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I
Introduction
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1 INTRODUCTION

The Evolution of Approaches to Delivering Business Development Services

Small enterprises[1] create important spill-over effects in local economies and there are many reasons that justify support to such enterprises in developing countries. Business Development Services (BDS) are one form of such support. This study addresses the question of how the impact of BDS on small enterprises in El Salvador can be improved. Central here is the interface between provider and user of the development service. The study starts from the perspective of demand and goes on to depict what small entrepreneurs perceive as informative sources for business development, before drawing conclusions for improving the impact of BDS. Chapter 1 elaborates the contextual debate on small enterprise development which led to the implementation of the BDS strategy in less-developed countries. It describes the general understanding of BDS, the issue of limited impact, and how this thesis aims to fill a gap in the literature by analysing the mismatch between the demand for and supply of BDS services to small enterprises in El Salvador. It then presents the objectives and research questions of the study.

> Truly progressive developing economies are those where firms of all sizes, including the smaller ones, are actively involved in, and contribute to, the national knowledge accumulation process (Bruton (1985) in Romijn, 2001:72).

1.1 Small Enterprise Development: Financial and Non-Financial Support

An important justification for small enterprise support is that the small enterprise is seen as a tool for overall economic development; for example, in labour markets, product markets, and more recently (technical-) knowledge markets. Small enterprises use local labour, supply the local market with goods and services, and build upon local knowledge. The development of small enterprises addresses issues of employment, quality of human resources, efficiency of production, and some also claim gender inequality (Esim, 2001). This view of small enterprises as a potential motor of development is a recent point of view and is a contrast to the far less positive outlook with which they were regarded three decades ago. In the seventies it was gradually realised that because of a lack of employment opportunities, many people were producing and selling local products on a small scale. This large collection of small enterprises - also

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[1] Small enterprises are generally defined in terms of employment and here understood as enterprises with less then 50 employees. A precise definition is given in chapter III.

labelled 'the informal sector' because they were excluded from the formal institutional infrastructure - were mainly seen as a symptom of an underdeveloped economy. Both low quality and low productivity kept the small-scale producers in poverty. Gradually, this dominant view was converted into a positive outlook. The overall attitude has now become that despite the many factors that impede these smaller enterprises they do have potential to improve and compete in local markets, and perhaps even international markets. Engagement in enterprise by marginalised sections of society has increasingly come to be seen as a way of escaping from the vicious circle of poverty. Hence, small enterprises have become an important focal point in the economic development strategies of poorer countries (McVay and Miehlbradt, 2000; Romijn, 2001). In broad terms, the underlying motivation for enterprise support has shifted from pure poverty alleviation to economic development. And consequently, dominant policy implications have shifted as well.

Historically, this debate about small enterprises in developing countries has been divided into financial (micro-credit) and non-financial (all the rest) components. For a long time, credit dominated the enterprise debate. It was believed that investment capacity was necessary to improve technology and products, and thus the potential of small business could not be realised in a situation of capital scarcity. There were other reasons to keep the focus on financial support. Non-financial services such as advice on administration or production processes were too expensive for marginalised entrepreneurs to afford without subsidies. Moreover, the non-financial services on offer were of a one-size-fits-all type and not highly valued by the entrepreneurs. However, in the mid-nineties specialists in small enterprise development realised that small enterprises needed more than access to credit. While some people were even speaking about a world-wide micro-credit revolution - as not only developmental institutions but commercial banks too, extended their services to small enterprises - the debate on small enterprise development shifted its focus back towards non-financial issues (Hospes and Bouman, 1994; Humphrey and Schmitz, 1996; Dawson and Jeans, 1997; Romijn, 2001; Esim, 2001). Half a decade on, it can be said that there have been many developments. Today's entrepreneurs in the streets of San Salvador speak just as easily about non-financial support, such as 'capacity building' as they speak about 'credit'. Progressively, more specialists from different backgrounds have joined the discussion on small enterprise development and the former so-called non-financial interest has evolved into numerous sub-debates – for example, on the issues of human resource development, technical innovation, cluster development, and Business Development Services (www.ilo.org, www.worldbank.org, www.seepnetwork.org and www.enterweb.org). One result of this maturation was the adoption of a segmented model of small enterprises.

1.2   A Segmented Model of the Informal Sector

After 20 years of enterprise development analysts began to recognise that the heterogeneous body of the informal sector comprise a number different segments. Non-financial support was a not a cure for all, nonetheless neither a failure for all. There was a particular group of enterprises where non-financial support paid-off. The realisation grew that there were particular enterprises with particular needs and the collection of the informal sector was divided into the following sub-groups: survival enterprises, micro-enterprises, and small-scale enterprises (Farbman and Lessink, 1986; Teszler, 1999; Molenaar and Hofstede, 1998). The survival group is the collection of 'least enterprising' and, the small enterprises at the other end are those 'most enterprising'. Each group has its own characteristics and requires specific policies. The first survival group include many self-employed women and those who basically struggle to make ends meet day by day, searching for stability rather than growth. The micro group that forms the bulk of the informal sector, are somewhat more-established businesses but still have a limited cash flow and so are very vulnerable. In the third segment are those small enterprises that, with a stronger economic base, are better organised, slightly bigger and have a mission to improve and grow. There are barriers between the segments that make it difficult to graduate into the next. Authors like Farbman and Lessik maintain that the three segments are characterised by the domination of different product sectors and different sizes in terms of employment and resources. Though the segmented model is assumed to be universal, these typical sectors and exact borders in terms of employment and resource can vary from country to country.

Figure (I) 1: The Segmented Model
Source: Farbman and Lessink, 1986.

Community Based   Minimalist Approach   Business Development
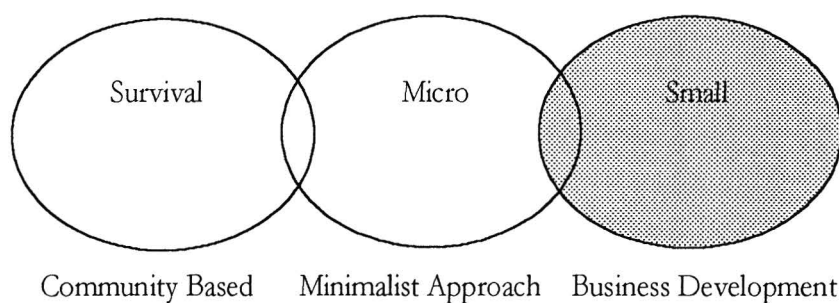
Development that targets the community instead of the enterprise is believed to be the most effective form of support to the survival group. Income-generating activities in this segment are part and parcel of a livelihood strategy: business activities are used to diversify income and thus spread the risk of loss of income. As for micro enterprises, their most stringent problems are apparently financial, and a so-called minimalist approach is believed to be the most effective. Small loans are supposed to loosen the tight

restrictions on working capital caused by the need to satisfy basic daily consumption needs in a low-income situation. To offer the more specialised and expensive BDS would not be a viable strategy since the rise and fall of these micro enterprises is still too frequent. Moreover, BDS could interfere with market forces and subsidise non-efficient businesses that would otherwise be supplanted by efficient ones. Last, but not least are the small enterprises that are visualised with the most right circle. These entrepreneurs have a growth perspective but despite their entrepreneurial attitude, are believed to be limited by their own capacity. They have a limited capacity to face risks, manage and grow, and have to cope with a marginalised position in the formal business development market. Hence, in the face of small business development, the institutional infrastructure needs to be scaled down to improve access for this disadvantaged group. At the same time, firm capabilities need to be augmented by the means of external input of technologies and knowledge that enables them to realise their potential, improve their situation and become more professional. This small-scaled segment of the informal sector refers to the ultimate target group for Business Development Services. And for that reason it is the focus of this research about the interface between consumers and suppliers of BDS (Farbman and Lessink, 1986; Teszler, 1999; Molenaar and Hofstede, 1998).

> For three decades, governments, development practitioners and researchers have recognized the importance of small business development in increasing employment and income amongst poor and low-income people. The success of microfinance programs and institutions has demonstrated that services tailored to meet the needs of very small businesses can be financially viable and effective in reducing poverty. It is equally evident, however, that small businesses are constrained by non-financial factors such as lack of education, inadequate technical skills, poor access to markets, lack of information and unreliable infrastructure. The wide array of services designed to address these issues is termed "businesses development services." (McVay and Miehlbradt, 2000:1)

1.3   The Limited Impact of Business Development Services

The discussion on BDS is mainly fed by donor-related development organisations and individuals. BDS consist of services 'critical to the entry, survival, productivity, competitiveness, and growth of an enterprise' and they 'help small enterprises to solve their problems' (Esim, 2001:8). The BDS field blends the areas of sociologists and economists, and with its broad definition is often described in slightly different ways. In the past, non-financial support mainly concerned internal processes of enterprises but BDS has branched out to include services that not only improve the direct performance of the enterprise, but also the enterprise's access to markets and its ability to compete. Even the development of infrastructure and enterprise policy fall within the range of BDS. A useful categorisation in BDS has been made by separating strategic from operational objectives. Services with a strategic objective include, for example, 'market

positioning' and 'business linkage'. Services dealing with operational aspects are, for example, 'technology development' or 'cash-flow control' (Donor Committee, 2000; McVay and Miehlbradt, 2000). But all the services cannot be categorised so easily. For example, management training lies somewhere in between. One reason that explains the absence of a clear-cut definition is because the content of BDS is believed to depend a firm's characteristics: on the size of the enterprises (10 or 100 employees), the sector in which they operate (carpenters or mechanics), their products and services (tables or roofs), the processes and levels of the technology used (chainsaw or computerised machinery), and the community and business environment in which they are located (Pakistan or El Salvador) (Esim, 2001).

The earliest BDS services were often provided in packages along with financial services. There were a number of failures in achieving the aims of BDS, which Esim (2001:9) ascribes to: a generic and standardised content; supply-driven approaches where training was determined by trainers; too little attention to the quality of trainers and training methods; and, insufficient investment in training follow-up. Since these failures became apparent, a number of international conferences and Internet discussions about BDS have taken place. They were chiefly facilitated by the Committee of Donor Agencies for Small Enterprise Development, which was established in 1979 with the collaboration of the International Labour Organization (www.ilo.org). Several lessons were drawn, for example, that making participation in training programmes conditional to credit undermined the learning objectives. However, the overarching lesson was the need to adopt a more client-based approach. In the mid-to-late 90s it was concluded that if BDS programmes were to be sustainable, they had to shift from being supply driven to being demand driven and market responsive. Consequently, sustainability, impact, outreach and cost-efficiency began to emerge as performance indicators for BDS (Esim, 2001). All these four indicators are related as in the chicken-and-egg puzzle. For example, increased outreach probably has a positive effect on sustainability. Nonetheless, this research focuses only on the issue of impact. A lack of impact is most fundamental and is the reason behind the overarching call for a client-based approach. Impact, or effectiveness, is then defined as 'the effect of the service on the performance of small enterprise or the broader economic and/or social effect of the intervention' (McVay and Miehlbradt, 2000:67). Several studies illustrate that impact remains a problem area and that existing services do have serious difficulties in effectively assisting the small businesses most in need: '[There is] ... a lack of relevance and impact of Business Development Services activities to the large majority of the medium and small enterprises in developing countries' (Anderson, 2000:3). And 'despite participatory rural planning methods and expensive surveys assessing needs, too many Business Development Service programs continue to supply services that are not valued by entrepreneurs' (McVay and Miehlbradt, 2000:20).

1.4 Comprehending Demand to Improve the Impact of Supply

A fundamental axis in the BDS debate is that 'there are clearly two sides to a market – demand and supply' (McVay and Miehlbradt, 2000:64), but a lack of impact testifies that it is all *but* clear how these sides interact with one another. It seems that there are still various black boxes concentrated in what is often labelled as 'the market'. The generally emphasised impact problem of BDS is essentially about a mismatch, involving both a demand and a supply. This research focuses on the interface between the BDS supply institutions and the enterprises that constitute the demand for it. Contemporary BDS discussions focus mainly on supply and address questions on how supply can be 'demand driven' and which type of actor, governmental or not, would be the ideal supplier (www.ilo.org). Little research starts from the perspective of demand: the enterprises in need of development. Although the supply-based efforts definitely contribute to improving the impact of supply, and thus small enterprise development in general, this study takes a counter-perspective and starts from the demand side. If the actors generally acknowledged in the BDS debate do *not* provide the business services, then who does? Where does the entrepreneur find the information needed to develop the small enterprise: who are the supplier with impact, if there are at all? The hypothesis in this research is that a better understanding of the demand for business development, and the factor that influence this demand, contributes to the comprehension of the BDS market. And in this way it aims to enhance the scope of supply: the impact of BDS.

At this point, it is useful to briefly refer to the experience in agricultural extension where relevant lessons have been learned on improving the impact of development services. In spite of the existence of obvious demand (the small farmer who needs to improve production) and an obvious supply (the agricultural extensionist, who has better inputs, techniques and knowledge) 'development' did not take off. Two main lessons were drawn. One was that provision of the new technology with instructions was not enough. A development service was about the transfer of knowledge more than the implementation of a predetermined new technology, and more than the mere provision of supposedly missing information. The issue appeared to be that information is transformed in the process while translated and adapted to local circumstances: development is a learning process that necessarily is based on local logic (Scoones et al., 1994). The other lesson, which automatically followed from the first one, was that since local circumstances are different, learning processes are also different and depend on individual settings such as natural circumstances, access to resources, level of experience and education. The result of diverse learning is shown in differential forms of farm enterprise leading to diversified demand for agricultural intervention. Hence, it is believed that agricultural interventions need to be adapted to the diversity of local needs. Even

though hard proof[2] of increased effectiveness of agricultural intervention is difficult to find, it is acknowledged that recent efforts have had better results than earlier ones. The focus on learning processes has increased the participation of small-scale farmers in policies involving their own development (ibid.).

It is logical that entrepreneurs, too, learn differently because they operate in different contexts. But the question is *how* differently do firms learn, and is this indeed a critical issue for the development of small enterprises and the supply of BDS? If enterprises learn differently because of different points of departure, is their demand for BDS different? This study investigated the demand for BDS within a group of small enterprises that according to the segmented model is homogeneous. It analysed to what extent similar firms in one and the same segment, visualised with the right circle (p.3), use similar, and different services. The BDS literature shows that size, sector, product, employed technology and location determine the demand for BDS (Esim, 2001). The fundamental question of this research is: if these variables are constant, is there still diversity in the demand for BDS and are there implications for the supply of BDS? Before this query is translated into the research objective and questions, it is necessary to consider the narrowness of the definition of BDS.

1.5   From Business Development Services to Business Information Sources

A recent study of BDS, which follows in the footsteps of classics like Hirschman, starts from the premise that it is more effective to "build on what there is" (Anderson, 2000). It underlines that the BDS discussion and donors' understanding of services that contribute to business development, is too rigid, as the understanding of supply is generally restricted to formal institutions. 'Donor interventions should complement or build on private initiatives rather than compete with them. To effectively carry out this task, donors and development practitioners must understand the breadth, scope and operation of existing Business Development Services provision' (Anderson, 2000:4). Logically, if one is to complement or build on what already exists, the first thing to do is to find out what *is* really there. And that was precisely the objective of Anderson's investigation of how the smallest businesses in Thailand and Vietnam access external support. It concludes that BDS is not confined to specialised institutions that have a defined service. Demand and supply meet at different levels of formality, comprising a variety of actors, where different mechanisms in terms of payment and interrelatedness can be distinguished. The BDS market is not merely composed of 'buyers' and 'sellers', with access or exchange being a logical consequence. The intertwined character of less-formal services used by small entrepreneurs in Thailand and Vietnam have made them more suitable to the low cash flow and risk-averse attitude of those entrepreneurs. Anderson

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[2] For example, on permanently increased production.

calls for a new BDS approach, since the smallest, and probably most needy, section of the business community is not reached by recent donor efforts. Anderson asserts that if interventionists want to increase their impact, an effective service structure must be mapped and understood in its complexity so that donors and interventionists can truly start to build on the supply that is already there and already has an impact (Anderson, 2000).

This study sets out to comprehend the demand for BDS if size, sector, product, employed technology and location are constant. It starts from the perspective of the enterprises that constitute the demand and focuses on the effect of different firm-learning in a firm's information usage. Service providers outside the formal scope of supply are included, and so the study introduces *Business Information Sources:* sources that from the perception of the entrepreneur are perceived as providing information that leads to business development. Information here, is the disembodied concept of a service and refers to all information that is relevant to all aspects of business development. Business Information Sources (BIS) exceeds the understanding of BDS while it includes all suppliers providing information to the business decision-maker, information that enables her or him to improve the business performance. After the information infrastructure has been mapped out, in its homogeneity and heterogeneity, the second part of the analysis probes for factors that influence the probability of information usage. If there are relations that are outside to scope of the contemporary enterprise model described in the second section of this chapter, hence other than size, sector, product, employed technology and location, there will be essential conclusions for the BDS supply and small enterprise development policies.

Research Objective
The research objective is to contribute to the discussion on how the provision of Business Development Services to small enterprises in El Salvador can be improved. This will be done by analysing the individual access to and usage of Business Information Sources by those responsible for the performance of a group of small enterprises, which are comparable in terms of size, sector, product, employed technology and location.

Main Questions
1. Which Business Information Sources are identified by different entrepreneurs whose enterprises are of the same size, in the same sector, manufacture the same product, use the same technology and are located in the same location?
2. To what extent is there homogeneity and heterogeneity in individual information usage within the selected group of enterprises?
3. Are there significant relations between information usage and the characteristics of entrepreneur and enterprise?

II
Theory

An Evolutionaiy Approach
to Information Usage of Small Enterprises

2   THEORY

An Evolutionary Approach to Information Usage of Small Enterprises

The idea of a Business Information Source was introduced as an analytical alternative for Business Development Service. However, this research derived from the impact problem faced by the suppliers of BDS. It was shown in chapter one that BDS is a field of small enterprise development that arose from trial and error, supported by a practical model of intervention. There remain many unanswered questions about the functioning of the BDS market. It is argued that an economic theory is needed in order to expand the understanding of the factors involved in the interface between the demand for and supply of BDS: a theory that explains a firm's access and usage of external information for business development. This chapter presents a theoretical framework that gives importance to the usage of information at firm level. It not only justifies why firms need access to external information, but makes it plausible that information usage differs between firms. Finally, arguments are given for the operationalisation of the research objective to improve the BDS supply.

2.1   Economic Theory and Firm Learning

The access and usage of external information by small enterprises is, as will be seen, about the observable part of firm learning. The objective of this research was to analyse individual information usage within a group of similar small enterprises. To meet such objective, the theoretical frame should convey divers learning between similar firms. However, 'economics' remains a factor-minded science, just as sociology is a process-minded science, and it is difficult to fully incorporate learning as a dynamic process into economic theory. In the neoclassical tradition of economic thinking, firms are reduced to maximising agents within an environment of perfect information. Firm learning would be about the gathering of more information, towards a situation from where optimal choices can be made. Hence, firms deal with 'choice' rather than with 'learning'. If two firms would be in similar situations with similar utility functions, there is all neo-classical reason to assume that learning is similar. This mode of thinking predominantly explains inter-firm differences by external conditions, and a firm's internal structure is immaterial for the understanding of the entire economy (Dosi and Marengo, 1994). The segmented model of survival, micro and small enterprises seems to be founded in this way of thinking: given certain characteristics the

behaviour and needs of the enterprise can be predicted because of an intrinsic enterprise logic. However, neoclassical theory does not suit the aims of this research.

Efforts by people like Pavitt, Lucas, Williamson and Stiglitz try to fundamentally refine the neoclassical thinking. There are several streams of analysis. Two important directions that locate firm behaviour closer to a firm's organisation, are those that ascribe differences to different firm endowments, and those that ascribe it to asymmetric access to information. The firms selected by market forces are not only closer to perfect information, but ex ante might have had inherently better positions than similar firms. However, little light is shed on the forces that cause such different firm characteristics. Empirical evidence shows that more information not necessarily leads to better decisions (Dosi and Marengo, 1994). There are reasons to assume that not only access to information matters, but perhaps even more decisive is the question what is done with the information. Also, uncertainty is often reduced to risk, but what about ignorance and mistakes? Firm learning seems to be a constant process, what needs a dynamic theory (Nelson, 1994). A better alternative for an explanation of divers firm learning is found in microeconomic research that draws on evolutionary theory. It is an evolutionary approach inasmuch as economic change takes the form of mainly small incremental changes at firm level. A central premise is that 'the cognitive capacities of humans and organisations are very limited compared with the actual complexity of the context in which they operate. Hence, one cannot presume that they actually see or think their way through to an "optimal" behaviour and then adopt it' (Nelson, 1994:153-154). A firm is a behavioural entity, which is constantly confronted with problems, constantly adapting its perception of its environment when enacted in problem solving procedures (Dosi and Marengo, 1994). The evolutionary approach is suitable for this research, since it gives ample attention to inter-firm differences. Moreover, it pursues that these differences are a crucial characteristic of a dynamic economy (Lall, 1992; Unctad, 1996; Nelson, 1998). Differences are for an important part a result of learning processes because a firm's capability of learning directly influences its growth and competitiveness (Romijn, 1999). What is more, learning is essentially driven by the search for better performance, and hence, should be a focus point for people concerned with small business development.

Firm learning has internal and external aspects. External information is internalised, hence localised and accumulated to a firm's unique experience and knowledge base. Openness to external information at firm level, is key to a constant learning process, to competitiveness and requires effort and resources. Bell (1984) labels the search for external sources as 'purposeful learning'. The assumption is that purposeful learning is a dynamic capacity that constantly changes, enhanced by internal learning that increasingly enables a firm to exploit external sources (Urem, 2001). Such ability to recognise, assimilate and exploit external information has by others been regarded as the 'absorptive' capacity (Cohen and Levinthal in

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Urem, 2001). It is this absorptive capacity that is seen as an important creator of inter-firm differences. Nelson puts it in the following way: 'it is the organisational differences, especially differences in abilities to generate and gain from innovation, rather than differences in command over particular technologies, that are the source of durable, not easily imitable, differences among firms' (Nelson, 1991:72). Important determinants in a firm's absorptive capacity are its people and the organisational structure of a firm, which then indirectly determine the accessibility and usage of external information (Dosi and Marengo, 1994). For the suppliers of business information there are two consequences of such a point of view. First, the supplied information should fit the knowledge base of a firm, if it should lead to learning. The second consequence comes from the fact that this knowledge base is firm specific, and thus the demand for supply is divers. Basically, the need for external information sources is explained from the limitation of learning-by-doing. There is a point when progress can only be realised with fresh inputs, and this point depends on a firm's specific absorptive capacity. Empirical studies convincingly show that the search for external information differs from firm to firm (see for example, Rothwell and Dodgson, 1991; Arora and Gambardella, 1994; Dosi and Marengo, 1994 and Urem, 2001). The answer to the question that was posed in the preceding chapter, if different firm-learning is a critical issue for the development of small enterprises, seems to be yes. But if this has implications for the supply of BDS, remains the further subject of this thesis.

2.2   Searching for External Information

> Those with more efficient search routine and those that search more intensively are generally rewarded with superior performance, although a considerable element of luck is also involved (Romijn:1999:16)

What Bell sees as purposeful learning, can also be labelled as the 'search behaviour' of a firm. It is the driving force to actively access external information sources. According to the evolutionary approach, searching begins from the initial point of production and costs time, resources and involves a lot of uncertainty. It needs pressure to embark on search activities, either in the form of threats (pushing firms into search activities) or opportunity (pulling firms into a searching attitude). Pressures of this kind come from within the firm, for example when future projects are evaluated and there is a need for more information, as well as from external sources, like a falling product price that forces a firm to search for compensating alternatives. A firm's absorptive capacity determines the strength of push and pull factors, and so influences search behaviour. It should be noted that firms may stop searching before all possibilities and potential sources are explored, because decision making problems occur and firm's information

processing capacity is limited (Romijn:1999). The concept of search, related to enterprise behaviour, is thus not about ultimate desirable levels of search activity, but eventually about internal determinants in enterprise development.

