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How do hospitality entrepreneurs use their social networks to access resources? Evidence from the lifecycle of small hospitality enterprises

Abstract

This study investigates entrepreneurs' use of social networks to access resources during the conception, start-up, and consolidation stages of small enterprises in the hospitality industry in Sergipe State, Brazil. This study analyzes four cases of small hotel ventures, employing cross-case analyses to identify the patterns, similarities, and differences between the cases. The study findings highlight that, in the start-up stage, entrepreneurs access fewer resources, utilizing only family and friends, primarily as moral support. In the consolidation stage, entrepreneurs rely more on their weak links, accessing them with greater frequency. Mobilizing social networks is a dynamic process, and how entrepreneurs use these networks changes throughout the business-creation process. This is one of the first studies on how entrepreneurs use their social networks, especially in a developing economy.

Keywords: Entrepreneurship, social networks, resources, small hospitality enterprises

1. Introduction

Entrepreneurship is a key concept in building and gaining sustainable competitive advantages (Baert et al., 2016; Miller and Le Breton-Miller, 2017), as there is an important relationship between entrepreneurship and a firm's performance, growth, innovation, and networks (Fadda and Sørensen, 2017; Kallmuenzer, 2018; de Lange and Dodds, 2017; Schuckert et al., 2018; Servantie et al., 2016; Volery and Mazzarol, 2015). More specifically, networks, which are defined as "a specific set of linkages between a defined set of actors with the characteristic that the linkages as a whole may be used to interpret the social behavior of the actors involved" (Lechner et al., 2006, p. 517), play a crucial role in the success of entrepreneurship.

Scholars have investigated the role of entrepreneurs in networks, and the role of networks in an entrepreneur's firm performance, growth, or innovation (Miller and Le Breton-Miller, 2017) by focusing on case studies of large manufacturing companies in developed countries (Ulhøi, 2005) and small businesses (Hernández-Carrión et al., 2017). However, understanding the nature of the industries involved (McGahan and Porter, 1997), developing countries' characteristics (Bamiatzi et al., 2016), and the industry lifecycle (Karniouchina et al., 2013) is critical when formulating and implementing strategies and managing the lifecycle of entrepreneurship. It is not clear which networks entrepreneurs use, or how entrepreneurs use their social networks to access resources during the lifecycle of their enterprises in the hospitality and tourism (H&T) industry. As unique features of the H&T industry, such as the inseparability of customer participation in the service process, simultaneity, perishability, intangibility, heterogeneity, cost structure, and labor intensity (Chen, 2018; Gronroos, 2007) the literature needs more studies focusing on resource dependency and network theory (Strobl and Kronenberg, 2016). This study also offers solutions to the many small business owners who have faced problems managing their networks effectively (Hernández-Carrión et al., 2017).

Several previous studies (Hallak et al., 2015; Yazici et al., 2016) have addressed entrepreneurship in the H&T industry by focusing on the antecedents of entrepreneurship, such as the characteristics of entrepreneurs, including demographics (Badulescu et al., 2014; Chen and Elston, 2013); entrepreneurs' motivations (Ahmad et al., 2014); the outcomes of firm growth (Hallak et al., 2014); and destination development (Lundberg et al., 2014). More specifically, several studies (Ahmad et al., 2014; Bosworth and Farrell, 2011; Carlbäck, 2012; Komppula, 2014) have discussed the role networks play relevant to entrepreneurship activities in the H&T industry. Three studies have discussed the networks of entrepreneurs or managers in the H&T industry (Ahmad, 2005; Hsu et al., 2015; Strobl and Kronenberg, 2016), while two others have examined the relationship between entrepreneurial networks and supply communities in eTourism (Buhalis and Molinaroli, 2002; Molinari and Buhalis, 2003). Although Strobl and Kronenberg (2016) evaluated network formation and structure during the lifecycle of hospitality enterprises in Austria, previous studies have not addressed how entrepreneurs of small businesses or family businesses use their social networks to access resources during the lifecycle of H&T enterprises in emerging economies, such as Brazil. Hypothesizing that answers will help entrepreneurs manage their networks effectively, and will allow scholars to minimize the gap in the literature, the present study addresses the following questions:

- What are the strong and weak ties in the social networks of small business entrepreneurs in the H&T industry during the lifecycle (conception, start-up, and consolidation stages) of their enterprises?
- What resources do hospitality entrepreneurs access via these strong and weak ties?
- How do hospitality entrepreneurs use these strong and weak ties?

This article comprises four sections. First, a literature review examines entrepreneurial social networks, the use of social networks during the different stages of the business, and an overview of studies related to entrepreneurial social networks in the H&T industry. The second section explains the research methodology employed in this study. Third, the study's findings are presented and discussed. The final section highlights various conclusions, study limitations, and opportunities for future research.

2. Literature Review

2.1. Entrepreneurial social networks

In the literature, entrepreneurial social networks have been examined from several different perspectives. For example, Granovetter (1973) defined networks as systems composed of knots or ties, and the connections between them that, in the social sciences, are represented by social subjects (individuals, groups, organizations) connected by some type of relationship. Tie strength, which can be weak or strong, is a quantifiable property that characterizes the link between two nodes. These ties involve a linear combination of time, emotional intensity, intimacy, and reciprocal services. Strong ties exist within a group with long-lasting relationships, such as family members and a small group of internal advisors to the business owner. These relationships are often based on trust. Weak ties have a shorter lifespan and involve minimal contact, less trust, and more relationship ambiguity.

Johannisson (1998) and Li (2008) separate networks into personal networks and business networks. Personal networks are relationships centered on the entrepreneur as a person, whereas business or organizational networks relate to various business initiatives and tasks. According to Dubini and Aldrich (2002), a personal network consists of all the people with whom an entrepreneur has direct links (or, for some purposes, indirect links). Greve and Salaff (2003)

emphasize that to meet their needs, entrepreneurs seek decision-making help from those closest to them, such as friends and family, rather than those who are more distantly connected to them.

