

Community-based enterprises and the commons: the case of San Juan Nuevo Parangaricutiro, Mexico

Alejandra Orozco-Quintero
Natural Resources Institute, University of Manitoba,
Aleja@roboroz.ca

Iain Davidson-Hunt
Natural Resources Institute, University of Manitoba,
davidso4@cc.umanitoba.ca

Abstract: What can we learn from an engagement between community-based and indigenous enterprise, and commons literatures? That is what we set out to consider in this paper. Commons literature has tended to focus on the administration and use of the commons by individuals and households and less so on collective enterprises that extract, transform and market what they harvest from the commons. In the commons literature it has been cases of community forestry from Mexico which initiated an interest in understanding the linkages between commons and enterprises.

In this paper, we consider a well known case in the community forestry and commons literature from Mexico. It provides an interesting case as the indigenous members that hold the rights for the commons are also the members of the enterprise that transforms and markets goods from the commons. We argue that the impetus for such a strategy is one way to confront internal and external pressures on a commons.

We draw upon the transcripts of 40 interviews undertaken during 2006 which are analyzed using a framework developed from the social, community-based and indigenous enterprise literature. The framework we developed by reviewing this literature was used to understand what was known regarding the factors that increased chances of success for community enterprises. Our goal was to utilize this framework to analyze the San Juan Forest Enterprise and understand its emergence and formation as a long-standing community-based enterprise that intersects with a commons. In analyzing interview transcripts we would find that people involved in the enterprise reflected what enterprise scholars had found

to be conditions that increased the chances of success of community-based enterprises?

We found that by starting from the enterprise literature it was possible to consider the enterprise from the perspective of a regulatory framework rather than the poles of dependency and modernization theories in which much commons work has been based. Enterprise and commons intersect when both are guided by core cultural values and the enterprise can become a new site for the creation of social and cultural cohesion. We also found that there were a number of necessary conditions for commons-based community-enterprises to retain internal and external legitimacy, namely: (1) leadership representative of the broad social mission rooted in the customary institutions, values and norms of the community; (2) accountability of enterprise leaders to the memberships they represent; and (3) a close adherence to the political goals of the community as a whole.

We conclude by noting that in the Americas there is a steady increase in the lands and waters being managed by Indigenous Peoples. An engagement between commons and community-based enterprise scholars could provide needed support for the emergence of community-based enterprises that sustainably manage commons and provide the means to relieve systemic poverty of indigenous communities.

Keywords: Commons systems, community-based enterprise, forestry, indigenous, leadership, Mexico, San Juan Nuevo, social entrepreneurship

Acknowledgements: Thanks to the members of the community of Nuevo San Juan who welcomed me to the community and shared their time and information. In particular my special thanks to the founders of the enterprise the lawyer Francisco Ruiz Anguiano and the Engineer Salvador Mendez Uribe, whose experience and knowledge have been key in the development of this paper. In Canada, special thanks to the International Development Research Center (IDRC) and to Dr. Fikret Berkes and the Canada Research Chair Program who supported the development of the field research. We also thank the four anonymous reviewers whose insights greatly improved the paper.

1. Introduction

The commons is well represented by cases in which the commons is a source of raw materials harvested by the commoners and then consumed directly, or marginal surpluses sold through a commodity chain to buyers, processors and marketers. Such indigenous, or peasant households, it is assumed, are rarely able to undertake the collective action necessary to undertake other functions in the commodity chain of a product. This firmly framed the commons as an area of inquiry regarding the institutions by which a commons is managed by individuals, households, collectivities and states and how the benefits of such commons are

allocated (Ostrom et al. 1999; Dietz et al. 2003). This has led to a large body of work on common property regimes and common pool resources along with a diversity of ideas on how such resources should be managed (Ostrom 1990). More recently, there has been a renewed emphasis on the commons as a system made up of a set of social relations that is guided by institutions, and norms and values (McCay and Jentoft 1998; McCay 2002).

If a commons is not just the biophysical resource being managed but also the social relations, then might we include those institutions, norms and values that guide how common pool resources are transformed and traded, and the benefits of such activities allocated? Are there examples in which a commons includes not just the appropriation of a good from the environment but also its transformation into a product that is traded? Recent work on community forestry in Mexico has begun to consider this question and has recognized the need to include community-based enterprises and their relationship with global markets as part of commons scholarship (Antinori 2005; Bray 2005; Bray et al. 2005). Specifically, this work has focused on the linkages between common property regimes and the institutional capital, policy trends and markets opportunities that can support socio-economic development (Antinori and Bray 2005; Chapela 2005; Duran et al. 2005; Lopez-Arzola 2005; Torres-Rojo et al. 2005; Bray et al. 2006). Much of this work emerges out of the Mexican context in which community-based management of forests accounted for 40% of the national forest production by 1992 (Merino 2004) and has made it the leading country on the establishment of “community enterprises on a common property base” (Bray et al. 2005, 15). Mexico provides an important source of literature that opens up scholarship regarding community-based enterprises and the commons.

While the work from Mexico has begun to discuss the importance of community-based enterprises as part of commons scholarship, there is also a large emerging literature on enterprises that has not yet intersected with that on the commons. Community-based enterprise literature discusses how an enterprise may be a form of collective organization and used by communities to counter threats to the commons from states, markets and other citizens (Peredo 2005; Anderson et al. 2006; Peredo and Chrisman 2006).

In this paper our goal is to bring together a well known case from the community forestry and commons literature, along with literature regarding community-based enterprises. Our approach is qualitative as we are interested to find out the correspondence between the best practices that emerge from the community-enterprise literature and the perspectives of key leaders involved in our case. We have organized the paper into four sections. First, we introduce the case study and the literature that informs the analytical framework that we develop later in the paper. Second, we review the methods that describe the collection of interview data upon which our subsequent analysis is based. Third, we apply our analytical framework to interview data to draw out key perspectives from leaders of the enterprise. Finally, we discuss some of the main findings regarding community-based enterprises dependent upon a commons.

Before we turn to the background of the case we offer a caveat. Our interest in this paper is to hear the voice of indigenous enterprise leaders as to what they consider to be key factors in starting up, growing and running a community-based enterprise over the long-term. Our intent is not to evaluate the enterprise through a normative lens; we leave that to others. There is no doubt, as we discuss in the background section, that this case has attracted much scholarly attention and evaluation. Our interest is more specific, and it is about what we can learn from the indigenous leaders who were the founders of this enterprise, in relation to some of the key factors identified in the community-based enterprise literature.

2. Background

2.1. San Juan Nuevo Parangaricutiro enterprise

San Juan Nuevo (<http://www.comunidadindigena.com.mx>) is a 28-year-old enterprise created to exploit timber and non-timber forest resources from the communal lands of a Purhepecha indigenous community. The Meseta Purhepecha, identified as one of the two main natural regions of the State of Michoacán, is a geographic area characterized by pine-oak forests and large populations of indigenous peoples. The land surface of Michoacán is 5,883,695 ha, of which 1.69 million ha are forested (Merino 2004). Particularly in the Purhepecha plateau, traditional farming and resin tapping have been used as means of establishing land tenure arrangements (Merino 2004). It was not until the nineteenth century that timber forest products acquired – for indigenous groups – a particular value that exceeded the traditional use for local markets, household construction, firewood and handicrafts.

The enterprise is comprised of 20 branches or productive areas with total annual sales of up to US \$11 million, ~1400 employees of which about half are full-time employees and half part-time and seasonal employees. The forestry enterprise of San Juan, initiated in the early 1980s, is an important large-scale socially driven forest exploitation initiative in Mexico. At the first stage of its development, in the late 1970s, San Juan exploited its communal resources through a Union with other communities and *ejidos*¹, but subsequently, because of management challenges in the Union, and leadership renewal in the community, San Juan withdrew from the Union to start its own community-based strategy at the beginning of 1981. This same strategy soon helped the community to establish its own community-based forestry enterprise in 1983, to start exploiting, among other things, the 6443 ha of forested land comprising about 30% of the communal territory (18,138.32 ha). In the process of establishing the enterprise, the renewal

¹ *Ejidos* and Agrarian communities are the two constitutionally established types of communal land tenure that emerged in Mexico in the 20th century (Constitution, 1917, Art. 27). While *ejidos* can be constituted by peoples without previous cultural or other connection, agrarian communities are constituted by pre-existent groups of peoples (Vazquez 1992; Garibay 2005).

of the community's resource use and management rules also took place. These progressive steps were also reflected in the community's success in maintaining its resource base in the face of increasing pressure from surrounding communities that were systematically engaging in illegal logging. The umbrella of procedures and rules that influence Mexican communities have been largely driven by legal and regulatory instruments instituted through the Agrarian Reform Secretariat (SRA) and the Natural Resource and Environment Secretariat (SEMARNAT). These two agencies, in collaboration with others, have provided guidelines for the formation of officially recognized communal institutional structures (SRA) and have regulated the way communities and others should access forest and other resources.