Figure (II) 1: A Firm's Absorptive Capacity
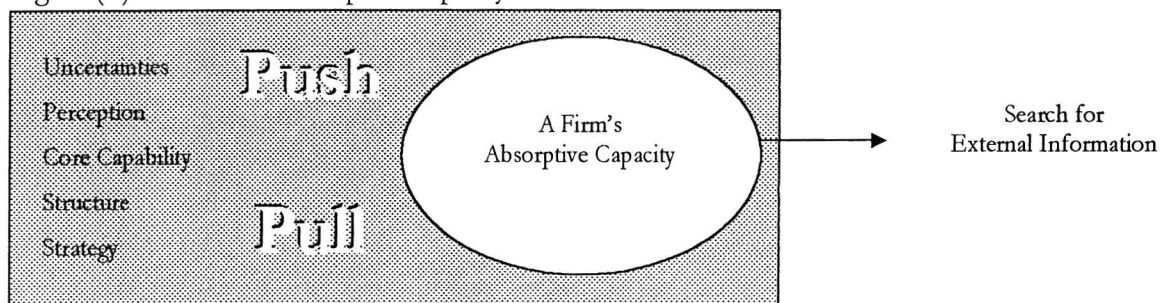
Though the debates on search and its wider evolutionary perspective were fed by concerns in the so-called industrialised world, mainly applied to technical-intensive industries with rather large plants, it appears to be a useful concept to small firms in developing countries as well. There is no argument to assume that smaller firms would be less inclined to learn through searching. And there are neither arguments implying that search strictly relates to technical information. Thus the theory can be extrapolated and applied to the small enterprises of this research (see for example Romijn on Technological Capabilities:1999). Search by definition is culturally bound, because it depends on pressures and motion of reaction -the push and pull factors- that are different in Japan, the Netherlands and El Salvador. An essential characteristic of the evolutionary understanding is that there is no such stadium where the need for search, for new information, has been passed by.

Box (II) 1: Search and the Case of Chile

The concept of search is illustrated with an article in World Development (Perez-Aleman, 2000) that makes another case for the significance of search in economic development. However, not only firms search. Associations and governments should be searching too. It reminds of Bruton's article (1985) where practically the same point is made: that there must be a national attitude of collective search for better ways of production. Though auxiliary for this research on BIS, there is no doubt that it is true that a collective search attitude increases the pressure on individual firms to search: to take action on learning. Perez-Aleman analyses the case of Chile and comes to a number of conclusions worthwhile to repeat. After reforms were adopted in the seventies, Chile went through a considerable period of growth and most analysis ascribes this prosperity to macro policies. In this article a more integrated complex analysis is made explaining the successes on basically three elements. One relates to the state, who was getting actively involved in 'the search for new ways of organizing production, encouraging new standards of product quality and processes to upgrade the productive capability of Chilean firms'(ibid.:42). A second successful process enacted between the state and business associations which led to new associations that 'facilitated the diffusion of knowledge among firms and promoted collective learning throughout

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the sector' (ibid.:42).The third successful firms to upgrade small suppliers that enhanced the collective capacity to improve performance' (ibid.:42). It concludes that, in order to build sustainable development, there must emerge an interactive learning process where both public agencies and private firms 'jointly produce, search and synthesize ideas about how to improve business operations' (ibid.:50). The study is interesting for the reason that it articulates the centrality of learning processes in economic development. Moreover, development stands no chance without an active search for progress.

2.3   Directing Diversity

Search behaviour is not to optimise the economy but to answer to specific firm configurations of objectives, skills, resources and constraints. An important aspect of this is the uncertainty involved while more often than not, there is no end in mind and entrepreneurs are vaguely searching for the better, not knowing what exactly constitutes the better (Romijn:1999). It was argued that the compatibility of a firm is about the efficiency and intensity of a search routine. To capture the differences in efficiency and intensity of search behaviour it is useful to introduce three areas of information usage. One way of dealing with a firm's complexity is by dividing it in its core capability, its structure and its strategy. Diversity in information usage has been measured along these three aspects.

Like a firm's absorptive capacity, core capability, structure, and strategy are a function of entrepreneur and enterprise, given a certain environment. A strategy is understood as 'a set of broad commitments made by a firm that defines and rationalize its objective and how it intends to pursue them' (Nelson, 1991:67). Strategy is as much a matter of faith as of calculation and sets out the broad contours. A result of these uncertainties is that the time factor will tell whether the applied strategy is a profitable one or not. Structure is about the organisation, its governance and how decisions are made and carried out. Although not the straight result of a firm's strategy, structure is one of the determinants to what degree the strategy can be turned into practice. To change a structure is believed to be a severe and costly undertaking. The core capabilities of a firm are its core competences and what needs control and hence routine. All the most, a firm needs to have a coherent strategy with a supportive and effective strategy focusing on its core capabilities. The function of the market is not to allocate resources as pursued by neo-classicals, but to select those with the best organisational routine and dynamic core capabilities (ibid.). Considering this research on the demand for business information, an enterprise in development should search for information related to its core capability, its structure, and its strategy. By no means it seizes the wide interpretation of information search in its totality, but if a similar group of small enterprises shows substantial differences in the access and usage as defined above, there will be lessons to be drawn for the supply of BDS.

III
Methodology

Measuring Information
Usage for Enterprise Development

3 METHODOLOGY

Measuring Information Usage for Enterprise Development

The research has been executed on a sample of 60 small hotels in the capital San Salvador. After a brief time setting here, this chapter presents the arguments for the choice of the sample, where after the operationalisation of the research questions, the questionnaire and finally the data analysis are discussed. The research has been spread over a period of 12 months from November 2000 until November 2001 in which by the cause of an acclimatisation period, Spanish lessons, theft and earthquakes there were 7 months left to spend fulltime on the research from the proposal up to the last final words which are too be found in this report. The proposal writing took 2 months, mainly due to the fact that it has been difficult to find relevant literature in El Salvador as the initial proposal was stolen. On one hand it was difficult to get access to certain institutions but on the other hand it was a quick learning school to the institutional systems in El Salvador. The practical planning and execution of the research needed 3 months of which an inventory of the small hotels took more time than expected since there did not exist an updated list. The inventory that resulted from this research has been distributed to all interested parties. The final writing of the thesis absorbed the remaining two months when the analysis ran through all of the last 5 months.

> We compare not in order to homogenize, but to delineate both those converging as well as those diverging aspects (GTZ:1999:19).

3.1 Selecting Similarity

Recalling the research objective, the selected group of small enterprises were to be similar in terms of size, sector, product, employed technology and location. However, the definitions of similarity were to be country specific. From a regional perspective, El Salvador is the country where most efforts have been taken to map the institutional setting for and the characteristics of its micro and small enterprises (GTZ:1999). The relative richness of documentation on both the supply of and demand for BDS made it possible to position this research within the national context and determine the selection requirements.

At the end of the nineties, most BDS supplying institutions adopted the segmented model as described in chapter one. The three distinctive groups of small enterprises have a different label in Central America though in essence correspond with the groups of survival, micro and small enterprises. El

Salvador now distinguishes three groups: survival, simple accumulation, and amplified accumulation, or also 'micro top'[3]. It was learned that the third group of small enterprises, the micro top, are potential clients of BDS, and hence the subject of this research (Fepade, 1997; Genesiss, 1998; GTZ, 1999; Conamype, 2000). Though there is a wide variety of yardsticks to distinguish between the one and the other group, the predominant mould for the micro top relates to size: employment and income. Generally speaking, a micro enterprise employs 10 or less people and has an monthly cash-inflow of more than 2800 US$ (Conamype, 2000). With less than 2800 US$ it is a simple accumulating enterprise. But not only size was to be a criteria for selection, also sector, product, employed technology and location. There are several reasons why this research was executed on the hotel sector. El Salvador has a service economy and the first reason is that this sub-sector is representative for its micro enterprises. El Salvador's dominating sector is "commerce, hotels and restaurants"[4] which is said to capture 74,2 % of the micro top enterprises (Fommi, 1999). More than sixty percent of all micro enterprises are run by women. The fact that the hotel sector is female dominated bears the level of representation a little further (ibid.). Another reason is that the hotel sector is representative for the impact failure of BDS supply. Formation and stimulation of business associations is a form of BDS that ranks high on the national agenda of micro enterprise development (Conamype:2001). The micro hotels have a troubled history with this type of BDS (Proesa, 2001). A third reason is that the tourism industry is claimed to be one of the most potential sectors of El Salvador and as a sector it needs small enterprise development (see the boxes in chapter four).

There is a practical fourth reason for the choice of this sector. The study was conducted in cooperation with one of the suppliers of Business Development Services in San Salvador, Fademype. There were several advantages to this. One was that it facilitated access to the small enterprise community. All day, entrepreneurs in search for business information walked in and out the office of Fademype. Another advantage was that it provided access to the inter-institutional network of discussions and seminars, and in doing so it provided access to the logic and problems on the Salvadoran supply-side of BDS. Then of course, there are the practical advantages on access to computers, Internet and a pot of coffee. However, executing the research in cooperation with Fademype implied that it was to be relevant for the organisation. One of the groups they worked with was the association of small hotels.

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[3] For the remaining of this chapter, small and micro are inter-changeable.
[4] The logic behind this combination is difficult to find in the circulating publications, but probably originates from the fact that the government distinguishes the sub-sector Hotels and Restaurants, that covers the largest proportion of service businesses. Nevertheless, it remains a question why then commerce is not further refined into a sub-sector.

Box (III) 1: The BDS Supplier Fademype

Fademype stands for Fundación para el Autodesarrollo de la Micro y Pequena Empressa, was born in 1999 with the integration of a non-financial and financial small enterprise programme, it has different national and international sources of finance and has the vision to be a model organisation at international level in the field of micro and small enterprise development. The non-financial part of Fademype consists of 4 departments. One where they deal with all administrative issues of the enterprise, one with basic and specified capacities like marketing, costing and entrepreneurship training, another associative section where they strengthen the organisational capacity at sector level and a fourth department of research and development that should back the other three departments. The section of association was the best entrance for this research. The department's mission is to stimulate, develop and utilise the force of associations amongst micro enterprises (Fademype:1999). The main reason to associate is that shared problems are addressed with the force and scale-advantage of the group. Ideally speaking, an association tries to utilise the shared information search of each single enterprise.

Having chosen for small hotels it became apparent that product and technology show limited variety relative to the larger section of hotels and relative to other sectors too (Proesa, 2001). Most literature on the concept of search and firm capabilities is related to the technical aspect of a firm (Dosi and Marengo, 1994; Romijn, 1999; Urem, 2001). Although technology plays a lesser role in a hotel than for example in a carpenter's workshop, at this scale of enterprising business areas like technology and management are blurred. So will be the information on these issues. The advantage of a low level of technology is that the diversion between firms is small. Hence, it is argued that a group of small hotels produces similar products and employs similar technology. Having explained the criteria of size, sector, product and employed technology, the criteria of location needs justification. The focus was on the capital for two reasons. One, is that the large majority of both small and micro enterprises simply are urban. The second reason is because most small enterprise development programmes are located in and biased towards the urban areas. Hence, the survey included 60 similar small hotels that were to provide the needed data for the three research questions.

Box (III) 2: The Practice of Selecting Similar BDS Clients

The survey was to include hotels that belonged to the micro top of the collection of micro enterprises because, as was seen in chapter 1, these are considered potential BDS clients. The main criteria for the micro top are on size in terms of employment and cash inflow. However, there was no updated inventory of hotels in the capital that enabled such selection. An important part of the preparation period was the compilation of a pool of 80 businesses that served to select the appropriate sample of 60[5]. The 80 hotels were picked randomly dwelling through the city, and searching for those hotels with less than 30 rooms. This, because of the practical advantage that it

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[5] It is argued that a width of 130 percent to select the 100 percent survey size is enough to select a representative group. See the selection procedure for further details

shows physically and was generally considered to be micro. In order to select the micro top data on personnel, rooms and prices were collected. Accounting methods vary from business to business, and therefore an alternative calculation for the cash inflow was chosen. An estimation was calculated based on the number of rooms, the average price, a seventy percent occupation rate and an average of 30,5 days per month[6]: rooms * (min. price p.p + max. price p.p)/2 * 0.7 * 30,5. From this calculation it showed that none of the 80 small hotels belonged to the survival group, 9 percent was calculated as simple accumulation and 91 percent belonged to the micro top[7]. Annex 1 shows the results. It was a cautious estimation, since the large majority of the rooms are doubles and triples, though counted for singles. Other related sources of income from ordinary hotel services like food, beverages, and laundry were not included. The sector of small hotels pretty much looks like a micro top sector. The other nine percent had an inflow of less than 2800 US$, hence might not be micro top but 'simple accumulating'. Theoretically speaking, this group of simple accumulating enterprises includes a minority of enterprises that do have growth perspectives and are potential micro top enterprises. In order to select 60 micro top hotels an 'incubation' period of 4 years was added when the cash inflow was below the micro top requirement. The reasoning is that those border-cases, which are on the quantitative rim between simple accumulation and micro top, have a minimal growth perspective if they managed to survive 4 years and can be considered micro top. By following this procedure similar micro top enterprises have been selected who generally are considered worthy clients for BDS.

3.2   Operationalisation of Research Questions

From the theoretical chapter it was learned that the first research question of *which business information sources are identified by the different entrepreneurs* is indeed a relevant question. Enterprises use external information sources as part of their learning process, building on their absorptive capacity that given the environment and uncertainty is a function of entrepreneur and enterprise. Enterprises search in merely a vague direction from their configuration of the present perception towards the better. Therefore, which Business Information Sources they use is essentially to be answered by the searching entrepreneurs themselves.

The second research question was introduced to capture the existing diversity in information usage: *to what extent is there homogeneity and heterogeneity in individual information usage within the selected group of enterprises.* The usage of a Business Information Source has been defined in terms of applicability and frequency. Applicability was measured for the three vital enterprise areas explained in the last section of the theoretical chapter: core capability, structure and strategy. Frequency refers to the frequency with which is drawn on a source. Hence, each identified Business Information Source has been evaluated on its applicability to the core capability, structure and strategy. Core capability is a firm's main competence, where it is good at. This has been understood as a firm's competitive advantage: whether the BIS provided

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[6] The annual average occupation rate of small hotels in El Salvador is estimated at 70% (Orellana:2000)
[7] Considering the visualisation of the segmented model in figure (I) 1 on page 3, the left-hand circle represents 0% of the 80 hotels, the middle circle 9% and the right-hand circle 91%. When calculated with a 60 percent occupation rate, the numbers are 0, 12 and 88 respectively.

information that enabled the enterprise to improve on its competitive advantage, to improve its position relative to other hotels. Structure has been understood as the daily management and administration of the enterprise: whether the BIS gave information about operational issues. Strategy relates to a long term strategy: whether the source provided any information on the future and enabled planning. For all three areas of applicability the BIS has been measured on an ordinal scale of 3, when 1 stood for not applicable or not useful, 2 for applicable or useful, and 3 for very applicable or very useful. Applicability was to be defined and valued by the entrepreneur and that there are different individual valuation levels, does not matter. The only question is whether *they* value the BIS as valuable, since if this varies substantially within the survey there are implications for the supply of BDS. Equally for frequency there was a scale of 3, when 1 stood for 'do not know or never used the source', 2 for 'used the BIS once or on an ad hoc basis', and 3 for 'used the BIS several times or frequent'. Mind you, if frequency scored 1 the BIS is not in the individual information basket.

Table (III) 1: Assessment of Business Information Source Usage

		1	2	3
Applicability of the BIS	Provided the source information related to:			
	Competitive advantage	No	Yes	Very much
	Administration and daily management	No	Yes	Very much
	Long term planning	No	Yes	Very much
Frequency of BIS usage	How often did you use the source	Never	Once	Frequent

The third question: *are there significant relations between information usage and the characteristics of entrepreneur and enterprise* was meant to direct the research in such a way, that the analysis of information usage can contribute to an improved BDS supply. It was seen in chapter 1 that according to the BDS experts size, sector, product, employed technology and location were to influence a firms need for BDS. However, from an evolutionary perspective other, more internal, firm characteristics are expected to influence a firm's search for external information too - and perhaps more fundamentally. Expected and measurable internal areas of influence are a firm's level of knowledge, experience, and perception of the business. Knowledge and experience refer to the concept of absorptive capacity. The higher the level of absorptive capacity, the more proactive a firm will be in the exploitation of opportunities, independent of current performance (Cohen and Levinthal, 1989; Urem, 2001). This does not mean that more sources are used, but implies that the usage of sources is more efficiencient and intense. A firm's perception of its performance, is believed to determine the strength of push and pull factors, hence influences search. A recent study on the external technological search of firms in the Czech republic and Hungary, adopted the hypothesis that a growing performance would have a positive effect on external search. Though the results

were not very strong, they affirmed a positive relation (Urem, 2001). Besides performance, it found stronger empirical support for an influence of ownership, to a lesser extent age, and the location of the firm. Ownership was measured as state-owned versus otherwise. Though state-ownership is irrelevant for this study, ownership will be another dummy for factors that influence information usage of small enterprises. For Czech firms, the analysis suggested that older firms are more likely to engage in search. Hence, the effect of age is monitored too, for both enterprise and entrepreneur. The results of the study related to location, implied that firms in information-poor areas tend to search more systematically. Contrary to the expectation of BDS experts, the study did not find supportive data for an impact of size, measured in terms of employment and sales, neither for an impact of product sector. The other variables highlighted in that study are not relevant for this research. There is one more variable that is often discussed in the small enterprise debate, which is gender (Downing, 1990; Mayoux, 1995; Goldmark, 1996; and Esim, 2001). Especially related to issues of access, female entrepreneurs are believed to be marginalized. Gender, as a social construction, influences the push and pull factor for search. In which direction gender will effect information usage remains an open question, a question that will be addressed in this research on the demand for BIS.

In conclusion, the evolutionary literature was an inspiration to value Business Information Sources on their applicability to an enterprise's core capability, structure and strategy, and on the frequency of usage. This usage of the BIS is amongst others expected to be influenced by: (P1) the age of the entrepreneur, (P2) their gender, (P3) the level of education, (P4) the level of experience, and (P5) the perception of performance. Information usage is expected to be influenced by the size of the enterprise in terms of (E6) employment and (E7) sales[8]. Further, (E8) the ownership of the enterprise, (E9) the age of the enterprise, and (E10) the location is expected to influence information usage as well. These variables include the factors that are understood as influential within the general BSD discussion, which predominantly are employment and sales. These dummies serve to monitor the prevailing BDS arguments that proclaims that size matters most in information usage. For the selected 60 similar small hotels in San Salvador the influence of these 10 characteristics on the usage of information for business development has been analysed.

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[8] The effect of sector, product and employed technology on the access and usage of BIS has not been monitored in this research because variation is expected to be limited, hence difficult to monitor on such micro level.

3.3 Questionnaire

The operationalisation of the research question resulted in a questionnaire that was to provide three profiles per enterprise: a personal profile, an enterprise profile, and an information profile. The questionnaire was addressed not necessarily at the owner, but at the person responsible for the performance of the enterprise: *the Responsible*. The first two profiles consisted of closed questions. The personal characteristics that were to influence information usage were age, gender, the level of education, experience and the perception of the enterprise's performance. Age was classified in 4 groups. The youngest Responsibles are beginning 20 and with a range of 10 years there were the clusters of up to 30, 31 to 40, 41 to 50, and over 50 years of age. Gender speaks for itself. Education relates to both formal schooling and courses. Schooling rated from primary to secondary, to high school, a vocational degree, and finally to university. Courses related to entrepreneurship, tourism and hotels. Experience was measured on personal and familial level, because familial relations are often important in terms of experience and sector network. Both personal and familial experience were measured in the three fields of entrepreneurship, tourism and hotels, giving a total of 6 dummies. The perception of the enterprise was given a four-point scale: from bad, to so-so, to normal, to good.

The monitored enterprise characteristics were employment, sales, ownership, age and location. Employment is a discrete range and was measured by the number of officially employed. Because of inconsistencies between hotels in the applied calculation methods, the sales have been measured by an alternative 'Resource Rate'. Each hotel has been scaled on a range of 10 according to their average price[9]: the more expensive, the higher the Resource Rate. It was reasoned that within one city the official price per person fairly indicates the values of the service. Price should reflect the production costs, at least, to an acceptable level considering the research objective. Ownership was a dummy of owner or otherwise, e.g. manager or family of the owner. The age of the hotel has been split into 4 groups. The first consists of those younger than 4 years because the first 3 years are generally considered the most difficult years of establishment. Then, firms of 4 up to 6 years when these are created in or just after a rapid economic decline in 1996, the third category goes from of 7 up to 9 when the hotel came into being just in the post-war boom and the fourth group includes those hotels that survived both war and earthquakes. Location related to 5 different areas within the city where per locality a cluster of 12 hotels was selected.

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[9] When a 10 point scale was applied to a range from 1 up to 100 US$, thus 3 refers to a price of 20 up to and 29

Figure (III) 1: San Salvador and the Interview Areas
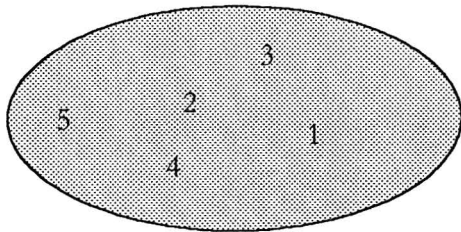
All five areas were within a circle of 6 km and included from lower to upper class: (1) the chaotic and lively lower class city centre, (2) a middle class zone close to one of the largest hotels, (3) a university area which has a more intellectual character, (4) a business area with lots of non-governmental agencies and (5) a well maintained high class neighbourhood. All areas belong to the same municipality of San Salvador and are subject of the same politics. It should be realised that within each locality a number of 12 hotels comes close to the total population.

Table (III) 2: Variables of the Personal and Enterprise Profile

Personal Profile	(P1)	Age Person
	(P2)	Gender
	(P3)	Education
	(P4)	Experience
	(P5)	Perception of Performance
Enterprise Profile	(E6)	Employment
	(E7)	Sales
	(E8)	Ownership
	(E9)	Age Enterprise
	(E10)	Location

The information profile began with an open question: where do you get the information from that helps you to maintain and improve your enterprise? The identified sources are BIS. All BIS together compile the individual *Information Basket*. After the first five interviews it became apparent that there are 4 distinct clusters of information 'carriers'. Ranged on tangibility these are: texts, organisations, individual persons, and sector relevant observation. Text are written sources that can be consulted on an individual basis. Organisations - enterprises themselves – are governed towards specific ends and as an information source involves interaction. This type of BIS refers to the official BDS suppliers. The third group of individual persons involves interaction too, but without an organisational context. The last information carrier of sector relevant observation is the most intangible but was often identified. Sector relevant observations refer to a general observation of the business environment, for example other hotels, related enterprises or

tourists in the street. It is the perceived source that counts. If a useful management book is acquired through an organisation and the organisation is a useful source on its own, then both are identified. Detailed descriptions of the BIS can be found in chapter four and five. Chapter four, the setting, presents the cluster of organisations and chapter five, the research results, presents the groups of texts, individual persons and sector specific observation. Information is too elusive in order to capture the sources into unambiguous clear-cut categories. The four groups of information carriers are exclusive to a sufficient level and most important in this research is that the categorisation is applied consistently.

The complete questionnaire is included in Annex 2. There were two phases to the interviewing. The first phase included half the sample size and were interviewed by the researcher in question. The other interviews were executed by a group of 5 students from the University of Central America, the UCA. The first five of the first phase where interviewed with open questions. These five hotels were visited repeatedly to understand the sector and verify the questionnaire. The second phase with the UCA students had as main objective the exchange of intercultural research experience. Although it took considerable time to incorporate the students in the research and explain the objective it is believed that objectivity increased and consequently the validity of the data. The interviews were developed to be completed within one and a half hour and in return the interviewer provided information and material on several organisations, advertisement possibilities and free English classes. The interviews were conducted between March and May 2001.

3.4   Data Analysis

Two datasets were drawn form the gathered data of 60 information baskets that contain the identified and evaluated BIS per Responsible. The first dataset is the original data and includes all identified BIS. The second dataset was drawn by selecting only those sources which have been valued as to be effective. Effectively is then defined as 'very useful' in at least one of the three areas of applicability, thus an applicability with a score of 3 for either core capability, structure or strategy. It was learned from the theory of chapter two that not all entrepreneurs search equally effective. The collection of effectively used sources enhanced the monitoring of the results of the research and provided more details on effective sources and effective users. It served the following questions: Which of the identified sources have a large share of effective users?; What happens to the heterogeneity of information usage if it concerns effective users only? and; What are significant influences of personal and enterprise features on effective usage? The

collection of initial information baskets together with the collection of the effective information baskets formed the basis for 10 dummies for individual information usage.

Per Responsible the information usage was profiled on the usage of each of the four cluster of information sources by the following dummies: (I1) whether they used texts or not; (I2) whether they used texts effectively or not; (I3) whether they used organisations or not; (I4) whether they used organisations effectively or not; (I5) whether they used persons or not; (I6) whether they used persons effectively or not; (I7) whether they used sector specific observation or not; and (I8) whether they used sector specific observation effectively or not. The usage of organisations, I3 and I4, has also been specified to governmental, associative, non-governmental and educational organisations[10]. This was done because organisations are generally considered more interesting in the discussion of BDS, since this are the supplying institutions. Two more dummies were used. One (I9) served to indicate the share of effectively used sources in the total information basket. The final measurement (I10) was to indicate the share of effectively used organisations on the total of identified organisations per Responsible. Both I9 and I10 were measured for 50 and 75 percentage point. Thus, I9 has been a dummy on whether the Responsible used 50 percent of all BIS effectively or not, respectively for 75 percent. And I10 indicated whether they used 50 percent of the identified organisations effectively or not. A fifty percent point was chosen because this approximately is the median for the share of effectively used sources in the information basket (see annex 3). The 75 percent point was adopted to monitor the persistence of the effects of the proxies.

