

## FACTORS THAT PREVENT COMMUNITY PARTICIPATION IN SUPPORTING COMMUNITY-BASED ENTERPRISES

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### **Abstract**

*Community-based entrepreneurship is a type of entrepreneurship that is being focused on today. This type of entrepreneurship is based on the need for community participation in any development process of enterprises. Through getting community support, community-based enterprises can thrive at their best. In addition, community-based enterprises and the community contribute to solving the community's problems and developing economic benefits for both. This study aims to identify the factors that prevent community participation in supporting community-based enterprises in the specific case here of the Vietnamese community in Romania. In this study, fifteen members of the Vietnamese community in Romania were interviewed through a semi-structured questionnaire. The analysis results show that the barriers of geographical distance, time constraints, financial barriers, the barrier of awareness and psychological, and the lack of knowledge play a role in preventing community participation in supporting Vietnamese community-based enterprises in Romania. This study contributes to the theoretical contribution related to the factors influencing community participation for stimulating the entrepreneurship of community-based enterprises. Through this article, stakeholders such as the community, enterprises, and local managers will have solutions to improve the support and ability of communities to help community-based enterprises.*

**Key words:** *community-based enterprises, community, enterprises, Vietnam, Romania, barriers.*

**JEL Classification:** *M10, M13*

### **I. INTRODUCTION**

Community-based entrepreneurship is an approach to economic development different from traditional entrepreneurship. In addition, community-based entrepreneurship is seen as a promising solution for the development of livelihoods of small communities in developing countries and recognizes that it has the highest potential in contributing to economic and community development. Wanniarachchi et al. (2018) considered that the opportunities for community-based entrepreneurship in craft traditions have long been determinate as a significant area for growth with the potential to improve the socio-economic conditions of the community. Herein, the community acts as an entrepreneur when its members, acting as owners, managers, and employees, collaborate to create or identify market opportunities and organize themselves to meet that opportunity (Peredo & Chrisman, 2006). Therefore, community-based enterprises have many opportunities to establish and grow.

For its role, community-based entrepreneurship contributes to building stronger social ties and promoting shared values. It facilitates self-organization, improves coordination and collective action, creates a safety net to reduce risk to individual members, and strengthens community cohesion (Galappaththi et al., 2017). In addition, community-based entrepreneurship enables entrepreneurs to pursue opportunities that generate social benefits for the community. Therefore, it is possible to address many of the unmet needs that many communities are grappling with because of other factors, such as structural change (OECD, 2011). More specifically, this community-based entrepreneurship tries to solve problems using their abilities, create innovation in society and create entrepreneurship activities (Mulgan et al., 2007), providing local entrepreneurs with the skills and networks they need to grow their businesses (Dixit, 2014). Therefore, communities and community-based enterprises have a close relationship with each other.

Currently, community-based enterprises are being strongly developed with the available advantages of the community. It includes community-based enterprises in overseas communities and especially Vietnamese community-based businesses. With the cultural characteristics of solidarity, attachment, and mutual support, these businesses have significant development opportunities with the reinforcement of the community. However, the reality shows that many factors are affecting the participation and support of the community for community-based enterprises.

This study aims to identify the factors that inhibit the participation of community members in support of Vietnamese community-based enterprises with the specific case of the Vietnamese community in Romania.

From there, the article will propose some solutions to enhance the role of communities in community-based enterprises in general and Vietnamese community-based enterprises in Romania in particular.

The paper is structured into the following sections: the first part is a literature review of the relationship between communities and community-based enterprises. The second part is an introduction to the research methodology. The third part provides analytical results from data collected from the Vietnamese community in Romania. The last part is the discussion and conclusion. Besides, in this part, some limitations and directions for future research are proposed.

## II. LITERATURE REVIEW

### **Relationship between community and community-based enterprises**

Community-based entrepreneurship is a growing concept in entrepreneurship research. It is based on the need for community involvement in any enterprise development (Hassan et al., 2021). Therefore, the definition of community-based entrepreneurship has been defined in different ways to represent the objectives of the studies (Hassan et al., 2021). Varady et al. (2015) assessed that researchers build community-based entrepreneurship perspectives based on observing culture, state and local policies, social networks, physical infrastructure, and the level of social interaction affecting the behavior of entrepreneurs. However, despite extensive research, the issue of factors affecting community-based entrepreneurship and its complexity is still raised currently.

A large number of studies have used special terms related to community-based entrepreneurship, including local enterprise, community enterprise, and community-based enterprise (Smith, 2012; Murphy et al., 2020; Pinheiro et al., 2020; Zhang et al., 2020). Paramasivan & Premadas (2019) considered community-based entrepreneurship as an indigenous business model in a country where the result is that each community or class has its entrepreneurial talent, demonstrating their convention and commitment to particular employment activity. Herein, the basic principles of community-based entrepreneurship are described as group approaches, mutual trust, and motivation to solve individual problems in the economic activities of the community (Parwez, 2017).