As a long-standing case, San Juan has been the subject of many publications including two books (Velasquez et al. 2003; Garibay 2008). We summarize the literature on San Juan Nuevo, focusing on those that provide relevant background and some of which have not appeared in English. The latter includes four theses, two Masters and two PhD, all of them in anthropology and focusing on various managerial, cultural and institutional aspects of the community and its enterprise.

San Juan's institutional capabilities and ability to maintain its resource base, the forest, has been widely recognized (Alcorn and Toledo 1998; Guerrero-Murillo 2000; Velasquez et al. 2003). Guerrero-Murillo's (2000) thesis presents an overview of the San Juan communal system, acknowledging institutional challenges to communal political freedom and the enterprise's management structures. He concludes that despite various challenges, the level of community self-governance and organization represents a model that can be followed by other indigenous communities. Bofill's (2002) ethnography of San Juan includes an analysis of the leadership trends. She mentions that the community's "communal management" discourse and practice has ultimately become an instrument to ensure individual benefit over communal interest. Bofill describes a shift from the values guiding the creation of the management system, and the values guiding local leaders and institutions in more recent times. Her conclusions illustrate the way empowered *comuneros* (legal members of the San Juan community), whose individual benefits and interests rose with the economic success of the enterprise, manipulated the community to maintain power. Acosta (2001) describes in detail the way discourse and leadership helped in the organization of the community and the creation of the San Juan enterprise. She focuses on the economic and political struggles that emerged in the community during and after the initial years of the enterprise. Her analysis identifies key aspects in the decline of community unity, and numerous conflicts at the local level, and represents San Juan as a community where freedom of choice is considered a threat to the long-term endurance of communally driven socio-economic development.

Garibay's (2005) comparative study of two Mexican communities elucidates the instruments by which the San Juan *comuneros* envisioned themselves as a community, and the mechanisms they adopted to build their enterprise. Garibay

acknowledges the contributions of the enterprise in improving economic conditions at the local level. He notes, however, the way wealth accumulates in already powerful players, while poor community members do not enjoy the same economic benefits. The study represents the *comuneros* of San Juan as a group of community entrepreneurs gathered to drive their own socio-economic development using the label and discourse of “indigenous community” to gain the allegiance of the disempowered and relevant support from agencies. Garibay’s conclusions imply that community cohesion is the outcome of common economic interests and the systematic repression of the masses to exercise ideological and political freedom. The San Juan case is not without its paradoxes and critics.

2.2. Community-based and indigenous enterprises

Community-based and indigenous enterprises have emerged as a specific form of social enterprises (Anderson et al. 2006; Peredo and Chrisman 2006). Similar to other social enterprises, they utilize market and non-market strategies to improve socio-economic conditions and generate social value for their members (Antinori and Bray 2005; Anderson et al. 2006; Peredo and Chrisman 2006). Membership of such enterprises is based upon mechanisms by which an individual is recognized as a member of a collective. In many indigenous cases this means they have legally recognized membership in an indigenous community as specified by the State of which they are a part (Bray et al. 2005). This issue of membership is important, but at the same time will be specific to each case and not something that can be easily generalized outside of a specific context.

More general characteristics of community-based and indigenous enterprises are that they are often seen as a mechanism of autonomous grassroots development. Such enterprises often emerge out of a social mission in which cultural values are mixed with socio-economic objectives and where profits are the means to achieve social and cultural goals and not simply a return on investment (Anderson et al. 2006). The social missions and objectives of such enterprises address the social and financial needs of diverse groups within a society while embracing values integral to their cultural identity and recognizing their dependence upon specific resources necessary for their collective survival in a specific place (Anderson et al. 2006; Cornell 2006). The organizational structures and institutions of such enterprises are directed to strengthening cultural practice and achieving socio-economic empowerment. They recognize the linkages between institutional, political and administrative empowerment, and trade and commerce. As such, implicit to the mission of the enterprise is the goal of legitimizing their appropriation of resources for both subsistence and trade (Cornell and Kalt 1998). Given that the inputs needed by the enterprise are a common good its success is dependent upon its ability to create or strengthen the institutional structures and trust needed to collectively organize for its internal operation and growth while maintaining the political and administrative control of the resources (Cornell and Kalt 1998). The enterprise can be seen as the means by which the society organizes its interactions

with other actors while maintaining its collective identity and the resource base it needs for its survival through both direct consumption and trade. Community-based enterprises are increasingly being considered by rural and indigenous communities as a way to maintain autonomy by decreasing their dependence upon transfer payments from central authorities and as a way to negotiate with other corporate actors.

Long-term research on socio-economic development, carried out in Native American reservations in the USA, has provided insights into factors that are important for enterprises to be a successful mechanism for development rooted in collective action. As Cornell and Kalt (1992) have found, Native American enterprises have been successful when the following factors are present: they build upon collective institutions (governing bodies) rooted in cultural values and individual actions based upon rules that serve common aims; the partial or total control over land and/or resources; create their own human capital; and, draw upon their own systems and strategies for economic success. Other external factors that can influence the success of an enterprise are: the political and legal jurisdiction over land and resources; assets for economic success such as linkages with existing or emerging markets; and access to other resources, such as financial and in-kind capital (Cornell and Kalt 1998). Through ten years of research Cornell et al. (2004) have concluded that practical and capable local community governing structures emerge when there are conditions of effective sovereignty and a cultural match between governance institutions and local conceptions of political power. Such institutions combined with strategic leadership that searches out diversified sources of revenue, instead of depending upon transfer payments from the central state, and pursue the expansion of decision-making jurisdiction over resources, will provide a favourable environment for autonomous community development.

What is central to our analysis is that there is a common pool resource that is allocated to families but held in common, and there is an enterprise that processes and trades products derived from that resource as well as from other sources. In this case the commons is both the land and the enterprise, and thus our interest in the case. This is a set of circumstances not uncommon in Mexico where there are numerous resource-based enterprises whose natural assets are communally held (Antinori and Bray 2005; Bray et al. 2005). In numerous Mexican communities, local governance regimes, land tenure systems, and natural wealth have allowed the creation of profitable market-based enterprises as part of a commons.

3. Methods

The San Juan case was part of a team project at the Natural Resources Institute, University of Manitoba (www.umanitoba.ca/institutes/natural_resources/nri_cbrm_projects.html). The initiative, funded by the International Development Research Centre, focused on winners of the Equator Initiative Prize (www.undp.org/equatorinitiative) given to community initiatives that focus on conservation

and development. San Juan Nuevo was one of the winners and became the focus of the research presented in this paper.

Field research was carried out in the community of San Juan Nuevo, Michoacán, Mexico, from June to September 2006. The research, broader in its original conception, involved the gathering of data through semi-structured interviews with about 40 respondents (including leaders, members of local institutions and the community, government agencies and organizations linked to San Juan) on various aspects of self-organization, cross-scale linkages, and institutional structures characterizing the emergence and consolidation of community-based resource management initiatives. The results of these interviews were compared with the key themes related to the success of community-based enterprises identified from the literature. These key themes served as an analytical framework that subsequently shed light on the importance of analyzing community-based enterprises (CBEs) as a form of commons.