Table (III) 3: Dummies drawn from the Information Profile

Usage per Cluster of BIS	Initial Information Basket	Effective Information Basket
Text	I(1)	I(2)
Organisations	I(3)	I(4)
Individual Persons	I(5)	I(6)
Sector Specific Observation	I(7)	I(8)
Effective Usage	Effective sources in Information Basket	Effective Organisations of all used organisations
Use at least half effectively	I(9)	I(10)

The data have been analysed in SPSS. A binary logistic regression was stepwise applied, selecting at a 10 percent significance, to determine whether or not the 10 proxies of the personal and enterprise profiles (tables 2) had a significant influence on the 10 dummies for information usage (table 3) of the 60 selected micro enterprises.

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[10] The four groups of organisations correspond with four levels of enterprise intervention as is described in chapter IV.

IV
Setting
The Supply of BDS In El Salvador

4   THE SETTING

The Supply of Business Development Services in El Salvador

This chapter is based on secondary data and describes the wider setting of small enterprises in El Salvador and its supply of BDS. The Salvadoran economy with its particularities is described first. Then, a historical perspective of enterprise development is given that is followed by the recent characteristics of the small enterprise sector, and its current problems. The next section deals with the supply of BDS that is supposed to address these problems and it presents an analysis of four institutional levels that can be distinguished in enterprise development. Per level, a portray is given of the actors and their role where after the general impact of that level on micro enterprises is discussed. If possible, this is illustrated with examples relevant to the sector that is subject of this research, the micro hotel sector. Hence, it aims to provide an appropriate setting for the analysis of the primary data of the next chapter that sketches the information environment as identified by the entrepreneurs.

4.1   The Salvadoran Economy

El Salvador is the smallest, most populated country of Central America. Although it is the richest country after Costa Rica, it will be seen that it has an increasing social imbalance between those who have, and those who do not. There are three structural characteristics of the Salvadoran economy that have a historical explanation. These set the scope for small enterprise development and shape the potential of industrial sectors, hence will be explained below. Although contemporary trends and happenings influence the everyday setting of Salvadorans, thus also small hotels, it is auxiliary information for this research and can be found in annex 4 and 5.

An important characteristic of El Salvador is its polarised and politicised economy that leaves little room for manoeuvre to the smaller enterprises. Like most countries in the region, El Salvador has been invaded by the Spaniards in the 16th century. Ever since the invaders took control over land, production and trade the power has been in the hands of a few. It has a history of forceful repression that in 1981 escalated in a civil war, which lasted until 1992. But despite these ten years of struggle, it is still the same elite that makes the rules. The control over production is in the hands of 20 percent of the population who earn 18 times more than the poorest 20 percent. In developed countries this ratio is

approximately 5 (United Nations:2001). And perhaps one of the most democratic countries in the region, El Salvador is also identified as more corrupt than its neighbours Guatemala, Honduras and Nicaragua (La Prensa:2001). These issues of polarisation and politisation will inevitably and repeatedly come to the fore in the remainder of this thesis. The huge challenge for smaller enterprises is to brake the age-old dominance of the elite.

Another problematic character is the over-consumption that is related to a trade deficit. Growing imports and dropping exports are concealed by large amounts of family remittance what largely is spend on imports. The little purchasing power that exists within El Salvador prefers to buy fancy goods from the U.S.A that, in one year, pushed the trade deficit from 0.2 up to 3 percent of the GDP in 2000. The import of intermediate goods (oil), non-durable consumer goods and maquila (assembly for re-export) is increasing while the export of again maquila and coffee[11] drops. After the earthquakes in 2001, family remittance mounted to almost 6 billion US$ and covered more than 90 percent of the trade balance (Central Reserve Bank:2001). Once, El Salvador was the best example of the region when directly after the war it showed a rapid growth. This economic boost is mainly attributed to the sudden inflow of foreign money to rebuild the country what either came from fled family members or from international aid organisations. However, in 1996 there appeared a sharp drop in growth rates and the cause has been sought in the consumer-based character of the economy. It became apparent that little of the incoming dollars were productively spend. But even though many know the impact of a spending pattern where direct consumption largely exceeds investment, there are no policies that address this problem. On the contrary, recent policies even invoke consumption and accept that the largest source of foreign currency is family remittance (Central Reserve Bank:2001). The over-consumption is even augmented with the instrument of credit cards, a relatively new tool of the financial sector. The banking system, a good example of the first characteristic of polarisation, navigates the largest source of foreign currency, the family remittance, and stimulates and steers consumption while there actually is no money. Average nominal lending rates are around 20 percent, considerably cheaper if one spends the money on houses or cars, and deposits earn less than 10 percent. The money available for the middle and upper class is not invested in productive assets but in real-estate and new cars (EIU:1997). The formal financial structure cross-subsidises money for consumption goods with the money for productive assets. Small enterprises in need of working or investment capital have to look elsewhere.

The third important issue in El Salvador is the trend of privatisation and liberalisation. Privatisation led the important industries into the hands of the elite, and liberalisation mostly benefits these larger industries. It invokes a competition that seriously affects the smaller section of enterprises.

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[11] For the details see annex 4 and 5

Privatisation started after the war. Continuing the financial example, it began in 1991 with the re-privatised of five banks, after their bad liquidity positions were improved on the account of the state. It lasted until 1996 before foreign investors could enter and by that time the financial system was already safely in the hands of the oligarchy, including the president of that time who was leading the reforms. Today, there are only commercial banks. Liberalisation of trade has been warmly welcomed since the benefits of free trade add to the bill of this oligarchy. At the same time policies are implemented to introduce a Value Added Tax on products of the Family Shopping Bag and medicines, and the subsidy on electricity has recently been eliminated. In themselves, such policies are not that bad, but the issue is that they favour the economical powerful and hit hardest on those who do not have a lot to hit on (GOM:1999, Central Reserve Bank of El Salvador, 2000). The smaller enterprises are faced with rising production costs like electricity and healthcare while competition is increasing. It becomes clear that the first point of polarisation runs right through all policies because the rules come to benefit the economically powerful. For this reason, small enterprise development is just as much a political as economical undertaking in that it addresses the social imbalance. The next section will briefly describe the history of small enterprise development in El Salvador and the position of micro enterprises.

Small Enterprise Development

Small enterprise development goes back to the end of the war when international agents invested in the reintegration of the demobilised society. Aid money promoted small enterprise creation as a tool for reintegration[12], hence, the initial actors in small enterprise development were the National Commission of Reconstruction and the large gathering of non-governmental organisations. This period can be seen as the beginning of BDS. The early support for the creation of enterprises was from a social perspective and left existing enterprises outside its scope. There were two issues that invoked the professionalisation, and eventually led to a supply of BDS as described in the preceding chapters: the sudden drop in growth rates in 1996 and increased competition that showed its effects in the same era of the mid nineties. When the economic situation deteriorated and something needed to be done, national economists realised that the majority of producers were micro enterprises, and that they needed support. Although the liberalisation began after the war in 1992, it gradually became clear that enterprises in themselves not serve to address social imbalance when the created enterprises were confronted with the fierce competition and many failed to survive. Consequently, donors began to build more alliances with the profit sector and the delivery of BDS is increasingly through consultants and private enterprises (Emprende:2000). This period shows a

winged expansion in the supply of BDS by non-governmental organisations, banks, information centres, universities and associations. In 1996, the National Commission of Micro and Small Enterprises was formed, Conamype, which was hold responsible for the national development of the sector.

In 1997, several organisations had put their forces together and completed a nation wide research into the exact constitution of the smallest section of enterprises. Known as the 'Libro Blanco de la Micro Empresa', or the White Book, the principle point for policy was that the heterogeneous group of micro businesses can and should be understood to consist of different segments. This new understanding of the enterprise sector, in effect, is the same model of segmentation described in the introductory chapter that is accepted by many international specialists in small enterprise development. Although, the name tags are different: what world-wide is understood as small corresponds with micro in El Salvador. The heterogeneous micro section, dominantly seen as those enterprises with less then 10 employees, corresponds with the old-fashioned 'informal sector'. And so the concept of informal sector matured into the groups of survival, micro and small enterprises, the model of the micro sector in El Salvador now distinguishes a group of survival, simple accumulation and amplified accumulation or 'micro top'.

The enterprises in the survival group are often self-employed women and are characterised by low productivity. The income is often used for direct consumption and as explained before, home and business are strongly connected. Simple accumulation refers to those enterprises that barely cover production costs with their income. Hence, with credit they could have the opportunity to escape from this viscous circle of low productivity. The micro top of enterprises implies that there is a level of accumulation what is often invested in machinery and personnel of the enterprise, however, still not producing at maximum level of efficiency. Moreover, it are those enterprise were most results is seen from technical assistance and commercialisation, or in other words, from BDS (Emprende:1998, Conamype:2000, GTZ:1999)[13]. The contribution of micro enterprises to the national economy is as follows:

Table (IV) 1: Micro Enterprises in El Salvador

Contribution to number of Enterprises in the country	99%
Contribution to urban Employment	77%
Contribution to non-agricultural GDP	30 %

Source: Conamype, 2000

[12] This must be seen in a worldwide context of a refocus on small-scale production at the end of the 80s what made small enterprises a popular theme
[13] For more detailed characteristics of each group: Conamype (1997):Libro Blanco de la Microempresa

It can be seen from this table that the number of micro enterprises make up for a large percentage of national enterprises, and for employment. However, they relatively have a small share in national revenues. The dominant activities are commerce, hotels and restaurants and their main market is the 'local market' that, as indicated before, is affected by increasing imports of consumer and intermediate goods (Conamype:2000). For specific characteristics of the small hotels in El Salvador see Box 1.

Box (IV) 1: Small Hotels in El Salvador – the situation of small hotels

Hotels in National Statistics
The hotel sector is not a separate sub-sector in national statistics. Hotels are part of the aggregated sector of 'industry, commerce and services' that again consists for 62 percent of commercial enterprises, for 27 percent of service businesses and an industrial rest of 11 percent. The 27 percent of services includes hotels and is the largest generator of added value when it accounts for more than half of the total added value of "industry, commerce and services" (54%). Within the service sector 'Restaurants and Hotels' is the largest sub-sector when it registers 40 percent of all service units. However, it presents only 30 percent in terms of employment of which half does not receive a salary. That makes Restaurants and hotels the largest sub-sectors of unpaid employment. Moreover, this 40 percent of Restaurants and Hotels generate a small 14 percent of the added value of all services when the financial sector that represents, mind you, 4 percent of the number of service enterprises, generates 31 percent of the added value from services (Ministerio de Economia:1998). Though these numbers deal with the registered section of enterprises only, it does verify that the Restaurant and Hotel sector represents a lot of businesses where there is an average employment of 3,3 people per unit of which half are unpaid and where revenues are extremely low.

Characteristics of the Small Tourism
Though there is little official information on small hotels there is some information on 'small tourism'. Sixty percent of small businesses in tourism are administrated by the owner while the rest of 40 percent is administrated and managed by others. The majority exceeds 9 year of existence. It is said that small hotels account for 11 percent of the employment in small tourism (Chacon:2000). However, there are no data on the contribution of small tourism in total employment. In comparison to large hotels, small hotels are postulated to offer personalised services for a lower price with the general services like laundry, fax and access to Internet, transport, swimming pool, facilities for seminars, the sales of books and translators (Orellana:2000). Though large hotels in the city had an average occupation rate of 47 percent over the first period of 2001 (Association de Hoteles:2001) it is estimated that small hotels have a 70 percent occupation rate (Orellana:2000).

Characteristics of Small hotels
Detailed information on the small hotel sector does not exist. In order to give an idea of this sector the following characteristics are drawn from the data of this research. From the outset there are no peculiarities about a small hotel in San Salvador: it does not look very different to a small hotel in New York nor to one in Amsterdam. The 60 hotels were spread over 5 clusters within the city which are described in the methodological chapter. Although there is no formal classification there are different types of hotels what often is evident from the hotel name. There

are hotels, guesthouses, hostels and apartments(14). In the survey these respectively represent 57, 28, 10 and 5 percent and not surprisingly, most apartments were in the richer part of town and the hostels in the poorer side of town. Many female owned enterprises originated either from before the war or from the aftermath. Most of the males began their hotel around the economic decline in 1996. 40 Percent of the hotels originated from the last 3 years where men and women are equally presented. The hotels had an average minimum price of 27 US$ and maximum of 42 US$, with an average of 16 rooms and 7 employees. The most common customer is the businessman, or at least the workingman and only 12 percent claimed to aim at the tourist. The 60 people that were interviewed were responsible for the growth and decline of the business. Exactly 80 percent were actual owners, 15 percent were running the hotel for a family member that in many cases lived in the United States, and the other 5 percent ran it for others. 45 Percent of the Responsibles had another small business that in very few cases was another hotel. This consists 75 percent of those hotels that are run by somebody else than the owner. Hence, a common situation is that a hotel is one of several investment businesses and therefore managed by another person. Of those managed by the owner, 38 percent has another business. All co-businesses were in trade or services. There were male and female Responsibles which each represent 40 and 60 percent of the survey. The majority was between 30 and 50 and men were generally a bit younger than women. There is a surprisingly high level of education when over 90 percent of all Responsibles finished high school. 46 Percent of all women had a university degree what for men even was 67 percent. Half of the Responsibles added some course to their level of education, whether about enterprises, tourism or hotels. Close to half of the survey size had some experience in enterprising before they started the hotel. Yet, only 10 percent had experience in tourism or a hotel. 60 Percent of the Responsibles had entrepreneurs in the family. For family knowledge on tourism and hotels this respectively is 33 and 35 percent. Thus, sector specific experience is not very common.

In the methodological chapter it was argued that El Salvador was a suitable country for this research because of the many publications on small enterprise. However, the problems described in these documents remain rather general and specific examples are hard to find. Drawn from the circulating publications, the main problems of micro enterprises are a lack of clients, low profits and strong competition. Technical information is believed to be scarce too. Moreover, a poor usage of administrative tools supposedly keeps the businesses from maximum production. There is no easy access to official financial resources for small enterprises. A survey showed that 20 percent of all included micro enterprises actually applied for a credit and that again of these, only a 20 percent finally got the loan (Fommi:1999). Other problems are a scarcity of information about markets and prices what goes hand in hand with the fact that markets are disorganised. The list of problems can still be expanded by a deficient infrastructure that definitely includes poor regulation, complex processes of registration and an absence of social security. In a presentation at the University of Central America on the competitiveness of micro enterprises in El Salvador the following clustering of problem areas was made (UCA:2001): a deficiency in basic infrastructure; low human development; low investment and saving rates; and the absence of clear rules of

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[14] However, for the rest of the thesis if there are no further specifications made the label 'hotels' includes all categories

the game. The final problem area that will be mentioned is again the fact that small enterprises have to deal with a political agenda of exclusion. This is last in line because changing the political climate is strictly speaking not a BDS. However, political will, or political space, is a precondition for improving the situation of micro enterprises. The lack of organisation among micro enterprises themselves, considering that 87 percent of the small enterprises are not associated in whichever form, underlines their weak bargaining position (Genesiss:1998:6). In conclusion, the identified problems on the demand side for BDS justify a supply that ranges between the area of technical assistance, to entrepreneurship training, to the strengthening of the organisational capacity at sector level and to improving the infrastructure (Fepade:1997, Conamype:1997, Genesiss:1998, Redes:1999, Emprende:2000). These solutions can be addressed at various levels of small enterprise development intervention, as is explained in the next section. How individual enterprises react to this environment remains the concern of the analytical chapter.

4.2 Four Levels of BDS Supply

Based on various literature, the following section gives an outline of the different levels that can be distinguished in small enterprise intervention, and more specifically, in the supply of BDS (Fepade:1997, Genesiss:1998, Emprende:2000). After a decade, the many publications indicate a trend of clarification in a field that involves a wide diversity of actors. Nevertheless, studies use different and sometimes conflicting data what complicates the existing heterogeneity. Also, it remains difficult to obtain official information and statistics from governmental bodies. Hence, there is no pretension that the following account on the BDS supply is exhaustive. More details on the complex market of enterprise development in El Salvador can be found in the publication of Emprende (2000). The matrix hereunder depicts four levels of development intervention as well as the main actors in this process:

Table (IV) 2: The levels of Business Development in El Salvador:

Intervention level	Public sector	Cooperation agencies	Non-profit Institutions	Profit Institutions
1. Planning	Public institutions	International cooperation agencies		
2. Programmes	Para-statal institutions	Cooperation programmes and responsible parties		
3. Intermediate	Local government		Non-profit organisations Associations and cooperatives Educational institutions	Banks Enterprises with educational and technical services for intermediators
4. Direct Supply			Enterprise development centres Training centres	Private Enterprises Independent consultants

The results of this research presented in the chapters hereafter relate back to different elements of this matrix. The 4 levels are: (1) the planning level; general policies on micro enterprise development that are made by national public institutions and cooperation agencies, (2) the programming level; specific programs and projects for micro enterprise, often with a limited time span, are fabricated also by national public institutions and cooperation agencies, often in cooperation with the programming level (3) the intermediate level; negotiations between all actors, and (4) the direct supply; the exchange between the development service and the enterprises in need for development. It are distinct levels because the core objectives within the framework of enterprise development are different for each level. Whereas planning is mainly concerned with the environment of the enterprises, the direct supply is concerned with the internal capabilities of the entrepreneur. Consequently, from level 1 to level 4 the inter-institutional aspect decreases, while the direct interaction with the entrepreneur increases. These levels will be elaborated and illustrated with examples most relevant to the micro enterprises involved in this research[15]. The BIS which have been identified by the Responsibles in this research will be elaborated explicitly and are highlighted in bold. It needs to be realised that most organisations are involved in more than one level, but organisations are categorised and explained according to their expected core capability.

4.3 Planning

The planning level is about these institutions where the national decisions are made that effect micro enterprises. This level sets the overall strategy; policies are made that determine the facilitating rules and regulations and from here, funds are allocated towards micro enterprise development. There is no supply directly to the entrepreneur. It comprises the central government and bilateral and multilateral development agencies. On the national part it includes the ministries, the Central Reserve Bank and the Legislative Assembly. Typical foreign multilateral organisations are the World Bank, the Bank of Economic Integration of Central America, the European Union and the International Labour Organisation. Up to 1996, the smaller echelon of enterprises was not to be found on any political agenda and statistically non-existing. Micro enterprise development, as such, did not exist in national planning even though it did exist within the international cooperation as a social reintegration tool.

The history of tourism in El Salvador can serve to illustrate the effect of planning on enterprise development. Policies on tourism go back to the sixties when, worldwide, tourism became possible for a

larger public. However, it was not until the seventies before tourism really took off[16]. In 1962 the governmental Salvadoran Institute of Tourism, the ISTU, was created. Its objective was to develop tourism in the country by coordinating the relevant businesses and by keeping track of trends. Hence, they began to build a tourism related BDS market from the planning level. The main driving force was the Minister, a member of one of the big influential families who had a clear and clever vision on tourism. He even managed to get the first Miss Universe elections out of the United Stated in this small country. It was in this period that the still existing big hotels of the capital were constructed. Apart from a private sector that obviously believed in tourism as a good investment, there were several tax advantages and special credits available. With the increasing tension at the end of the seventies this minister was killed for political reasons. Soon after, the civil war started, tourism went down hill and the ISTU was nothing more than a symbol of a gone-by golden age. Box 2 shows that less than one out of the four visitors of El Salvador is a tourist, and only half of all the tourists sleep in a hotel. This leaves the micro hotels fighting over even less tourists that search for a bed. Interesting is that today, the family of the former minister owns most of the big hotels, not only in El Salvador but in the whole of Central America (Orellana and De Revera, 2000). It can be learned that a clear vision in national planning is crucial for the development of both the sector as well as the service market that serves to develop the individual businesses. Since there has been little action in the past years on tourism, it is not so much a matter of 'lack of impact' that should be discussed here, but the missed opportunity.

Box (IV) 2: Tourism from a National Perspective - the recent situation of tourism

Many emerging economies have great potential to boost tourism and in much-needed jobs and foreign currency. But they must promote themselves better, calm foreigner' security fears and build more facilities (Diamantina:2000)

Decreasing Tourism During War Years
Logically, the war stigmatised El Salvador as dangerous and tourism fell to an all time low. However, it was during the same war that the 'casas the huespedes', or guesthouse, came into being when left sided solidarity people and journalists, asked for cheap and personalised accommodations. Directly after the peace accords in 1992 there was a sudden boom of foreign visitors to witness the peace process but the year after this fell almost just as rapidly back. It was only in 1995 when people came in again and according to the national statistics, the number of tourists has been vastly rising ever since.

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[15] Eight out of ten BDS specialists perceive the micro hotels sector as a tourist sector (Based on informal interviews by the researcher in question). Nevertheless, from Box 1 it become clear that it is more of a service sector dealing with commercial travellers, than with tourism. At this point, the sector will be treated as a tourist sector.
[16] The decade that is known as the 'Golden Age' of tourism (Orellana and De Rivera, 2000).

Recent Situation of Tourism

According to the national statistics of Central America El Salvador with its small size comes on a close third place of received tourists in 2000 after Costa Rica and Guatemala and enjoyed a fast growth in the ultimate six years, from 181.332 in 1994 to 813.000 in 2000. Two third come from the neighbouring countries Guatemala, Honduras and Nicaragua, most of the other third from the USA and a 70 percent of all are to be men travelling alone. Surprisingly this amount of tourists is, since it is about as much of what Honduras and Nicaragua received together in the same year. Thus statistically you could say that El Salvador with its little piece of land is still doing extremely well in tourism within the region. However, these data include anybody with a foreign nationality that visits the country thus though they are defined as tourists, they do not necessarily embark on any sort of tourist activity.

Table (Box (IV) 2) 1: Visitors

Share of visitors that:	El Salvador	Central America
Are Tourists	23 %	40 %
Are Workers	41 %	33 %
Come for Family issues	30 %	17 %
That sleep in a hotel	51 %	66 %
That have own accommodation	47 %	33 %

Another private study does give other information when a sample of 500 visitors was taken in each country of Central America. It suggests that El Salvador receives the smallest percentage of tourists in the region where most of the travellers come to work or to visit their family: 23 percent are tourists, 41 working people and family visits takes up a relatively large share of 30 percent of all visitors. Also, 70 percent has been visiting the country before and 64 percent of the 500 questioned people were travelling alone, again higher than the regional average and the highest within region. Then a 51 percent sleeps in hotels and 47 with family, friends or in their own house. Thus in conclusion, compared to Nicaragua, Honduras, Guatemala, Costa Rica and Panama, El Salvador receives little tourists, many business people and another large portion comes to visit family. As a result, a relative low percentage of 50 percent spend the night in hotels when the other half finds free accommodation with loved ones (Bimsa:2000). The majority of 'tourists' are business people and those that work for international organisations like universities, aid donors and solidarity groups. The conclusion is that tourism in El Salvador is not an important industry.

A Future Potential Market

The national market for small hotels has been left as good as untouched but can indicated as potential. According to a census executed by Proesa on national tourism, a 15 percent is willing to pay between 25 and 35 dollars for lodging, 35 percent can pay up to a maximum of 35 US$ and 35 percent is able to exceed this price of 35 US for a night outside, the other 25 percent did not know. People are prepared to pay most for lodging when compared to food, transport, fun and general spending (Gonzalez:2000). What indicates that there is indeed a potential internal market since the average minimum price for micro hotels is 26 US$ and the maximum price 40 US$[17]. But according to the ISTU, internal movement for pleasure is less over the post war years than it was during the war, from the eighties up to the peace accords. Especially 1995 and the years that

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[17] Based on the census of 80 micro hotels

followed it showed a substantial decline what reflects the worsening economical situation of the Salvadoran who spends less and less on pleasure trips (ISTU:2001). Thus a potential market that has to wait a little more.

Although the recent situation of tourism in El Salvador is far from what it used to be (see box 2), there lies a growing potential in this industry. From a country report of the Economic Intelligence Unit and from box 3 it can be learned that tourism is even one of the few national industry with sincere prospective. That is to say, if public investment is to increase substantially to fight the problems of a poor infrastructure and extreme violence, to name only two (EIU:1998). In other words, if there is a strategy towards the development of tourism related businesses at the planning level, there is a considerable scope for a sound economic hotel sector.