In more detail, community-based entrepreneurship is driven by a strong moral sense shared by the whole community and entrepreneurs. In which, they see each other as partners – and this partnership is not for profit but for the benefit of the community or the business in the short term (Figueredo & Chowdhury, 2019). Instead, they engage in collaborative innovation, through which they make unique and lasting contributions to society. They are willing to make sacrifices to develop a sustainable product or service (Chowdhury et al., 2017). They may even give up on developing a product or service if they don't see it as viable or if they think it could harm society in the long term (Figueredo & Chowdhury, 2019). In addition, to sustain a fundamental achievement of the development of community-based entrepreneurship, we need to strike a balance between benefits for the community in general and families and individuals in the community in particular.

In terms of their operations, community-based enterprises focus on participatory and deliberative methods that facilitate members' interaction and collaboration and can be based on collective management systems (Haugh & Pardy, 1999). However, the emphasis on the community as entrepreneurs and enterprises does not mean that all community members are involved in the day-to-day operations of the business (Peredo & Chrisman, 2006), or they have the same role in its structure and activity (Nath, 2001). The key success factors of a community-based enterprise are coherence and convergence of interests; the alignment and fit between the business's goals and the traditions, norms, and cultural values of the community; the use of participation or discussion methods to facilitate member interaction; and consensus-based leadership (Armstrong, 2012; Lucchetti & Font, 2013; Pierre et al., 2014).

Community-based entrepreneurship includes relationships and collaborative activities, where resources are combined into the co-creation of value that benefits stakeholders. Therefore, many factors influence community-based entrepreneurship. Light & Dana (2013) discussed the challenges faced in developing community-based entrepreneurship in rural areas and highlighted the lack of ongoing support received during business development from existing markets, service providers, and other enterprises. Parwez (2017) emphasized that community-based enterprise ventures face problems at every step, from social barriers to markets. Furthermore, rural communities often have few opportunities to support community-based entrepreneurship development with limited opportunities for mentoring, networking, lack of capital, and supporting infrastructure for community development and the development of community-based entrepreneurship (Johnstone & Lionais, 2004). Thus, community-based entrepreneurship uses the community assets to overcome the barriers of poverty, such as financial resources, expertise, and labor (Johnstone & Lionais, 2004). The results show that when community-based entrepreneurship is faced with challenges, such as bad problems, it tends to focus on alternative processes (Pierre, 2017).

Besides, community-based entrepreneurship is a multifaceted and complex phenomenon, and it is interrelated with the local rural context, where the public and private sectors are part (Pierre, 2017; Murphy et al., 2020). Besides, it is also related to national and even global development that affects entrepreneurship and creates bad problems, such as structural changes and complex relationships of community-based entrepreneurship (Pierre, 2017). In addition, the factors affecting the relationship between the community and the development of community-based enterprises can be followed: as social factors (Smith, 2012), lack of financial knowledge, no community support (Jaatar et al., 2014), cultural factors of the community (Paul & Shrivastava, 2015), lack of community cohesion (Parwez, 2017), lack of entrepreneurial skills (Galappaththi et al., 2017), emotional attachment of the community (Zhang et al., 2020), sociocultural (Argyrou & Hummels, 2019), little financial support (Murphy et al., 2020), etc.

### **III.METHODOLOGY**

#### **3.1. Purpose of the research**

The purpose of this research is to understand the factors that prevent community participation in supporting Vietnamese community-based enterprises in Romania.

#### **3.2. Research methodologies**

To find out the factors that inhibit community participation in supporting community-based enterprises, the study performed an in-depth analysis by a qualitative method through the use of interviews with semi-structured questions. These interviews were conducted with members of the Vietnamese community in Romania, where Vietnamese community-based enterprises in Romania operate. This method is implemented based on using Interpretative Phenomenological Analysis (IPA). The IPA method aims to explore and analyze the detail of one's experiences with a particular phenomenon (Smith, 1996). Many authors have used IPA in recent research studies (Gupta & Bhaskar, 2020; Joshi et al., 2020; Bhaskar et al., 2021).

Some of these questions used include:

- Do you know Vietnamese community-based enterprises in Romania? What do you know specifically about these enterprises?
- Do you have any buying or selling activities or contacts with these businesses? Why and why not?
- Have you taken any supportive actions towards Vietnamese community-based enterprises in Romania? Why and why not?
- Can you tell me some reasons why not to help and support Vietnamese community-based enterprises in Romania?
- Are you ready to help and support Vietnamese community-based enterprises in Romania? Why and why not?

#### **3.3. Data collection**

In this study, to carry out the data collection, the subjects selected as interviewees are members of the Vietnamese community in Romania. According to Smith and Osborn (2003), for studies using the IPA method, the sample size can range from 11 to 15. To ensure the accuracy of the study, the author interviewed 15 people in the community. In more detail, the sample included seven men and eight women aged between 25 and 50. These people had lived in Romania for at least three years. The average time duration of each interview was 35 minutes, and the total time duration of the interviews could vary from 25 to 50 minutes for each respondent. The interviews were conducted in December 2021.

