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Networks and social capital: multiple cases in rural tourism in Brazil

Research efforts are mostly focused on understanding the characteristics and business practices of established companies. Consequently, the study of factors determining the success of businesses, specifically in terms of social capital, appears to be relevant. The subject of this paper is the importance of social capital in rural tourism business. Through a case study methodology, the study aims to understand the relationship between social networks, resources accessed and social capital in the creation and development of rural tourism business. The results suggest that in the cases studied the informal and formal networks of entrepreneurs are crucial in mobilizing financial and non-financial resources. Regarding structural dimensions of social capital, it was possible to verify similarities in the creation of new business, such as simple configuration, familiar and informal management adopted. The complexity seems to increase with business development. Both relational and cognitive dimensions are relevant at different stages of the business. As the business grows and creates value, there is a greater identification between entrepreneurs and community, increasing the legitimacy of the business and the entrepreneurial culture of the community.

Keywords: Entrepreneurship, social networks, social capital, rural tourism, case study.

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Introduction

Some studies highlight the importance of rural tourism for the economy in general and in particular for local economies (Cristóvão et al., 2010, Baoren, 2011, Yasuo e Shinichi 2013). However, in general, research efforts are mostly dedicated to understanding the characteristics and business practices of established companies, giving little importance to other factors determining the success of businesses, specifically in terms of social capital.

Also the application of the social capital concept in studies of entrepreneurship in tourism is still relatively scarce, however, some evidence (Johannesson et al., 2003 and Jones, 2005) demonstrates its importance in the formation and development of rural tourism business.

This study intends to answer the question “How important is social capital for rural tourism business?” and proposes to understand the role of social networks and the importance of social capital for the creation and development of rural tourism business, considering the structural, relational and cognitive dimensions proposed by Nahapiet and Ghoshal (1998.) This paper contributes to literature because it sheds light on the importance of social capital to entrepreneurship, so far a neglected issue.

Social networks and social capital in tourism

The role of entrepreneurial social networks in the formation of new business

Concerning the formation of new businesses in tourism, the literature is scarce. This subject has not been treated with the appropriate importance required by the complexity of the process involved. In general, research efforts are mostly dedicated to understanding the characteristics and management practices of the business (Getz and Carlsen, 2005). These studies have focused particularly on providing significant solutions for business management-related problems, with little guidance for the creation, early stage and development of new businesses.

However, according to some authors (Birley, 1985; Manolova et al., 2006) the creation of a new business is related to the ability of entrepreneurs to identify opportunities and get the necessary resources, such as information, capital, and capabilities. Some resources are owned by the entrepreneurs themselves, others are complemented by their social network, including friends, family, co-workers and other stakeholders.

This network may both provide economic resources in the creation of the business and contribute useful information regarding the business idea, advice, as well as social and emotional support for the development of the business (Barnir and Smith, 2002). Some

studies also revealed the importance of cognitive skills, strategic capacity and management capacity to forecast alternative configurations of internal and external resources that enable a business to create and exploit opportunities (Narayanan et al, 2009; Pandza and Thorpe, 2009). Other studies focused on the contribution of these networks during the establishment and management of a new business (Aldrich and Dubin, 1991; Greve and Salaff, 2003; Li et al, 2013). Additionally other authors also suggested that the process of mobilizing a social network to access resources is dynamic and varies over the course of business development (Lichenstein and Brush, 2001; Lockett et al, 2009).

Social capital and rural tourism: conceptualization and dimensions that facilitate access to different types resources

Despite the scarce attention given to the role of social capital in tourism, existing studies seem to agree that social capital has a positive influence on increasing community participation in local tourism development (Johannesson, et al, 2003 ; Jones, 2005; Karlsson, 2005; Nordin and Westlund, 2009; Zhao, et al, 2011; Park et al, 2012).

The literature points to different perspectives on social capital. Some authors differentiate the individual social capital from the collective social capital (Lin, 2001; Van der Gaag and Snijders, 2004). The first perspective emphasizes the use of social capital by individuals and tries to understand how they invest in social relationships, capture resources and generate benefits for their actions (Granovetter, 1973; Bourdieu, 1980; Burt, 1992, 2001). The second perspective intends to understand how certain groups develop and maintain the capital with the collective resource, as well as how this collective resource increases the group's life chances (Bourdieu, 1986; Coleman, 1990; Fukuyama, 1995 and Putnam, 2000).