Box (IV) 3: Tourism from an International Perspective – a potential industry

World Tourism

Tourism worldwide is a fast growing industry that suits El Salvador's structure, both geographically and economically[18] and since its recent share is limited there is scope for economic development within this sector. The World Tourism Organization, WTO, calculated that the number of international tourists shall triple from 1995 to 2020. In1995 international tourism generated 1,5 percent of world GDP and contributed 11.4 percent to the global pay-roll when employment is still growing and for already 83 percent of all the countries tourism comes in the top 5 of export categories (WTO:1999:3). It has been argues that because of the decreasing real costs of long-distance travel the developing regions of the world 'participate fully in the in the world wide growth of international tourism' (ILO:2001:7). The developments in Information Technology enlarge the possibilities for developing countries as more and more deals are made on the Internet and thus with direct access to potential clients. An estimation has been that between 30 and 50 percent of Internet transactions are tourism based (Ibid.:31).

Latin America Tourism

For the whole continent of Latin America the share of tourism revenues in the GDP will stay close to 8 percent of which about 3 percent is generated in these enterprises where there is face to face contact with the tourists. Both personal as well as business travel more than doubled from 1988 up to 2000 and tourism is steadily rising both in its share of regional GDP and of employment[19] when especially in those faceless jobs of suppliers, manufacturing and government agencies. Contradicting might be the decreasing trend of government investment in this industry, which is already low at a 3 percent of public spending against a little more than 5 percent world

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[18] However small El Salvador is, it has a wide variety to offer both in terms of nature and culture. The large micro sector could serve to suit the world wide trend for small-scale tourism. Its economic structure with the dolar as a second currency and the well developed banking sector makes it attractive for foreigners, and as a source of income tourism can thankfully supplement family remittance. Tourism is the main source of income for 38 percent of all countries (WTO:1999:3).

[19] Estimated shares when industry captures the technical production-side when there is face to face contact with the tourists, and economy the broader economy wide impact (source: World Travel & Tourism Council:2001): of Travel and Tourism Industry in GDP from 1988 to 2000: from 2.7 to 3.3 of Travel and Tourism Economy in GDP from 1988 to 2000: from 6 to 8 of Travel and Tourism Industry in Employment from 1988 to 2000: from 3 to 3.4 of Travel and Tourism Economy in GDP from 1988 to 2000: from 7.7 to 8.3

average. It seems to indicate that tourism is becoming more and more a private undertaking when Latin Americans will just spend a little bit more of their income on tourism[20], the overall industry is expected to generate more revenues when this includes revenue from abroad (World Travel and Tourism Counsil: 2001:1-4).

Changing Tourism

Besides that it is growing, tourism is changing from mass tourism to 'new tourism' what refers to green, alternative and sustainable tourism. The industry has specialised into different market segments and the new tourist is the more experienced individual traveller who demands a better quality, more value for money and greater flexibility in travel possibilities. Generally speaking, the trend is towards small-scale tourism supported by the small businesses that can offer a flexible service (ILO:2001). For the hotel sector it respectively are tidiness, safety, personal treatment, hot water, comfort and prices that have the priority of the international tourist and what reflects the trend of quality above quantity[21]. The shift towards small tourism is opportunity but moreover a challenge since this point of quality has been identified as a general problem area for the small enterprises since they are competing amongst themselves for the same market, lowering prices at the cost of quality, and lacking professionalism in the offered services.

Tourism and Economic Development

Generally speaking, the tourist industry is the wide collection of businesses that have some relation with tourism. The International Labour Organisation (ILO) is more specific and identifies the sector of 'Hotel, Catering and Tourism'. The explanation for this subdivision is that in some countries only a small part of hotels and catering services are directed towards tourists (ILO:2001). One such example is El Salvador. It was learned that the 'real' tourist who travels for pure pleasure is not the prototype of client that sleeps in the small hotel of San Salvador. However, it was also learned that tourism is a potential market. This potential should be seen in the international context were tourism is gaining respect as a tool for development. For example, related to labour issues the ILO has a sector programme specifically for Hotels, Tourism and Catering. Also, related to pure poverty alleviation tourists are playing an increasing role. For example the English Overseas Development Institute (ODI) published an article 'Pro-poor tourism: putting poverty at the heart of the tourism agenda'. The article impels that, unavoidably, tourism has an impact on many of the world's poor and that it needs properly guided strategies to direct these effects towards better results (Ashley et al.:2000). At this very moment there is a debate within Latin America that deals with the position and possibilities of tourism in local development, or in economic terms, about the effects of supporting tourism to employment and to small enterprises development (ILO:2001). Swiss Contact, a Swedish organisation, very recently started a program to augment the competitiveness of 'micro, small and medium tourist enterprises by the means of strengthening the market of non-financial services, so creating additional employment and give impulse to the economical growth of the country' (Swisscontact:2001:1). Despite these regional efforts, El Salvador is still underutilising its tourism potential.

The first and foremost requirement for any development in the tourism industry in Latin America is believed to be a political will. However, in many parts of the region this is not the reality and it often lacks a national strategy (Arduz:2001). If enterprises related to tourism of whatever size want to go forward in a sustainable manner they will need to cooperate. That is to say, in stead of

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[20] Estimated to 6 percent of their income in 2002

[21] These are the results from a survey at the international airport of Lima on 3300 turists (source:Puerta:1999).

competing for few tourists the collective focus should be occupied with the question how to increase the market as a whole. There are enough examples which show the success of such organization, like the case of Costa Rica and Peru and like the process that is starting off in Panama (Ibid.). Although the situation of tourism in El Salvador is not as flourishing as authoritative numbers do suggest, the argument is that there is a good momentum to pick up long forgotten policy aims of national tourism development in El Salvador and join the regional tendency.

The following example shows that the oligarchy of the country is intervening at this level what entangles politics with economical planning. The Transportes Aereos de Centro America, the Salvadoran airline TACA, has a monopoly in the whole region of Central America. It sets the ticket prices so high, that for the general tourist the neighbouring countries are a better alternative. And in March 1998, TACA successfully persuaded the government to revoke a license for a new route that had already been given to a smaller Panamanian airline (EIU:1998). Although El Salvador received credits for its integrated vision on micro enterprise development it is being criticised for its programmes that mainly focus on the executive level of capacities and training. The attention and political space for small enterprises is directed at a short-term educational level leaving the structural imbalance of the economy and its regulative part untouched (GTZ:1999). Developing tourism could be a serious effort to increase the room of manoeuvre for the smaller enterprises. A positive note here is that in the first days of 2000 the ministry of economy started an ambitious national programme of competitiveness. This cluster policy has been masterminded by the famous Micheal Porter. The mission is to strengthen the link between government and private sector by creating a healthy competitive environment. The idea is that enterprises at all levels can and should flexibly produce the highest quality and compete with a globalising world. The main spill is the formation of ten clusters: geographical groups of product related enterprises where providers and producers are to cooperate in order to compete. One of the largest clusters has been tourism that for now is focusing on four localities outside the capital (Ministerio de Economia:2000). The cluster programme might prove to be a new plan that can circumvent the politics of excluding the smaller echelon of enterprises.

4.4 Programming

From the first level of planning public funds for enterprise development are directed to the second level: the level of programming. Para-statal bodies and cooperation programmes do the programming for micro enterprise development. At this level the policies are translated into concrete programmes and resources are selectively guided towards the intermediate level, from where further negotiating takes place towards the direct supply. The number of actors at this level is growing since the field is still gaining popularity. An example of a para-statal organisation is the private Multisectoral Bank of Investment, created in 1994 and

the only intermediate between national and international funds at one side, and the smaller enterprises at the other. The bank implemented a programme to support micro enterprises with finance of the European Union. Part of this programme was the creation of institutions at the fourth level of direct supply: 'Centros de Servicios Empresariales'. The role of the bank is to coordinate and monitor the programme. If international funds are not directed through the Multisectoral Bank of Investment, the only alternative is that the money for enterprise development is part of a cooperation programme. Other institutions involved in programming of micro enterprise development are the Secretary of National Reconstruction and the Social Investment Fund who, as was notified earlier, took their position in enterprise development after the war. Another important para-statal is **INSAFORP**, the governmental institution that is responsible for the national programme of human resource development at enterprise level. It is partly financed by the contribution of the enterprises since each enterprise with more than 10 employees is obliged to pay 1 percent of its profit to Insaforp. When an enterprise has a request for a certain training with a certain institution, Insaforp evaluated the request and if accepted, channels the partly public funds to the BDS supplier.

Several evaluations advised that attention needs to scale up from a political, developmental perspective towards an economic one that programmes for competitiveness, so as to better coordinate the different isolated efforts towards a synergetic strategy (Genesiss, 1998; GOM, 1999; GTZ, 1999). **CONAMYPE,** the national committee for micro and small enterprises, would be the responsible institution for enterprise development. It is said to be the most important national agency at level two, it was established in 1996 and functions under the direct supervision of the Vice President. Conamype officially carries this coordinating role but has been accused of being more political than technical. The structural problem, once again, is the hegemonic position of the large enterprises who have the pen that draws the line of economic development. BDS programmes seems to lack a comprehensive and coherent vision, which may be due to a lack of national search strategy for new innovative information for business development[22]. Scattered projects and programmes prevail to serve their own singular objectives and in doing so, are undermining a strategic and visionary approach.

CORSATUR is another organisation that should be placed at the programming level and will be elaborated here because it illustrates the programming history on tourism. As described in the section on the planning level there was the creation of the governmental Salvadoran Institute of Tourism, the ISTU, in 1962 to coordinate and monitor the policies on tourism. With deteriorating figures on tourism and the new attention to smaller enterprises the Salvadoran Corporation of Tourism, Corsatur, replaced this institution in 1996. Its objective was to redevelop the industry once again. The Salvadoran Institute of

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[22] Reference is made to chapter II of this study

Tourism now only focused on the internal market as it manages a number of 16 recreation parks. (Chacon (2000), Corsatur:2000). Corsatur publishes the national statistical information on tourism and, as can be seen in box 2, these data are aggregated to a general level that considers that all people that cross the border, are tourists. How effective a national tourism programme can be if it is based on the aggregated number of people that cross the border, remains an open question. Information from Corsatur indicates that of total tourism a 12 percent belongs to 'small tourism' that includes bars, restaurants, tour operators, information centres and transport. According to these numbers most of the hotels are located in the municipality of San Salvador and 64 percent are owned by women. Corsatur registered a hotel capacity of 2341 rooms in San Salvador only. However, based on the limited inventory that was part of this research there are more than 3500 rooms. It indicates that the official numbers are missing at least one third of the capacity. A last example of a service from this organisation is about an irregular magazine ' Destination' on tourism in El Salvador. There is one price for advertisement that is so high that no one can ever earn back the costs of advertisement with a small hotel capacity. The result is that it only contains high-class tourism and thus Corsatur practically is subsidising the luxury hotels (Corsatur:1999). The quality of BDS supply from this level of programming is limited as data are aggregated and incomplete, and the supply is excluding micro enterprises.

Amongst other problems like deteriorated of the tourist infrastructure[23], increasing crime and expensive air-tickets[24], it are the politics of exclusion that make it difficult to improve on the situation faced by small hotels. It has been 4 years since Corsatur came into office and it is argued that Corsatur is still in a transitional phase when it has not found its position yet. It lacks any policy on the less luxury traveller and most attention goes to the politically powerful large hotels. Though Corsatur has some ad hoc assistance for the smaller hotels, there is no permanent strategy for small-scale tourism. The same goes for the Chamber of Tourism, **CASATUR**, who only voices the needs of the large enterprises. And even the National Chamber of Small Tourist Enterprises, created with the help of an non-governmental organisation, did not reach the level of influence it hoped for and is practically non-acting (Orellana:2000). In conclusion, the small hotel sector has developed without any political support from the programming level. Comparable to the case of the first planning level, the politics of exclusion make a discussion on impact irrelevant.

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[23] Since despite the lack of information on many beautiful, though remote places, these do not have the suitable touristic facilities
[24] Its cheaper to fly from the USA to Europe than to Central America and from Central America it is chaper to fly to Costa Rica than to El Salvador (Orellana:2000)

4.5   Intermediation

This level of micro enterprise development contains most heterogeneity of actors. The main objective here is to negotiate between the suppliers and demanders of a development service. In most cases they channel resources from third parties with the objective of small enterprise development, but the service is not yet received by the enterprises. There is mediation between the demanding and supplying parties, including trainings to enterprise development specialists. For example, the university Don Bosco is subcontracted by the international cooperation agents to institutionalise a doctoral in micro enterprises support. Other examples of intermediating actors are the non-profit organisations like Fademype who often acquire their finance directly from the international cooperation agencies. They are mediating in as much as they sub-contract specialists who have the direct supply. Though, in many cases these have the institutional capacity themselves and are categorised at the level of direct supply. Another example of intermediating actors are the municipalities who get 6 percent of the national budget and with the rising popularity of local development, fulfil an increasing role in intermediating between enterprises and suppliers of business development services.

Very important mediators are associations and an elaboration will follow. The little influence micro enterprises have on policy making, on national decisions, programming, and articulation of demand, has two sides. It is not only a result of political exclusion from the planning and programming levels, but there is also a lack of organisational strength among small and micro enterprise. This refers particularly to associations. Associations in El Salvador have a fundamental role in enterprise development when they are believed to represent the needs and wishes of its members. The Salvadoran organisms at this level of intermediation keep struggling with their weak bargaining position, despite their long history of origin. Small enterprise associations have a history that goes back to 1944 when a group of small enterprises organised themselves against the dictatorship of the general Maximiliano Hernandez Martinez. In 1970 the National Federation of Small Enterprises erected which 12 years later was followed by the formation of a national advice board of Salvadoran Entrepreneurs who were in disagree with the ultra conservative government. In 1988 the Association of medium and small Salvadoran entrepreneurs was formed and decided in its first years to refocus on micro enterprises in particular. There was a rapid increase in - international - support towards micro enterprises after the peace accords. In the track of a region-wide promotion of micro enterprise[25], this post-war period has been a seedbed for unions and associations. On the national level the committee of Salvadoran micro entrepreneurs came into being as Conamis. The two most important enterprise associations have also been identified as BISs: **AMPES,** the national association

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[25] A large PROMICRO programme of the International Labour Organisation

for micro and small enterprises, and **ANEP,** the national association for private enterprises that is focused on the larger segment of enterprises.

Then, there are sector specific associations too. The **Salvadoran Association of Hotels** is a private, hotel specific organisation that represents larger hotels. In order to become a member there are certain requirements on the quality of offered services. This association is purely financed by its members and besides its representative function, both national and international, there is a form of regulation between its members on for example prices. The association offers services like the publication and spread of a collective brochure, representation at international fairs and statistical information on the sector. The first form of association between small hotels became a fact in 1996 with the erection of Alojatur that included 10 micro hotels and received assistance from Proesa, a non-governmental organisation with a focus on tourism. The small hotel owners realised that they needed to work together in order to address their exclusion and demand for political recognition. Though some results were booked, the organisation did not survive because of internal problems related to a lack of organisation and limited confidence between the members, a lack of time and resources and problems with the legalisation because the required minimum of 15 members could not be attained. Then in 1999 the Association of Hotels and Guest Houses, **ASEHCH,** saw the light under the coordinating eye of Fademype, the organisation that facilitated this research. This time it included a few more members. In June 2001 Fademype has withdrawn its support because of a lack of results. It remains to be seen what will happen to this still not legalised association, but it is a fact that there never have been a permanent supply of services to the small hotels (Proesa:2001).

Despite the history, the influence of associations that represent micro enterprises is very limited. Concerning the role of intermediation, associations have been indicated as a troubled area for micro enterprise development (GTZ, 1999). The literature indicates that the most important weaknesses are in the following areas: a weak organisational structure with ambiguous roles, ancient forms of leadership without strategic planning, a lack of capacity to react to the needs of the members, a passive attitude and low expectations of its members, a wide diversity in the demand of its services, and insufficient sources to finance its activities Many associations offer a creative supply of services to their members. But in combination with low resources and organisational disabilities the quality remains insufficient. Associations of small and micro enterprises have great difficulty in addressing the needs of its members, both on political representation as well as on the supply of services (ILO:1998, Genesiss:1998). The BDS supply that tries to address this bottleneck is a young field, and still limited. Fademype is one of the few suppliers and in the following chapter it is shown that there is a definite lack of impact. Thought the weak points of existing associations have been depicted, there are little studies that put a finger on the question why there

is a passive attitude towards, and low expectations of the associations. Another question that fails to be answered is why the associations have such difficulties in addressing the needs of its members.

4.6   Direct Supply

The fourth level is the level where the developmental service is actually delivered to the demanding micro enterprises. This implies that actors here are on the one hand the suppliers and on the other hand the demanding enterprise. The difference with the other levels is that the main focus is on the direct supply of services that have the objective to develop the entrepreneur's capabilities: the supply of BDS. The generally supplied BDS in El Salvador include trainings on for example entrepreneurship, accounting, and management. It includes individual consultancies on different topics to both particular as well as groups of enterprises. Literature indicates assistance in strategic issues like commercialisation and export, juridical support and marketing. Only lately, the supply also includes the strengthening of associations and improving access to information (Redes:2000, Emprende:2000).

Supplying organisations are non-governmental organisations, universities, and other educational institutions. It also includes private enterprises that offer a development service but do not have an objective of enterprise development as they are strictly acting on commercial basis. Another group of actors at this level are the tons of independent consultants of which many are part-time involved with organisations, possibly at other levels. With the trend of professionalisation that is taking place an increasing position among direct suppliers is taken by profit institutions, though still auxiliary. Non-profit organisations is a heterogeneous group that makes up for the bulk of BDS suppliers, like for example **ADEL**. Adel is a private organisation that stands for Local Economic Development Agency and is part of an international network initiated by the international cooperation. The agencies are "self-sustainable autonomous structures formed by private and public stakeholders, which agree about strategies, instrument and initiative aimed at developing a certain territory" (www.ilsleda.com). Adel settled in El Salvador after the war, in 1992. The services they offer to entrepreneurs are "information, stimulation to entrepreneurship, technical assistance to their start-up and development and special credit for investments" (www.ilsleda.com). **FADEMYPE** too, is a non-governmental organisation for small and micro enterprise development that was the facilitating organisation for this research, as described earlier in the methodological chapter. It has a small department that is active at the intermediate level, but its core business is at the level of direct supply, of for example a bookkeeping programme. **SWISS CONTACT** is the Swiss cooperation for development that works with micro and small enterprises in general. For example, it has a programme where small enterprises can apply for an expert, a consultant that comes to
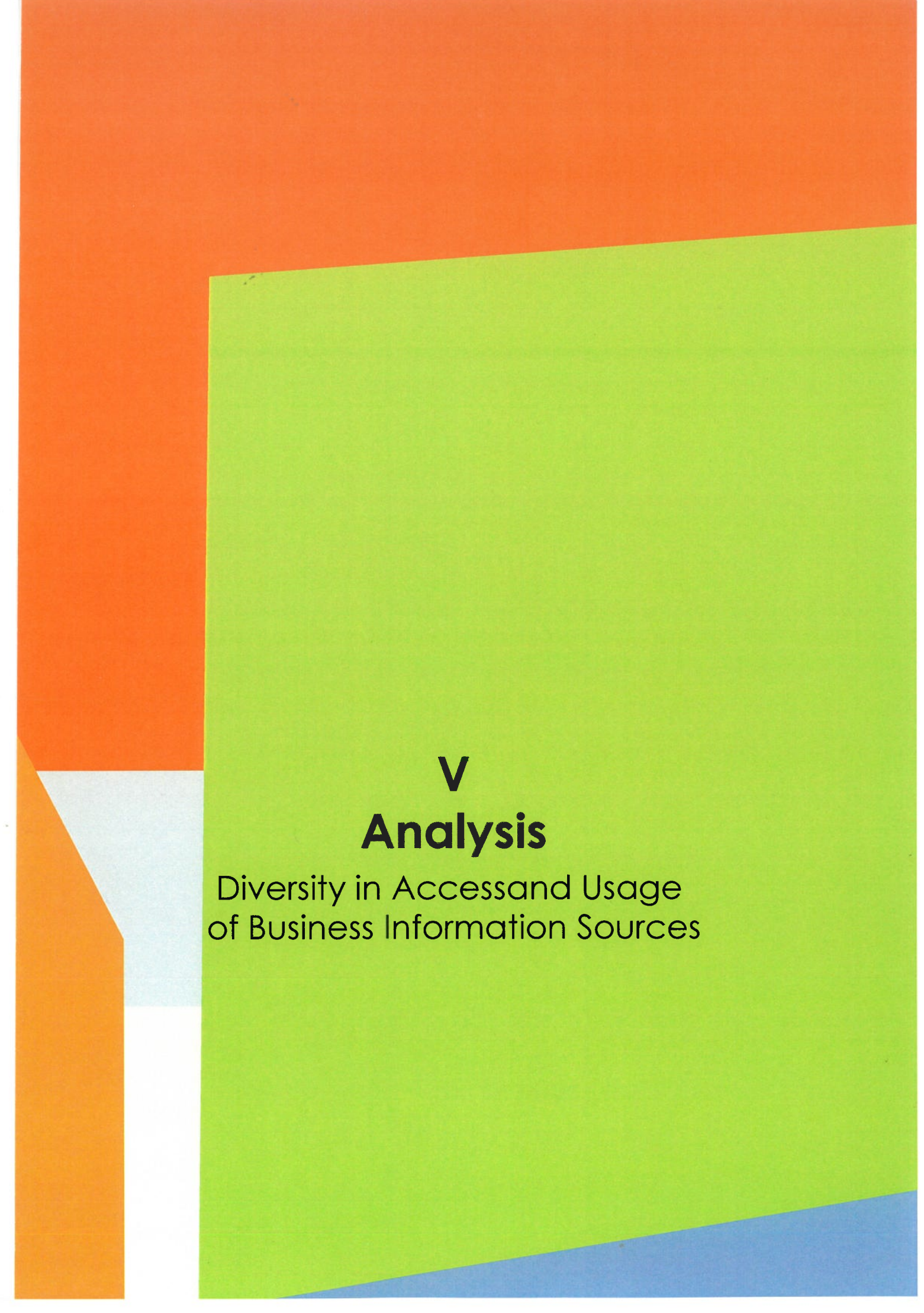
analyse the business and provides a SWOT analysis. **PROESA** is another non-governmental, it focuses on tourism at the direct supply level and has like Fademype its department were they provide trainings on business administration, quality control and marketing for tourism related enterprises. The reporting on the BDS supply specific for small hotels in El Salvador can be short. There probably are more than 150 non-profit organisations that work with small enterprises. There are a few organisations that have programmes on tourism in a selected location, of which all are outside the capital. Of these 150 there is one that is specialised in tourism, Proesa, and it recently stopped its supply to the hotel sector because it decided to work in another location out side the city. As was seen in the discussion of level three on the impact of mediation on small hotels, Fademype too stopped its direct supply to this sector.

UNIVERSITIES have a direct supply besides their intermediate role of producing enterprise development experts. Some Responsibles have their Bachelor in Enterprise Administration that recently has become an extremely popular field. For micro enterprises, like the small hotels, universities have a direct supply of enterprise information in the form of short courses and seminars. There are three respected private universities which are not further specified since their *raison de ser* are identical. The **ITCA** stands for Technical Institute of Central America and is another private educational institution. It supplies vocational training on for example alimentation and hence, offers a direct supply to whoever pays the fee.

The most important actors at this level are the micro enterprises themselves, the demanders for development, and the agents where the impact should appear. The micro enterprises receiving BDS are an important actor at this level but their low rate of participation in trainings recently led to the conclusion that something must be wrong in the market of BDS (GTZ, 1999). From the national inquiry in 1997 it was learned that one out of ten micro enterprises received some form of training. It was also learned that there are more men than women among the participants what is explained by their higher share in the micro top of enterprises. Business run by the owner are less likely to participate in trainings than those run by managers (Emprende:2000). It is the interaction between the demanding enterprise and the service supplier where the problem of impact becomes most visible. According to the literature, the indicated impact is very limited what probably is influenced by the practice that people are more inclined to write about the absence of impact, than about a good impact. The causes for the lack of impact are sought at both demand as well as supply side. On the demand side the impeding issues are seen in the fact that there is a large majority of survival enterprises that by many different causes are unable to turn the offered services into gainful assets. There are causes related to a lack of time on the part of the entrepreneur, to high opportunity costs and a low level of education that may impede the impact of what is taught in the trainings. Also, the idea exists that entrepreneurs exclude themselves from the BDS market when thinking that the offers are nice, but not designed for them (Emprende:2000, Redes:2000, Conamype: 2001).