### **IV.RESULTS**

After conducting the interviews, the results were analyzed and classified into separate groups. From there, the author selects and identifies the factors that prevent community participation in supporting Vietnamese community-based enterprises in Romania. The results show that all five factors. More specifically, the factors that inhibit community participation in supporting Vietnamese community-based enterprises in Romania are barriers of geographical distance, time constraints, lack of knowledge, financial barriers, and the barrier of awareness and psychological.

#### **Theme 1: Time constraints**

Time barriers were one of the prominent factors given by most of the respondents. Community members are not inclined towards these businesses because they are too busy in their personal lives. Therefore, they rarely

support community-based enterprises despite they know the activities and difficulties of these community-based enterprises.

“I know the activities and products of those enterprises. They do post on that community site, but I'm too busy to participate in the activities of these enterprises. From time to time, I also support buying goods, but not often.” (Respondent 3)

“I work all day. Every day I go to work from 9 am to 10 pm, so I pay little attention to these enterprises.” (Respondent 7).

### **Theme 2: The barriers of geographical distance**

Geographical distance is also one of the factors affecting community support for community-based enterprises. Community-based enterprises of the Vietnamese community in Romania are concentrated mainly in the capital (Bucharest-Iflova region), so many community members are far away and cannot participate.

“I'd like to join, but I'm in Constanta. All businesses are in the capital. I can't quit my job because time travels such a long distance. If there is a business under Constanta, that would be great.” (Respondent 4).

“Those businesses are too far away from me.” (Respondent 8).

### **Theme 3: Lack of knowledge**

Some community-based enterprises expect the community to support their legal knowledge as well as business knowledge in Romania. However, there are still some difficulties today in supporting this knowledge from community members. This leads to knowledge barriers in supporting community-based enterprises.

“I have only been in Romania for a few years. Also not sure how the provisions of the law? He asked me, but I said I don't know.” (Respondent 6)

“I think businesses should hire lawyers and advise Romania to stay healthy. Maybe people aren't sure about the business knowledge.” (Respondent 7)

### **Theme 4: Financial barriers**

An important factor that has been shown to affect the support of community-based enterprises is the financial barrier. Most community-based enterprises see community as their original and sustainable market. Therefore, enterprises always sell their products to the community. Community members also have difficulty in buying goods from these enterprises. Financial barriers are reflected in the relatively high prices of goods and the low income of consumers.

“I rarely buy goods here because I don't have much money.” (Respondent 2)

“It's only been a while since I bought support, because life is also difficult right now, so I can't save any money or anything.” (Respondent 3).

“The prices at these stores are also quite high.” (Respondent 7)

### **Theme 5: The barrier of awareness and psychological**

The awareness and psychology of individuals in the community influence their participation in supporting community-based enterprises. Some individuals in the community are mostly passive and expect support from enterprises and the community rather than participating in it.

“I know those enterprises, but that's their business. As for me, I just work and raise my family.” (Respondent 1)

“I don't really care. If they can do business, they can continue to operate.” (Respondent 11).

## **V. CONCLUSION**

Many studies clearly show the essential role of community for community-based enterprises. This contribution is through many different criteria and aspects, and it depends on the characteristics of the members of the community. Although communities have many roles to play in community-based enterprises, many community members are still unaware of these enterprises. It leads to barriers affecting the relationship between the community and community-based enterprises. Furthermore, many community members are not aware of the existence and common interests of these enterprises. More specifically, there are still barriers that affect the community's support for the activities of community-based enterprises. So we need to know what factors influence community support for these community-based enterprises.

This study has analyzed the behavior of community members to determine the influencing factors related to community participation for community-based enterprises support. Those factors are barriers of geographical distance, time constraints, lack of knowledge, financial barriers, and the barrier of awareness and psychological

of community members. From there, community managers, as well as community-based enterprises managers, can devise solutions. Some implications are given, such as promoting linkages and exchanges between community members and enterprises. Secondly, the community needs to raise awareness and the role of community members in supporting the development of enterprises. Thirdly, enterprises need to identify measures to overcome these restraining factors, such as pricing policies, expanding business activities in areas where many community members live, etc.

Despite many efforts, the study has some limitations. The first is that the number of interviewers is still limited, which does not reflect the overall characteristics of the Vietnamese community in Romania. In addition, the study was conducted with only a small Vietnamese community in Romania. Therefore, future studies can be carried out on communities in Vietnam or other parts of the world. In addition, subsequent studies may use some other research methods (such as quantitative research methods, other qualitative research methods) to have specifically assessed the extent of barriers to community participation in the development of community-based enterprises. From there, different results and analyzes can be compared.

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