

# Community Embeddedness and Enterprise Governance

*A Survey of Local Stakeholder Roles in Cape Verdean Business Initiatives (2000–2026)*

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## ABSTRACT

The governance of business initiatives in West Africa is increasingly understood as a socio-economic process, yet the specific mechanisms through which local communities influence enterprise governance remain underexplored. This is particularly salient in archipelagic contexts like Cape Verde, where community ties are strong but formal institutional frameworks are evolving. This study aims to systematically analyse the roles and influence of local stakeholders in the governance of business initiatives. It seeks to identify the primary forms of community embeddedness and assess their impact on strategic decision-making and accountability structures within enterprises. A cross-sectional survey was administered to a stratified random sample of senior managers and founding members of registered business initiatives. The instrument measured perceived stakeholder influence, governance practice adoption, and the depth of community ties using Likert-scale and categorical items. Quantitative data were analysed using descriptive and inferential statistics. Survey results indicate a strong, formalised community role, with over 70% of respondents reporting that local advisory panels directly influence strategic decisions. A significant positive correlation was found between an enterprise's longevity and its reliance on community-based conflict resolution mechanisms over formal legal channels. Community embeddedness in this context constitutes a formal, integral component of enterprise governance, not merely an informal backdrop. This embeddedness enhances local legitimacy and provides adaptive resilience but may also create path dependencies that limit strategic flexibility. Policymakers should develop hybrid governance frameworks that formally recognise legitimate community roles while safeguarding enterprise autonomy. Business support programmes must incorporate training on managing embedded stakeholder relationships. Further research should examine the financial performance implications of these governance models. Stakeholder governance, Community embeddedness, Enterprise development, Institutional logic, Hybrid organisations This paper provides the first large-scale, quantitative evidence of the formal integration of community actors into the corporate governance architecture of businesses in the region, challenging the presumed primacy of imported, shareholder-centric models.

**Keywords:** *Community embeddedness, Stakeholder governance, West Africa, Survey research, Socio-economic development, Local participation*

### Article Highlights

- Over 70% of respondents report local advisory panels directly influence strategic decisions.
- Enterprise longevity correlates with reliance on community-based conflict resolution.
- Embeddedness enhances local legitimacy but may create

### Policy Implication

The study recommends developing hybrid governance frameworks that formally recognise legitimate community roles while safeguarding enterprise autonomy.

*This study provides the first large-scale quantitative evidence of formal community integration in regional corporate governance.*

<p>strategic path dependencies.</p> <ul style="list-style-type: none"><li>• Findings challenge the primacy of imported, shareholder-centric governance models.</li></ul>	
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