

EFFECTS OF SOCIAL NETWORKS CLOSEST TO THE INDIGENOUS ENTREPRENEUR ON NEW ECOTOURISM COMPANIES' SUCCESS SOUTHERN IN MEXICO

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This project deals with the impact emotional support through social networks has on entrepreneurs, with the objective of determining if these networks constitute a source of relevant influence during the entrepreneurial process.

Social networks have been studied from two principal perspectives (Anderson and Jack, 2002): (1) regarding their influence on economic exchanges and (2) regarding the resources they provide to businesses and the process of creation.

As part of the process of the creation of a business, a preparation period exists prior to the launching of the business. Throughout this period, several distinct phases are established, from the identification of the initial idea to the inauguration of the new business; converting it into a dynamic process of interaction between potential entrepreneurs and their environments. With that in mind, De Carolis and Shaparito (2006) propose the inclusion of social networks as an emerging topic of research in the realm of the creation of businesses.

Considering the degree of formality of the network, we can distinguish between formal networks, which include local, state and federal agencies, banks, chambers of commerce, etc. (Birley, 1985); and the informal, which are fundamentally made up of family, friends, workmates and schoolmates. From this perspective, both represent support.

Family and friends, as part of the informal networks with a greater degree of confidence for the entrepreneur, play an important role in the process of the creation of a business, which is to say that they form the primary networks, or those closest to the businessman (Lee *et al*, 2005), which will accompany him throughout the process, providing a necessary resource, according to Bruderl and Preisendorfer (1998) to guarantee the

completion of the same: emotional or moral support. Thus, Lee *et al.* (2005) argue that in an environment of collective culture where the common good -public- takes priority over the individual, the support of the networks closest to the entrepreneur is fundamental for the success of inaugurating a new business.

In this line of research, Tsai *et al.* (1991), departing from the proposals of the Theory of the Ecology of the Population, conclude that environment and strategy are of vital importance for new businesses, and that, while studying the social relationships that the businessmen establish with those around them to get information, tangible resources and social support, they observed how the success or failure of the new business was conditioned by these contacts.

Regarding this, in particular, Witt (2004) maintains that depending on the degree of development that the company has achieved in the founding process, there are different possibilities for defining success, which can be measured as much by objective indicators as by subjective ones. Among the former it is possible to mention (Chell and Baines, 2000): persistence in the market, understood as the number of years that the business has been operating in the market since the beginning of its activities, the rate of growth, as much in sales as in the number of employees, and other data regarding the financial situation. For their part, the subjective measures can be classified in two large groups: those which make reference to the satisfaction of the businessman related to the business's results (Chandler and Hanks, 1993) and those which are based on comparison with regard to competitors (Hormiga *et al.*, 2007).

Now, subjective indicators cannot substitute for objective ones, being based on expectations or on the inaccurate information of the businessman (Bruderl and Preisendorfer, 1998), therefore, in this research project we have chosen from two concrete objective indicators of business results: the consolidation of the enterprise as a function of the number of years the business has been operating in the market, and its growth, measured as a function of the ratio of the variation of the number of employees. The selection of this variable to measure business growth is based on the special relevance that it has in the context of study in conjunction with the approaches of Dana (1995) and of Barba and Molina (2014): in the hearts of the indigenous communities analyzed, the principal reason for creating a business has been the generation of employment in the area, with the objective of avoiding the exodus of their members to urban centers and the subsequent disintegration, and including disappearance, of the Community.

The target populations of this investigative study are the recently created ecotourism businesses in the south of Mexico, whose founding members are indigenous, from the linguistic point of view as well as their ethnic and cultural identities. The criteria to which said populations conformed are the following: (1) that the principal activity of the business is ecotourism and that it is characterized by those aspects consistent with that activity; (2) that the business is newly created, and as such has very few years of operation in the market; and (3) that the founders of the business are indigenous, that is to say, that they are members of one of the 68 ethnic groups registered in Mexico (CDI) and that they maintain their language and cultural norms (Hernández and Chávez, 2007). Due to the reduced size of the population, we have chosen to realize the study over all of the businesses of this population, thereby eliminating any possible sample error.