Vissa's (2011) study posits that an entrepreneur's intentions when forming relationships involve a matching process using criteria that include both social aspects (similarity in language, caste, and occupation) and task priorities (task complementarity). This view is important because entrepreneurs often employ their personal networks to form new economic exchange ties. When forming interpersonal ties, the quality of this matching process helps determine the selection of exchange partners for their ventures. These findings reveal that entrepreneurs have a greater chance of initiating an economic exchange relationship when their interpersonal ties match well on task complementarity or language similarity. Vissa's analysis of the effects of this interaction indicates that task complementarity is more important than language similarity.

2.2. Social networks during different stages of the business

Chu (1996) identifies three stages in the development of a business: pre-start-up, start-up, and maturity. In the pre-start-up stage, potential entrepreneurs seek advice, financial resources, and moral support from their families, friends, and business associates. The start-up phase is the period during which entrepreneurs establish their companies, and their network extends to partners (if any), teams, buyers, and company suppliers. The business enters the maturity stage after it has survived for over five years; at this point, the entrepreneurs begin to expand their network with professional services, organizations, and government agencies. Vasconcelos et al. (2007) emphasize that social embeddedness has been used heavily in the field of entrepreneurship and that during the creation and evolution of new businesses, entrepreneurs tend to mobilize their relationship network to access resources. Understanding entrepreneurship as an evolutionary process, Vasconcelos et al. (2007) observed that relationships are more frequently used to gain

access to simple and complex resources during the start-up and evolution of a business. The mobilization of these relationships is contingent on the degree of complexity of the relevant resources.

At the beginning of a new venture, social networks are a crucial asset for entrepreneurs struggling to achieve a place within competitive markets. In other words, during the process of creating a business, individuals mobilize their personal network to obtain resources (physical resources, information, emotional support, capital, and business contacts) that help transform their business visions and plans into reality (Birley, 1985; Johannisson, 1998). According to Brush et al. (2001), attracting appropriate resources to a new venture is one of the greatest challenges entrepreneurs face. An unestablished business with no reputation or track-record of results encourages potential suppliers to perceive a greater likelihood of risk. Mobilizing personal relationships involves the social construction of activities (Granovetter, 1973) and the dependence of individuals on their networks to obtain resources (Aldrich et al., 1989; Dubini and Aldrich, 2002; Hansen, 1995).

This study uses Borges et al.'s (2005) venture creation model. The model involves four stages: initiation, preparation, start-up, and consolidation. The initiation stage involves identifying business opportunities, reflecting on and developing a business idea, and deciding to set up the business. In the preparation stage, entrepreneurs concentrate on preparing their business plan, conducting market research, obtaining financial resources, and building their team. The start-up stage considers the legal procedures involved with opening the business, along with testing the entrepreneur's dedication to the business, organizing installations and equipment, developing the first products and services, hiring employees, and obtaining the first clients. The consolidation stage considers marketing and sales activities, determining the point of equilibrium, planning, and

administering the business. For simplification, three stages of the venture process were considered when analyzing entrepreneurial social networks: conception, start-up, and consolidation. The initiation and preparation stages of Borges et al.'s (2005) model were grouped into a single stage (conception), wherein the activities involving identifying business opportunities and developing ideas were joined with the activities involving preparing the business plan, doing market research, and obtaining financial resources. This simplification was adopted because small businesses rarely document activities linked to developing business plans and performing market research.

2.3. Entrepreneurial social networks research in the H&T industry

Several studies related to networking in the H&T industry have been completed. According to Ahmad (2005), these studies have generally addressed a variety of functions for H&T firms. The functions included marketing strategies (Bilgihan et al., 2016; Nusair et al., 2017; Zamani, 2016), networking with NGOs (Strauß, 2015), online networking (Ying et al., 2016), social networking technologies (Germann Molz, 2013), sustainable planning (Barrutia and Echebarria, 2015), innovation (Novelli et al., 2006; Sørensen, 2007), and social networking tourism (French et al., 2017). For example, Ahmad (2005) investigated the networks of owner-managers in chalet accommodation firms in Malaysia. He found that these networks include family and ethnic linkages. Informal ties are common, and the purpose of networking is to exchange ideas, advice, and help. Beritelli (2011) investigated how actors chose to cooperate in a European Alpine tourism destination. He found that cooperation among the prominent actors at the destination depends on relationship-based items rather than happening on an institutional level. Local social networks play critical roles when determining the likelihood of cooperation. Hsu et al. (2012) identified how the patterns and effects of managerial ties differ among state-owned, domestic private, and foreign firms in economy hotel chains in China. They found that managers of firms with different

ownership types use different network tie combinations and differ in the extent to which they can benefit from managerial ties. Strobl and Peters (2013) examined the destination governance processes of four alpine tourism companies. Their study indicated that higher network density and tie strength generate a stronger group orientation and more informal governance channels.

Hsu et al. (2015) looked at entrepreneurs' strategies for acquiring intangible resources through network ties at the different development stages of new firms operating Chinese economy hotel chains. They indicated that entrepreneurs used a mixture of strong and weak ties in the early start-up stage, relied on strong ties in the establishment stage, and did not value network ties in the final growth stage, using only weak business ties, instead. Strobl and Kronenberg (2016) investigated the dynamics of entrepreneurial networks during the lifecycle of a hospitality enterprise. They highlighted that hospitality entrepreneurs prefer strong ties throughout the enterprise lifecycle, often transitioning from one family generation to the next. Changes in the competitive environment act as important triggers of alternative or new network configurations.