Table 1 describes the key themes framing our analysis of the case. The headings in Table 1 are based on the literature, and the findings in the next section are organized around these headings. After we manually reviewed and coded the contents of the interviews according to the themes identified in the framework, the scope of the materials was reduced to those participants who played a direct role in the formation of the enterprise. This was not intentional but ended up as an artifact of the method and the coding themes that were chosen. The result was that the material from two interviewees, the lawyer Francisco Ruiz Anguiano and the Engineer Salvador Mendez, both instrumental in mastering the institutional and productive processes of the enterprise, provided the most comprehensive contributions. Most of the quotations refer to these two individuals because of their ability to articulate the issues, and not because they are the sole sources of information. The veracity of their information on key factors for the emergence and consolidation of the enterprise was determined through comparison with the material from the other interviewees. The coded sections of transcripts then formed the basis of the narrative analysis and the presentation of the results in this paper.

4. Findings

4.1. Holistic vision, mission and values

The principal vision that resonates through the community is the perception that they belong to and are part of the land. Their attachment to the land has been challenged many times with one of the key events in current memory being the eruption of the Paricutin volcano in 1943, which forced the San Juan town to resettle outside the communal land. This vision links the forest to indigenous livelihoods, community cohesion and cultural practice and is the central mission of the enterprise. As one elder and member of the community noted "... they [private property owners and government programs] keep trying to make us change our forest for avocado farms, but with avocado trees you provide for a family. With a

Table 1: Analytical framework developed through a review of key factors identified in the literature related to the success of community-based enterprises.

	Factors increasing chances for success	Challenges
Main features of community-based enterprises		
Holistic Vision, Mission and Values	Strong connections with land and traditions, and shared values strengthening cultural practice and collective memory, long-term holistic goals (Anderson et al. 2006; Cornell 2006)	Institutionalized vision and goals, independent of politics (Cornell et al. 2004)
Institutions, Governing and Managerial Structures	Governing institutions emerged from culture and traditions and have genuine decision-making, institutional bodies exercising "de facto" sovereignty, bodies overseeing nations' political issues and long-term goals without interfering with management tasks (Cornell and Kalt 1992; Cornell and Kalt 1998; Cornell et al. 2004; Cornell 2006)	Establishing culturally harmonized bodies (Cornell and Kalt 1992; Cornell et al. 2004); establishing effective self-governance mechanisms, including accountability measures, achieving internal and external legitimacy (Cornell and Kalt 1998; Cornell et al. 2004)
	Skillful management supported by visionary indigenous institutions (Cornell and Kalt 1998); Effective accountability measures (Cornell et al. 2004; Cornell 2006)	Separating politics from administration, establishing effective accountability measures (Cornell et al. 2004; Cornell 2006); developing human resources capabilities (Cornell and Kalt 1992)
	Culturally supported standards to moderate peoples' behaviour (Cornell and Kalt 1992); Clear, agreed upon verbal or written set of laws or constitutions (Cornell et al. 2004)	Establishing effective institutions of governance (Cornell et al. 2004)
Capitals and Capacity building	Partial or total jurisdiction over land and/or resources, material capital, skilful workforce increases chances for success; important to develop market relations, the ability to establish legitimate institutional structures and acquire external financial support (Cornell and Kalt 1992)	Diversification of sources of funding, reaching new or established markets, ongoing training; improvement of workforce skills (Cornell and Kalt 1992)
Regulatory Framework	Increased legitimacy attracting investors and public and/or private funding (Cornell and Kalt 1992)	Influencing policy to more effectively support indigenous development, developing relations with investors (Cornell and Kalt 1992)
Land and Resource Tenure	Regulatory framework influenced by internal and external legitimacy, practical sovereignty and effective governing institutions (Cornell and Kalt 1992)	Establishing competent bureaucracies, dividing nations' political matters from entrepreneurial endeavours (Cornell and Kalt 1998)
Informed Leadership	Jurisdiction and control over land and resources increases chances for economic success (Cornell and Kalt 1998) Having a "strategic orientation", good leadership an asset for good institutional performance (Cornell et al. 2004)	Acquiring legal jurisdiction (Cornell and Kalt 1998); establishing legitimate land and resource use and management rules (Ostrom et al. 1999) Indigenous leadership (Cornell et al. 2004); establishing internal and external legitimacy (Cornell and Kalt 1998)

forest you provide for a community.” The link between the forest and survival of the community is a core cultural value; however, the emergence of the enterprise is also seen as a response to an increasing gap between poor and rich due to the mismanagement of the communal resources for the benefit of a few that worsened in the 1970s. Salvador Mendez, a chemical engineer and community member, mentions that the community enterprise emerges at a time “... when a large division appears in the community, where a group advocates for the re-appropriation of the land through the establishment of private property, as a way of having access to credit and therefore development and progress, and the other group, which was the one I always identified myself with, that supported the commons, as a way of advancing all commoners at the same time, the population as a whole. And this was our predominant position to establish and maintain the enterprise for the first ten years.” (Quotations from original transcripts, and translations by the authors). As the quotations above imply, their vision of the enterprise reflects a deep cultural value that perceives the forest as a common good that should generate benefits for all the members of the San Juan indigenous community. The mission of the enterprise was then to generate social well-being and development through the appropriation of the economic value that could be generated from the forest. Overall the economic objectives were seen as a means of promoting community well-being rather than as ends in and of themselves.

Mr. Francisco Ruiz, a lawyer and community member, indicates that “... our strategy with those community members identifying themselves with the private property sector was to negotiate, showing them the bounties of belonging to the communal regime, of maintaining the land as communal, our way of life as a forest community and the importance of generating employment and collective development.” While the vision put forward the linkage between the forest resource and community well-being, the mission became the means by which forest lands could be reclaimed and social cohesion rebuilt.

Their approach to engender a sense of ownership by community members was to demonstrate success soon after the formation of the enterprise. Mr. Ruiz explains that “The objectives were to show to the people that we know how to work, producing profits after a year, even if they were minimal; and to create a real source of jobs with all the legal benefits. But we first had to create a work discipline, which was at that time still foreign to our community, through making people conscious little by little ... it was necessary, because what we were doing was for us, we developed the sense of ownership which was vital to survive.” While profitability was an important sign of success, he also emphasizes that the enterprise had to include their own people as employees as well as generating broader social and cultural benefits as “... we were addressing the other important aspect of our project, to promote social development, which was what we wanted from the beginning, not just improve economic conditions, but also general living conditions, education, training, all of that. We started providing training for our own native language to avoid losing it, because it comprises our own indigenous identity.” Ruiz’s contributions again address key aspects of their holistic goals

and cultural values, and represent a good example on the ultimate goal of not simply acquiring commercial benefits, but also of building capacity for cultural sustainability.

The importance of cultural identity as part of the mission of a community-based enterprise expresses itself in unique ways depending upon the context of the case. In San Juan there is a strong identity as a forest community. Due to increasing national and international markets for products such as avocado and peach, the community has faced pressure to convert forest lands into tree crop production. However, this has been opposed as it would place a higher value on individual production and privatization of land into orchards, instead of a collective enterprise rooted in forest harvesting. The mission of the enterprise is to maintain forest cover and forest lands in spite of this pressure.

Finally, an important point that emerges regarding the mission of the enterprise is to ensure that the management and administration of the enterprise is coordinated with, but independent from, the political administration of the community. Mr. Mendez and Mr. Ruiz worked to implement a synergistic partnership to allow economic growth to be framed, but not handicapped, by the communal nature of the enterprise. As Mr. Ruiz indicates, "... we committed ourselves to work without obstructing each other's work but, with coordination, to have positive results in the short-term."

4.2. Institutions, governing and managerial structures

In order to operationalize the collective vision, it was necessary for the San Juan enterprise to clarify the roles of institutional oversight and day-to-day management while working within the Mexican legal requirements for corporations. As Mr. Ruiz explains, "We had a structural model that was small but very effective, and in that same way we presented it to the government, trying to explain all detail and under the parameters established by law, but adapting legal frames to our local institutional structures ...". In this way the local leaders adapted imposed legal institutional structures to fit local customs and values and with it local institutional arrangements. Giving details of the institutional arrangement that results, Mr. Ruiz mentions "... that is why we created the Communal Council, as a decision-making body to represent each neighbourhood of our community, elected by the community, to be able to have a consultative body that can be called at any time and that represents the views of all the sectors of our community. That way we did not have to tire our main decision-making body, the General Assembly, by forcing them to hold extraordinary meetings to decide emerging matters but still having their 'go ahead,' at the same time not supplanting the General Assembly, whose key role was clearly defined and also carried out. That is why we developed a successful structure and efficient systems where we maintained transparency and had the required 'go ahead'." The General Assembly is the main legally prescribed political body that represents all official community members. This main local institution names representatives to sit on the Communal Council which acts like

a board of directors for the enterprise. In this way the enterprise is accountable to the membership of the community, but the whole community is not required to meet to make decisions in an on-going basis. Rather, the enterprise reports to the community on an annual basis to ensure it is operating within the vision of the community and fulfilling its mission.