In general terms, the endogenous variable, or that on which the proposed investigative model is based, is the success of the process of the creation of indigenous ecotourism businesses. The selection of two concrete objective indicators of business results: the consolidation of the business, which makes reference to the number of years the business has been operating in the market and its growth, measured as a function of the ratio of the variation of the number of employees. On the other hand, as exogenous or independent variables, two have been considered, following Lee *et al.*, (2005): (1) the attitude and implication of the family, considering that each member of the Community with blood relations to the businessman, be they parents, sons or daughters, aunts and uncles or cousins, belong to the same group, and (2) the attitude and implication of friends; in both cases regarding the decision by the entrepreneur to create the business given that these immediate social networks play an important role, overall by providing companionship and emotional support during the process of the creation of a new business (Bruderl and Preisendorfer, 1998).

The analysis of the data has been realized through the use of two distinct models of logistic regression, both using the same independent variables, but different with regard to the endogenous variables used in each of them. In this way we created the first model in which the dependent variable considered was the consolidation of the business, and the independent variables, the attitude and implication of family and friends. Accordingly, in the second model of logistic regression, the dependent variable was the growth of the business, while the attitude and implication of family and friends were the independent variables.

The results of these applied multimember logistic models are consistent with established theory and with the expected results; although some findings are peculiar, seeing that in different close networks, conflicting results were obtained:

- In the model “*Consolidation of the enterprise*”, according to the results, it was discovered that the family plays an important role, overall with emotional support, suggesting that each time the family encouraged (emotional support) the entrepreneur, the established variables, regarding the process of the creation of an enterprise, they were affected positively; that is to say, in cases in which the family provided emotional support to the entrepreneur, the possibilities of consolidation improved, upon completing 5 years of business life.
- In the model “*Growth of the business*” the family also has an important role, overall when positive encouragement is given to the entrepreneur, since the growth of the business is seen to be positively affected thanks to said emotional support. In the same model, but for the exogenous variable *attitude and implication of friends*, the results differ from those obtained in the specialized literature (*idem*), such that in cases where friends of indigenous entrepreneurs remained indifferent, the businesses increased in size, that is to say, grew.

In conclusion, the present study represents an advance in the research on social networks, while also addressing the emotional support provided by networks close to the entrepreneur, concretely, in indigenous ecotourism, a topic little analyzed. Thus, we have

confirmed the predictions about social networks close to entrepreneurs, regarding the family, which positively influence the process of creating new enterprises, consistent with the conclusions obtained in the projects by Lee *et al* (2005) and by Van der Gaag and Snijders (2005). With that, we have proved, effectively, that the families of indigenous entrepreneurs are a variable of influence, principally of emotional support, during the process of creation. With respect to the other exogenous variable, that related to friends; these don't have a great influence on the process of creation, and, solely, when they are indifferent, there is a positive relationship to business growth. This can be understood if we analyze the characteristics of the object population of the study: the indigenous communities that have not relocated, and which maintain their contact with the land where they live and with their customs. They live in areas with little population density, and which are sometimes difficult to access, although they have good potential for ecotourism, forming an independent and autonomous population nucleus in which all of the members are related through family ties.

The hold of the land is also a factor for consideration, in consonance with the results obtained by Wang and Altinary (2012). For those indigenous communities one of the key elements is the Earth conceptualized as "Mother", that is to say, as the provider of all resources, which suggests that any action by an individual not only has repercussions on the rest of the people and other living things but also on the environment, including supernatural beings (Gallardo, 2012). The public manifests itself in "mechanisms of cooperation, collaboration and inter-community reciprocity: those which are given at the personal and family levels, as in mutual assistance; and those which are given to benefit the community such as the system of responsibilities, community projects (tequio, labor or fajina) and the community decision making processes through community assemblies" (*ibidem*, 171). The support of the community suggests the implication of its members in the business project, through the creation of cooperatives or as hired workers.

Finally, the results obtained in the present research demonstrate to us that friendship doesn't influence the consolidation of the enterprise, for which we propose, for future research, differentiating types of friendships, depending on the frequency of contact, identifying if the friends are more or less close, and if therefore, other results would be found which would allow us to conclude which types of friendships are influenced or not by the emotional support provided on the success of the process of creation, compared to the support of the family.