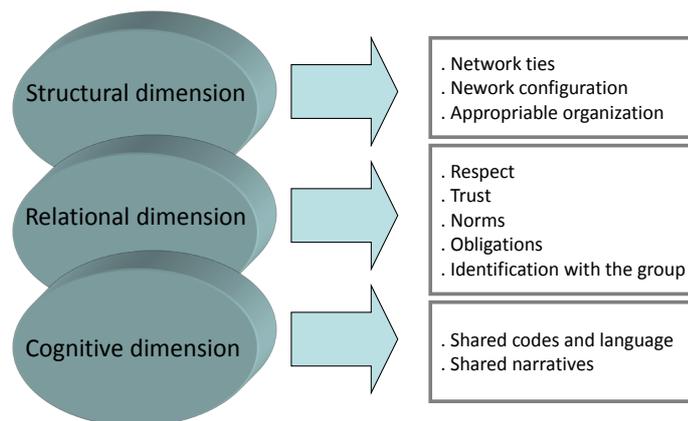
There is even another approach that studies social capital from three perspectives: 1) social capital bridging or external, 2) social capital bonding or internal and 3) an amalgamation of the two previous perspectives (Adler and Kwon, 2002).

Also Pichler and Wallace (2007) make a distinction between formal capital and informal social capital. They describe the formal social capital as the one that involves participation in formal organizations, including civil organizations, while the informal capital arises from social relations that individuals establish with family, friends, colleagues, neighbours, etc.

Nahapiet and Ghoshal (1998) define social capital as the sum of a set of actual and potential resources available through and obtained from the network of relationships of an individual or a social unit. The authors identified three interrelated dimensions (Figure 1): a

structural dimension that involves all kinds of connections in a network of social relations (network configuration), the relational dimension which generally refers to the quality of social ties that depends on the duration and frequency of reciprocal behaviour (trust, norms, obligations, identification with the group) and the cognitive dimension that covers aspects relating to knowledge, representations, interpretations and systems of meaning between the actors.

Figure 1 Dimensions of Social Capital



Source: Nahapiet and Ghoshal (1998)

Entrepreneurship in rural tourism involves venturing into the unknown that may be addressed through reliable information, which increases the entrepreneurial capacity, helps understand emerging opportunities, and helps assess the viability of these opportunities. According to Burt (1992) the benefits of information derived from structural aspects of social capital may represent access, opportunity and important references. Tsai and Ghoshal (1998) state that the location of an actor and its contacts can represent advantages. Structural aspects can also have significant impacts on the availability of valuable resources such as capital, space, facilities, equipment or human resources. Often micro-entrepreneurs have difficulties in getting bank loans, which may be achieved through their social network.

Also the relational capital is very important in entrepreneurship since personal experience and quality of past interactions may influence the success of the approaches and entrepreneurial commitments. Trust is one of the most important social ties that can facilitate flow of resources and information, and increase the commitment of cooperative behaviour (Davidsson and Honing 2003). According to Inkpen and Tsang (2005) strong social ties lead to a more refined and reliable information transference and enhance tacit knowledge.

Concerning the cognitive dimension, Liao and Welsh (2005) specify two mechanisms by which this dimension influences entrepreneurs: organizational legitimacy and entrepreneurial culture. The first mechanism refers to the recognition and acceptance of the business by society/community. The non-acceptance of the business by the community and other stakeholders may incur pressures and antagonisms that usually drastically reduce the opportunity to get information and external resources. Particularly in tourism, certain controversial forms of tourism (unsustainable tourism involving disrespect for environmental and social values) and carelessness regarding the type of tourists attracted to the community may decrease the access to resources for business development. For the second mechanism - entrepreneurial culture - some studies indicate that in communities where this type of culture is prevalent, people are more likely to understand risk behaviours, tolerate failure, encourage financial independence of the younger generations and defend self-employment (Dahles and Bras, 1999; Karlsson, 2005).

Methodology

This research employed a case study strategy focused on multiple cases in rural tourism in São Paulo State, Brazil (see Figure 2). This State reveals an interesting pioneering and dynamic rural tourism activity. In the late 1980s, in the Mococa region emerged a pioneer movement that shaped the first Brazilian national rural route, bringing together some of the most traditional rural properties. Also, São Paulo is the richest (33% of Brazil's GDP) and most populous (42 million inhabitants) state in Brazil (Sao Paulo, 2015).