Similarly, San Juan leaders took steps to establish the necessary managerial structures. As Mendez says "... I established the rules of a private enterprise. They were not written but practiced and jealously followed. How do you realize that? Well, with your control reports, registry, work time, sales criteria, etc. That was completely my responsibility... the certainty that the money is going to be there for everyone the day it should be, to pay the chainsaw operators, the people working at the sawmill, for everyone. After ten years of total certainty, when there is not a single day of late payments for the worker or for the family whose trees are going to be cut, everything up to date, working like a bank. Ten years give that security, where everyone can start thinking in improving their homes, their social and economic conditions, and then a circle of certainty and confidence is generated. This was the system we rigorously followed during the first ten years, because we had Communal Council deliberations – functional and active institutional bodies – that maintained their independence from the enterprise's administrative structures." As indicated above, there was a clear separation between the managerial and institutional structures. Governing bodies oversee the fulfillment of community goals while guiding and monitoring, without interfering with productive processes.

In reflecting upon the opposition they faced, Mr. Ruiz explains that "Even though the opposition came from the local Catholic institution and the economically powerful small property owners [within the community], who strongly influenced people in different government agencies to make us stop our project, our General Assembly members by majority supported the continuation of the productive project, which left the opposition without much to do but to witness how our community was starting to drive their own development." A tactic utilized by opposition groups within the community challenging the establishment of the enterprise was to demand from agencies surprise audits to demonstrate mismanagement. By having careful administrative procedures, the enterprise management was able to demonstrate to the government that the enterprise was meeting its legal and corporate obligations. As Mr. Ruiz notes "Then, they [the monitoring agency] convened a meeting of the General Assembly in order to present the result of the audit. They congratulated us, because our mistakes came from the kind of reporting systems we sometimes used, but not from mismanaged funds ... we were triumphant." Early success resulted in more and more adherents and people attending the annual meetings, and the enterprise was able to distribute profits to the members in order to enjoy the success they had achieved. However, as Mr. Ruiz reflects, a critical moment came when "... our own people decided to reinvest [in the enterprise], after we showed them the other productive projects that could accompany the forest exploitation." The managerial and institutional

success led to a tenfold increase just in its first year (1981) from 40 to 400, in those community members who supported the enterprise in the General Assembly and indicated their willingness to participate in it in the second year of operation. As can be argued for this case, clear roles, accountability, transparency and sustainability of the enterprise are always important but more so for indigenous enterprises. These enterprises, which often challenge existing structures of power face intense scrutiny. They also need to build, through actions, local legitimacy and trust if they are to truly gain the adherence and benefit the masses they represent.

The careful attention to the institutions governing structures and managerial procedures allowed the enterprise to increase both in the number of supporters – as mentioned above – and in the number of forestry workers from 100 to over 600 in six years between 1981 and 1986. The enterprise was also able to diversify beyond the sawmill and forest harvesting to include a Technical Forestry Service, other areas helping in the vertical integration of forest production and in the exploitation of other non-timber forest products and services. This allowed the enterprise to begin employing community members as administrators of the forest and expand the opportunities for youth beyond those provided through forest labour. In having their own people both working in and administering the forest they are one of the few communities in this part of Mexico who have managed to maintain their resource base – the forest – in their communal land.

4.3. Capitals and capacity building

Mr. Mendez and Mr. Ruiz strongly emphasize the importance of building upon existing financial, natural, social and human capitals² in the early years of forming the enterprise. When they started to build the enterprise they faced many challenges, including a lack of legal jurisdiction for the forest resource and political opposition. Strategically they decided to focus on what they did have, which was local financial and social capital. As Mr. Mendez puts it “... if the question is ‘where did the money for our sawmill come from?’ we can say that about 95% of the amount required to construct and operate it was generated at the local level, money from our profits from 1981 to July 1983. The other 5% came from the contributions given by our maize farmers, from the advance payment made by our clients (the ones buying our cellulose and fresh wood), and from the in-kind contributions made by the community interest groups, whose communal labour contributed to the development of facilities and to the start of operations in July of 1983 ... from there the industrial exploitation of our forest was not interrupted during the next twenty-one years.”

² Capitals are understood as the set of resources upon which and through which societies are founded, which can be of organizational, physical, biological or philosophical nature (Lertzman and Vredenburg, 2005). As such, San Juan’s social capital can, as an example, include the set of linkages, community groups and institutional structures that allow the community to act and evolve in a collective way.

In addition to local financial and social capital, they utilized the access they did have to natural resources as a way to capitalize the enterprise in the early years. The approach, as explained by Mr. Ruiz, was to start "... with our own dead wood, with a system that consisted initially in generating jobs through the use of the fallen branches and other dead wood to a paper company, and after by selling timbers logs, which helped to construct our communal enterprise without external economic support and without a Presidential Resolution [official document where common property and community membership rights are recognized by the government]." These comments reveal a degree of pride in how they started by using their own endogenous capital made up of community members who recently obtained university training mixed with customary values that emphasize the importance of voluntary labour and financial contributions. In part, this degree of participation was linked to the vision of the enterprise in regaining control of the forest as a means to provide opportunities for community members, and as the foundation of a cultural identity. In the early days they would contract outsiders, but ensure that a local community member worked with the contractor to learn the job. This, along with training and education programs, has led to the result that more than 95% of the employees of the enterprise are also community members and can be found in both positions of management and labour.

Another type of capital that is emphasized in the interviews is the external linkages that the community was able to draw upon during the formation of the enterprise. For example, local political leaders were able to draw upon their political alliances within the Institutional Revolutionary Party which was the strongest political institution at the national and local levels at the time. Such nested institutions often characterize common property regimes (Orozco-Quintero 2007). More than ideological, such affiliations can be strategically important for communities who lack power within the political system. For example, as Mr. Ruiz notes "Among the outsider friends of the community, there was a Subforest Secretariat delegate that believed in our project. He was part of a stream of thought that believed in helping and providing all necessary tools to communities for them to manage their own forest resources; he opposed industry exploiting community resources without benefits for communities." While political partnership was seen as important the interviews also indicated the need to find other types of partners so as not to be dependent upon political linkages. They approached this by participating in forestry programs and addressing government demands to approve and certify their forestry activities, which helped them to establish international market partnerships in Germany and the USA through the support of certification institutions like the Forest Stewardship Council. In the interviews, Mr. Ruiz clarifies the transition from an early dependence upon political linkages to a broader base of partnerships over time. He notes that "the political affiliation to the PRI was something for convenience – being the main and almost only political party in Mexico, a hegemony. Our main problem has not been to have had identified ourselves with a political party, our major current problem is that now that we have been able to obtain our Presidential Resolution [granting property

and membership rights], it should be enough for us to become autonomous and let our commoners to vote with their conscience. We should base our decisions on people and ideas not on parties.”

San Juan's *de facto* sovereignty helped the community to access their forest resource, which was fundamental for the enterprise to emerge and be consolidated, even before they were granted the Presidential Resolution in 1991, ten years after the creation of the community-based management system and seven years after the acquisition of the industrial sawmill in 1983. Arguably, all the natural, human, financial and institutional capitals they accessed have contributed to making the commons system successful and robust.