The impact impeding factors have also been located at the supply side. The actual supply in El Salvador is influenced at the first two levels of planning and programming where the criteria are set for targeting the planned targets. The result is that the targets exclude a good deal of enterprises that are most in need of the offered services. And because these very needy enterprises are excluded, it is argued that the impact is below expectations (Emprende:2000). Another point that has been raised is that much training has a one-day character without any form of follow-up. A more permanent institutional training capacity is believed to exceed all short term effects together (Redes:2000). Even the governmental Conamype recently stressed the lack of impact of the micro and small enterprise development programmes. In order to support the isolated micro enterprises it stressed more collaboration between private and public suppliers, the need to specialise to the specific firm level, and the necessity to adapt to the needs of the enterprises (Conamype:2001). The existing problems between supply and demand have strongly been confirmed in a forum in 2000 on the sustainability of enterprise support programmes between entrepreneurs and relevant supply actors. The conclusion was these services have a limited focus on the large enterprises and are too expensive for the micro top. Concerning the non-profit sector that offers free trainings, the majority of these organisations are believed to have more interest in credit programmes what can be added to the fact that there are few specialists able to offer the non-financial services. On the services that are offered, it was commented that these are not to the interest of the entrepreneurs and valued as lost time since methodologies are too straight forward with little creativity and the content is not to the needs of the people. Besides, it is argued that these free services do promote a non-payment character what disturbs the market. In combination with the low quality, apathy towards the offered services has been recognized amongst micro enterprise. The overall conclusion was that there is no permanent offer of BDS for the micro firms and apart from the disabilities at the supply side, it will need a good deal of efforts to convince the entrepreneurs of the value of the services (Redes:2000).

According to all of the above, the impact problem of the BDS supply in El Salvador is that it does not answer to the needs of the micro enterprises. Problems in terms of what is supplied as well as how it is supplied. The next chapter presents the first part of the data analysis and reports where micro hotels *do* find their supply for business development. It sketches the identified information environment and gives the analysis of how differently Responsibles react on this environment. The coming chapter verifies the impact problem of the conventional BDS suppliers in the case of the hotel sector. However, because of the different perspective taken in this research that starts from the demand side, the analysis comes to different conclusions that provide practical tools for an improved BDS supply.

V
Analysis
Diversity in Accessand Usage
of Business Information Sources

5 ANALYSIS

Diversity in Access and Usage of Business Information Source

The primary data analysis consists of two parts. The first part is presented in this chapter and answers to the first two questions that were posed in chapter one. The second part can be found in chapter six and deals with the third research question. The analysis here sets off by sketching the information infrastructure as it has been identified by the Responsibles. The identified sources have been clustered into four groups of information carriers, namely; texts, individual persons, sector relevant observation and organisations. Each Business Information Source will be described per cluster. After, it will be demonstrated that there is a considerable diversity in the constellations of the individual information baskets. It will be shown that the diversity in information usage relates to; different mixes of the four distinguished information carries; a variety in the accessed sources; and a variety in information usage in terms of applicability and frequency. Organisations are the official suppliers of BDS and it will be seen that they have a limited role in the information supply to micro hotels. From here, the conclusion is drawn that the BDS supply has a moderate impact, in terms of outreach and effectiveness. This chapter ends by delineating this impact problem per level of enterprise intervention as described in the preceding chapter. It works towards an improved BDS supply what is continued into the next chapter. Chapter six presents the results of factors that were expected to influence information usage.

5.1   The Identified Information Infrastructure

The interviews reported 26 different business information sources which have been divided into four main groups: texts, individual persons, sector relevant observation, and organisations. The clusters are different in that the nature of the source implies a particular interface with the user. The category of *Text* refers to written sources which can be consulted on individual basis and it needs nobody else than the Responsible. It includes the source of (1) business books that refers to books used as a resource on 'doing business' with information on for example bookkeeping or marketing. It comprises a variety of books, but for the purpose of this research it would have been too detailed to specify further. Then (2) the books on tourism are another BIS. For example, one Responsible mentioned a report of a market research on the potentials for hotels in the centre of the San Salvador. The third type of text were (3) the yellow pages. These were

mainly used to look at other hotel advertisements, check on the competition, and to look for companies as potential clients. One Responsible used the yellow pages to send her folder to all companies in the neighbourhood who potentially matched her quality of service. There are two relatively independent (4) newspapers in El Salvador, 'La Prensa Grafica' and 'El Diario de Hoy'. Both are of good quality, widely read and contain good information on the politics thus also on national enterprise policies. Newspapers contain information on the supply of trainings. For example Insaforp, an organisation from the programming level, frequently publishes two full pages on upcoming trainings for entrepreneurs in a certain sector. The Internet (5) is a different BIS in as much that it contains an enormous amount of rapidly changing information and was used by some to search for potential clients and tour operators. Few used it to look at the websites of other hotels and even less had their own website. Considering the levels of enterprise development as described in chapter four, it is obvious that the last three, the yellow pages, the newspapers and the Internet, mainly function as intermediates. These texts were mainly accessed either as intermediary to BDS suppliers or as to observe the competition. However, the information of books directly addressed the firm's capabilities, its absorptive capacity, and therefore are actors of the fourth level of direct supply BDS. It should be pointed out that nor radio nor television were mentioned.

Another group of sources are the individual persons without any organisational context and without an official mandate of enterprise development. The first to mention are of course (1) the clients. In several cases the clients assisted in managing the Internet and with the construction of a web page. A considerable amount of the Responsibles was very active in asking the guests how they liked the service and what they missed in the hotel. Then, people from other hotels were indicated as informative persons too, what in all cases referred to (2) other owners, or Responsibles. This is different from the next group of owners, (3) owners of the hotel in question in the cases that this was another person[26]. These are separate groups since the information from an owner of group 3 who has his or her own stakes in the business is expected to be more comprehensive. The information from befriended other hotel Responsibles (2) was for example on management issues, on practical problems like pricing and administration, and on the supplementing services they offered. (4) Tour operators are another category of individuals. Although there are not many tour operators given that tourism remains limited for example in comparison to Guatemala, they deliver clients and have knowledge on tourism and what their clients are supposed to expect. The BIS of (5) special expert friends is in effect unpaid advice from friends or as it can be put 'strategic friends', when these are known people that have an expertise that has been useful for the hotel. One had a friend who had a Master degree from Germany in hotel and tourism and another knew somebody who worked in one of the largest hotels in San Salvador. The (6) personal network is a different

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[26] Which was the case in 20 % of the survey

group in as far as this refers to less specialised information and is the 'rest group'. An example of such BIS was a friend of a Responsible that gave advice on decorative issues. All six BIS in this cluster are considered direct suppliers of business information, level 4 of the business development market. A final note is that for example taxi drivers were not brought up, nor suppliers of input like alimentation.

The third type of BIS has been labelled as (1) active, sector relevant observation and is distinct from the other groups in that there is no further specification. This BIS stands for a sector specific, active form of observation of the business environment and it could perhaps be labelled as 'learning by looking'. For example, Responsibles observed other hotel when walking in the streets. The information does not come from a fixed source like in the cases of texts, persons and organisations, but is drawn from the physical environment by observation. This is the most indefinable source of all. But however vague sector observation, it is the most cited source of all.

The final cluster of sources is the collection of *organisations*, generally considered as the main suppliers of development services to micro enterprises and it is within this group that the research borders with the field of BDS. The relevant organisations have been described in detail in the preceding chapter. Of the 14 sources recognised in this survey, four can be placed at the second level of programming, another four at the intermediate level, and the remaining six at the level of direct supply. From level two there is one governmental small enterprise development organisation, (1) Conaype, two governmental tourist bodies, (2) Corsatur and (3) Casatur, and one governmental institution that is in charge of the professional forming of the Salvadorans, (4) Insafrop. The 3rd level of intermediation includes two enterprise associations, (5) Anep and (6) Ampes, and two hotel associations, (7) the association for large hotels and (8) Asehch. The 4th level of direct supply consists of two educational institution, the (9) Itca that is private, and (10) the universities, what includes one national university. Further, at the same level the Responsibles indicated four non-profit organisations, or also non-governmental organisations, which were (11) Adel, (12) Fademype, (13) Swiss Contact and (14) Proesa.

It is clear form the outset that these four categories are not comparable entities as such: an individual and an organisation have different information capacities and even more so for the label of observation. However, this research is about the usage of sources *given* a certain information environment, and the question has been how divers do Responsibles act and react on available information. Consequently, the heterogeneity of this environment itself does not matter and the distinguished areas within this environment do not need to be comparable. What does matter is that the classification is used consistently. Another point is that the identified BIS still carry a considerable level of diversity within them. When for example an organisation has been identified as information source by two Responsibles that both evaluated it as very useful for the daily management, it is very possible that the actual information exchange was different. Yet, if there is significant diversity between the usage of the sources as categorised

in this research, there will be even more diversity in reality. The classification is far from exhaustive for all the sources that the Responsibles probably use. Nevertheless, the point is that these were the cited sources and if there is a considerable diversity in those ones, conclusions need to be drawn.

Table (V) 1: Spread of Responsibles per Cluster Combinations of Information Baskets

Frequency (N=60)	16	9	5	5	5	4	4	4	2	1	1	1	1	1	1
Texts	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	Yes	No	No	No	Yes
Individual persons	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	No	No	No	No
Active Observation	Yes	Yes	Yes	No	No	No	Yes	No	No	No	Yes	Yes	No	Yes	No
Organisations	Yes	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	No	Yes

5.2 Homogeneity and Heterogeneity in the Usage of Information Clusters

There are two dimensions to the analysis of heterogeneity, or homogeneity, of information usage. The first dimension detects diversity in the cluster composition of the individual information baskets. It describes how the clusters of text, individual persons, observation and organisations relate to each other. The second dimension of diversity specifies the BIS usage per cluster. It became apparent that some Responsibles mainly got their information from text and that a few others only indicated organisations as sources for business development. The different constellations of the information baskets at the time of interviewing gave interesting data on the diversity in information usage. When for each Responsible the total basket of sources is set at 100 percent, the relative share per BIS cluster can be calculated and compared. Focus points were the extreme cases, the spread in between, and how constellations change when only the effective BIS are included.

There were 26 different sources. The average size of an information basket contains 6,6 sources and the largest contained 22. Seven percent said that they did not use any source and accordingly, are left to personal knowledge and experience. The theoretical framework of chapter two argued that learning by doing is limited. In these particular cases this limitation is probably reinforced by their low level of education. With formal levels of high school and below, none of them took any courses and all indicated to have little experience. In the question on the perception of the business at that moment, the answers of these seven percent were particularly negative. However, the other 93 percent have information baskets with between 1 and 22 sources.

Text

Text is the group that includes most non-users: 39 percent of the Responsibles did not indicate any of the 5 different text sources. For 4 percent of the survey the Information Basket exists of only texts. Considering the median, it shows that half of the Responsible ascribed less then 15 percent of its sources to text and the average share is 23 percent. When those sources with a moderate evaluation are skipped, it turns out that 58 percent do not use text effectively what includes the 39 non-users. The average share of text goes down from 23 to 21 percent. The group of non-text users grows, but for those who do use texts the share of text BIS in the individual basket increases and frequencies are more concentrated, hence the variation amongst effective users decreases.

Figure (V) 1: Allotment per Share of Text in Information Basket (N=60)
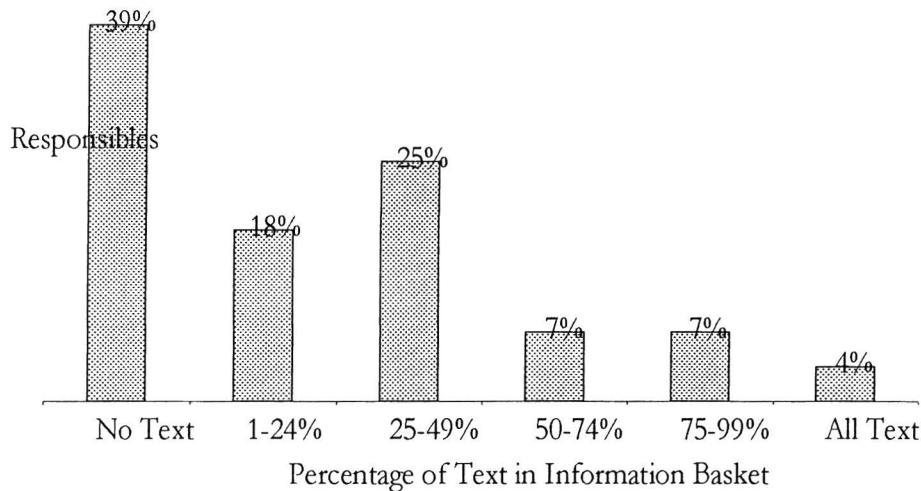
Figure (V) 2: Allotment per Share of Text in Effective Information Basket (N=60)
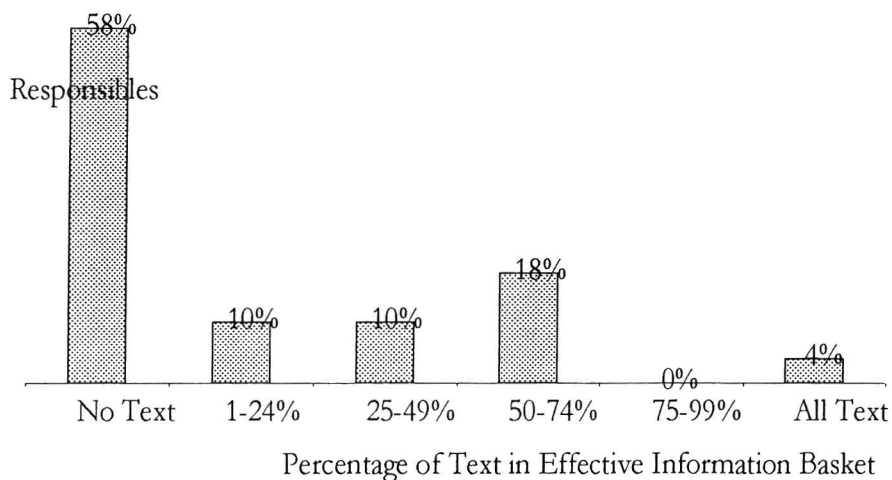
Individual Persons

For the group of individual persons the analysis shows that a relative small share of 13 percent did not mention any individual persons within their basket. Two percent used nothing else than individual sources. The fifty-percent point is at 30 percent what means that half of the Respondents ascribe less than 30 percent of the sources to individual BIS and the average share is 28 percent. The diversity of the usage of individuals within the information basket is again considerable as more than 85 percent of the Responsibles is spread between a 1 and 75 percent share. Relating to the database that only includes the effective sources, the average share of individual BIS goes up from 13 to 24 percent though the median remains at 30 percent. There are more non-users in the effective database, but the average share of individuals moves up. Diversity amongst users of individual person as BIS increases when it concerns only effective users.

Figure (V) 3: Allotment per Share of Individual Persons in Information Basket (N=60)
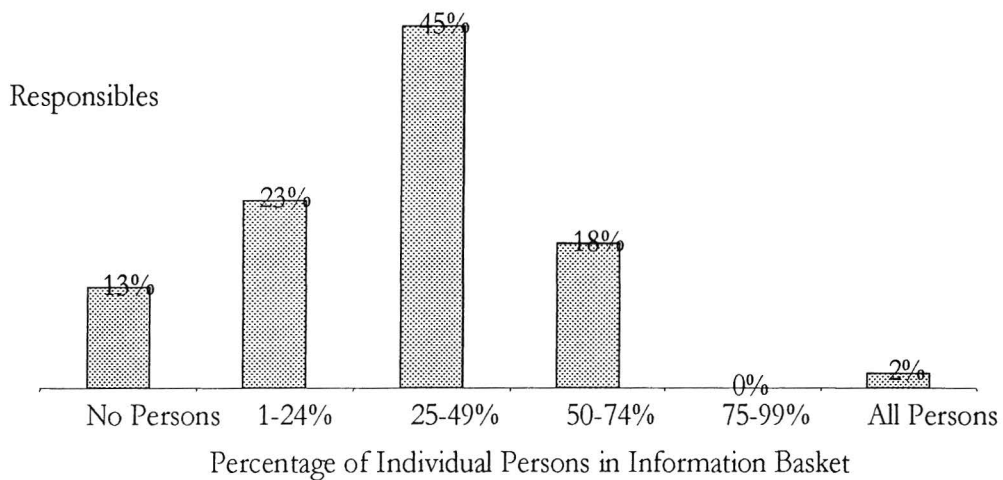
Figure (V) 4: Allotment per Share of Individual Persons in Effective Information Basket (N=60)
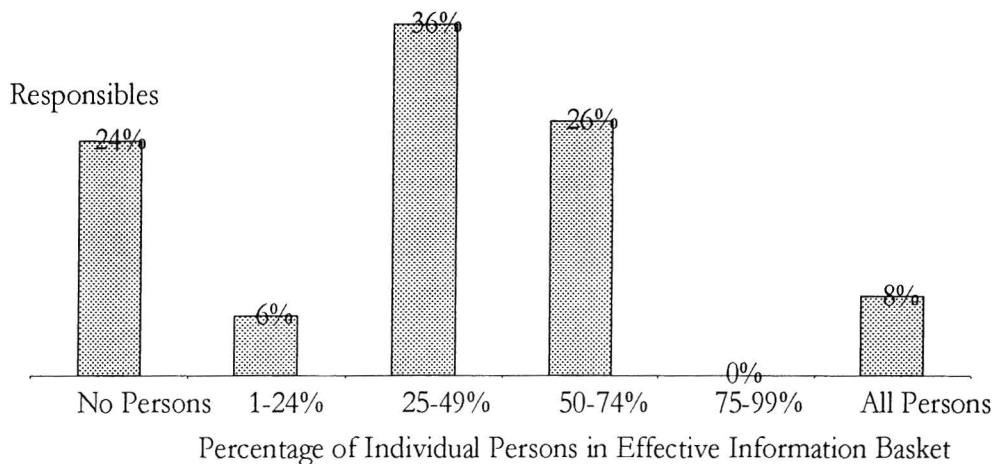
Active Observation

The third group was the collection of sector relevant, active observation: learning by looking. This was by 34 percent not identified as an informative source and yet again, 2 percent saw it as their sole source. On average, it apparently takes less than one tenth of the total basket and also the median does not surpass the 10 percent. The usage of observation in the information basket shows least diversity of all four clusters. The effective average moves from 10 to 13 percent, but the median remains under the 10 percent share of observation. Following this, the allotment does not change drastically what is in contrast to sources of texts, individuals, and organisations. Sector relevant observation is the type of source with least variation between the firms that persists in the collection of effective users.

Figure (V) 5: Allotment per Share of Active Observation in Information Basket (N=60)

Percentage of Activce Observation in Information Basket
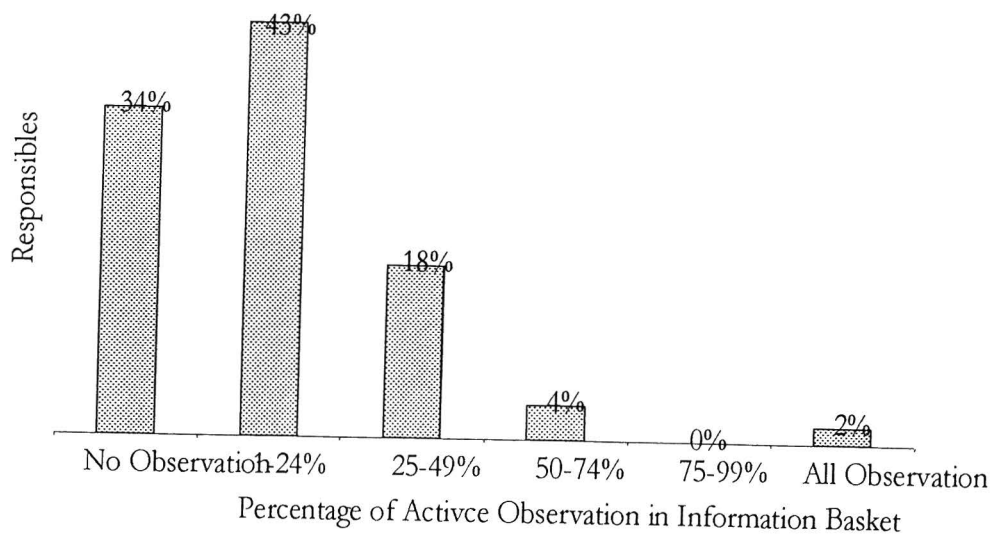
Figure (V) 6: Allotment per Share of Active Observation in Effective Information Basket (N=60)

Percentage of Active Observation in Effective Information Basket
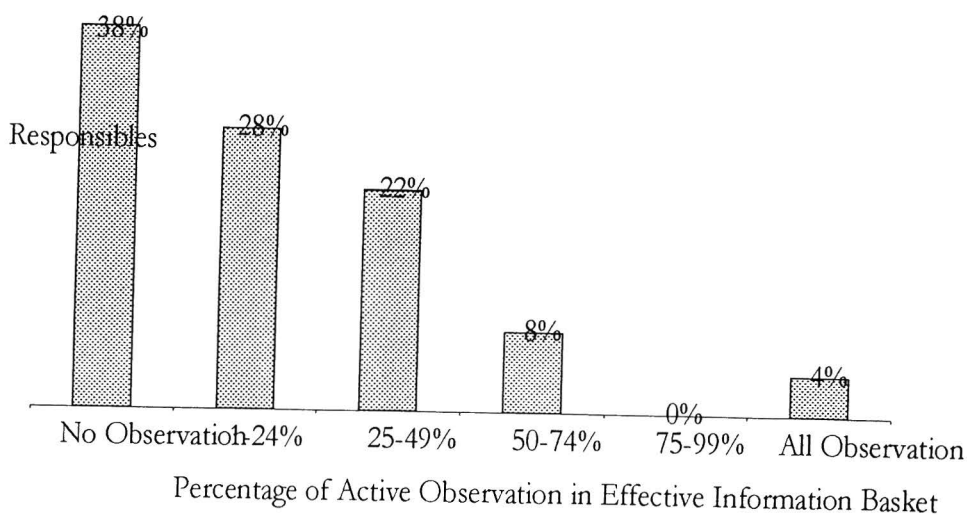
Organisations

The fourth cluster of information sources is the group of organisations. 30 Percent of the Responsibles did not mention any organisation and 2 percent conceived organisations as their sole source of information. The median is the highest of all clusters with a 35 percent share of the basket. The usage of text is more divers than that of organisations. But it turn, the usage of organisations is more divers than individual persons and sector relevant observation. When analysing the effective data it seems that there are more non-organisation-users and 44 percent does not use organisations effectively. It can be seen from figure eight that the spread of Responsibles is more smoothly. This reflects an increased diversity in the effective usage of organisations in the information basket. The variation in the identification of organisations is not extremely large, but variation significantly increases in the share ascribed to effectively used organisations.

Figure (V) 7: Allotment per Share of Organisations in Information Basket (N=60)

Percentage of Organisations in Information Basket
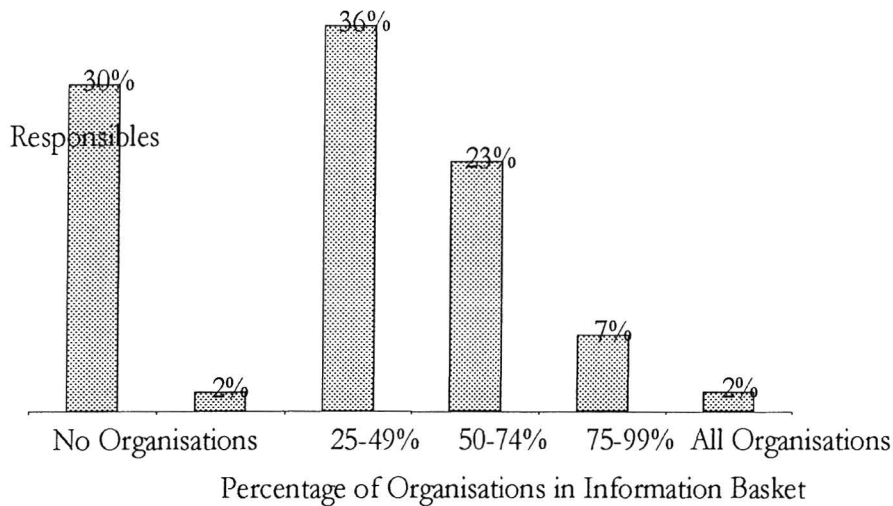
Figure (V) 8: Allotment per Share of Organisations in Effective Information Basket (N=60)

Percentage of Organisations in Effective Information Basket
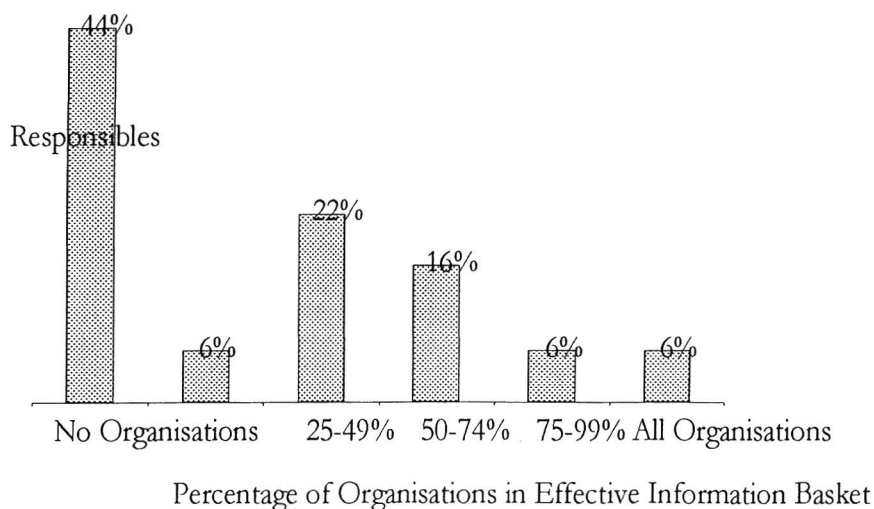
These data support several conclusions about heterogeneity and homogeneity in information usage for business development. One conclusion is that the category of individual persons is the most recognised BIS, considered it has the smallest non-users group. The largest group of non-users was the group of texts, hence least recognised. The frequency of those that totally depended on one particular type of information carrier was small for all four groups, approximately 2 percent. This, combined with the overall spread, supports the idea that Responsibles diversify their search over different type of sources. Both groups of individual persons and organisations are popular categories, seeing that these have the highest average shares in the individual information basket. Although all the four groups show a considerable spread, the data seems to indicate that the share of texts is most divers, implying that the identification of text as a source for business information is most heterogeneous. Most homogeneous in this, is the collection of sector relevant, active observation that has a rather stable share in the information baskets. However, after texts, it is the share of organisations that shows most diversity amongst the Responsibles. When the effective dataset is taken into consideration, thus when the ineffective sources are singled out, the variation for texts sources seems to decrease, though for organisations, individual people and observation, variation increases. The pure fact that the allotments change indicates that the Responsibles not only access different sources, but use them with variable effectiveness. The most often recognised and effectively used sources are still individual persons. Interesting is that the average share of organisations drops substantially in effective usage and mainly to the benefit of individual persons.