3. Methodology

3.1. Sampling procedure

Teixeira (2005) conducted a study of 30 hospitality businesses in Sergipe State, Brazil (Aracaju is the capital and main tourist destination). This study indicated that a majority of small and micro-sized hotel businesses in Sergipe, Brazil are recent, having begun in the mid-1980s. Small hotel enterprises in Sergipe have a very simple operational structure, involving only owners and employees. The majority of these businesses are family-owned. The entrepreneurs of these hospitality businesses were concentrated among three age groups: 30s, 40s, and 50s, with the 40s age group being slightly larger. 33.3% of state-owned hotels were operated by entrepreneurial women. The level of education of those running hotel businesses in Sergipe is relatively high, with

more than 50% of respondents having completed an undergraduate degree, and an additional 30% having a high school diploma or technical course certification. It is worth mentioning that, of these graduates, only 3.3% took tourism courses, and none of the entrepreneurs were trained in hospitality. The number of entrepreneurs with previous experience in tourism was also relatively small, with only 20% having previously operated family-owned hotels or restaurants.

The present study employed the multiple case study approach following Yin (2013). The multiple case study approach is more credible and convincing when drawing and finalizing research findings. According to Eisenhardt (1989), it is difficult to determine an exact number of cases, and that it is ideal to add cases when theoretical saturation is perceived, i.e., when researchers find that the phenomenon in question has been seen before or that incremental learning is minimal. Theoretical saturation may also be combined with the availability of resources and time—factors that can influence the search for or closure of new cases. The present study examines four small businesses in the tourist sector of Aracaju, the capital of Sergipe State in Brazil. The researchers believed four case studies would allow them to reach data saturation for this investigation, as previous studies used five cases (Yazici, Köseoglu, & Okumus, 2016). Another criterion, accessibility, was considered, as only the entrepreneurs of companies that permitted access to the researcher were interviewed. The four hospitality companies studied are referred to in this text as *Guest House*, *Hotel A*, *Hotel B*, and *Hotel C*.

3.2. Data collection

This study is exploratory and qualitative in nature. According to Saunders (2011), exploratory studies seek to answer a question about what is happening. For Creswell (2013), qualitative inquiry involves questions and local data collection, with researchers then interpreting the meaning of the data. Data collection with the entrepreneurs of the companies in Aracaju utilized

semi-structured scripted interviews. Data were collected in March and April 2015, after the January and February Brazilian high season.

The interviewed entrepreneurs had already opened their businesses and were currently managing them. The researchers chose small hospitality companies because the owners were generally at the front-end of the business and company founders were often accessible. The recorded interviews lasted approximately one hour for each company and were later transcribed. Each case was described individually following the logical sequence for each analysis element of each stage, looking both at the interviews and the company site. To ensure construct validity, after each evaluation, the interviewee reviewed the draft and confirmed whether it was correct. Although interviews are an essential source of information in a case study, Yin (2013) recommends corroborating the data with other sources, such as document analysis. Company websites and advertising materials were used to verify the interview information; this is provided in the Appendix (online supplement).

3.3. Interview questions

In this study, a mixed model (Laville and Dionne, 1999) was used to identify the presence of predetermined elements. The researchers considered all the significant elements, even if it meant broadening the scope of the categories. The interview questions were developed from the analytical categories and analysis elements presented in Table 1.

Insert Table 1 about here

3.4. Data analysis

According to Patton (2005), researchers must attempt to understand and describe what people say and identify patterns and integrate the different sources of data before data analysis and interpretation. The present study follows Miles, Huberman, and Saldana (2013), as both the

deductive (theory-driven) and inductive approaches were utilized for data collection. As noted by Yin (2013), the deductive approach in case studies uses a previously established theory to compare empirical results. In this study, the entrepreneurial social networks theory (Strobl and Kronenberg, 2016) was analyzed and compared with the present study's findings. This approach is the primary vehicle for generalizing the results obtained from multiple case studies. After completing the deductive approach, the inductive approach (Miles et al., 2013) was employed. In this stage, the collected data were analyzed using open coding to identify new patterns and find additional patterns between similarities and differences. Each analysis is followed by a cross-case analysis (Eisenhardt, 1989) seeking to discover patterns between cases, and clearly defining their similarities and differences. Afterward, a comparative case analysis was developed for each element and stage. This study does not aim to utilize statistical generalizations, and any application of the sampling logic would be misguided. Case studies should not be used to assess the incidence of phenomena (Yin, 2013). In this study, the content was analyzed without using software particularly useful for finding predetermined categories, as the aim was to establish patterns between similarities and differences within an interpretative perspective, and because the present research used a deductive approach to analyze the cases. The generalization in this study is analytical, adopting existing theory to define categories and analysis elements.

4. Findings

4.1. Entrepreneur profiles and enterprise demographics

The entrepreneurs involved in the sampled hospitality businesses began their enterprises between the ages of 21 to 43 (Table 2). The *Guest House* owner, the only female among the respondents, started her venture because her husband's job with a multinational company involved frequent transfers, and she wanted to generate a second income for her family. The three *Hotel*

entrepreneurs had previous experience as civil servants, and the *Guest House* owner had once worked as a receptionist at a trading company.

Insert Table 2 about here

Table 3 presents a summary of the enterprise demographics. According to the business size classification of the Brazilian Service for Support for Small and Micro Businesses (SEBRAE, 2011), *Hotel A* is classified as medium-sized, with 65 employees. The other sampled hospitality enterprises considered in this study are small: *Guest House* has 10 employees, while *Hotels B* and *C* have 30 and 45 employees, respectively. As in Teixeira (2005), all the enterprises had very simple organizational structures with only two or three levels.

Insert Table 3 about here

4.2. Entrepreneurial social networks

Based on the types of ties and resources accessed during conception, start-up, and consolidation, a cross-case analysis was conducted for each stage.

4.2.1. Conception stage

The ties utilized to acquire social resources, such as identifying business opportunities, and obtaining information, advice, and recommendations for suppliers and clients are considered in this stage.

4.2.1.1 Strong ties and resources accessed during the conception of a business

During the business conception stage, identifying a business opportunity was observed in several forms. In the case of *Hotel A*, the father of the entrepreneur was responsible for identifying a good business opportunity; the family owned a hotel in another state. The initial idea of creating the hotel came from the entrepreneur's father, as follows:

289 My father always had this dream, right? It's what I always tell people. It's more a
290 dream of my father than my dream. And it's really cool because, like that, I took
291 the idea together with him, at that moment. I have two other brothers who have
292 followed other paths, but I am proud to have accomplished this project.