4.4. Regulatory framework

The regulatory framework of the case focuses on the legislative and legal environments within which a community enterprise, like other enterprises, must operate. The parameters established in Article 27 of the Constitution of 1917 would provide the frame for state jurisdiction on land and resources (Weaver 2000). It became the starting point for subsequent governmental actions and legislation to return or provide land to communities and *ejidos* and for regulations, which continue to this day, limiting access to and exploitation of natural resources, including land (Merino 2004; Garibay 2005). Although the Mexican agrarian experiment of distributing large portions of land to agrarian communities and *ejidos* started early in the century (Merino 2004; Bray et al. 2006), for San Juan the legislative support that would make a difference emerged during the presidency of Luis Echeverry in the 1970s. One major regulatory influence noted in the interviews was the effort by Cuauhtemoc Cardenas, first as Forest and Fauna Sub-secretary and later as the state governor, from the early 1970s to the mid 1980s, to foster community forestry. While the State government could not transfer territorial property rights to communities, as this required a Presidential Resolution, it did support them in efforts to organize enterprises to utilize forest resources (Merino 2004). The renewed policy window that opened encouraged San Juan to start their forestry enterprise first as part of a union of *ejidos* and communities and after as an individual community. The importance of the role of the government in creating a favourable regulatory environment for communities is summarized by Mr. Ruiz in the following manner: “It is when the government creates a new program to facilitate the union of *ejidos* and communities, with and without presidential resolutions, in order to provide resources for communal exploitation ... that was the window we were waiting for, we then met with the local institutions of San Juan and other communities and decided to form the Union of *Ejidors* and Communities around 1977.” The increased awareness, emerging leadership and institutional trends in San Juan allowed the community to take advantage of such enabling policy and to start mastering their redefined common property regime.

A legislative trend, also mentioned by interviewees, was the one related to the changes in the status enjoyed by rural resource management systems. The

San Juan enterprise, currently the primary employer in the municipality, accounts for ~75% of economic growth (Instituto Nacional para el Federalismo y el Desarrollo Municipal and Gobierno del Estado de Michoacán 2005) and directly benefits about a thousand people. However, Mexican fiscal reformations has located communal and indigenous enterprises under the same taxation conditions as private enterprises, a trend that started with the changes brought by the Free Trade Agreement. This redefinition of communal enterprises has created a large debt for the enterprise that increases each year. The consequent pressure from the new normative and legislative trends and overall the lack of a clear regulatory framework for a community-based enterprise affects San Juan's management performance and its contribution to local socio-economic development.

4.5. Land and resource tenure

In the literature on community-based enterprises, a key factor of success is the security of tenure over the resource related to the core mission of the enterprise (see Table 1). As mentioned in the previous section, indigenous communities like San Juan have experienced a number of changes in regulatory frameworks that have influenced forest tenure. While the Mexican Revolution (1910–1917) reversed the appropriation of indigenous lands during the reign of Porfirio Diaz by allocating tenure to communities and *ejidos* (Campos 2004; Merino 2004; Garibay 2005), it also created a regulatory framework that would mandate the provision or restitution of land centering power and decisions in the state (Garibay 2005). The two forms of common property established were the agrarian communities and the *ejidos*. While agrarian communities were given control of land as long-standing groups with cultural and/or other connections to the land, *ejidos* were granted or redistributed land as groups of people gathered for such aims that are unable to demonstrate ownership (Vazquez 1992; Garibay 2005). Communities needed to demonstrate historic connections with the land, while *ejidos* mainly needed to demonstrate their lack of ownership of land. These difficulties often created conditions of open access and privatization through individual land titles when communities were unable to demonstrate long-standing connections to the land and therefore were not granted official common property rights; and gave way to abuse when *ejidos* requests did encourage the displacement of previous occupants of the land (Ruiz Anguiano 1986; Campos 2004).

The indigenous community of San Juan, without legal jurisdiction over its communal territory, faced the challenge of having to demonstrate its long-standing link to the land by exercising *de facto* sovereignty. As Mr. Ruiz notes, “Because of the lack of a Presidential Resolution we were not qualified to receive bank credit or loans, neither to receive permits to exploit our own resources, but the small property owners could, because of their land titles ... there were too many incidents with the small property owners and private companies, to the point that we decided to close our main road to give the message that it was enough of abusing our resources.” Mr. Ruiz then indicates the community's approach to

achieve communal management. “That is why we said yes to be part of the Union and exploit our resources as a community.”

The path chosen of exercising *de facto* ownership did help to capitalize the community enterprise. The lack of legal jurisdiction over the resource, moreover, limited their access to credit and external support. These constraints were turned into opportunities by the San Juan leaders, who made use of the local resources they were initially allowed to use, such as dead wood, and the financial capital provided by its members. The short-term strategy allowed the community to demonstrate their management skills, to build their capacity in institutional and financial aspects, and to capitalize and acquire their industrial sawmill in 1983, just two years after starting the communal exploitation.

Shifting policies, individual-based subsistence in the community, and the lack of legitimate local institutional structures during the first three-quarters of the twentieth century endorsed the transformation of communal land into private. The communal land, where family landholders carry out their subsistence activities and possess landholding inheritance rights, belongs to the community as a whole; however, San Juan had become a patchwork of private titles and state land to which resource permits were assigned. Recognizing that there would be continued pressure to transform communal land into private property, the members of the community began to raise the financial resources needed to obtain a Presidential Resolution that would provide the community with clear property rights to the forest not held under private title. The basis of this claim for San Juan was documents dated from the 1700s when the Spanish Kingship recognized their property rights, but these were subsequently ignored by the Mexican State. The community, as explained by Mr. Ruiz, embarked upon a process to have their rights recognized by the government that required “Our documents from the Spanish Kingship [...] to pass through a palaeographic study and a judiciary process, to prove both their authenticity and their legality.” The results of the study “... declared our documents as authentic and with that, being a *de facto* community and nothing else we started to enforce our rights. To officialise our communal perimeter, we hired the most important company on photogrammetric studies, which came to make the necessary flights over the communal land and developed the mosaic to identify the boundaries of the communal land. We identified 82 km of communal perimeter, and after that we hired a topographer to reorganize the information based on topographic coordinates to be able to present it to the Agrarian Reform Secretariat. Through it we established the foundations that eventually facilitated the acquisition of the land registry (Presidential Resolution) and recognition of the community members.” In the San Juan case the enterprise did emerge under conditions of unclear tenure. In time, however, leaders of San Juan began to recognize the importance of clarifying forest tenure, and the enterprise provided an organizational structure to raise the funds necessary for legal and technical support to help assert resource rights and obtain government exploitation permits.

One other potential problem was the reaction of private title holders, some of whom were not identified among the 1229 official members of the indigenous

community and owners of the enterprise. After receiving the Presidential Resolution for the *comuneros* of San Juan in 1991 (after ten years of communal exploitation), there were still 133 pieces of land registered as private property, comprising over 4000 ha of the 18,138,323 ha identified as communal land. The community has pursued a number of strategies to recover this land through negotiated land purchases and, through judicial processes where there are questions regarding how legal title was obtained by individuals. The strategy of building the legitimacy of the enterprise can be seen to have contributed to the long-term strategy of regaining the commons by the community and provided the necessary social capital to withstand the opposition generated through reasserting their rights to the forest as a commons.

4.6. Informed leadership

Leadership is a topic common to the enterprise literature and a key factor is the legitimacy in the eyes of those whom they are leading. In a community-based enterprise one of the factors that contribute to legitimacy emerges out of shared cultural values. As Mr. Ruiz reflects upon the issue of leadership he comments that "... based on my modest experience, in any community, the community's heads should be the local leaders. We are saying that he is born there, knowledgeable about key aspects, participating in communal affairs, in everything; honest in his actions, and if making mistakes apologizing and at the next opportunity correcting himself." Through familiarity with cultural customs and norms, the leaders of the San Juan enterprise were able to demonstrate an ability to reconcile differences with some opponents, increase participation and commitment on the part of community members and strengthen communal institutions. Mr. Ruiz notes that "some of the community members identifying themselves with the private property sector started to see that we were serious in exploiting the forest resources and paying people for the timber extracted from their lands. They then started to see us with respect. That is why I keep telling people, always speak the truth, keep your word, be honest and the people will respond in mass." Leadership, in this perspective, was able to overcome opposition and gain a broad base of respect and participation in the enterprise while not shirking from defending the interests of the enterprise when necessary through both political and legal means.

A challenge that emerged was the succession of leadership from those who founded the enterprise to the next generation of leaders. While the first generation of leaders established core cultural values based upon a clear separation between the roles of political and enterprise leaders, this principle has faced recent threats. Mr. Mendez, commenting on the evolution of leaders respecting each other's role, notes that "... we see a politicization of the administrative structures. As an example, the management meetings became meetings to consult on communal issues ... the Communal Council's role is then supplanted, when decisions belonging to them were taken at managerial meetings ... now it is easy to confound enterprise with community, and at some moments there is no difference between what is the

community and what is the enterprise ... then the problems start when the heads of communal affairs impose their will on administrative matters, without having knowledge of entrepreneurial issues or market related issues, it is then when we start to lose our management institutions.”