The sample includes six cases of rural tourism (see Table 1) in three different regions of the state. It is a non-probability sample that was selected to be heterogeneous. As a heterogeneous sample, the cases selected have sufficiently different characteristics in order to enable the largest possible variation of the data collected. This is particularly relevant considering the exploratory characteristics of this research and its necessity to make issues emerge.

Figure 2 – Map of São Paulo State (highlighted in Brazil’s map)

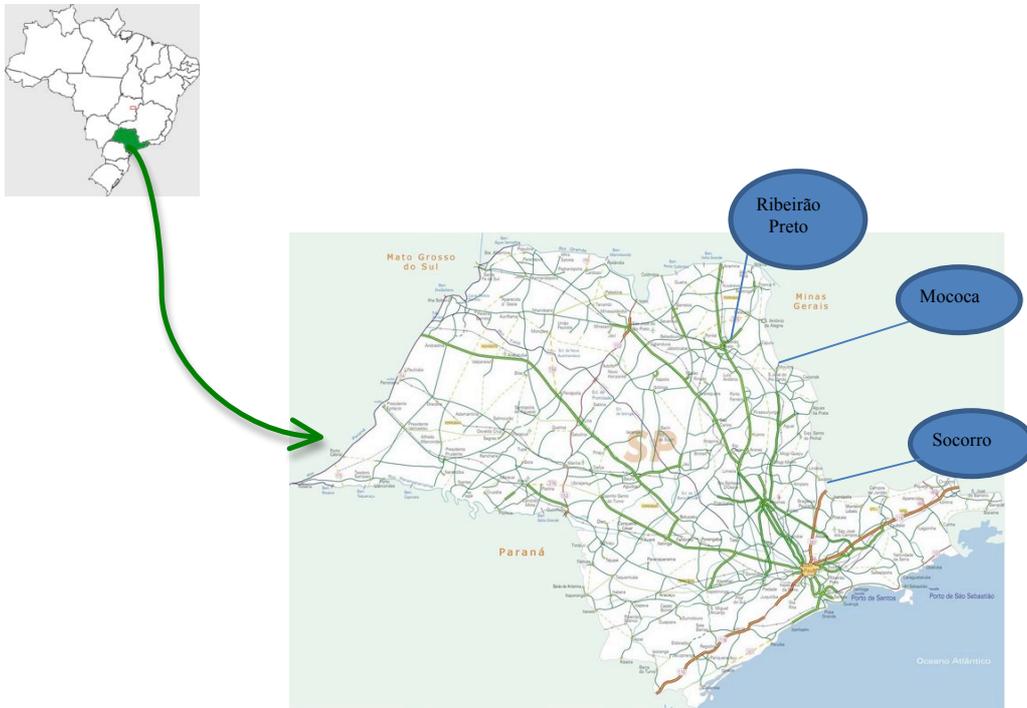


Table 1 – Studied Cases of Rural Tourism

Rural tourism project	Location
Fazenda Buracão	São Paulo (Mococa)
Fazenda Nova	São Paulo (Mococa)
Hotel Fazenda Parque dos Sonhos	São Paulo (Sorocorro)
Sabores do Currupia	São Paulo (Sorocorro)
Fazenda Vista Alegre	São Paulo (Ribeirão Preto /Sertãozinho)
Estância Fazendinha	São Paulo (Ribeirão Preto /Sertãozinho)

Direct semi structured interviews were applied in loco to entrepreneurs that were also owners of a rural tourism business (one per project) during the months of October and November 2014. In the cases where businesses have two or more owners, the interview was held with the one who was more involved into the creation and development of the business, with the agreement of the others. Additional information was provided by entrepreneurs by email and by phone in order to substantiate some information collected during the interviews. The data collected through these interviews were corroborated with other forms of evidence, including documents (texts and brochures, institutional information both provided by entrepreneurs and available on the internet, opinion articles published in newspapers, specialized magazines and online) and observation of physical artefacts (physical facilities and operation of projects in loco).