293 The optimal business opportunity concerning the *Guest House* entrepreneur was identified
294 by a friend of the family, another entrepreneur in the tourism sector who revealed the advantages
295 the sector offered at the time. A combination of various factors led to the entrepreneur opening the
296 guest house, as she describes below:

297 At the time, there were hardly any guests here. I did market research, more personal,
298 without any technical criteria, and I saw that there were almost none. We had the
299 land because I had lived here before. I [had been away for] five years. We came
300 back here and decided to think of something, and the idea of the guest house came
301 up.

302 The entrepreneur of *Hotel C* had previous experience as an entrepreneur in other sectors.
303 He identified the opportunity to open his hotel when visualizing the prospective growth of the
304 tourism sector in the town. His previous business experiences were also an important part of his
305 decision-making.

306 I had the perspective of tourism growth in Aracaju, and since I already worked in
307 restaurants and in the area of lodging, at a motel, I looked for something that I
308 thought was close to the experience I already had.

309 Regarding their training and preparation, the entrepreneur of *Guest House* sought support
310 from family and friends already active in the sector. *Hotel B* also counted on friends and family

members, who, besides offering moral support, provided him with information and advice relevant to the sector.

I already had a great intimacy with these friends . . . who were already in the sector . . . So, I looked for information of who was already in the sector . . . There was a friend that we were always talking to [who gave] full support, but I also had encouragement, always with that speech that Aracaju was poor in terms of [what] hotels offer.

All entrepreneurs used their financial resources, and those of partners and family members, to establish their businesses. Concerning physical resources, all the owners built their enterprises on land owned by their families. The owner of *Hotel C* acquired land with his resources to build his hotel. Table 4 shows the strong ties and resources used by the entrepreneurs during the conception stage.

Insert Table 4 about here

4.2.1.2 Weak ties and resources accessed during the conception of a business

For *Hotel B*, the combination of a family-owned plot of land on the beach and the attractiveness of a bank-offered interest rate proved fundamental to the entrepreneur's decision.

I think the issue of credit was decisive for us to build the hotel. You already had the land plot, and the official bank had an attractive interest, so you matched one thing with another.

When seeking guidance for the architectural project, the entrepreneurs of *Guest House* and *Hotels A* and *B* turned to builders, engineers, and architects. The owner of *Hotel B* sought advice from his bank, which offered credit to fund the project. The owners of *Hotels B* and *C* sought

consultancy and guidance from the Brazilian Service for Support for Small and Micro Businesses, and *Hotels A* and *B* hired independent consultants.

Hotel C's entrepreneur sought financing from a bank to build the hotel and purchase furniture and equipment, while *Hotels A* and *B* used this resource only during the construction phase. *Hotel B*'s owner organized his business plan with the assistance of Brazilian Service for Support for Small and Micro Businesses to better obtain financing from his bank.

Hotel C's owner prepared his financial plan, in which he defined his clientele, outlined his operations, and described how the hotel would be run. Some public planning, construction, and environmental agencies were researched regarding licenses for construction and documentation for project implementation.

In fact, what we had was in the construction phase. The public service is very bureaucratic, and there were difficulties, even for project approval, before starting the construction; it's been almost a year just struggling with it.

Table 5 shows the weak ties and resources accessed during the conception stage.

Insert Table 5 about here

4.2.2. Start-up stage

During the start-up stage, the researchers analyzed how networks were used during the legal procedures necessary for opening the business, how facilities and equipment were organized, how employees were hired, and how the first clients were attracted.

4.2.2.1 Strong ties and resources accessed during the start-up stage

During the start-up stage, *Hotels A* and *C* had family support related to the legal procedures concerning opening their companies. For the owner of *Hotel A*, support was provided by the entrepreneur's father, an experienced businessman. The entrepreneur of *Hotel C* received support

from his sister-in-law, who had a degree in accounting. In this stage, the entrepreneur also counted on the moral support of his wife, who was responsible for the purchasing sector. He stated, “My wife and her sister were very important in this stage, with moral support and practical help in the accounting and start of the business.”

None of the entrepreneurs sought guidance or support when purchasing materials and equipment. The *Guest House* entrepreneur acknowledges that she made her decisions based on her experiences as a housewife. After the guest house opened, however, the entrepreneur’s husband was transferred to another state, which generated a feeling of insecurity because she was alone in front of the business. She said, “Then I cried a lot, I cried a lot, because I felt very lost, because before he helped me every day and now it had to be over the phone, which is not the same thing.” To attract her first clients, the *Guest House* entrepreneur was helped by a friend who owned a hotel, and who recommended the *Guest House* when his hotel was full. Family members helped the owners of *Hotels B* and *C*. Table 6 shows the strong ties and resources relevant during the start-up stage.

Insert Table 6 about here

4.2.2.2 *Weak ties and resources accessed during the start-up stage*

The *Hotels* and *Guest House* entrepreneurs received guidance from accountants. *Hotel B*’s entrepreneur received additional support from public agencies, such as the Brazilian Tourism Institute and the Sergipe State Tourism Company. To hire employees, all entrepreneurs analyzed curricula vitae and received recommendations from other entrepreneurs in the sector, with preference given to experienced workers in all cases. The owner of *Hotel A* was supported by the Sergipe State Workers’ Center, a state agency that provides space for recruiting and selecting employees.

Since we did not have space to make the staff selection, the support center provided us [with] the auditorium and everything else, so that we could, at that moment, do the selection process, talk to people, and sort everything [out]. So, it was an interesting moment of government support at that time.

When hiring their employees, the owners of *Hotels B and C* relied on the recommendations of other entrepreneurs in the hotel sector. The owner of *Hotel B* hired workers from a hotel that closed while *Hotel B* was hiring. The entrepreneur also had the support of his employees, who provided contact information for the clients of hotels they had previously worked at.