Another challenge facing the new generation of leaders is to maintain the mission of the enterprise as a means to create and distribute benefits through the use of forest resources. As Mr. Ruiz points out “... in more recent time the maintenance of the land as commons is still there, our challenges may be in that even though the land and resources are for the common well being, it might be being employed to further individual or group agendas and interests instead of community interests.” The San Juan enterprise provides an example of the challenges faced by a community enterprise in the succession from one generation of leaders to the next. As is common in other types of enterprises, it is not always clear that new leaders will continue to base the vision and mission in the core cultural values of the time when the enterprise was founded. Or it could be that new leaders simply reflect a new set of core cultural values found in the community and that the community enterprise has to adapt to maintain legitimacy in the eyes of the new generation of owners and beneficiaries.

In San Juan, trends in leadership, after the founding leaders moved away, have both increased and decreased local legitimacy at different periods of time. Subsequent changes in leadership and generational perspectives have produced the release of accumulated capacity and resources, generating crises but also new conditions for re-organization. The fact that San Juan survived these crises, moreover, demonstrates the strength of the foundations of the communal enterprise.

5. Discussion

San Juan has been recognized for its ability to establish a centralized management system to manage, and add value to the community's resources and environmental services (Antinori 2005; Bray 2005; Bray et al. 2005). The exclusion of some *comuneros* and other local residents from the benefit stream of the commons and the enterprise, as well as how benefits are distributed internally amongst members is still debated by scholars and local residents. Indeed, this is one of the major critiques regarding San Juan. Yet, it is well known from the commons literature that the two key problems of commons are subtractability and excludability (Ostrom et al. 1999). One of the steps in crafting a common property system is in identifying the members and excluding non-members (Ostrom 1990). Such a process often creates people who are disgruntled due to their exclusion from the benefit stream. But defining the beneficiaries is crucially important. Sustainable resource use is possible only when commoners are confident they can conserve a resource now and appropriate the benefit later. One of the reasons the San Juan forest has increased in size from the 1970s to the 1990s (Sanchez et al. 2003) may at least partially be explained on this account.

As indigenous communities re-establish their commons and establish successful multi-million dollar enterprises based upon these resources, it should be expected that there will be a period of political instability. In part, this is because entitlements are being redistributed based upon one's identity and membership within an indigenous community. Just as some local residents will not receive entitlements, community members who are lacking political power, or are disengaged from communal affairs, may be excluded from the commons regime. In the post-colonial period, in areas where populations are mosaics of indigenous people and settlers, one of the challenges for indigenous enterprises will be how to balance exclusion and inclusion. Indigenous leaders are called upon to restore indigenous commons and develop community-based enterprises that include the politically disempowered among the members and, at the same time, provide a benefit stream for the population as a whole. The existing anthropological work on the case and the present analysis of San Juan concur in identifying San Juan's economic success, the challenges being faced from internal and external drivers (Alcorn and Toledo 1998; Guerrero-Murillo 2000; Garibay 2005), and the importance of the core values of its founders, including the sharing of power and resources (Acosta 2001; Bofill 2002). Furthermore, most of these analyses of an increasing gap between poor and wealthy *comuneros* and of contradictions between discourse and practice on common well-being (Acosta 2001; Bofill 2002; Garibay 2005) touch on the role that has been played by local leadership.

We now turn to summarize what San Juan leaders have learned about establishing, growing and sustaining an enterprise based on an indigenous commons. The summary follows the headings in Table 1, with one major addition to the list, based on the San Juan experience.

A key factor regarding indigenous commons and enterprises is the existence of a land-based identity. In the San Juan case the existence of a shared identity and values as people of the forest. It is important to restore and keep the forest that drives both their management of the commons and their enterprise and their resistance to breaking forest lands into cadastral plots allocated to individuals. Having said that, like many indigenous communities in Mexico, their commons are characterized by a mixture of forest use and agricultural production with a diversity of property rights associated with different land uses (Alcorn and Toledo 1998). In a similar fashion, cultural values and norms are emphasized when discussing how they adapted, and designed, institutional arrangements and structures in the formation of the enterprise and management of the commons for the enterprise. Prominent in the discussion of institutional design for the enterprise and its management of the commons were independent institutions and decision-making bodies rooted in custom and guided by the broader vision and goals of the community. A critical separation that allows for effective management of the enterprise while ensuring it is part of the social mission of the community and accountable to its political institutions.

As one of our reviewers pointed out to us, however, while management may be independent of political goals, a community-based enterprise is part of the

political goals of a community. The relationship between political leadership and a community-based enterprise might be better characterized as one of embeddedness. The management of the enterprise should expect day-to-day decision-making autonomy from political leadership while understanding that it should be consistent with broader political goals. The relationship between the political and enterprise leadership should be one of mutual respect and accountability. In the San Juan case, this was clearly reflected as a conscious decision in how the leaders established the relationship between the political and enterprise decision-making bodies and the roles between the two sets of leadership; mutually supportive, politically accountable while operationally autonomous.

The San Juan case is also instructive regarding the importance of local capital in the establishment of a community-based enterprise. In this case, the leaders recognized that the capacity of their community was first and foremost their customary social relations (institutions, values and norms, *sensu* McCay and Jentoft 1998) land and other natural resources, or what some might call their commons. This is why they stress the importance of the period in which they exercised *de facto* sovereignty for their customary lands and why such an emphasis was placed on restoring their commons. The restoration of the commons then allowed them to parlay this capital, and the processes of restoring land and building an enterprise, into other capitals that included linkages with regional and national political leaders, national and international NGOs and other financiers, and global markets. Iteratively, these partners continued the process of building capitals and capacities within the community; a process also identified by Berkes and Adhikari (2006) in their overview of Equator Prize finalists worldwide. This discussion highlights the close coupling between three features identified in our analytical framework: capitals and capacity; land and resource tenure; and informed leadership. Land and resource tenure for many indigenous communities is the underlying capital upon which they can build local economies (Anderson et al. 2004). Once tenure, or at a minimum access, is secured, it is then available as a form of capital that can be put to work to build more capitals and capacities. Often, as shown in this case, this takes skilled and entrepreneurial leadership that can both negotiate these processes and be willing to take the risks associated with their implementation.

Similar to other commons-based enterprises, like fisheries, San Juan faces national and regulatory frameworks that may be rooted in neoliberal policies that favour individual entrepreneurship and private enterprise (Berkes and Davidson-Hunt 2007). There is an unrelenting pressure to privatize the commons and distribute land titles to individuals and decouple enterprises from communities. Some theorists in the indigenous enterprise literature have suggested that this legacy of dependency and modernization theories leave indigenous peoples with a dire choice in their pursuit of community economic development (Anderson et al. 2005). As an alternative, they have started to consider the relevance of regulatory theory as a conceptual framework that might prove a more useful approach for indigenous and community-based enterprises. For our purposes here,

this framework posits that customary institutions, norms and values are a local regulatory framework that can guide community-based enterprises. To link this to our previous discussion, the enterprise becomes one means by which capitals and capacities are built by creating exchange value through market-based transactions and use value through direct use by commoners. The challenge then becomes the interaction created between the local regulatory framework based on one set of institutional, values and norms and the national and international frameworks built upon a different logic. As noted by the leaders in the San Juan case this leads to ongoing negotiations. In the early days of the San Juan enterprise their lack of legitimacy with political and business leaders put them in a weak position. However, as they persisted and prospered they were able to convince such leaders to work at finding ways for the national and international regulatory frameworks to accommodate the particularities of their enterprise. Although, as previously noted, this is an ongoing process and not one that has a one time solution.

