relationships among multiple actors to overcome their limitations. Furthermore, these networks are driven by the fact that no individual actor has all the resources it needs. This global network setting extends without limits of location or industry through inter-connected relationships, making any given “business network boundary arbitrary’’ (Anderson, at el., 1994, p. 3).

Our view is in line with anti-essentialist critique of traditional economy that rejects the very possibility of existence of "market" (O’Neill 2001). We claim that the reduction of development policy of world financial institutions as relationships between markets is over-determined and too abstract (Laclau and Mouffe, 1985). We resist viewing markets as a natural unity or as one that is closed by any sort of structure, organised around an identifiable antagonism (e.g. developed vs. developing) or fundamental relation (e.g. donators vs. beneficiaries). Rather markets can be seen as transiently and partially unified by temporary fixings of social arrangements. These are achieved in part through temporary constellation of relationship of social elements to one another, what Laclau and Mouffe (1995, p. 265) call "hybridized and nomadic" markets.

Our approach to the "development" of the economies in the so-called "third world" must relate to itself as a difference rather than as sameness or a replication of the developed economies. It is here that the anti-essentialist strategies of poststructuralist theory can begin to do their work. If there is no underlying commonality among capitalist instances, no essence of capitalism like expansionism or power or profitability or capital accumulation, then capitalism must adapt to (be constituted by) other forms of economy as much as they must adapt to (be constituted by). One of these developments is the rise of the Sharing Economy which is currently in its infancy. This new and alternative socio-economic system embeds sharing and collaboration at its heart – across all aspects of social and economic life. The 'Sharing' in the Sharing Economy refers to the use and access of shared physical or human resources or assets, rather than the fact that there is no monetary exchange. A Sharing Economy enables different forms of value exchange and is a hybrid economy.

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