We have already picked up staff from a hotel that closed down; the manager has already come from another hotel. So, I already had a client file of people he knew, a lot of people follow through personal knowledge, so our beginning was based on this experience of the manager and the staff.

The entrepreneurs of *Guest House* and *Hotels B* and *C* hired experienced employees and trusted managers. To attract their first clients, they relied on employees who were already experienced professionals in the sector, and who had lists of former clients that could be contacted. To attract more clients, the owner of *Hotel A* sent his team to fairs and events. The Brazilian Association of Hotel Industries, Brazilian Service for Support for Small and Micro Businesses, and the Brazilian Tourism Institute offered the owner of *Hotel C* advertising support for his company. Table 7 shows the weak ties and resources used during the start-up stage.

Insert Table 7 about here

4.2.3. Consolidation stage

At the consolidation stage, the researchers analyzed the networks and resources accessed by the entrepreneurs related to marketing and sales to determine the point of equilibrium that facilitated planning and business administration.

4.2.3.1 Strong ties and resources during consolidation

All the entrepreneurs stated that they continue to count on the moral support of family and friends. The *Guest House* entrepreneur commented that, at the consolidation stage, she no longer had help from other people. She also had to deal with friends criticizing her for not taking a vacation.

People would only say, and say to this day: you're crazy, you're in prison. Because I do not leave here, I'm here from Sunday to Sunday, I never got a vacation. To be honest, I do not feel that way, or [feel like this is] a punishment unless I get sick, because I'm here, people leave, I have a great pleasure being here dealing with people, doing what I do.

Regarding planning and business administration activities, all the entrepreneurs highlighted their direct or indirect contact with family and friends. For example, at this stage, *Hotel A* needed to expand the hotel because the entrepreneur's father wanted the opportunity to have a larger hotel.

The project was ready. Ready to approve everything right, we only had to adapt to a hotel, but then the rooms were a little big, [and we] had a lot of help from the architect.

The *Guest House* owner's daughter supports the business, as she helps with the enterprise's business administration. The entrepreneur's husband also provides guidance, despite working for

another company. The strong ties and resources accessed during consolidation are shown in Table 8.

Insert Table 8 about here

4.2.3.2 Weak ties and resources during consolidation

The entrepreneur of *Hotel B* received support from the Brazilian Service for Support for Small and Micro Businesses and highlights the creation of the Quality Seal for hotels. Regarding the planning and administration of the business, the entrepreneur of *Hotel B* counts on similar support services when he requires help and guidance. The entrepreneur of *Hotel B* also mentioned that his staff provides support concerning business management, and this helps maintain low employee turnover.

Concerning marketing and sales, all the entrepreneurs highlighted the importance of partnering with tour operators and travel agencies. The *Guest House* entrepreneur stated that she had the support of her clients regarding recommending the guest house to family members and friends traveling to Sergipe State. The owner of *Hotel C* uses his relationship with agencies like the Sergipe State Tourism Company and Aracaju Tourism Foundation to advertise the company. He highlighted the importance of maintaining a good relationship with travel agents and tour operators, as they are the ones who “sell” the hotel’s services.

The Brazilian Service for Support for Small and Micro Businesses is an important partner when it comes to staff training, as it offers courses and consultancy services in several fields, as well as offering guidance in the professionalization of several services. The National Commercial Learning Service helps with training and improvement courses for the employees of *Guest House* and *Hotels B* and *C*. *Hotel B* relies on the Brazilian Association of Travel Agents for courses, as well as the Sergipe State Tourism Company and the Brazilian Association of Hotel Industries.

Hotel C's entrepreneur also highlights the importance of participation in programs for specific events, such as the World Cup, alongside the Ministry of Tourism and State Tourism Bureau, which are responsible for this publicity. Table 9 shows the weak ties and resources accessed during the consolidation stage.

Insert Table 9 about here

5. Discussion and Conclusions

The present study evaluated how social networks are used to obtain resources during the conception, start-up, and consolidation stages of hotels and guest houses in Aracaju, Sergipe State, Brazil. There is limited empirical evidence on the entrepreneurial social networks of small hospitality firms in developing countries. The research findings indicate that, in the start-up stage, entrepreneurs accessed fewer resources. They primarily relied on family and friends for moral support. In the consolidation stage, entrepreneurs relied more on their weak links, accessing them with greater frequency. Mobilizing social networks is a dynamic process; entrepreneurs use them for reasons that change throughout the creation process. This study contributes to the literature by attempting to explain the influence of resource dependency theory, entrepreneurship, social networks, network management, and the socioemotional wealth approach in family firms (Berrone, Cruz, & Gomez-Mejia, 2012), small firms, family businesses, and H&T via micro-level approaches.

5.1. Theoretical implications

This study shows that in the conception stage, the evaluated entrepreneurs were supported by resources from strong ties, i.e., family, friends, and colleagues were involved in identifying the optimal business opportunity, and offered moral support, information, and advice. At this stage, the entrepreneurs also had support from their weak ties, including agents that typically help new

businesses, such as bankers, consultants, and accountants; these weak ties provided knowledge on the sector and, in some cases, also provided financial resources. During the start-up stage, the entrepreneurs sought fewer resources from their personal network of family and friends; these strong ties mainly provided moral support. The entrepreneurs began to interact more with contacts in their business or organizational networks. The resources they sought were guidance regarding the legal procedures involved in opening their companies, recommendations for suppliers and employees, help in marketing their businesses, and information on the sector. These professional networks served as a communication channel because the entrepreneurs required specific knowledge to solve their problems, something that friends and relatives generally could not provide. Similar behaviors were observed during the consolidation stage, but entrepreneurs also became more dependent on their weak ties during that time. In this phase, they sought training courses for themselves and their employees to keep their teams up to date on the services they were expected to provide. The entrepreneurs continued to use their strong ties with family and friends, mainly for moral support, but also for advice and information.