These interviews followed a set of predefined questions with the following purposes: 1) to obtain a brief description of tourist projects; 2) to understand the process of creation and development of tourist projects; 3) to know and to understand the type of networks and the dimensions of social capital that contributed to the access of resources during the creation and development of tourist projects. In order to achieve this last objective, a set of categories was established according to the literature review as presented in the first section of this paper:

- Types of networks of social capital used in the different stages of the entrepreneurial process (Pichler and Wallace, 2007). These networks may be formal (formal organizations) and informal (social relations established with family, friends, colleagues and neighbours);
- Economic (financial support for business) and non-economic (information, advice, social and emotional support) resources accessed by entrepreneurs (Birley, 1985; Aldrich and Dubin, 1991; Barnir and Smith, 2002; Greve and Salaff 2003; Manolova et al., 2006; Narayanan et al, 2009; Pandza and Thorpe, 2009; Li et al, 2013).
- Dimensions of social capital (structural, relational and cognitive) that facilitated access to different types of resources (Nahapiet and Ghoshal, 1998).

Analysis of studied cases of rural tourism

Fazenda Buracão

Overview of the business

Fazenda Buracão is located in the municipality of Mococa, State of Sao Paulo. The farm developed a set of agricultural activities. It started with the production of coffee and milk and later diversified with the introduction of the orange production, corn and chicken. Fazenda Buracão is a family estate and in 1997 the family started to develop the rural tourism activity. Nowadays the farm offers a range of facilities, such as, accommodation, covered area for barbecue, ponds, small beach, waterfall, pool, game room, hiking, horseback riding, canoeing in the dams, fishing, badminton, football, cycling, horse-drawn carriages and guided walks. This diverse offering enables attracting various market segments, from companies, families, seniors, colleges and universities.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

Concerning the structural dimension of social capital and the type of social network that was important, both in creation and development of the project, it was possible to verify that family was the most influential type of social network. The family project has been designed and developed without support by institutional financing resources. The main support was given by the current owner's parents. This informal network was crucial to the availability of economic resources. It was also given small support from SEBRAE (Brazilian institutional support to micro and small enterprisers) and SENAR (National Rural Education Service) in providing non-economic resources, such as training and competencies building. Also the Association “café com leite” had an important role in the promotion of the region and consequently of the business project. Finally, the municipality council support was also mentioned (provide some transportation service that allows the participation in some events).

The location of the rural business, and their family-based structure and management, as well as the physical and environmental aspects enabled the implementation of agro tourism and the development of a set of associated activities and services. With a simple structure with few hierarchical relations, the owners are all relatives that perform various activities.

Concerning the relational dimension, trust, respect, duty and obligations to the family, as well as the strong identification of the family group with the project were reported to be

decisive during the creation and the development of the project. These relational aspects were crucial in terms of motivation and involvement, security and risk sharing.

Regarding the cognitive dimension it was possible to verify an important share of language and codes, stemming not only from family ties but also from the educational training in agronomic engineering of two of the entrepreneurs (eldest son and nephew). The ingenuity and expertise of both in the development of small projects (e.g. the waterfall, the small beach, among others) is remarkable.

Fazenda Nova

Overview of the business

Fazenda Nova was built in 1830 and it is located in the municipality of Mococa, State of Sao Paulo. Originally the farm was dedicated to the creation of beef cattle, pigs and mules and plantation of maize, cassava, rice and beans. Today, pastures turned into paddocks of horses and eucalyptus groves surrounded by native forest. The planting of rice, beans, corn, vegetables and fruit is still maintained. In 1974 the farm started tourist activities offering services related to horses in particular rental, tours, horse riding and then hosting.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

In terms of the structural dimension of social capital and the type of social network, which are most important during the formation and development of the project, family and friends (informal network), played an important role. However, contacts from the past professional activity of the entrepreneur/owner were also particularly important (formal network). In regards to the development of the business, the interviewed owner referred to some associations that played an important role, in particular the Regional Consortium, the Convention & Visitors Bureau of São Carlos and the Association of Historical Paulistas Farms and media (journal, magazines, television, and radio). No government financial subsidy was received; the family financially supported the entire project. It was also referred to some government programs related to regional history that generated a set of opportunities related to the preservation of cultural and historical heritage that gave notoriety and recognition to the farm, actually recognized as a cultural point of the region. The emergence of some programs linked to the Ministry of Tourism that supported the organization of workshops and the contribution of Globo Television and São Paulo State journal who helped in the promotion of the farm for free were also mentioned. The relationship with SEBRAE

was referred to as not significant. However, SENAC (National Commercial Training Service) has been described as an interesting stakeholder in terms of training and providing knowledge related to useful aspects such as cost-benefit analysis, investment return and resources attraction.