5.3   Homogeneity and Heterogeneity in the Usage of Information Sources

The reported heterogeneity gave reason for a micro analysis that looked at the distribution of Responsibles within the groups of texts, individual persons, sector relevant observation and organisations. The focus will be on outreach, impact and percentage of effective users of the BIS. Outreach is defined as the percentage of Responsibles reached, which was measured by those who identified the source. Impact is defined as the percentage of Responsibles that perceived the source as effective in at least one of the three distinguished business areas[27]. The percentage of effective users is defined by the number of effective users divided by all users, in other words impact divided by outreach. Organisations will be last in the discussion because it is the collection of sources that are understood as the principal providers of BDS, and main actors in small

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[27] Each information source was valued for the three areas of core capability, daily management and long term planning. If not useful the source scored a 1, if useful a 2, and if it was very useful a 3. The effectiveness of a source is hence reflected in the aggregated average score per business area. The usage of sources was also evaluated on the frequency with which was drawn on the sources, ranging between never, 1, once, 2, and more than once, 3.

enterprise development. From here onwards, the analysis works towards the question how the data of this research can contribute to the improvement of BDS supply.

The variation within the group of texts sources can be seen from the table below. Books on business were most cited with an outreach of 38 percent, and newspaper least, identified by one fourth of the Responsibles. However, the effective database shows a different order and the idea rises that sector related information is more effectively used. Books on tourism have the highest impact, then books on business, the Internet, the yellow pages and still the newspapers at the bottom of the list. It was seen that 3 percent of the Responsibles only draw on texts what in these cases have been newspapers and business books. Only 40 percent of those that indicated newspapers as a BIS think it is very useful for their business but considering the general character of a newspaper, this is not a bad score. This is emphasized by the finding that business book, with specific contents, are effectively used by also less than half. Yellow pages are effectively used by a little more than half, for those that surf the internet this is 63 percent and books on tourism are at the top of the list with 67 percent.

The average scores on all text sources, except for the newspapers, proofs that they are useful to the three areas of core capability, administration and planning (respectively C, A and P in the table). Internet and the yellow pages provide most useful information for the development of the core capability of micro hotels. Books on tourism have the highest applicability for both areas of administration and planning. Concerning the frequency (column F in the tables), it shows that newspapers score highest what makes sense seen its daily character. Nevertheless, the scores suggest that if texts are used, texts are often used. The conclusion about text sources is that business books are often used by many though score average on their applicability. Books related to tourism have the highest impact and have most efficient users. Yellow pages and newspapers are both appreciated sources. And the internet, seen its effectiveness, might be an under-exploited source for business development

Table (V) 2: Outreach, Impact and Effective Users per Text Source

TEXT	Outreach (Users/N)	Impact (Effective users/N)	Effective Users (Impact/Outreach)	C	A	P	F
Average	31%	16%	52%	2.2	1.9	1.9	2.6
Books on Business	38%	18%	47%	2.0	2.0	1.9	2.6
Books on Tourism	30%	20%	67%	2.1	2.2	2.1	2.6
Yellow Pages	33%	17%	52%	2.4	1.7	1.9	2.6
Newspapers	25%	10%	40%	2.0	1.4	1.7	2.7
Internet	27%	17%	63%	2.4	1.9	1.9	2.4

The outreach of individual persons as BIS varies between 13 and 48 percent. It was noticed before that this cluster loses least when ineffective sources are singled out, what is shown here by the high frequencies of effective users. Although there is substantial diversity in the outreach per BIS, there is less diversity in the shares of effective users. The hotel clients and the personal network are the most cited sources with both a high share of effective users. A good score this is, since by and large the information is not highly specialised. Tour operators have the smallest outreach, but it needs to be seen in the context of El Salvador that has very few of them. However, their impact is average. The data confirm that friends with a certain expertise are an important source for business development. More than expected, the number of effective users is extremely large with 91 percent that perceived special expert friends very useful. 'Owners' are more useful then 'other owners'. However, owners can only be indicated by those Responsibles who are not owners themselves what accounts for 20 percent of the survey. Obviously, all of them indicated their bosses as information source. That the source of other owners has an outreach 17 percent implies that approximately one in five Responsibles exchanges information with other hotel Responsibles.

The scores on applicability are high, especially on the competitive advantage where almost all sources have the full score of very useful. Owners, other owners, and the special expert friends are very valuable for all three areas. The scores on frequency verify that all personal information sources are important whilst used more than once. It can be concluded that friends with a specific expertise are important spills in the development of micro hotels. Clients are another recognised and used source for business development. However, information usage from actors of the hotel sector is not extensive and even less so within the industry of tourism.

Table (V) 3: Outreach, Impact and Effective Users per Individual Person Source

INDIVIDUAL PERSONS	Outreach (Users/N)	Impact (Effective users/N)	Effective Users (Impact/Outreach)	C	A	P	F
Average	30%	23%	77%	2.5	2.2	2.2	2.8
Clients	48%	35%	73%	2.5	1.8	1.8	2.7
Other owners	17%	12%	71%	2.5	2.5	2.5	2.8
Owners	20%	15%	75%	2.6	2,5	2.5	2.9
Tour operators	13%	7%	54%	2.5	1.6	1.6	2.8
Expertise friends	35%	32%	91%	2.8	2.5	2.6	2.9
Personal network	48%	34%	71%	2.4	2.3	2.1	2.6

Active, sector relevant observation is the third category of information carrier in this research and has no sub-groups. It proves that 62 percent of the Responsibles recognised learning by looking as a source for business development. And for 52 percent of the survey it even is an effective source as 84 percent of the uses valued it as very useful. Not surprising is the fact that exploring the business environment is a source for information. Nevertheless, it is remarkable that this BIS has the highest score of all 26 sources on core capability.

Table (V) 4: Outreach, Impact and Effective Users for Sector Observation

SECTOR OBSERVATION	Outreach (Users/N)	Impact (Effective users/N)	Effective Users (Impact/Outreach)	C	A	P	F
Average	62%	52%	84%	2.9	2.3	2.1	2.6

The last collection of BIS is the group of organisations of which the outreach ranges between 5 and 47 percent. The governmental organisation for tourism, Corsatur, has the largest outreach, what of all 26 sources comes third after clients and the personal network. However, its impact is lower as 27 percent values Corsatur as very useful. Considered that this is the most important governmental body on tourism, it is not impressive. The fact that 53 percent of the micro hotels does not even recognise Corsatur as an organisation that *has* useful information, puts their impact to question. It is responsible for all tourism related programmes and the only distributor of national promotion material[28] and of statistical data on tourism and visitors. That is enough reason to assume that it is indeed an interesting BIS. This second largest outreach of 27 percent is that of the association of small hotels, Asehch, and of the universities. Taking the mission of an association into account, the outreach of Ashech is not high. Moreover, its impact of 7 percent is rather shocking seen it is a micro sector specific association. The outreach of the association for larger hotels was 15 and it had an impact 10 percent. Universities had an outreach of 27 percent and an impact of 23 percent what without the objective of micro enterprise development, is substantial. The Itca, another educational organisation, has an outreach of 22 and an impact of 13 percent. Both these organisations do not target a specific sector but offer their service to who ever pays the price. Another organisation that does not target is the partly governmental Insaforp. It co-finances requested trainings for enterprises of whatever size, in whatever sector, as long as it adds to the professional formation of El Salvador. It had an outreach of 23 percent and its impact comes to 13 percent. The chamber of tourism, Casatur, has an outreach of 15 percent is the official representation of the tourist sector. It has an impact on 8 percent of the survey and by most of the Responsibles was perceived as an organisation for the larger

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[28] Like tourist maps – what in fact is the only map available in the whole country - and folders on tourist sights and routes

businesses. Anep, the association that serves the slightly larger enterprises, and Ampes for the micro enterprises are not only comparable in their function, but also in their outreach. They had an outreach of 13 and 12 respectively, and both had an impact on 2 percent of the Responsibles. A detail about Anep is that in its monthly magazine of June 2001 it announced that 'the discussion on the law for the Formation of Tourism has started' but after further investigation nobody was able to clarify (Anep:2001). This does seriously put its information capacity to question.

Least common was the identification of the non-profit organisations Adel and Swiss Contact with only 5 percent. These non-profit organisations have a micro enterprise development objective, what is their *raison d'être*. Of the four, Fademype and Proesa have the widest outreach of 25 and 20 percent. It was seen in chapter four that both had a role in the formation of Asehch, the small hotel association, that explains a part of their outreach. Besides that, Fademype has micro credits and trainings in for example the area of administration and entrepreneurship, and Proesa has tourism specific trainings on quality control. The impact of Fademype is 10 percent, of Proesa 12, of Adel 3, and Swiss contact 5 percent. It appears that in the case of the micro hotels especially Fademype has few effective users, what is a sober finding. The governmental body for small enterprise development, Conamype, has an small outreach of 8 percent and an impact of 7. Noteworthy is that the three organisations with the lowest outreach, Adel, Swiss contact and Conamype, have a respectable number of effective users. All work towards micro enterprise development but none of these organisations are related to tourism and hence not target the micro hotel sector. A possible explanation is that because they are hard to find for micro hotels, they auto-select effective searchers. Conamype is the most important body on national small and micro enterprise development, but there can hardly be a note about effectiveness on such small quantity. Even though they do have interesting services it is obvious that it not a well-known organisation amongst the small hotels. Conamype publishes a weekly calendar that contains all information on what happens and will happen related to small and micro enterprises. In annex 6 there is an example and it can be seen that it includes interesting information, also for micro hotels. They maintain an informative web-side that contains a list of organisations with non-financial and financial services for micro and small enterprises. This is a very recent effort to increase the accessibility to the complex supply (www.conamype.gov.sv). Nevertheless, few benefit from the efforts of Conamype.

Table (V) 5: Outreach, Impact and Effective Users per Organisation

ORGANISATIONS	Outreach (Users/N)	Impact (Effective users/N)	Effective Users (Impact/Outreach)	C	A	P	F
Average	19%	10%	53%	1.9	1.7	1.5	2.4
Conamype	8%	7%	88%	2.0	1.4	1.4	2.0
Corsatur	47%	27%	57%	2.1	1.3	1.2	2.3
Casatur	15%	8%	53%	2.3	1.4	1.6	2.7
Insaforp	23%	13%	57%	1.8	2.1	1.5	2.4
Anep	13%	2%	15%	1.6	1.8	1.4	2.0
Ampes	12%	2%	17%	1.6	1.3	1.3	2.1
Ass. Of large hotels	15%	10%	67%	1.7	1.3	1.7	2.2
Asehch	27%	7%	26%	1.0	1.2	1.6	2.4
Itca	22%	13%	59%	2.2	1.9	1.3	2.5
University	27%	23%	85%	2.3	2.6	2.5	2.8
Adel	5%	3%	60%	1.3	2.3	1.7	2.3
Fademype	25%	10%	40%	1.6	1.3	1.4	2.3
Proesa	20%	12%	60%	2.4	1.8	1.3	2.8
Swiss Contact	5%	5%	100%	2.7	1.3	1.3	2.3

Besides the variation in outreach and impact, it is clear from this table 5 that applicability varies too. Table 6 points out that of all four BIS clusters, organisations score lowest on all three areas. The highest score on competitive advantage was made by Swiss contact, and in both areas of administration and planning the university was most effective. Of the 12 organisations that score an average of useful in the area of core capability, only 4 work specifically with the hotel sector. Considering that core capability is sector specific, this is surprising. Most contribution to the area of administration is found from Insaforp, the national human resource manager, Anep, the enterprise association, the university, and two non-profit organisations: Adel and Proesa. Except for Proesa, the core business of these supplying organisations have an enterprise character what is not surprising seen the area of administration. The only organisation that seems to be very useful for the area of planning is the university. About the frequency of usage it is demonstrated that universities, Proesa and Casatur are most often used. The three least intensely used are the two enterprise associations and the government body on small enterprise development, Corsatur.

Table (V) 6: Applicability per Information Cluster

	Core Capability	Structure	Strategy	Average
Text	2,2	1,9	1,8	2,0
Individual People	2,5	2,2	2,3	2,3
Sector Observation	2,9	2,4	1,9	2,4
Organisations	1,9	1,7	1,5	1,7
Total	2,1	1,9	1,8	1,9

Purely based on impact, it is plausible that sector related information is more searched for than general enterprising information. Of the seven organisations that exceed an impact of 10 percent, six supply sector specific information. The university is the exception here. This would be in line with the earlier opted trend in the cluster of texts, that books on tourism are more effective than business books. If all sources are ranged on impact, the highest scores are in downward sequence from: sector observation, clients, personal network, expert friends, Corsatur, universities, and books on tourism. It does not invoke conclusions on which source is most effective because entities are not comparable, but it does bolster the idea that sector specific information is more widely searched for. Yet, what can be compared between the different sources, is the percentage of effective users. It gives the following list presented hereunder, of BIS that exceed an effectiveness of 70 percent. The outreach of both Swiss contact and Conampy are restricted what leaves the university as the most significant organisation for business development.

Table (V) 7: Most Effective Business Information Sources

BIS	Effective Users	Outreach
Other Owners	71 %	17%
Personal Network	71 %	48%
Clients	73 %	48%
Owners	75%	20%
Sector Observation	83%	62%
University	85%	27%
Conamype	88%	8%
Expert Friends	91%	35%
Swiss Contact	100%	5 %

The conclusion at this point is that while confronted with the same business environment, Responsibles search differently and, to a considerable level, get their information from different sources. There are more and less common sources but none exceeds an outreach of half the survey size. It is not surprising that the supply of business information is not confined to organisations, and that active observation, individual persons, and texts are important sources too. Approximately one third of the survey did not identify any organisation as BIS. Surprising is that active observation of the business environment is the most frequently recognised BIS. Another noteworthy point is that individual people are not only widely recognised, but highly valued for their information. The only sources that exceed a 30 percent impact are clients, expert friends, the personal network and active observation. The identified organisations are important, but they show less stability in their impact than might be expected considering their mission and supposed role in small enterprise development.

5.4   The Impact Problem of the BDS Supply

This research finds its roots in the BDS discussion that is concerned with the crux to effective development services for small enterprises. It was shown in the first chapter that the non-financial field of enterprise development, BDS, in general deals with an impact problem. Chapter four reported that this is also valid for El Salvador where the research has been executed. It was argued by other authors that the neediest Salvadoran micro enterprises are out of the BDS scope. And that the majority of those that do have access to the services, not value it very high. Hence, the BDS suppliers in El Salvador have an impact problem both in terms of outreach as of effectiveness. The following section will zoom in on this impact problem within the sector of micro hotels from the perspective of information usage.

The statement that there is an impact problem in the case of micro hotels is based on two earlier conclusions. One of these conclusions was that organisations have a varied and limited outreach. From the demanding perspective of the entrepreneur this has theoretically been explained by different absorptive capacities that results in different information needs. However, from the supplying perspective of the organisation, the variety in outreach within a similar group of micro enterprises is more difficult to explain. The second conclusion was that organisations in general appear to have a moderate effectiveness what is again illustrated with another table below. Table eight ranks the ten most important BIS per area of applicability. It is seen that for the area of core capability only number 3 and 8 represent organisations, for issues related to the structure of the enterprise this are the numbers 1, 7 and 9 and for strategic areas only number 2. Bearing in mind that most organisations have enterprise development as their main objective, this asks for more explanation.

Table (V) 8: Top 10 per Area of Applicability

Top 10	Core Capability		Structure		Strategy	
1	2.9	Observation	2.6	University	2.6	Special expert friends
2	2.8	Special expert friends	2.5	Special expert friends	2.5	University
3	2.7	Swiss contact	2.5	Other owners	2.5	Other owners
4	2.6	Owner	2.5	Owner	2.5	Owner
5	2.5	Clients in house	2.4	Observation	2.1	Personal network
6	2.5	Other owners	2.3	Personal network	2.1	Books on tourism
7	2.5	Tour operator	2.3	Adel	1.9	Observation
8	2.4	Proesa	2.2	Books on tourism	1.9	Internet
9	2.4	Personal network	2.1	Insaforp	1.9	Books on business
10	2.4	Internet	2.0	Books on business	1.9	Yellow pages

In order to capture the interface between demanding enterprises and supplying organisations this section will discuss outreach and effectiveness per level of development interaction as described in chapter four. The levels of intervention were planning, programming, intermediation and direct supply.

Planning

From the first level of planning there were no organisations identified. Not even a single Responsible knew about the substantial cluster policy from the Ministry of Economy to develop tourism in El Salvador. Hence, there is no case for outreach or effectiveness. Impact problems begin -and end- at the planning level where the politics are shaped and it appeared that there is a bias that impedes micro enterprise planning. The responsible person for the cluster programme within the Ministry was interviewed and asked for an explanation for the fact that none of the hotels knew about the programme. It was argued that hey were working with other groups, outside the city. The question why they did not work in the city brought up the pre-assumption that urban micro entrepreneurs are 'unorganised, lazy, and want to be developed, in stead of develop themselves' (interview:2001)[29]. His experience was that in El Salvador, individual interests intervene in the shared search for information. And as a result, collective efforts easily end up in fighting each other over agenda points. After convincing this person that there actually was an active group of micro hotels that was looking for support on certain areas, the person made an appointment to present its cluster programme. The blame for the ignorance is not only on the part of the Ministry. After some interviews with the Responsibles it became evident that the mistrust towards public institutions is large. During the interviewing some information of the Ministry of Economy was distributed and many Responsibles reacted very surprised over the fact that the Ministry actually had such material. The bias amongst entrepreneurs verdicts governmental information as not useful. This is nothing more then that entrepreneurs stop searching before all possibilities and potentials are explored. Based on the research experience, it is argued that if the supply of BDS wants to increase its impact, the actors at the planning level should recognise the bias and plan accordingly. It implies that increasing effort should address the image of planning institutions.

Programming

At the programming level, the identified organisation either had a low outreach or a low impact. In chapter four important causes were found in the lack of coordination between the actors at this level, and the lack of a long-term strategy of the programming agents. But drawn from this research there are two more limitations from the supply-side that seriously impede impact. One is the fact that the organisations work

with improper data. It was stipulated in chapter four that the database of Corsatur, at best, captures two third of the hotels in San Salvador. Although it is increasingly realised that the majority of producers are micro enterprises, most programmes still exclude this sector. Also, from the same chapter it was learned that all foreigners that enter the country are calculated as tourists. Consequently, the statistics give a very wrong picture of the actual situation of the tourist industry. While the majority of hotels are dealing with business people, governmental organisations at this level assume that the hotel client is a tourist. This sincerely impedes programmes fitted to the needs of micro hotels.

The second issue is the bias that was portrayed at the planning level and that also has its effect on the programming. The demanders at this level are for example association and individual entrepreneurs and their bias is a heritage from the hegemonic past of exclusion. The fact that each entrepreneur searches for his or her own sources makes this situation more critical. For individual entrepreneurs it is a difficult task to break strong prejudices as the argument misses weight. Individual efforts from the Responsibles in search of information do not get the desired response from actors at the programming level. A certain Responsible went to Corsatur with the following proposition: she was going to an international fair on tourism and asked Corsatur if they were interested in any kind of cooperation. The answer was no, because according to Corsatur, El Salvador was not ready to receive international tourists. Another Responsible visited Corsatur to find out if it was possible to negotiate over the advertisement prices in their magazine. She explained that with her hotel capacity she could never get the returns on such a high price. On the question if there could be an alternative price for smaller hotels like hers, the answer was no. The institutional capacities at both planning and programming are not suited for individual searchers and this hampers micro enterprise development. A firm's search that explores available information relevant for business development is a determinant in its performance, and with that, in its competitiveness. But to embark on search it needs pull and push factors, external as well as internal. Accordingly, in order to improve national competitiveness there must be certain factors at the programming level that stimulate micro enterprises to search for information.

Intermediation

The intermediate level has mainly been the level of associations. Secondary data indicated many problem areas but shed little light on the explaining forces behind those problems. Asehch is a good example of a bad association and underlines the limitation at this level of intervention: the disability to manage the diversity that exists amongst micro enterprises. Asehch has a history since 1996 and at the time of this research, it was in the process of legalisation. It had approximately 25 members in three different areas of

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[29] This line of thinking is reassured by studies stressing that the past offers of free services have fed a no-payment attitude of

the city. A technical assistant of Fademype was facilitating the association in its group process and contacts with third persons. There were irregular meetings in order to come to an agreement on both their short-term as their long-term agenda so that strategic steps could be taken. However, at the point that a certain level of agreement was indeed reached troubles appeared among its members over the actual priority points. In this period there was a planned meeting with Conamype, the small enterprise government body that would finance a collective brochure. At the time of the meeting there was the technical assistant of Fademype and there was the person of Conamype, but not even one of the hotel owners showed up. Afterwards, each single one of the owners had its reason why they could not make it. The core reason was that no one felt the responsibility that it concerned their own development. After this happening, Fademype decided to withdraw its supporting service and the association is left with its bills while its members want their money back because noting has been reached. It did not lack the technical assistant on vision over sector planning, but he missed the ability to manage the diversity that existed within the association. From the beginning onwards the association received external support and with that, the final responsibility for results was located outside the scope of its members. The members blame Fademype on promises it could not fulfil and Fademype blames the members of a lack of commitment. In the context of this research it is a definite mismatch between supply and demand at the intermediate level. Each single hotel owner knew what it wanted, some more than others, and when the association's direction did not suit their own agenda, they made their own plans. This is not only about group processes, but it is about entrepreneurs that search for different information and do not coordinate their search. Though they are all responsible for a micro hotel, all have different realities and different priorities and it seems to be the art to manage this diversity towards strategic sector development. This level is the level where enterprise should organise themselves to address the bias existing at the planning and programming agents, as described above. This is the level where the needs of micro enterprises need to be put on the agenda of actors of programming and planning. The argument is that if BDS suppliers concerned with the process of association, not only realise the different needs but *manage* the different needs, better results can be expected.

Direct Supply

The final level is the actual supply to the enterprises in need of development: the level that addresses a firm's capacities. Effective clusters of BIS in the information infrastructure at this level of enterprise development were the clusters of individual persons and sector relevant observation. It was shown that non-profit organisations, the majority of BDS suppliers in El Salvador, have a limited role in small business

micro entrepreneurs (Redes; 2000).

development. Chapter four depicted problems both at the supply as at the demand side. Demanding enterprises exclude themselves, have a passive attitude with high opportunity costs and see little effect of invested time. Supplying organisations have a low quality on offer and fail to be demand-led. Here, these points of view are combined. It is argued that there are two things that can be done to improve the impact of the BDS supply. One is to incorporate different firm learning into supporting theory so that diversity in a firm's information usage can be managed. Two is that supply needs to specialise and professionalise further so it can articulate clearly what it has on offer. Only in this case searching becomes easier and more effective and the bias at the demand side of a bad supply can be surpassed. These two issues are closely related in practice. The first issue of diverse information usage concerns the intermediate level and asks for an enterprise development approach that can manage diverse search behaviour. The second issue of professionalisation concerns the direct supply level and pleas for a supply that essentially facilitates an enterprise's search.