This study outlines several key points. First, the researchers found that small-firm entrepreneurs use both formal (i.e., banks, accountants, and lawyers) and informal networks (i.e., family, friends, and business contacts) to access resources during their entrepreneurship (Birley, 1985). Second, as indicated by Corrêa and Teixeira (2015), the researchers found that the networks of small-firm entrepreneurs have both weak and strong ties. The strong ties involved informal networks, including family, friends, and colleagues, whereas the weak ties involved public and private companies, and individual donors and collaborators. Strong ties were seen as key resources in practically every stage of the new venture. However, these sources are apparently limited. This indicates that the present study contributes to one of the dimensions of the socioemotional wealth

approach in family firms (Berrone *et al.*, 2012). This dimension relates to binding social ties, referring to kinship ties generated by closed networks, including collective social capital, relational trust, feelings of closeness and interpersonal solidarity, and reciprocal bonds (Berrone *et al.*, 2012). On the other hand, as indicated in the social network literature related to family business tourism, family businesses use their ties to cooperate and overcome their size disadvantages (Kallmuenzer and Peters, 2018).

Third, the present study also indicates that the process of mobilizing relationships to access resources is dynamic and that the need for resources changes throughout the business creation process. This finding builds on previous studies of social networks by Ducci and Teixeira (2010, 2011), which found that the relationships formed in the creation and development stages evolved and were strengthened as the entrepreneurs succeeded in proving their reliability. The research findings further suggest that in these two stages of the business, the social networks of entrepreneurs enable access to different resources that make a significant impact on their trajectory and results.

Fourth, the present study's findings indicate that small firms in intensely competitive environments use their informal networks to accomplish entrepreneurial processes rather than their formal networks. They typically use these networks to access social resources rather than financial and physical resources. This is consistent with the study by Hernández-Carrión *et al.* (2017) that found that when competitive intensity in the sector is high, entrepreneurs typically use their personal networks to access resources for improving their economic performance, as personal networks offer secure support.

Fifth, the present study emphasizes that entrepreneurial personality and background are crucial to the growth of firms (Hernández-Carrión *et al.*, 2017; Lee and Tsang, 2001; Witt, 2004).

This study's findings demonstrate that the younger entrepreneurs sought resources such as support, information, and advice from family and friends, whereas the more experienced ones sought help from family members, agencies that provide support for entrepreneurs, and other entrepreneurs in the tourism sector.

Finally, the literature on business networks points out that corporate social networks are positively related to a company's performance or, to be more specific, the survival and future growth of a new business depend on them (Aldrich, Rosen, and Woodward, 1987; Greve and Salaff, 2003; Johannisson, 1986; Ostgaard and Birley, 1996). Birley (1985) states that social networks are very important in the early entrepreneurial process and discusses the types of networks that should be developed as proactively as the strategic and functional needs developed by the organization. Aldrich and Zimmer (1986) suggested a social network perspective to explain why some people are more successful than others in business creation and development, regardless of personal and sociocultural factors. This study highlights the importance of the social capital generated by an entrepreneur's social networks, in the context of supporting the entrepreneur. The present study contributes to the literature by examining the use of entrepreneurial social network concepts in the context of companies in the H&T industry. It also offers theoretical implications on how the development of entrepreneurs' social networks can contribute to accessing resources and their social capital.

5.2. Practical implications

This study offers several practical implications. Stam et al. (2014) found that weak ties and network diversity in small firms were positively related to performance. The research findings of the current study indicate that weak ties are usually found in the formal networks of entrepreneurs and that the diversity of the strong ties in the network is limited. Consequently, entrepreneurs

should proactively take advantage of the activities offered by institutions. They should organize special gatherings to increase the strength of the weak ties (Ahmad, 2005). Government agencies may provide programs for small firms, and travel or tourism associations often offer development programs. Small-firm entrepreneurs should consider taking advantage of these opportunities to improve, diversify, and strengthen their networks.

Second, the researchers observed that small-firm entrepreneurs have weak ties with clients. This is a significant barrier. Entrepreneurs should focus on customer relationship management activities based on their unique structure instead of copying the customer relationship management activities of large companies. Finally, though entrepreneurs access resources related to operations management, human resources, and marketing functions, they have weak ties with the people helping with operational issues. Entrepreneurs should find ways to strengthen these weak ties, allowing them to manage their firms more efficiently and productively.

5.3. Limitations and future research

This study has several limitations. First, the study's sample involved small firms that identified as family businesses. Future studies can collect data from firms of other sizes or types, such as hotels, travel agencies, and airlines. Second, the researchers collected the data from a single region in Brazil. Future studies may repeat the study by collecting data from different countries and comparing the results to gain a deeper, more comprehensive understanding of the relationships involved. Third, there may be bias or subjectivity in the analysis and research findings, as the data of this study were generated via the researchers' observations. The researchers employed a qualitative research approach by collecting data through in-depth interviews; as a result, the research findings may not be generalized (Lambros, 2012). Fourth, the researchers only analyzed four cases. Future studies can analyze more. Fifth, this study did not consider networks related to

publicity, reservations, and client feedback. Future studies may choose to analyze these issues. Finally, when the researchers evaluated the results, they did not consider cultural issues. Future studies can be utilized to address the effect of cultural differences.

From Li's (2008) review on entrepreneurship research in the H&T context, entrepreneurial social networks remain understudied. The researchers suggest that H&T scholars should increase research collaboration with scholars in the entrepreneurship field to explore new themes and adopt new theories. When a solid theoretical base has been established, empirical studies will test and validate entrepreneurship theories in the H&T field. Future research can investigate entrepreneurial networks from different perspectives, such as how these networks could affect innovation in H&T firms; how social capital is formed in these networks; and the structure, content, and governance of these networks. The researchers suggest that future researchers carry out longitudinal studies and collect larger datasets from large tourism firms. Research on entrepreneurial social networks must inform both academics and H&T management practitioners regarding how to encourage entrepreneurs to use network ties and resources to launch successful new ventures, and how to understand the ways these ties and resources influence performance and competitive capabilities.