Furthermore the location of the tourism project, and their family structure and management, as well as the physical, historical, cultural and environmental aspects were important during the formation and development of the project.

Concerning the relational dimension, the trust inside the family, the will to preserve the historical family heritage and the strong identification of the family group and to the network of friends were mentioned as being decisive in both phases of the project (formation and development). These aspects have been a source of motivation, generation and exploitation of new ideas and opportunities and they allowed for growth of the project according to family values. Although at an early stage the business had been referred to as more distant to the community, nowadays the project and the family gained recognition in the region.

Regarding the cognitive dimension, it is evident they share language and codes, resulting from family ties, as well as from ties with friends and personal contacts. The owners' (father and two daughters) training demonstrated evidence of an affinity with the culture and social areas (one of the daughters develops eco therapy using horses to deal with disability and the other gives riding lessons to a poor neighborhood and has many direct and close ties with the community).

Hotel Fazenda Parque dos Sonhos

Overview of the project

Hotel Fazenda Parque dos Sonhos is located in the Socorro region, São Paulo State and was founded in 1995. It currently offers a set of facilities, namely accommodation, restaurant, gift shop, indoor pool, dry and wet saunas, game room and an event center. The hotel is adapted for people with disabilities or reduced mobility.

The owner, an agricultural engineer, worked for over sixteen years in a multinational company in the agrochemical industry. In 1992 he decided to start a very different life. Over the past 10 years he worked in the company, lived in São Paulo and traveled extensively throughout France, having assisted the revolution of rural tourism in Europe in the 1980s. He tried to apply to Socorro region some ideas of rural tourism in Europe where the economic

return of this activity was already very positive. He realized the importance of adding value to the farms and recognized the need of vertical integration in rural tourism.

The business started with the exploring of ponds and with the development of fishing activity (the practice called “fish and pay”). At this early stage, the resources were scarce and all the profits were reinvested in the purchase of land and small buildings. In 1997 some accommodation was built and the following year, 1998 was a year of project leverage. The project has continued growing and one of the last investments consists on the hotel adaption for people with disabilities or reduced mobility.

The involvement of this entrepreneur with the community and its associative capacity is significant. He is one of the founders and president of COMTUR (Municipal Tourist Board). The mission of this board is to disseminate, preserve, and promote the tangible and intangible heritage of the region. He also participated in the creation of the trade association that together with COMTUR and the municipal government has enabled an important political influence.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

Concerning the structural dimension of social capital and the types of social networks that were crucial during the formation and development of the project it was observed that in the first phase, friends, colleagues, family (informal network) and social and economic tourism stakeholders that enabled the establishment of committees and rural tourism associations (formal network) were particularly important. Financial institutions were not an option, neither during the formation nor the development of the project. The owner obtained initial financial resources through the sale of properties in São Paulo City. During the development, the project was financed through reinvestment of the profit. This entrepreneur revealed a very entrepreneurial-mindset, strategic, technical and human capacities. Other important formal types of support were mentioned, such as SEBRAE, SENAC, SENAI (National Industrial Apprenticeship Service), ABETA (Brazilian Association of Ecotourism and Adventure Tourism), ABRATUR (International Academy for the Development of Tourism), ABIH (Brazilian Association of Hotels) and ABAV (Brazilian Association of Travel Agencies). These formal networks were important in terms of training, professional qualification and dissemination and promotion of the region. The importance of media, including television and specialized national magazines (Guia 4 Rodas and Tourist Guide

Magazine) as vehicles for the promotion and advertising of events that might attract tourists to the region was also mentioned.

Moreover, the location of the tourism business allowed an extension and consequent growth of the business in various aspects. Although the project was initially family-based, it gained dimension and complexity. It uses a significant number of human resources with a division of labor and growing hierarchy. The entrepreneur is the main figure regarding the management and operation of the business, having set up a network of important professional relationships.

Concerning the relational dimension, cooperation, trust, pressure, resilience and proactivity are indicated as determinants in the creation and development of the project. Also values of solidarity, social, cultural and environmental education are present in the performance of this entrepreneur. These aspects are visible in several initiatives promoted by the entrepreneur during the creation and in the development of the project (set up a foundation that develops a set of social initiatives related to cultural, musical, educational, environmental, sport and accessibility). It was possible to observe the demand for group solutions instead of individual solutions, the sense of duty and obligation towards the community, the pressure to adhere to a set of norms that intended both to develop the associations and to create a strong destination image.