Finally, as reflected in our approach to this paper, leadership, some might say social entrepreneurship, is a critical element for the emergence and success of community-based enterprises (Anderson et al. 2006). In the early days social entrepreneurship may be more important than leadership. Social entrepreneurship is the ability to recognize opportunities and the willingness to bear the risks in mobilizing capitals and capacities to realize social benefits. As stressed by the leaders that we interviewed in this case the focus is a wider social benefit that is guided by a broader social mission and accountable to, in this case, the membership of an indigenous community. As evident in the critique by scholars, one of the risks social entrepreneurs face, is that they are seen to be moving forward a social enterprise for their own private benefit. As we have suggested this critique may be motivated by the political instability created as indigenous communities restore their commons and communities and entitlements are reallocated. However, it also points out the need for leaders of community-based enterprise to be accountable to, while operationally independent from, the political institutions of the community. If the membership of the community, and as it turns out in this case, the shareholders of the enterprise have effective oversight of, and input to the enterprise, leaders will be able to withstand spurious attacks.

One issue that emerged out of the San Juan experience, independent of the literature we reviewed on community-based, indigenous, and social enterprises, was that of succession planning. The San Juan case was started over 25 years ago and a new generation of leaders has emerged. The older leadership is raising the question as to the consistency between the emerging mission of the enterprise and that under which it was founded. This may point to the need, in terms of succession planning, to ensure younger community members mature within the cultural system of the enterprise, so their decisions reflect community institutions, norms and values. Given the close coupling between the cultural systems of the enterprise and that of the community, we simply highlight this as something requiring further consideration. At the same time, it further emphasizes our earlier point that enterprise leadership should be accountable to community members

through the political institutions of the community. There may be legitimate reasons for changes being introduced by new leadership, and the inability to adapt to new circumstances could be harmful to the enterprise. This should, however, be a transparent discussion between leaders and members.

6. Conclusion

The analytical approach we utilized brought together commons scholarship with that of social, indigenous and community-based enterprise literatures, in an attempt to begin to design a conceptual framework for understanding commons enterprises. One of the positive outcomes we feel that this approach yielded was that it introduced us to an alternative framework known as a regulatory perspective. In contrast, commons theory tends to be rooted, when it comes to questions of economic development, in a dichotomy between modernist and dependency schools. The filter of the regulatory framework allowed us to consider community-based enterprises, not as the vanguard of a neoliberal incursion into indigenous communities, but rather as a multifaceted organization being used to restore a commons rooted in the land and customary social relations. In the regulatory framework, the core cultural values guide the social enterprise; in this case, it included a broader social mission to retain the relationship between the forest and the community and rebuild social and cultural cohesion. The social enterprise built political and economic power through a focus on exchange value that in turn increased the community's control over the land, allowing for customary use values and underwriting programs to retain language. This is consistent with recent commons literature that embeds economic activity and individual choice within institutions, norms and values (McCay and Jentoft 1998).

Commons literature has established some general principles for commons management (Ostrom 1990; Ostrom et al. 1999). Work in Mexico has begun to consider how a community-based enterprise intersects with the management of the commons (Bray et al. 2005). There is a rich literature emerging on indigenous and community-based enterprises (Anderson et al. 2006; Peredo and Chrisman 2006) and some initial attempts to create engagement between the two literatures (Berkes and Davidson-Hunt 2007). Cases in which there is overlapping membership between the commoners and the shareholders of the community-based enterprise, as is the case for San Juan and many indigenous enterprises in North America, seem to us to be particularly relevant to this scholarly dialogue. We conclude with some initial thoughts on issues that emerge from our work.

In both literatures there is an emerging interest in how governing institutions, managerial structures and institutional arrangements are rooted in core cultural values. On the one hand, this is seen as essential for effective resource management, on the other, for a successful community-based enterprise. The legitimacy of such community-based management systems is rooted in its correspondence to customary institutions, norms and values and its accountability to the political

institutions that represent the commoners. When land and enterprise are integrated, and the enterprise is managing the land on behalf of the community, there is then a need for mutual accountability and an adherence of the enterprise to the broader political goals of the community. This seems to be a necessary condition that may allow for enterprise success, as well as to create a new space for social and cultural cohesion to emerge.

The emergence of commons enterprises seem to be rooted in the nexus between place and identity and requires social entrepreneurs to mobilize local, national and global actors for their formation. Many commons have been fractured through colonial policies and unless a group possesses a common history and identity linked to a place there will not be the local will to restore a commons. As our focus has been with an indigenous case the cultural group with whom we were working in this regard circumscribes our observations. In our case, the customary institutions, values and norms of the indigenous group is open to the idea of an enterprise that manages and harvests goods from the commons being owned by the group. As this approach is often counter to dominant neoliberal ideas regarding the administration and development of natural resources such initiatives require supportive national and global partners and policies.

Finally, our work reveals that commons enterprises will engender opposition at many levels. By its very nature a commons allocates rights to members, and when membership is based upon identity and engagement, the post-colonial context of the Americas will result in there being members and non-members. Likewise, when an enterprise is based upon the same type of membership rules people will be excluded from the benefits of ownership. This may result in a reallocation of entitlements derived from use, exchange and labour value that arises from restored indigenous commons. Ironically, this could help to achieve the conditions necessary for the sustainable use of natural resources as suggested by common property theory, even while opening up the possibility of distributional critiques of indigenous commons enterprises. This suggests that in post-colonial contexts there will be a need for leadership and strategies to include and empower peoples as a whole and for continued dialogue between indigenous and state governments who represent settler societies.

Given the attention this case has received both in Mexico and internationally, it appears that as indigenous commons enterprises become successful at restoring commons and establishing enterprises, they will be held to a high standard. This suggests, and our analytical framework highlights, a number of necessary conditions for commons enterprises to retain internal and external legitimacy: (1) leadership representative of the broad social mission rooted in the customary institutions, values and norms of the community; (2) accountability of enterprise leaders to the memberships they represent; and (3) a close adherence to the political goals of the community as a whole. We suggest that one way to support these emerging commons enterprises would be more engagement between what commons scholars understand about managing the commons and what business management scholars have learned about indigenous and community-based

enterprises. Given the rapid pace at which indigenous peoples in the Americas are taking on the management of traditional territories, and the potential for commons enterprises to alleviate systemic poverty, this could be a beneficial dialogue.

Literature cited

- Acosta, G. 2001. El conflicto agrario en Nuevo San Juan Parangaricutiro, Michoacán. Gestación y reconstrucción de la comunidad indígena agraria moderna. Masters Thesis. Centro de Investigaciones y Estudios Superiores en Antropología Social de Occidente, El Colegio de Michoacán, Zamora, México.
- Alcorn, J., and V. Toledo. 1998. Resilient resource management in Mexico's forest ecosystems: the contribution of property rights. In *Linking Social and Ecological Systems: Management Practices and Social Mechanisms for Building Resilience*, eds. F. Berkes, and C. Folke. Cambridge: Cambridge University Press.
- Anderson, R., L. P. Dana, and T. E. Dana. 2006. Indigenous land rights, entrepreneurship, and economic development in Canada: "opting in" to the global economy. *Journal of World Business* 41:45–55.
- Anderson, R. B., B. Honig, and A. M. Peredo. 2006. Communities in the new economy: where social entrepreneurship and Indigenous entrepreneurship meet. In *Entrepreneurship as Social Change*, eds. C. Steyaert, and D. Hjorth. Cheltenham: Edward Elgar.
- Anderson, R. B., K. Hindle, L. P. Dana, and R. Kayseas. 2004. Indigenous land claims and economic development: the Canadian experience. *American Indian Quarterly* 28(3&4):634–648.
- Anderson, R. B., C. II Ronald, J.-M. Nkongolo-Bakenda, L. P. Dana, A.-M. Peredo, and B. Honig. 2005. Indigenous land rights in Canada: the foundation for development? *International Journal of Entrepreneurship and Small Business* 2(2):104–133.
- Antinori, C. 2005. Vertical integration in the community forestry enterprises of Oaxaca. In *The Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry, 241–272. Austin: University of Texas Press.
- Antinori, C., and D. B. Bray. 2005. Community forest enterprises as entrepreneurial firms: economic and institutional perspectives from Mexico. *World development* 33(9):1529–1543.
- Berkes, F., and T. Adhikari. 2006. Development and conservation: Indigenous businesses and the UNDP Equator Initiative. *International Journal of Entrepreneurship and Small Business* 3:671–690.
- Berkes, F., and I. J. Davidson-Hunt. 2007. Communities and social enterprises in an age of globalization. *Journal of Enterprising Communities* 1(3):209–221.
- Bray, D. B. 2005. Thematic Introduction: can common property regimes alleviate poverty? markets and their absence in the common property literature. In *Managing the Commons: Markets, Commodity Chains and Certification*, eds.