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Table 1. Analytical categories and analysis elements

Analytical Categories	Analysis Elements
Types of ties in conception, start-up and consolidation of business (Granovetter, 1985)	<i>Strong ties (links)</i> : formed through personal networks such as family, friends, former colleagues. <i>Weak ties (links)</i> : formed through business networks that stem from business relationships, including banks, consultants, clients, and suppliers.
Resources accessed during conception, start-up and consolidation of businesses (Birley, 1985; Borges, 2007; Chu, 1996; Johannisson, 1998; Vasconcelos et al, 2007)	<i>Social resources</i> : emotional, moral and technical support; identification of new business opportunities and threats; reputation; legitimacy; relationship of trust; source of ideas and information; advice; sharing of knowledge and experiences among actors; recommendations of suppliers, clients and employees; acquired or strengthened skills. <i>Financial resources</i> : loans and financing; budget; seeking investments; application of resources; fixed costs (raw materials and suppliers, equipment, rent, and employees). <i>Physical resources</i> : raw materials and input, machinery and equipment, vehicles, real estate, and physical location.

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Table 2. Entrepreneur profiles

Enterprise	Gender	Age	Education	Previous work experience
Guest House	Female	55	Graduate of Social Work	Employee in commerce sector
Hotel A	Male	34	Graduate of Business	Public sector
Hotel B	Male	66	Graduate of Agricultural Engineering	Public sector
Hotel C	Male	44	Technician in agribusiness	Public sector and Entrepreneur

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Table 3. Enterprise demographics

Enterprise	Year start	Employees	Rooms	Clients	Family in Business	Organizational Levels
Guest House	1997	10	31	Majority business	daughter	2
Hotel A	2002	65	118	Majority business	wife and father	3
Hotel B	1997	30	44	Majority business	niece	3
Hotel C	2009	45	54	Majority leisure	wife	4

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Table 4. Strong ties and resources accessed during the conception of the businesses

Enterprise	Strong Ties	Resources	
Guest House	Friend, founder of the business Husband	Social	Identification of business opportunity
			Moral support
			Information on the sector
Hotel A	Father of entrepreneur Family and friends	Physical	Family-owned land
		Social	Identification of business opportunity
			Moral support
Hotel B	Family (wife and brother-in-law) Family and friends	Financial	Own resources
		Physical	Land
		Social	Moral support from family and friends
			Skills learned and developed with the help of friends already working in the hotel sector
			Own resources from the sale of a company that the entrepreneur owned and land
		Financial	Resources of partners
Hotel C	Wife Family and friends		Resources of a family member
		Physical	Family-owned land
		Social	Moral support
			Guidance on the business
		Financial	Own resources
		Physical	Acquisition of land

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Table 5. Weak ties and resources accessed during the conception of the businesses

Enterprise	Weak ties	Resources	
Guest House	Hired builder	Social	Technical support during preparation of the architectural project
	Municipal government agencies		Permission to operate from government agencies (municipal government) and fire department
	Fire department		
Hotel A	Financial institution	Social	Technical support for the architectural project
Hotel B	Hired engineer and architects	Financial	Financing from a financial institution
	Consultants	Social	Information on the sector
	Brazilian Service for Support for Small and Micro Businesses		Consultants to guide the entrepreneur through the establishment of his business
Hotel C	Financial institutions	Financial	Financing
	Brazilian Service for Support for Small and Micro Businesses	Social	Consultancy for creating the brand, name and uniform.
	Municipal Planning Secretariat		Legal procedures for the issue of documents and building permits
	Financial institutions		Guidance for purchasing equipment and furniture
	Hired manager	Financial	Financing to cover 20% of the investment
		Physical	Equipment and furnishing

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Table 6. Strong ties and resources accessed during the start-up stage

Enterprise	Strong ties	Resources	
Guest House	Family (husband and daughter) Friend, founder of the business	Social	Moral support Guidance and suggestions regarding business management
		Financial	Resources from the sale of a family property in Rio de Janeiro.
Hotel A	Father Family	Social	Moral support Support in the procedures involved in opening the company
Hotel B	Family (wife) Family and friends	Social	Support for the partnership and business management Moral support Guidance and advice Recommending the hotel to family and friends, leading to considerable business in the first months.
			Wife provided services to the purchase sector. Provision of services to the accountancy sector Moral support and advice
Hotel C	Wife and sister-in-law Family and friends	Social	

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Table 7. Weak ties and resources accessed during start-up

Enterprise	Weak ties	Resources	
Guest House	Hired accountant Suppliers Employees Clients	Social	Guidance on legal procedures for opening the company Contact with new suppliers, beginning with a first supplier Learning from employees with experience in the hotel sector Recommending the guest house to family and friends
Hotel A	Hired accountant Hired consultant Sergipe State Workers' Support Center	Social	Guidance for complying with legal obligations concerning the opening of the business Guidance for the functioning of the financial sector and staff Guidance for the construction of the hotel and the purchase of equipment and materials Recommendation of suppliers Support for the recruitment and selection of staff Reserving space for recruitment and selection Support during the implementation of the hotel
Hotel B	Manager and employees Brazilian Association of Hotel Industries Brazilian Tourism Institute Sergipe State Tourism Company	Social	Moral support Guidance on legal procedures for opening the company
Hotel C	Entrepreneurs in the tourism sector Sergipe State Tourism Company Brazilian Association of Hotel Industries Brazilian Service for Support for Small and Micro Businesses	Social	Recommendation of employees through contacts. Help with creating marketing and advertising material

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Table 8. Strong ties and resources during consolidation

Enterprise	Strong ties	Resources	
Guest House	Family (husband and daughter)	Social	Moral support
			Business management guidance
			Application of knowledge in the financial and administrative sector
Hotel A	Family (parents and wife)	Social	Help with business management and planning.
			Help to purchase materials and with decoration
			Help in the operational and governance sector
Hotel B	Family (wife) Amigos	Social	Help with business management
			Moral support
Hotel C	Family (wife) Family and friends	Social	Moral support
			Help with internal consultancy and training