From the Asechc experience it was learned that the scope of a demand-led supply is limited. In the case of the micro hotels, nor Proesa nor Fademype was able to augment the association. It illustrates that the existing diversity in needs could not be managed towards a collective strategic plan. The conclusion drawn here is that the demand-led paradigm needs more substance and practical tools on how to cope with diversity. After 'failing' projects like Asechc, organisations shift their focus towards other ends without taking responsibility for such failures. Yet, it should be realised that bad experiences influence the search behaviour of enterprises. It are these enterprises that pay the bill for failure as one of the effects is a negative incentive to search collectively.
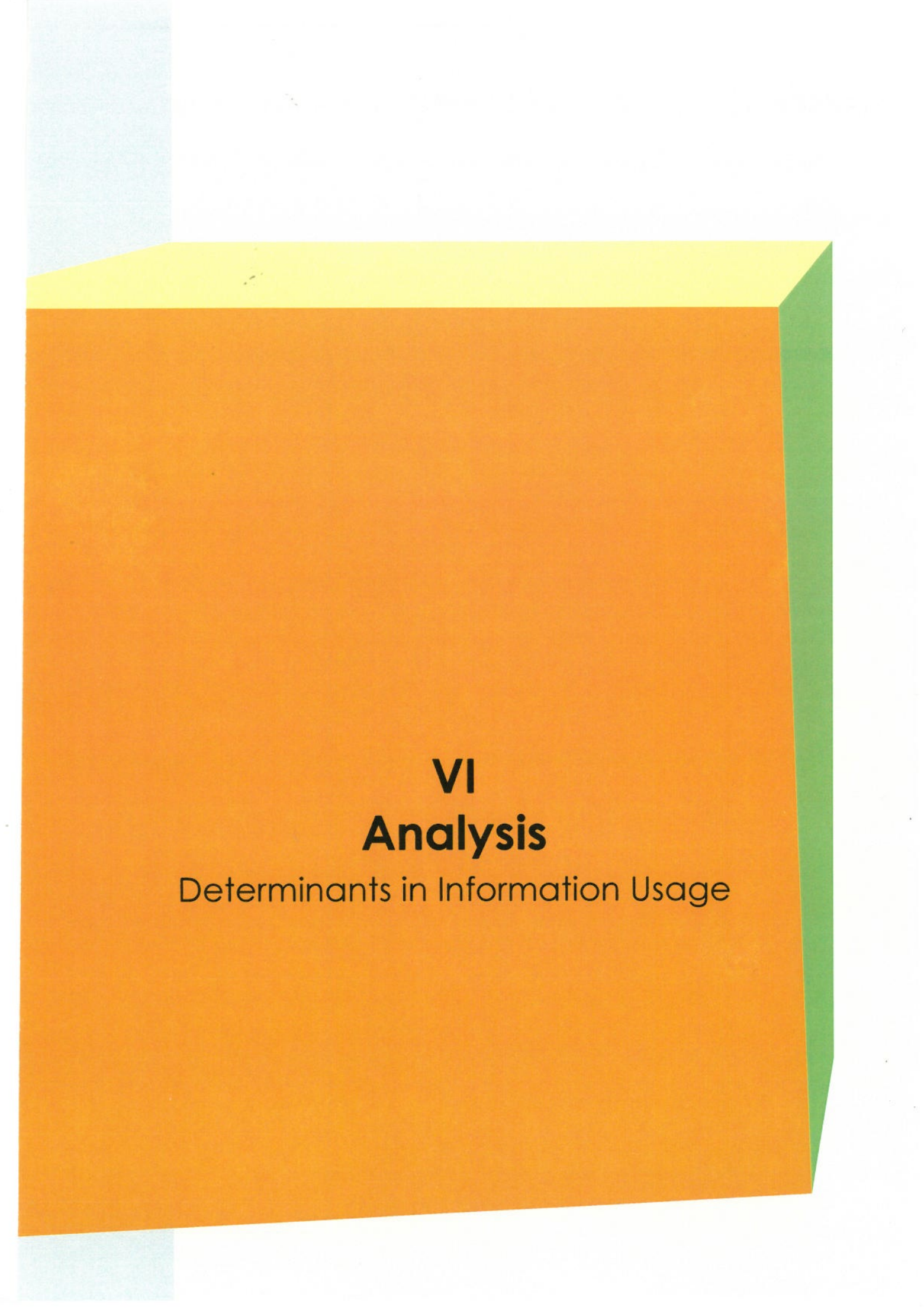
Universities are by and large the most appreciated organisation for a direct supply of business information[30]. Universities are knowledge institutions that not target like non-governmental organisations, but have an obvious offer, hence auto-select demanders. The students in search for knowledge can to a considerable level shop for the knowledge they need. A problem with the contemporary BDS supplies in El Salvador is that it is an excessive undertaking to shop for BDS because there is no obvious offer. From the history of enterprise development it was learned that a large amount of international aid-money was directed towards enterprise creation. As a result, many of the solidarity non-profit organisations that originated from the war turned their vision and mission towards this group of marginalised enterprises. In other words, this has been a supply-led supply. The situation today is that the direct supply of business development services is manifold. The abbreviation 'MYPE' that means micro and small enterprise, can be found at almost every street corner. Given a situation where each entrepreneur is searching for business information El Salvador is not an easy country to search in. While supplying organisations are busy

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[30] About half of the Responsibles has a university degree.

targeting micro enterprises - instead of supplying - their missions and visions are not very clear from the outset. Missions and visions mainly serve for internal communication and towards donor agents. Consequently, the majority of the enterprises is not part of a target-group and needs to search individually to find out what an organisation has to offer and confirm its applicability for their own enterprise. The lack of clarity in supplied services makes searching difficult and expensive. It has been stipulated that it also makes the coordinating task of an organisation like Conamype extremely difficult. The argument is that BDS suppliers need to specialise on their own core capabilities and clearly communicate their supply in order to enable coordination and facilitate the entrepreneur's search.

Conclusion

In conclusion, the impact of the BDS supply can be increased; (1) by addressing the impeding bias at the planning and programming level so that micro enterprises are stimulated to search for the better; (2) by managing the diversity in information usage at the intermediate level so that collective search can lower the burden of individual search; and (3) by articulating supply so that coordinating organisations can coordinate and most importantly, entrepreneurs can search for their specific supply. Approaching small enterprise development from the perspective of the searching entrepreneur opens new paths for BDS. It was seen that not all Responsibles exploit the information environment to the same extent: some used more sources than others and some used the sources more effectively than others. This chapter demonstrated that within a similar group of small enterprises, search activities differ: absorptive capacities are divers and hence, information usage for business development of enterprises is divers. The first argument is that the reported diversity in search behaviour is indeed significant for small business development and needs to be incorporated in supporting theories and approaches. Furthermore, business development is to address the mechanisms that increase the learning capacity of an enterprise. It should address mechanisms that increase an enterprise's absorptive capacity. One such mechanism is a firm's search for external information. This chapter pinpointed several factors that impede an enterprise's search what then leads to the second argument of this chapter that small enterprise development is about facilitating an enterprise's search for external information. The next chapter explores the influences of entrepreneurial and enterprise characteristics on external information usage. In doing so, it contributes to the agenda that identifies tools to address search.

VI
Analysis
Determinants in Information Usage

6 ANALYSIS

Determinants in Information Usage

This chapter is part two of the analysis and tackles the third research question. It explores relations between the characteristics of both entrepreneur and enterprise at one hand, and information usage at the other. First, the applied factor analysis and regression are explained. This is then followed by the results that begin at the more general level of determinants in the information cluster usage of texts, individual persons, sector observation and organisations. Thereafter, this chapter provides material on determinants in effective source usage. Subsequently, the fourth and fifth sections focus on each of the variables of entrepreneur and enterprise and discuss the implications of the research results. The preceding chapter five concluded with the proclamation that BDS should adopt an approach that starts from a firm's search for external information. This chapter aims to grasp determining factors in external information usage and it ends with the policy implication of this research.

6.1 Factor Analysis and Regression

The questionnaire provided three profiles per hotel: a personal, an enterprise and an information profile. These were to indicate relations between entrepreneur and enterprise at one hand and information usage at the other. It was explained in the methodological chapter four, that I1 up to I10 were dummies drawn from the information profile to indicate information usage, both in terms of which information sources as well as in terms of effectiveness. Hence, each information dummy was subject to an equation which per regression had either the personal variables (P1 - P5) or the enterprise variables (E6 - E10) as independents on the other side. Personal and enterprise characteristics have been subject to separate regressions because, despite a weak correlation (see annex 7), it is most interesting to see how these profiles react independently. The personal variables were age (P1), gender (P2), education (P3), experience (P4) and perception of the business performance (P5). The enterprise variables were employment (E6), resource base (E7), ownership (E8), age (E9) and location (E10). For all 10 information dummies the regression for influences from the personal profile was done in three steps and that for the enterprise profile in two. The first step in the regression of both profiles included the original variables as included in the questionnaire. Because of considerable correlation within each profile a factor analysis was applied to both personal and

enterprise variables. This factor analysis gave each 7 independent factors that were subject of another step in the regression. For the personal variables there was a step in between because two characteristics had several indicators that, as expected, showed considerable correlation (annex 7). Hence, the second step in the regression of the personal variables included independent factors which replaced the original indicators of only these two characteristics. Between the enterprise variables there was no correlation that made in necessary to include a similar step in the enterprise profile. It is argued that by using multiple steps in the analysis, in terms of alternative proxies that resulted from the factor reductions, essential influences will come to the fore. Per regression the significant variables were selected by hand.

Figure (VI) 1: Steps in the Regression

	Personal Variables (P1-P5)	(STEP 1) Initial Variables (STEP 2) Initial Variables with replacing factors for Education and Experience (STEP 3) 7 Independent Factors
Information Usage I1-I10		
	Enterprise Variables (E6-E10)	(STEP 1) Initial Variables (STEP 2) 7 Independent Factors
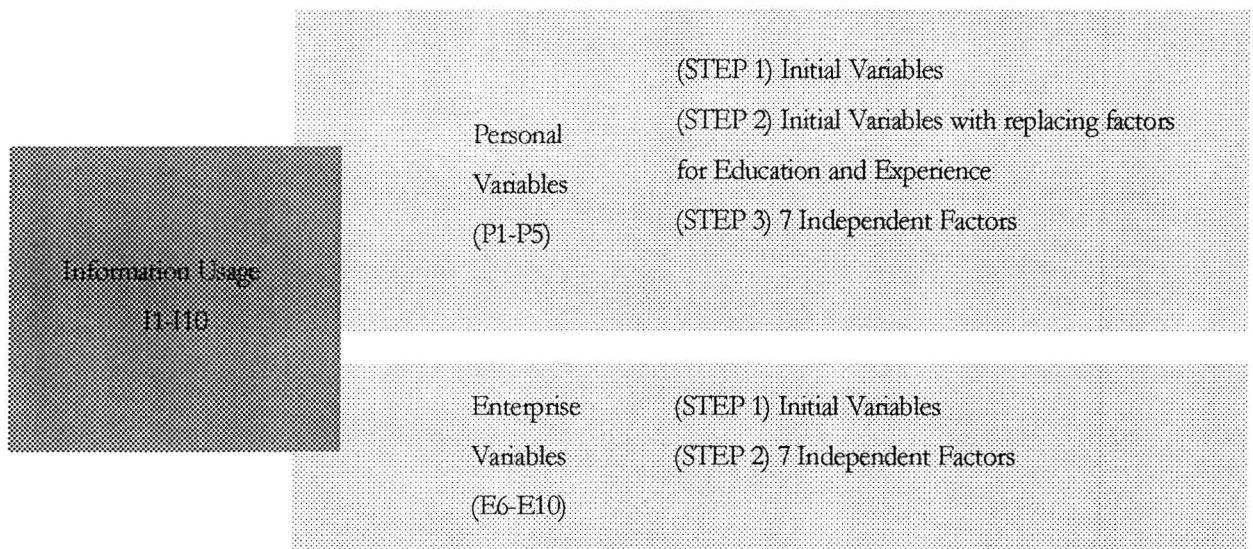
The above implies that there were three factor reductions that provided the factors for the regressions. There were two factor reductions for the personal profile and one for the enterprise profile. The first factor reduction for the personal profile included variables for the characteristics of education and experience. There were different aspects to both characteristics of which it was interesting to observe the effect on information usage. For example, education was indicated by 4 variables: formal education and 3 for additive courses. Annex 7 hows that there is considerable correlation between them, what was the reason to reduce these two characteristics of education and experience to four independent factors. The other two factor reductions included per profile all initial variables and gave 7 independent factors per profile. Annex 8 shows the results of the factor reductions. To enhance further reporting on the regression results the factors have been labelled with indicative names. Table 1 gives an overview of the labels that will be used for the remaining of this chapter.

Table (VI) 1: Factor Labels

Factor	Significance	Label

Factor reduction 1
Results of the Factor Reduction for the Regression in Step 2 of the Personal Profile:

Factor	Significance	Label
Fedu_hi	High education and courses in enterprising, tourism and hotels	High educated
Fco_all	Low education and courses in enterprising, tourism and hotels	Course taker
Fexp_sec	Personal and familial experience within the sector	Sector experienced
Fexp_fam	Family experience in enterprise, tourism and hotels	Family experience

Factor reduction 2
Results of the Factor Reduction for the Regression in Step 3 of the Personal Profile:

Factor	Significance	Label
Pp1	Not old, gender independent, highly educated very experienced what is mainly on the personal account, and business is doing good.	Well-prepared person
Pp2	Young, female, low level of education, very experienced what is mainly within the family, and the business performance is not so good.	Experienced lady
Pp4	Young, female, low level of education though a history of courses, a bit of personal experience and no family experience, and business performance is independent.	Course taking lady
Pp5	Not old, female, low education, little experience and business is doing not so good.	Unprepared woman
Pp7	Not old, men, independent of education though with courses in enterprising, lots of entrepreneurial experience, even more within the family, and business performance is independent.	Prepared man

Factor reduction 3
Results of the Factor Reduction for the Regression in Step 2 of the Enterprise Profile:

Factor	Significance	Label
Ep1	Less employees, less resources, is owner, older enterprise, in upper class and business area.	Small owned
Ep2	More employees, more resources, not owner, old enterprise, in upper class area.	Large managed
Ep3	Not responsive to employment, nor resource, is owner, old enterprise, in upper class area	Old owned
Ep5	Few employees, average level of resources, is not the owner, average age of enterprise, in university and business area.	Average manager
Ep7	More employees, resource independent, is the owner, average age of enterprise, university and business area.	Average owner

The results of the regression are presented in table 2 and 3, respectively for the personal and enterprise profile. There are two dimensions in which these results are discussed. Firstly, these are discussed per cluster of texts, individual persons, observation and organisations. Each cluster begins with an elaboration on the personal profile (table 2) what is followed by the enterprise profile (table 3). Both profiles examine the general information usage as well as the effective information usage. It concludes which characteristics are of significant influence on each cluster and if and how that changes with effective users. The second part of the discussion is concerned with the characteristics that were indicated in the profiles, P1 to P5 and E6 to E10. It concludes whether the characteristics significantly influence information usage.

Table (VI) 1: Results of the Regression Analysis
Personal Profile and Information Proxies

Factor Loading (significance)		I1	I2	I3			I4							I5	I6	I7	I8	I9 50	I9 75	I10 50	I10 75
STEP 1	(Initial Variable)	text	text/e	org	I3 gvrt	I3 ass	I3 ngo	I3 edu	org/e	I4 gvrt	I4 ass	I4 ngo	I4 edu	prop	prop/e	obser	obser/e	50%ofB	75%ofB	50%org	75%org
Percentage Correct 0		85%	92%	89%	87%	90%	92%	89%	75%	79%	100%	100%	84%	0%	82%	65%	55%	70%	69%	93%	
Percentage Correct 1		67%	57%	77%	23%	63%	67%	56%	71%	46%	22%	17%	65%	100%	79%	77%	74%	88%	67%	56%	
Overall Percentage		**75%**	**80%**	**80%**	**53%**	**77%**	**83%**	**75%**	**73%**	**67%**	**88%**	**83%**	**78%**	**82%**	**80%**	**72%**	**65%**	**82%**	**68%**	**82%**	
	CONSTANT	-0,1 (0,84)	-3,2 (0,00)	-2,1 (0,01)	-1,3 (0,06)	-1,4 (0,01)	-0,6 (0,94)	-0,6 (0,14)	-1,3 (0,01)	-0,9 (0,01)	-3,0 (0,00)	-0,4 (0,52)	-1,3 (0,01)	0,7 (0,09)	1,9 (0,00)	-1,4 (0,03)	-0,7 (0,08)	1,4 (0,15)	-1,2 (0,04)	-1,1 (0,14)	
AGE (P1)	age234																				
	age34						-3,5 (0,04)					-2,2 (0,02)								-1,6 (0,07)	
	age4			-1,5 (0,03)	4,5 (0,05)		-1,9 (0,08)														
GENDER (P2)	fem						2,2 (0,02)														
EDUCATION (P3)	edu_lo						-1,8 (0,05)	-1,7 (0,02)				-2,6 (0,03)	-2,3 (0,04)		-2,7 (0,00)			-2,1 (0,02)	-1,5 (0,05)	-2,6 (0,03)	
	edu_hi	1,5 (0,03)	2,0 (0,02)											2 (0,01)							
	co_empr						3,2 (0,00)			1,1 (0,05)	1,5 (0,10)	1,8 (0,04)			2,7 (0,02)	2,3 (0,01)	1,6 (0,02)	2,3 (0,05)			
	co_tur								2,3 (0,00)						-2,6 (0,01)					1,9 (0,03)	
	co_hot	1,9 (0,01)	3,0 (0,00)	3,6 (0,05)	19,7 (0,06)	2,8 (0,00)		2 (0,00)					1,8 (0,01)					-2,1 (0,05)			
EXPERIENCE (P4)	pe_emp			2,2 (0,09)	1,7 (0,07)	1,1 (0,09)	1,9 (0,02)		1,4 (0,09)												
	pe_tur								-0,8 (0,10)												
	pe_hot																				
	fe_emp		-1,6 (0,03)																	1,7 (0,03)	1,4 (0,03)
	fe_tur											1,7 (0,06)				1,9 (0,01)	1,0 (0,09)			3,1 (0,03)	
	fe_hot																			-2,6 (0,06)	
PERFORMANCE (P5)	perf34															1,3 (0,06)	-2 (0,04)				
	perf4																	2 (0,05)		2,5 (0,00)	

Personal Profile and Information Proxies

STEP 2 (2 Independent Factors)	text	text/e	org	13 gvrt	13 ass	13 ngo	13 edu	org/e	14 gvrt	14 ass	14 ngo	14 edu	peop	peop/e	obser	obser/e	50%IB	75%IB	50%org	75%org
	I1	I2	I3					I4					I5	I6	I7	I8	I9 50	I9 75	I10 50	I10 75
Percentage Correct 0	89%	54%	62%	82%	80%	87%	86%	81%	82%	100%	100%	86%	36%	64%	48%	53%	60%	87%	88%	
Percentage Correct 1	57%	79%	89%	67%	76%	62%	64%	64%	59%	0%	0%	41%	96%	84%	84%	71%	93%	38%	56%	
Overall Percentage	78%	68%	83%	73%	73%	78%	77%	73%	73%	85%	80%	73%	85%	77%	70%	62%	82%	70%	78%	
CONSTANT	-1,0 (0,01)	0,3 (0,29)	1,1 (0,01)	0,3 (0,39)	0,1 (0,78)	-1,8 (0,16)	-0,5 (0,12)	-2,2 (0,05)	-0,7 (0,04)	-2,0 (0,00)	-1,7 (0,00)	-0,9 (0,05)	2,1 (0,00)	0,7 (0,03)	0,5 (0,06)	0,1 (0,80)	1,6 (0,00)	-0,7 (0,02)	-1,6 (0,00)	
AGE (P1) age234						-2,9 (0,06)														
age34						-5,5 (0,01)														
age4																				
GENDER (P2) fem						1,1 (0,12)														
EDUCATION (P3) fedu_hi	1,7 (0,00)	0,9 (0,00)	1,3 (0,00)	0,1 (0,00)	1,0 (0,00)	1,3 (0,00)	1,2 (0,00)	0,9 (0,01)	0,8 (0,01)		1,1 (0,2)	1,1 (0,01)	1,2 (0,01)	0,9 (0,00)	0,8 (0,01)	0,6 (0,04)	0,9 (0,01)	0,6 (0,08)	0,7 (0,08)	
fco_all	0,6 (0,04)		0,9 (0,01)	0,9 (0,01)	0,9 (0,01)	1,0 (0,01)		0,8 (0,02)	0,8 (0,01)				-0,8 (0,05)	-0,6 (0,06)						
EXPERIENCE (P4) fexp_sec			0,6 (0,00)							0,6 (0,09)							0,7 (0,05)	0,5 (0,08)		
fexp_fam										-0,7 (0,08)										
PERFORMANCE (P5) perf34								-2,3 (0,10)				-2 (0,08)					-1,2 (0,08)			
perf4												2,3 (0,05)							1,8 (0,01)	

STEP 3 (Independent Factors)	text	text/e	org	13 gvrt	13 ass	13 ngo	13 edu	org/e	14 gvrt	14 ass	14 ngo	14 edu	peop	peop/e	obser	obser/e	50%IB	75%IB	50%org	75%org
	I1	I2	I3					I4					I5	I6	I7	I8	I9 50	I9 75	I10 50	I10 75
Percentage Correct 0	50%	87%	57%	71%	73%	95%	67%	78%	90%	100%	100%	88%	46%	54%	44%	48%	55%	82%	83%	94%
Percentage Correct 1	79%	57%	85%	72%	70%	29%	56%	64%	55%	0%	17%	24%	92%	84%	84%	61%	93%	33%	33%	25%
Overall Percentage	77%	67%	75%	72%	72%	72%	63%	72%	77%	85%	83%	70%	83%	73%	68%	55%	80%	65%	68%	80%
CONSTANT	0,3 (0,27)	-0,9 (0,01)	1,1 (0,01)	0,2 (0,44)	-0,4 (0,84)	-0,7 (0,02)	-0,4 (0,15)	-0,1 (0,69)	-0,7 (0,03)	-2,0 (0,00)	-1,6 (0,00)	-1,1 (0,00)	2,4 (0,00)	0,7 (0,03)	0,6 (0,05)	0,1 (0,79)	0,9 (0,01)	-0,7 (0,02)	-1,1 (0,00)	-1,8 (0,00)
PP1	0,7 (0,03)	1,2 (0,00)	1,5 (0,00)	0,9 (0,01)	1,1 (0,00)		0,9 (0,01)	1,1 (0,00)	0,8 (0,02)	0,9 (0,03)	0,9 (0,01)	1 (0,01)	1,7 (0,00)	0,9 (0,01)	0,9 (0,01)	0,5 (0,07)	0,8 (0,01)	0,8 (0,01)	1,2 (0,00)	1,3 (0,00)
PP2	-0,7 (0,04)						-0,6 (0,05)													
PP3																				
PP4		0,7 (0,03)	1,2 (0,01)	1,0 (0,01)	0,9 (0,01)	0,8 (0,01)		0,9 (0,01)	1,0 (0,00)				-0,8 (0,07)	-0,7 (0,04)						
PP5		-0,6 (0,09)																	-0,6 (0,09)	
PP6																				
PP7	-0,6 (0,08)																		0,6 (0,09)	

Table (VI) 2: Result of the Regression Analysis
Enterprise Profile and Information Proxies

STEP 1 (Initial Variables)