- L. Merino, and J. Robson. Mexico, DF: The Christensen Fund, Ford Foundation, INE-SEMARNAT.
- Bray, D. B., C. Antinori, and J. M. Torres-Rojo. 2006. The Mexican model of community forest management: the role of agrarian policy, forest policy and entrepreneurial organization. *Forest Policy and Economics* 8:470–484.
- Bray, D. B., L. Merino, P. Negreros-Castillo, G. Segura-Warnholtz, J. M. Torres-Rojo, and H. F. Vester. 2003. Mexico's community-managed forests as a global model for sustainable landscapes. *Conservation Biology* 17(3):672–677.
- Bray, D. B., L. Merino-Pérez, and D. Barry. 2005. Community managed in the strong sense of the phrase: the community forest enterprises of Mexico. In *The Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry. Austin: University of Texas Press.
- Bofill, P. S. 2002. El bosque político. Los avatares de la construcción de una comunidad modelo (San Juan Nuevo Michoacán 1981–2001) PhD Thesis. Universidad de Barcelona, Barcelona, España.
- Campos, H. S. 2004. Visión y perspectivas de los mecanismos de acreditación de derechos en tierras ejidales y comunales. *Revista Estudios Agrarios* 10(25):209–233.
- Chapela, F. 2005. Indigenous community forest management in the Sierra Juarez, Oaxaca. In *The Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry. Austin: University of Texas Press.
- Cornell, S. 2006. Indigenous Peoples, Poverty and Self-Determination in Australia, New Zealand, Canada and The United States. *Joint Occasional Papers on Native Affairs* 2:1–48. http://www.jopna.net/pubs/jopna%202006_02_coverandinside.pdf.
- Cornell, S., and J. P. Kalt. 1992. Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations. In *What Can Tribes Do? Strategies and Institutions in American Indian Economic Development*, eds. S. Cornell, and J. P. Kalt. Los Angeles: American Indian Studies Center, University of California. <http://www.hks.harvard.edu/hpaied/docs/reloading%20the%20dice.pdf>.
- Cornell, S., and J. P. Kalt. 1998. Sovereignty and Nation-building: the Development Challenge in Indian Country Today. *American Indian Culture and Research Journal* 22(3):187–214. http://www.jopna.net/pubs/jopna_2003-03_Sovereignty.pdf.
- Cornell, S., C. Curtis, and M. Jorgensen. 2004. The concept of governance and its implications for first nations. *Joint Occasional Papers on Native Affairs* 2:1–40. http://www.jopna.net/pubs/jopna_2004-02_Governance.pdf.
- Dietz, T., E. Ostrom, and P. C. Stern. 2003. The struggle to govern the commons. *Science* 302:1907–1912.
- Duran, E., J. F. Mas, and A. Velázquez. 2005. Landuse/cover change in the community-based forest management regions and protected areas. In *The*

- Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry. Austin: University of Texas Press.
- Garibay, C. 2005. La transformación del comunismo forestal: identidad comunitaria, empresa social y poder corporado en el México contemporáneo. PhD Thesis. Centro de Investigaciones y Estudios Superiores en Antropología Social, El Colegio de Michoacán, Zamora, México.
- Garibay, C. 2008. *Comunalismos y Liberalismos Campesinos: Identidad Comunitaria, empresa social forestal, y poder corporado en el México contemporáneo*. Zamora, Mich: El Colegio de Michoacán.
- Guerrero-Murillo, N. 2000. The Indian community of the 21st century: sustainable forest management in the Tarascan community of Nuevo San Juan Parangaricutiro, Michoacán, Mexico. Masters Thesis. Central Washington University, Ellensburg, USA.
- Instituto Nacional para el Federalismo y el Desarrollo Municipal and Gobierno del Estado de Michoacán. 2005. *Enciclopedia de los Municipios de México: Estado de Michoacán*. México, DF: Instituto Nacional para el Federalismo y el Desarrollo Municipal (INAFED), Gobierno del Estado de Michoacán.
- Kalt, S. C. 2005. Two Approaches to Economic Development on American Indian Reservations: One Works, the other Doesn't. *Joint Occasional Papers on Native Affairs* 2:1–26. http://www.jopna.net/pubs/jopna_2005-02_Approaches.pdf.
- Lopez-Arzola, R. 2005. Empowering community-based forestry in Oaxaca: the Union of Forest Communities and *Ejid*os of Oaxaca. In *The Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry. Austin: University of Texas Press.
- McCay, B. J. 2002. Emergence of Institutions for the Commons: Context, Situations and Events. In *The Drama of the Commons*, eds. T. Dietz, N. Dolšák, E. Ostrom, and P. C. Stern. Washington, DC: National Academies Press.
- McCay, B. J., and S. Jentoft. 1998. Market or community failure? Critical perspectives on common property research. *Human Organization* 57(1): 21–29.
- Merino, L. 2004. *Conservación o deterioro: el impacto de las políticas públicas en las instituciones comunitarias y en los usos de los bosques en Mexico*. Mexico, DF: INE-SEMARNAT.
- Orozco-Quintero, A. 2007. "Self-organization, linkages and drivers of change: strategies for development in Nuevo San Juan Mexico". Masters Thesis. University of Manitoba, Winnipeg, CA.
- Ostrom, E. 1990. *Governing the commons: the evolution of institutions for collective action*. Cambridge: Cambridge University Press.
- Ostrom, E., J. Burger, C. B. Field, R. B. Norgaard, and D. Policansky. 1999. Revisiting the commons: local lessons, global challenges. *Science* 284: 278–282.

- Peredo, A. M. 2005. Community venture in Agua Dulce. The evolution of civic into economic democracy. *The Journal of Applied Behavioral Science* 41(4):458–481.
- Peredo, A. M., and J. J. Chrisman. 2006. Toward a theory of community-based enterprise. *Academy of Management Review* 31(2):309–328.
- Peredo, A. M., and M. McLean. 2006. Social entrepreneurship: a critical review of the concept. *Journal of World Business* 41:56–65.
- Ruiz Anguiano, F. 1986. Origen y projection de las unions de *ejidos*. Undergraduate Thesis, Universidad Nacional Autonoma de Mexico, Mexico, DF.
- Sanchez, J., G. Bocco, J. Fuentes, and A. Velázquez. 2003. Análisis de cobertura y uso del terreno en el contexto de su dinámica espacio-temporal. In *Las Enseñanzas de San Juan: Investigación Participativa para el Manejo de Recursos Naturales*, eds. A. Velasquez, A. Torres, and A. Bocco. Mexico, DF: INE-SEMARNAT.
- Seelos, C., and J. Mair. 2005. Creating new business models to serve the poor. *Business Horizons* 48:241–246.
- Toledo, V. M., B. Ortíz-Espejel, L. Cortes, P. Moguel, and M. de Jesus Ordóñez. 2003. The Multiple use of Tropical Forest by Indigenous Peoples in Mexico: a Case of Adaptive Management. *Conservation Ecology* 7(3):9. URL: <http://www.consecol.org/vol7/iss3/art9/>.
- Torres-Rojo, J. M., A. Guevara-Sanguinés, and D. B. Bray. 2005. The managerial economics of sustainable community forestry in Mexico: a case study of El Balcón, Tecpan. In *The Community Forests of Mexico: Managing for Sustainable Landscapes*, eds. D. B. Bray, L. Merino-Perez, and D. Barry. Austin: University of Texas Press.
- Vazquez, L. L. 1992. *Ser indio otra vez: la purepechización de los tarascos serranos*. México, DF: Consejo Nacional para la Cultura y las Artes.
- Velasquez, A., G. Bocco, and A. Torres. 2003. Description del territorio comunal. In *Las Enseñanzas de San Juan: investigación participativa para el manejo de recursos naturales*, eds. A. Velasquez, G. Bocco, and A. Torres, 45–49. Mexico, DF: INE-SEMARNAT.
- Weaver, T. 2000. Changes in forestry policy, pollution and the environment in Northern Mexico: 1960–2000. *Journal of Political Ecology* (7).
- Yin, R. K. 1994. *Case Study Research: Design and Methods*, 2nd edition. Thousand Oaks, CA: Sage Publications.