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Table 9. Weak ties and resources during consolidation

Enterprise	Weak ties	Resources	
Guest House	Suppliers	Social	Maintenance of network of contacts with suppliers
	Clients		Support from clients to divulge the business, recommending the guest house to family and friends
Hotel A	Brazilian Service for Support for Small and Micro Businesses	Social	Offering of lectures and improvement courses
	National Commercial Learning Service		Free consultancy
Hotel B	Travel agencies and tour operators	Financial	Training and improvement of staff
	Partner Bank		Partnership with travel agencies and tour operators
Hotel C	Tour operators	Physical	Access to different sectors of the population
	Staff		Investment of financial resources in the business
Hotel A	Employees	Social	Refinancing in agreement with the bank
	National Commercial Learning Service		Building of the second phase of the hotel
Hotel B	Sergipe State Tourism Company	Social	Maintenance of staff since inauguration
	Brazilian Association of Hotel Industries		Attending business fairs, events, courses and conferences
Hotel C	Brazilian Service for Support for Small and Micro Businesses	Social	Training courses
	Agencies and Tour operators		Classification of hotels with a Quality Seal
Hotel A	Tour operators and travel agencies	Social	Partnerships with accredited tour operators and agencies.
	Ministry of Tourism		Advertising the hotel to clients
Hotel B	Sergipe State Tourism Company	Social	Offer of incentive programs
	Aracaju Tourism Foundation		Refresher courses and programs for entrepreneurs
Hotel C	Brazilian Association of Hotel Industries	Social	Offer of training and courses
	National Commercial Learning Service		
Hotel A	Brazilian Service for Support for Small and Micro Businesses	Social	

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Appendix

Hotel A

The interview involved the entrepreneur, with the participation of his wife, who is in charge of hotel operations and employee supervision. Hotel A is a family business; it is a limited company formed from the partnership between the entrepreneur, his wife, and his father, who lives in another city and works as a tax lawyer. Entrepreneur A is very young; when he started the hotel, he was only 21. He has participated in training and courses related to management, entrepreneurship, and tourism, mainly by the Brazilian agencies for small businesses, SEBRAE, and CONAJE, the National Council of Young Entrepreneurs. The hotel is located in the Coroa do Meio neighborhood, on the edge of Atalaia beach. The initial idea of starting the business came from the entrepreneur's father, who, from the age of nine saw his parents with a small hotel in the interior of Alagoas; since then, he wanted to create a hotel. The entrepreneur embraced the new business together with his father. Ideal for both leisure and business trips, Hotel A has a privileged location on Atalaia Beach, close to bars, restaurants, and the main tourist attractions (i.e., the event center, craft fair, sports courts, playgrounds). Hotel A offers 118 apartments equipped with cable TV, digital safe, minibar, split air conditioner, telephone, and free wireless internet access. Hotel A also offers apartments adapted for people with special needs, 24-hour room service, a lift, a leisure area with both an adult and children's pool, sauna, fitness room, games room, air-conditioned restaurant, business center, function rooms, and free private parking.

Hotel B

The business was created by the entrepreneur and is managed by him. The entrepreneur is from Boquim, in the state of Sergipe. He is an agronomist by training and was involved in public service with agencies related to agriculture. He decided to become an entrepreneur when he retired from the public sector and realized he could remain active in the market. He sought an activity to identify himself with. Strategically located on the Atalaia Beach, in the Passarela do Caranguejo, Hotel B has 44 apartments with a balcony facing the sea, a restaurant, and a place for meetings and small conventions. Due to its structure, it is an executive hotel, but its location also offers leisure options. His first business was a distributor of mineral water and related equipment, such as drinking fountains. Over time, the opportunity to open a new business was identified, since the entrepreneur's family owned the plot of land and began to think about the business possibilities for it. The attractive bank credit at the time was fundamental to the entrepreneur's decision to open the hotel.

Hotel C

The interview was with the entrepreneur, but his wife was also present because she helps with hotel operations and manages the hotel restaurant. The Aruanã Eco Praia Hotel began its activities in the expansion zone of Aracaju, in the Mosqueiro district. The hotel has a well-equipped leisure area in harmony with a green area of 10,000 m² composed of dunes and native vegetation. About 80% of Aruanã Hotel's clients are leisure clients, but the hotel also serves business clients. According to the entrepreneur, he always wanted to open a business for his wife. When he was 25, the entrepreneur had the opportunity to open his first business, a restaurant in the town of Lagarto. His wife also likes gastronomy and opened the first buffet restaurant (by the kilo) in the interior of Sergipe. The entrepreneur's wife is now in charge of the hotel restaurant, The Sollo, which is very

popular in Aracaju. After the restaurant, the entrepreneur went into the motel business. He opened the first one in Lagarto, then expanded the business and opened a new one; he eventually had the chance to open a unit in Aracaju. During this time, the entrepreneur and his family moved to Aracaju, and some changes also happened in the family business.

Guest House

The interview was mainly with the entrepreneur, but her daughter, who is responsible for administration and financial management, also participated. The daughter helped her mother a few times during the interview, providing valuable information. The entrepreneur counted from the beginning of the business, with the support of her husband, who is a technician with management experience. Her daughter, the only member of the family who works directly in the business, graduated in Portuguese-English Literature but did an intensive Administration course in Australia, where she lived for two years. The guest house was initially seen as a second source of income, as the husband continued to work for a company and was the family's main provider. When the company became successful, the business profits far exceeded the husband's income and is now the main source of income for the entrepreneur and her daughter. This guest house is located on Atalaia beach and is fully equipped for leisure, with an enviable complex of bars and restaurants serving the best local cuisine. Considered one of the most beautiful parts of the country, this guest house has night illumination, guaranteeing lively nights counting on one of the best dancing houses in Northeast Brazil. It offers many services like 24hrs services, breakfast, free parking, a swimming pool, and internet. Although serving business clients most of the year, during December, January, and February (Brazilian holidays), most guests are on leisure.