Regarding the cognitive dimension, recognition and acceptance of the entrepreneurial project by the community was found. This recognition gives legitimacy to the project, enhances opportunities and helps to obtain external resources. The entrepreneurial culture of both the entrepreneur himself and the community, promotes investments in projects, encouraging the community to invest in the region. Also the vast and heterogeneous education and training of the entrepreneur seems to have been important in the development of legitimacy and the promotion of entrepreneurial culture, not only at the business level but also at the community level.

Sabores do Currupia

Overview of the business

Sabores do Currupia is a tourism project developed in a deep rural area located in the Socorro region, Currupira district, São Paulo State. The project is in an early stage and it was created by three rural women owners of coffee and banana plantations. With a very rural surroundings, services and activities offered are all related to the natural resources of the region. The main objective of the project is to add value to the agricultural activities of these

entrepreneurs. They offer different services, such as, “breakfast and lunch on the farm”, tractor rides in the region, sale of local products produced on the farm, and, more recently, accommodation. The main costumers are people from the city (Brazil and other countries) who want to spend a day or several days experiencing country life.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

With regard to the structural dimension of social capital and the types of social networks that were crucial to the business, the interviewed talked about the importance of family, close friends and support from colleagues (informal network). In terms of a formal network they only mentioned the support of SENAÉ and the rural union. The business idea emerged during a rural tourism course held by these entities. The three women entrepreneurs attended the course and decided to join resources and start offering a set of services, adding value to agriculture. This project was built on already existing rural infrastructure, on one of the ranches of the entrepreneurs. The business has a very simple and family-based structure without hierarchy levels.

In terms of the relational dimension, it was possible to verify a strong trust, solidarity and working capacity of the entrepreneurs. The strong social ties provided by the entrepreneurs’ families was mentioned as a key factor during the formation of this project. Since these entrepreneurs do not have a formal education and knowledge, these ties in a rural area constitute important tacit knowledge.

Regarding the cognitive dimension, a weak entrepreneurial aptitude from the community was observed. Entrepreneurs felt a lack of confidence from the community with respect to their project. In fact, shared language and codes proper of a rural community exist; however, both entrepreneurs and community revealed inexperience in business and a lack of management skills. Although there are strong bonds of cooperation and solidarity in this community, with respect to the tourism project, there is a lack of credibility, recognition and legitimacy.

Fazenda Vista Alegre

Overview of the business

Fazenda Vista Alegre is located in Sertãozinho, region of Ribeirão Preto, São Paulo State. Since 1945 the farm produces sugarcane, corn and dairy cattle of Jersey breed. The farm has a legal reserve with wild animals; including the howler monkey, the maned wolf, the armadillo, capybara and others. In addition to a set of educational tourism activities available, the farm offers various services such as organization of festivals and events, space rental for corporate events (training, lectures and meetings). It also offers buggy rides, fishing, pool with waterfall, and participation in the routine activities of a farm (e.g. maintaining the organic garden or the orchard). It is also possible to practice adventure sport (climbing wall, zip line). These services are directed to schools, organizations and families. The tourist activity began in 1997, and started with educational tourism. Actually the farm has a hospitality infrastructure, which includes the main house, cottages and a structure for group accommodation.

The idea of the project on rural tourism came during the economic crisis associated with the crisis in production of sugarcane in 1995. At that time the family farm was totally dependent on milk production and they realized the importance of diversifying the exploitation of the farm. The actual owner was a teacher and believed in the possibility to add value to the exploitation of the farm through educational tourism. In 2001, she attended to a course developed by SEBRAE and started to build an important network. She founded the ATURP Association (Rural Tourism Association of Ribeirão Preto) that started to gain governmental visibility.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

Regarding the structural dimension of social capital and the types of social networks involved during the foundation and development of the project the importance of the family (father, uncle, sister, husband, son and even cousins) and colleagues / friends (informal network) was mentioned. SEBRAE, SENAIE and ATURP, were reported as very important in the initial stage (formal network). SEBRAE was determinant in the awareness of rural tourism opportunity and SENAIE helped create contacts and build a network that supported the project's visibility. In fact, the development of rural tourism in the region was very important because it allowed the maintenance of a whole tradition of farms in Sertãozinho.

The project location and the existing infrastructure (family farm) allowed the creation of the business without requiring large investments. The size and layout of the original farm made possible an increase of spaces for the various services offered. With a familiar and simple structure, a clear division of functions and a significant use of human resources exist.

With regard to the relational dimension, the reciprocal confidence between the entrepreneur and family, solidarity and cooperative family spirit were referred to as important during the foundation and development of the project. This cooperative spirit has been very important in resource management, both at the equipment level and human resources level.

Concerning the cognitive dimension, although at an early stage of the project some mistrust from the community was noticed, now another mindset and openness to this type of projects seem to exist. While the Sertãozinho region of Ribeirão Preto is considered to be an entrepreneurial region, the main entrepreneurs are not rural. The Sertãozinho region has an entrepreneurial activity linked to the processing industry of sugarcane and Ribeirão Preto, an entrepreneurial activity linked to services (shops and restaurants). In any case there is an emerging middle and upper class, which begins to understand the importance of preserving traditional rural values. On the other hand the professional experience of the entrepreneur in education area contributed to the identification and consequent legitimacy of the project.

Estância Fazendinha

Overview of the business

Estância Fazendinha is located 35 km from Ribeirão Preto, in São Paulo. The resort is surrounded by nature and offers a range of services in the leisure area, namely, sport fishing, a small natural beach, boat trips on the river, paddle boats, train sets, trails, organic garden experiences, horseback riding monitored by instructors. It also offers accommodation and catering services. These services and attractions are targeted at groups of children, seniors, businesses, and families.

Fazendinha was founded in 1999 and initially invested in building ponds and fishing. Also at an early stage it developed educational tourism activities. Later the resort grew: a larger restaurant was built and the accommodations were expanded.

Types of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources

With regards to the structural dimension of social capital and the types of social networks present during the foundation and development of the project, it was mentioned that

SEBRAE and ATURP (formal network) were important. However the informal network was also relevant, and family was pointed out as an important stakeholder. Friends gave support to the project, as well as neighbors; together they created ATURP. Also the employees were labeled as influential, and the relationship with them was described as friendly. The restaurant chef has been the same since the beginning, and other family members work for the project. The owner (a woman) takes care of the restaurant and organizes events. The other owner (her husband) despite continuing with other businesses is also dedicated to the project (he built the boat that offers trips on the river).

It is a project whose infrastructure did not initially exist, it was built from scratch. The good deal on the purchase of land, and the location right next to the river, allowed the development of several activities. This family project has a clear division of functions and employs a large number of family members. However all the employees are considered and treated like family.

Regarding the relational dimension, the reciprocal confidence between the entrepreneurs and their family and friends were referred as decisive in the formation of the project. During the development, also trust and mutual support among family members and employees were considered important.

In terms of the cognitive dimension, while the entrepreneurs consider the region as non-entrepreneurial, they realize an increase in entrepreneurial attitude in nearby regions such as Sertãozinho and Ribeirão Preto. Customers from Ribeirão Preto value the project and have contributed to the recognition of Fazendinha and to the legitimacy of the project in the region. Finally, the family ties allowed for the development of shared language and codes, and it is possible to verify an understanding and identification of the owners with the project during its foundation and development.

Discussion

In all the cases studied social capital is crucial for the formation and development of the rural tourism businesses. The resources owned by the entrepreneurs and the ones provided by friends, family, co-workers and other stakeholders are of great significance, particularly in the foundation phase of the projects. Some of the resources mentioned by the entrepreneurs were related not only to financial resources, but also to non-financial resources, namely cognitive skills, strategic and management capacity, social and emotional support, and sharing of resources. These findings were corroborated in the literature review (Birley, 1985;

Barnir and Smith, 2002; Manolova et al., 2006; Narayanan et al., 2009; Pandza and Thorpe, 2009).

The study also allowed understanding of the importance of informal networks related with the mobilizing of economic and non-economic resources (particularly in terms of getting advice and information, social and emotional support, sharing of resources). On the other hand, formal networks were revealed as being less important and basically only in terms of financial resources. This fact can be related to particular economic and financial aspects of the country. Since obtaining capital from financial institutions is difficult, the development, modernization and quality of the projects are not very high, because it depends on the financial and management capacity of the entrepreneur and its family. The projects that present more management capacity, strategy, techniques and human skills (usually due to the entrepreneur's education or their past professional experiences) experience faster growth and the investment in quality is higher (example of Hotel Fazenda dos Sonhos).

It was also possible to understand that the use of social networks and the different dimensions of social capital can vary according to the stage of the project (foundation and development) and its needs. Also some authors confirmed this dynamic, concerning the mobilizing of social networks to access resources during entrepreneurial processes (Lichenstein and Brush, 2001; Lockett et al., 2009).

The study also allowed understanding the simple structural configuration of the projects. With a very flat structure, with almost no hierarchical level, some entrepreneurs often develop non-formalized organizational structures. Although in the creation of the projects these characteristics are often present, during the development of the projects and when the investment is significant this structure tends to become more complex with greater clarity and division of functions and more hierarchical levels (example of Hotel Fazenda dos Sonhos, Fazenda Vista Alegre and Estância Fazendinha).

For relational aspects, the quality of social ties, the duration and frequency of reciprocal behavior, past experiences and the quality of past interactions proved to be important during formation and development of the projects. However, in general, entrepreneurs not only maintain existing social ties, but also develop new social bonds. This allows an increase in contact network size and better mobilization, which leads to better management of resources and sharing of knowledge and good practice as the projects develop. These findings were also confirmed by the literature (Davidsson and Honing 2003; Inkpen and Tsang, 2005).

Finally, with regard to cognitive aspects, most of the entrepreneurs seem to know how to apply and use their academic and professional training, as well as knowledge and skills acquired through past professional experiences. It was possible to identify entrepreneurs' social and environmental values as well as their proximity to community as a result of their responsible behavior. This increase of organizational legitimacy and entrepreneurial culture frequently appears after business creation and during its development. Over time, some communities start to develop an entrepreneurial culture, and develop a greater understanding of risk behaviours and failure and encourage investments and development of the region. Also these findings were corroborated by literature, through the studies of Dahles and Bras (1999) and Karlsson, (2005).

Conclusion

This study used literature on social capital to better understand creation and development of entrepreneurship in rural tourism. It contributes to both literature and management practices since it helps to understand the importance of social networks, resources accessed by entrepreneurs and dimensions of social capital that facilitated access to different resources.

The results corroborate literature on social capital and entrepreneurship in some aspects. One is related to the importance of informal networks (especially family and relatives) in order to mobilize economic and non-economic resources. This study shows that it is particularly relevant in rural tourism business because these enterprises often begin with a family farm that is converted into a rural tourism project; thus, family support is crucial to the development of the business.

On the other hand, formal networks, while important, are not decisive for the development of the rural tourism businesses included in this study, especially in regards to financial support. This result is particularly expected considering characteristics of Brazil, a country where the financial system presents high rates for loans.

Some limitations of this study are related to its methodological aspects. As a case study, collected data may not be generalized. Also, another limitation is the lack of standard categorization in the rural tourism sector, with different types of businesses in terms of activity (hotels, restaurants, entertainment, etc.). This caused great challenges for collecting and analyzing data.

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Annex 1 – Interview guide

Main question	Sub-questions
1. Is it possible to make a general presentation of your rural tourism business?	1.1. What is the geographic location?
	1.2. What are the economic activities deseveloped in the rural tourism business?
	1.3. What are the services offered in the rural tourism business?
	1.4. The business is directed to which market segments and who are your customers?
2. Explain how it appeared the business idea and how it developed?	2.1. How did you become an entrepreneur?
	2.2. What was your past professional activity before you start this rural tourism business?
	2.3. Do you still keep the past professional activity?
	2.4. What were the activities and services offered in the begining of the project?
	2.5. What were the activities and services offered during the development of rural tourism business?
	2.6. How did the rural tourism business developed?
3. What kind of networks were important during the creation and development of the entrepreneurial project?	3.1. In terms of informal networks what were the most important participations and what resources were provided, during the creation and development of the rural tourism business?
	3.2. In terms of formal networks what were the most important participations and what resources were provided, during the creation and development of the rural tourism business?
4. Concerning social capital what were the most relevant aspects that contribute to the access to the different type of resources?	4.1. What were the structural aspects that more helped the access to the several type of resources used, during the creation and development of the rural tourism business?
	4.2. What were the relational aspects that more helped the access to the several type of resources used, during the creation and development of the rural tourism business?
	4.3. What were the cognitive aspects that more helped the access to the several type of resources used, during the creation and development of the rural tourism business?