Factor Loading (significance)	I1 text	I2 text/e	I3 org	I3 gvt	I3 ass	I3 ngo	I3 edu	I4 org/e	I4 gvt	I4 ass	I4 ngo	I4 edu	I5 peop	I6 peop/e	I7 obser	I8 obser/e	I9 50 50%IB	I9 75 75%IB	I10 50 50%org	I10 75 75%org
Percentage Correct 0		87%	76%	32%	50%		89%	75%	92%	78%	98%	86%	9%	60%	70%	62%	40%	89%	83%	85%
Percentage Correct 1		33%	67%	97%	93%		32%	75%	32%	67%	17%	35%	96%	79%	76%	77%	95%	50%	56%	67%
Overall Percentage		68%	70%	67%	72%		65%	75%	70%	71%	82%	71%	80%	72%	73%	70%	77%	75%	75%	82%
CONSTANT		-0,9 (0,01)	1,7 (0,04)	0,1 (0,73)	0,3 (0,41)		-0,6 (0,05)	0,7 (0,32)	0,7 (0,31)	0,7 (0,32)	-0,6 (0,32)	0,0 (0,00)	0,7 (0,10)	-0,5 (0,30)	-0,2 (0,73)	-0,4 (0,43)	0,4 (0,42)	-1,2 (0,00)	-0,6 (0,41)	-2,8 (0,00)
EMPLOYMENT (E6) — E_emp5																				
E_emp10																				
E_emp15																				
RESOURCE BASE (E7) — resour_3													2,4 (0,01)	1,7 (0,00)	1,6 (0,01)	1,2 (0,06)	1,8 (0,02)			
resour_5												1,5 (0,05)						2,1 (0,00)	2,1 (0,00)	2,9 (0,01)
resour_7		-1,5 (0,08)			-2,7 (0,02)		-1,6 (0,05)	-2,0 (0,09)										-1,5 (0,99)	-1,6 (0,08)	
OWNERSHIP (E8) — owner_s		-1,7 (0,05)						-1,8 (0,03)	-1,2 (0,09)	-1,6 (0,09)	-1,6 (0,04)	-1,2 (0,07)							-1,3 (0,07)	
AGE ENTERPRISE (E9) — E_age234																				
E_age34																				
E_age4				-1,6 (0,04)	-1,7 (0,03)			-1,8 (0,04)	-2,2 (0,05)						-1,6 (0,05)	-1,7 (0,05)	-1,4 (0,06)			
LOCATION (E10) — Loc_all																				
Loc_2								1,4 (0,09)												
Loc_3													-1,8 (0,06)							
Loc_4			1,6 (0,07)					2,1 (0,03)												
Loc_5		1,2 (0,07)	2,4 (0,02)	1,8 (0,03)	2,7 (0,02)		1,3 (0,06)	2,6 (0,02)										-2,0 (0,02)	-2,0 (0,02)	

STEP 2 (Independent Factors)

	I1 text	I2 text/e	I3 org	I3 gvt	I3 ass	I3 ngo	I3 edu	I4 org/e	I4 gvt	I4 ass	I4 ngo	I4 edu	I5 peop	I6 peop/e	I7 obser	I8 obser/e	I9 50 50%IB	I9 75 75%IB	I10 50 50%org	I10 75 75%org
Percentage Correct 0	65%	90%	38%	57%		95%	74%	56%	89%	100%	98%	98%	10%	50%	57%	55%	40%	85%	86%	98%
Percentage Correct 1	77%	29%	92%	72%		20%	40%	68%	23%	0%	17%	12%	94%	87%	87%	74%	93%	38%	28%	8%
Overall Percentage	72%	68%	73%	65%		68%	60%	62%	65%	85%	82%	73%	78%	73%	75%	65%	75%	68%	68%	80%
CONSTANT	0,6 (0,08)	-0,7 (0,02)	0,7 (0,02)	0,1 (0,62)		-0,7 (0,02)	-0,4 (0,20)	-0,2 (0,50)	-0,6 (0,04)	-2,0 (0,00)	-1,6 (0,00)	-1,0 (0,00)	1,9 (0,00)	0,6 (0,03)	0,6 (0,06)	0,06 (0,80)	0,8 (0,01)	-0,9 (0,01)	-1,0 (0,00)	-1,7 (0,00)
EP1	0,6 (0,05)	0,5 (0,07)	0,6 (0,05)	0,7 (0,01)			0,8 (0,02)	0,6 (0,04)		0,9 (0,05)			1,3 (0,01)	0,9 (0,01)	0,9 (0,01)	0,5 (0,08)	0,4 (0,10)	0,7 (0,04)	0,9 (0,01)	1,1 (0,01)
EP2	1,4 (0,02)						0,8 (0,07)													
EP3						-0,6 (0,05)		-0,6 (0,05)	-0,7 (0,03)		-0,9 (0,02)	-0,6 (0,07)			-0,7 (0,05)	-0,8 (0,02)	-0,8 (0,02)	-1,3 (0,00)		
EP4																				
EP5	-1,1 (0,01)																			
EP6																				
EP7							0,7 (0,06)													

6.2 Determinants in Cluster Usage

Text

The first measurement for information usage has been on the usage of text (I1). In the 1st step of the personal analysis it shows that there is a positive influence of both education and hotel specific courses. In the 2nd step it shows that both the high educated and the course taker have a positive influence. The 3rd gives a positive loading for the well-prepared woman and a negative loading for the experienced lady and the prepared man. Concluding, Responsibles of middle and older age of both sexes, that have a high level of education with personal more than family experience, and who think that their business is doing well, are most responsive to the usage of texts. The second measurement for information usage was the efficient usage of texts (I2). It shows from the 1st step that a high level of education and participation in hotel specific courses are important positive factors that even react stronger. It shows also that familial entrepreneurial experience reduces the possibility that a Responsible uses text effectively. In step 2 of the analysis of the effective text users, the influence of course takers is no longer significant and only the factor of the high educated is reactive. Step 3 shows that well-prepared persons and course taking ladies have a significant probability to be effective users of text. What is in contrast to the unprepared woman that has a negative loading. Factor pp1 of step 3, the well-prepared person, is strictly independent and has a higher loading for effective users than for all users. This means that high education is even more frequent under efficient text users. Also, the characteristics of previous participation in courses and personal experience, especially tourism and hotel specific, are stronger variables. Those who used texts as an information source for business development seem to have a high level of education, are likely to have followed sector specific courses in the past, have little entrepreneurial experience in the family though they do have some personal sector specific experience. Those with more education and experience are very likely to benefit more of the texts for business development.

None of the initial variables in step 1 of the enterprise characteristics have a significant influence on the usage of text as information source. In the 2nd step, 'the small owned' and 'the large managed enterprise' are positive influences, whereas the latter is stronger. The average manager is not likely to use texts. Although the single enterprise characteristics are not significantly influencing text usage, the results indicate an enterprise profile: the somewhat larger micro hotels that exist for some time and are located in the better neighbourhoods of San Salvador are most likely to use text sources. The efficient data is positive significant in step 1 only for the upper class location and in step 2 the dummy is reactive for the small owned enterprise. The only enterprise characteristic that seems to influence effective text usage is the location in a upper class area.

Individual Persons

Another cluster of information carriers were individual persons. Again, high education is in the 1st step an important factor of the predicting equation for the usage of individual persons as BIS (I5). From the 2nd step of the analysis, it can be seen that besides the positive effect of education, the course taker is negatively related. It implies that those who use individual persons as a source for business information are less likely to have a history of courses. Outstanding it is, because the effect of courses was positive in all other dummies for information usage. The influence of the well prepared person in the 3rd step is strong, relative to all other analysis in step 3, what means that education and personal experience are significant and positively related to the usage of individual persons. The course taking lady reacts negative, what asserts that courses have a negative effect on the usage of individual persons. Hence, users of individual persons have a high level of education and are 'course averse'. The dataset of efficient users (I6) is negative in low education, positive in entrepreneurial courses and negative in tourism related courses. In the 2nd and 3rd step, the high level of formal education and the negative relation of courses amongst efficient users remain significant. It implies once more that those who use their personal network as an information source, are not likely to have participated in courses before. For the efficient user this likeliness is smaller than with all users, what is explained by the fact that there is a positive relation between entrepreneurial courses, and a negative effect of sector specific courses. From both datasets it follows that users of individual persons as BIS, have a high level of education and are very unlikely to have followed sector specific courses, though the efficient user might have followed some courses in enterprising.

The enterprise profile shows in the 1st step that an average level of resources is significant and positively affecting the usage of individual persons. In the 2nd step the small owned enterprise is rather strongly positive what refers to the smaller micro hotel, managed by the owner and located in the better areas. There is no clear indication that this would be otherwise for the effective user, and the conclusion is that those enterprises that use individuals have a moderate resource base.

Active Observation

The third type of information carrier is active, sector specific observation. From the 1st step of the analysis of the effect of the personal characteristics (I7), it shows that former participation in entrepreneurial courses, family experience in tourism and the perception of a good performance are significantly positive. Then the 2nd step indicates a positive effect of high education. Both the 2nd as the 3rd step in the analysis, once again, underlined the importance of high education in the usage of this type of BIS, since the well-prepared person is positively influencing. The data for efficient observers (I8) does not show a discrepancy, except that the perception of performance in the 1st step is no longer significant.

As was seen with the cluster of individual persons, an average resource base is significant and positively influencing the probability of active sector observation. Older enterprises are not likely to use observation for the development of their business. The small owned profile is again a positive factor in step 3 and the old owned is negative. This mainly underlines that older enterprises not use sector relevant observation. For effective observers, there are no differences.

Organisations

The last group of dummies for information usage is the cluster of organisations, which will be discussed in more detail then the others. From the 1st analytical step of those Responsibles that use organisations as information source (I3), it shows that the older age group responds negative, that the dummy for former participation in hotel related courses is strongly positive, and so too for the personal experience in enterprising. The analysis with the factors for education and experience, step 2, show that the high educated, the course taker and the sector experienced are significant profiles and positive influences on the usage of organisations. Education has most effect. The 3rd step shows that both the well-prepared person as well as the course taking lady are positively related. Obviously, education and experience are determinants for the user group of organisations. The effective data (I4) still indicate that courses and personal experience have a positive effect in the 1st step, though age is no longer significant. Noteworthy is that effective usage of organisations is the only dummy that is negatively affected by personal experience in tourism. Different from all organisation users is that amongst the efficient users, personal experience in tourism is significantly negative. In the 2nd step, the high educated and course taker are still positive factors, although the sector experienced no longer is significant. Better performance is negatively related to effective organisation usage what indicates that those who perceive their business as doing well, are not likely to effectively use organisations as information source. The 3rd step showed again a positive influence of the well-prepared person as the course taking lady. Based on this regression, it is not the old Responsible that uses organisation for business information. Not old of age, high levels of education, courses, and experience in enterprising are personal characteristics that increase the likelihood that a Responsible uses organisations. For those who use organisations effectively, it is mainly the enjoyed courses in tourism and education that seem to make the difference between users and non-users. Sector related experience decrease the probability of effective usage of organisations.

From the 1st step in the analysis of the enterprise characteristics, it shows that a high resource base and ownership are negative variables in the usage of organisations as BIS. Location is significant as well, and it appears that the micro hotels in the business and upper class area are positively reactive to the dummy of organisation usage. The 2nd step reveals a positive loading for the small owned what confirms the following organisation-user profile: a micro hotel with an average or less resource base, managed by

someone who is not the owner, and which is situated in the business and upper class areas. The 3rd step in the analysis shows that the small owned enterprise profile is a significant profile of organisation users. For the effective users, the 1st step reveals that the resource base and ownership remain negatively significant, and even stronger. Old enterprises are now negatively related too, and the areas of university, business and upper-class are positive variables. The 2nd step shows again that the small owned is a positive factor, and now the old owned is significant too, and negative. The conclusion seems to be that enterprises managed by owners, with a high resource base are not likely to use organisations for business development. A positively enterprise characteristic on organisation usage is being located in the better areas of San Salvador. For effective users these relations prevail a bit stronger and Responsibles of micro hotels that have a longer existence, are not likely to use organisations effectively. .

Organisations: Planning

For organisations, the analysis went into more detail. This group includes many different types of organisations and it is interesting to see what happens to the sub-clusters. Organisations have been divided over the different levels of enterprise development intervention. The preceding chapter showed that there were no organisations identified at the planning level. The programming level referred to governmental organisations, the intermediate level to associations and at the direct supply the survey identified non-profit and educational organisations. For these four sub-clusters of organisations the same analysis was applied in order to monitor the consistence of the influences on the aggregated cluster of organisations. In the explanation, the aggregated usage of organisations is considered the default and deviating results will be elaborated.

Organisations: Programming

The second programming level refers to governmental organisations only (I3gvrt). From the 1st analytical step of the personal characteristics, it shows that older aged, hotel specific courses and entrepreneurial experience are influencing factors. However, old aged was negative in the default, but is positive in the case of governmental organisations. On average, it are the younger Responsibles that use organisation but the opposite is true for governmental organisations at the programming level. The proxy for hotel specific courses is a lot stronger with governmental organisations, but it fails a plausible explanation. The 2nd step indicates that users of governmental organisations are no longer affected by sector experience. The dataset of efficiently used governmental organisations (I4gvrt) shows only different results in the first step when the influence of the initial proxies are analysed. None of the default factors are significant, but now previous participation in entrepreneurial courses is. However, these results do not stand very strong. Users of governmental organisations are significantly older then the default, but further there are no convincing

discrepancies, neither between all users and efficiently users of governmental bodies. For the enterprise profile, resource, ownership and location are no longer significant, although age is. Opposite to the age of the owner, old enterprises are negatively related to the usage of governments. In the effective dataset, resource remains insignificant, but ownership returns in the equation. For the default of organisations ownership was negatively related, and here again, being an owner of a micro hotel reduces the probability that one used governments as BIS. Location is still not significant. In resume, the users of governmental organisations are not responsive to the resource base, and location only matters for the general user of government bodies. Ownership, in contrast, only returns for effective government users and for both the general user as well as the effective user, age matters as older enterprises are less likely to use governments. The enterprise age is a stronger determinant in governmental organisations than with the usage of organisations in general

Organisations: Intermediation

At the third level of development intervention, the level of intermediation, the Responsibles indicated four associations. In the 1st step of the personal analysis, only the variable age disappears but for the other factors, association users are no different from organisation users. The effective dataset gives more digression whereas courses in tourism and personal experience disappear from the equation. However, entrepreneurial courses and family experience in tourism has become a significant dummy. This indicates an opposite combination, where family experience in tourism is replaced by courses, and enterprise courses is replaced by experience. In the 2nd step the factors for education disappear. However, sector related experience shows up and family experience too, though negatively related. This would conflict with the significant factor of the 1st level, but family experience in the 2nd level is more heavily loaded for enterprise experience. Hence, a negative loading not necessarily excludes family experience in tourism. It seems that personal experience in tourism is significantly more important in the usage of associations than with organisations in general. In the analysis of the enterprise profile it is only age that really differs. Compared to the organisation user, a high resource base and location remains negatively related, but ownership disappears from the equation and age pops up. Like with governmental organisations, the older aged enterprises are less likely to use associations. For the effective users, it seems that the resource base is no longer significant for association users. Neither are age and location. However, ownership remains a negative factor and is the only significant influence.

Organisations: Direct Supply

The fourth level of direct BDS supply is divided in two groups, the non-profit organisations and the educational organisations. The users of non-profit organisations (I3ngo) show most discrepancy of all sub-

groups in the personal variables, compared to the aggregated organisation users. The negative relation with old age is stronger what indicates that the non-profit users are younger. Remarkably, it is positive for gender that means that women are more likely to use non-profit organisations. Low education is negative, and now courses in enterprising is a positive influence, as well as personal experience in enterprises. Overall, enterprise related knowledge seems to increase the probability of using non-profit organisations for business development. The 2nd step shows again that older and male users are not the clients of non-profit organisations. That the general user is likely to be young and female is once more stressed in the 3rd step of the analysis as the course taking lady is significant. Concerning effective users, it shows that gender disappears. A negative influence for low education and a positive effect of enterprise courses are also determinants in the effective non-profit user. In the 2nd and 3rd steps, the influences of young and female disappear as well and the influences of being not old with a high level of education come back. The conclusion is that the significant characteristics of a young, female well educated general user with courses and experience in enterprising, is reduced to a young and well educated effective non-profit user. None of the enterprise characteristics are significant for the equation of non-profit users what means that resource, ownership and location are no longer determinants. However, amongst effective user the resource base returns and it shows that the Responsible with an average resource base is significantly reactive. Those with little resources are not significant, but those enterprises with high resource base are negatively effecting. Ownership, like in the default case, is negatively related and age and location are no longer of influence. The influences of enterprise character on non-profit usage do not seem to be very different from the default case.

The last sub-group of educational organisations (I3edu) shows in the 1st step that age is insignificant, low education is negatively significant and the dummy of hotel specific courses is positive. A history of participation in hotel related courses was also affecting the default case of the aggregated organisation user, the governmental organisations and the association user. The 2nd step in the analysis brings diverging results in that the course taker is no longer of influence. And in the 3rd step the profile of the experienced lady is negative what suits the fact that experience was no longer significant in the 1st step. Thus, users of educational organisations are not affected by age or experience, do not have a low level of education and are likely to have followed courses on hotel specific issues. In the dataset of efficient users (I4edu) the effect of performance comes back in the 2nd analysis. It shows that those perceiving their business as doing well are most likely to effectively use educational organisations for business development. This hints that there is a relation between good performance and effective usage of educational organisations. Of the enterprise proxies only location is significant. Though weaker, it is no different to the default case. In the effective data, it again ownership that is negatively influencing the effective usage of educational organisations but this has been so for all sub-groups.

The final concluding remark on the factors that influence the usage of organisations is that a high level of education is significant and consistently positively influencing information usage for all four levels of intervention. The characteristics of having followed courses related to the business of hotels and of having entrepreneurial experience significantly increase the probability of using any type of organisations for business information, except for non-profit organisations were entrepreneurship is more important. The variable of courses is positively influencing effective usage of organisations. Since some organisations provide these courses, it suggests that the courses are effectively used for enterprise development. Effective users are also likely to have personal experience in enterprising. Then, for the sub-group of non-profit organisations, the characteristics of young and female substantially increase the change that they identified this group as a BIS. It implies that the targeting policies that address gender inequality have been effective.

On the other hand, a high resource base makes micro hotels averse to the usage of organisations though especially in the case of associations and non-profit organisation. Ownership significantly reduces the probability that the Responsibles of micro hotels use organisations. Especially amongst the effective users of associations and non-profit organisations there are few owners. A plausible explanation is found in the fact that family experience in tourism is common amongst owners, what reduces the effectiveness of sector specific information form organisations. A negative factor for older enterprises is most consistent amongst the users of governmental organisations where enterprises from before the end of the war, older than 10 years, are less likely to enter and effectively use governmental bodies. Then, location is a significant influence and there is a clear relation between the usage of organisations and the business and upper-class areas. This effect disappears amongst the effective users what would imply that although location matters in finding access to the information of organisations, it does not matter in the effectiveness of usage.

6.3   Determinants for Effective Usage

The last two dummies for information usage were I9 and I10 that respectively indicated the percentage of efficient used sources in the individual information basket, and the level of efficient used organisations in the total of identified organisations. The data of the Responsibles that used at least 50 percent of their information basket efficiently (I9-50), shows a significant positive influence from entrepreneurial courses, from entrepreneurial experience within the family and from the perception that the business is doing well. There is a negative influence from a low level of education and hotel related courses. The 2nd step shows again that high education is an effective factor amongst those that use at least half of the sources effective. The sector experienced profile is significantly positive, too. The 3rd step of the analysis shows that the well-

prepared person and the prepared men are positive factors. The unprepared woman is negatively related. It demonstrates that a high level of education together with lots of experience, mainly in enterprising, are strong determinants in the effective usage of sources. When the limit is set at a 75-percent share of efficient used sources (I9-75) the factor in step 1 of low education remains negative, and that of entrepreneurial experience in the family positive. Performance is no longer significant. In the 2nd step, education and experience are still positively influencing the equation, and again performance disappears. In the 3rd step, only the well-prepared person remains. This is the factor that in all analysis has been significant and stands for those Responsibles that are well educated, have personal experience and perceive their business as doing well. The most convincing personal characteristics that determine whether one uses a source affectively are education and experience. Within the enterprise variables, step 1 shows that a smaller resource base is positively influencing effective information usage. The older enterprises are less likely to use their sources effectively. Interesting too is that the micro hotels in the upper-class area are neither likely to use their sources effectively. In the 2nd step the small owned factor is positive and the old owned is negative what stresses the negative influences from old aged enterprises in the upper class area on effective source usage. The dummy for a 75-percent share of effective sources shows that an average resource base is positively influencing, age disappeared form the equation, and the negative influence of the upper-class area remains. The 2nd step stresses again that the old aged micro hotel in the upper-class area is not effectively using its sources. In conclusion, enterprises with an average and less resource base, who exist for less than 10 years and are not in the upper-class area, are most likely to use their sources effectively.

The same procedure has been followed for only the share of effective organisations (I10). The 50-percent effective users of organisations (I10-50) are negatively loaded in the dummies for older age group, low education, and family experience in hotels. Positive effects are seen in the variables for courses in tourism, family experience in tourism and the perception of a good performance. In the 2nd step good performance remains positively significant and so also the high educated. In the 3rd step, the well-prepared person is the only positively significant factor. For those who use at least 75 percent of their organisations efficient (I10-75) the only significant factor is the well-prepared person in the 3rd step of the analysis. The effective organisation user is the middle-aged and younger Responsible with high education, courses in tourism that has no family with experience in hotels but with experience in tourism, and perceives its hotel as doing well. The analysis of the enterprise characteristics show that an average resource base is positive, a high resource base negative and ownership is negative for the probability of effectively using organisations. In the 2nd step only the small owned factor is significant. The analysis of the dummy for 75-percent share of effective organisation usage mainly underlines that there is a negative relation between a high resource base and the effectiveness of information from organisations.

6.4 Determinants of the Personal Profile

This section discusses the effects of the individual variables on information usage in general, and works towards the policy implications. The personal characteristics that were analysed were age, gender, education, experience and the perception of the performance, and will be elaborated in this sequence. There were no presumptions about the influence of the *age* of the entrepreneur, but age matter in the information usage of only organisations. The proxies for text, individual persons, and sector observation are not significantly influenced by the age of the Responsible. Of the organisations it is mainly the information from governmental and non-profit organisations that is influenced, and in opposite direction: governmental users are most likely to be older Responsibles and non-profit users the younger ones. This can be explained from the fact that the older ones experienced the 'golden-age of tourism' when there was an active policy on tourism and when the organisations at this level were successfully dedicated to tourism. The bias against these institutions will be less and relations probably originate form before the war. That non-profit organisations attract young people is partly due to the targeting policy of those organisations. With an initial objective of stabilising a country that is devastated by war, many directed their resources towards the younger generation. The significant relation between an entrepreneur's age and organisations usage is mainly a result from targeting policies from non-governmental organisations.

Gender has no significant influence, except on the usage of non-profit organisations. This is surprising since the general assumption was that women are excluded and have limited access to information. However the data implies that gender not differentiates in access and usage of information. Only access to non-profit organisations is influenced by gender, but as was argued above, that is a result of targeting strategies.

Education is the most reactive variable of all. Education, as a proxy for the absorptive capacity of a firm, was believed to have a positive influence on information access and especially on usage. Education matters for all 10 proxies of information usage and when significant, is in all cases negative for low education and positive for high education. There is significant and repeating proof that low education not only decreases the access to information, but decreases the effectiveness of information usage. A high level of education improves the access to texts, individual persons and organisations, and the effectiveness of texts. Apart from the official level of education the effect from additive courses has been monitored as well. It results from the data that those with higher education have taken more courses. It also shows that there are more scores on courses in tourism, than in enterprising. Combining these two makes it plausible that general enterprising skills are partly learned at school and university, in contrast to sector specific

knowledge, what hence would explain the relative popularity of sector specific courses. Courses about hotels significantly influence the usage of text and organisations what is interrelated as text might be provided at the courses of the organisations. However, the fact these courses pop up as significant factors in effective usage indicates that the courses have been effective. Hence, courses build on the absorptive capacities of micro hotels. Sector specific courses are negatively related to sector observation. A very likely explanation can be that courses substitute the information otherwise gained from active observation of their environment, and provide better information than observation. Enterprise courses have a significant and positive influence on the effective usage of individual persons, even more so on sector observation, and so too on organisations. This clearly indicates that enterprise courses increase the probability that information from these three clusters is effectively used. The conclusion can be drawn that one of the proxies for the absorptive capacity of a firm, education, has a powerful effect on information usage. Both formal education and courses seem to increase information usage and the effectiveness of the information sources.

The other proxy for an enterprise's absorptive capacity has been *experience*. Measured over the three areas of enterprise, tourism and hotels, especially personal experience in enterprising is significant for information usage of organisations. Personal experience in tourism is negatively influencing the effective usage of organisations. That suggests that those who have sector experience are not likely to be amongst those who value organisations as useful. Personal sector experience is probably preferred over organisations. Against the expectations, former personal experience in hotels it not significant for information usage. However, family experience in enterprises has a positive influence on the effectiveness of source usage in general. Family experience in tourism has a positive influence on the effective usage of associations what would suggest that those Responsibles who have family in tourism use associations effectively. It is very likely that this refers to the association of larger hotels. This is an older organisation with many members from the 'golden age of tourism' that constitutes a wide network of relatives in tourism. For the proxies of sector observation and of using half of the organisations effectively, family experience in tourism is an important positive factor too. Family experience in hotels is again negative for the effective users of organisations what stresses that familial hotel experience overrules the information from organisations. Experience in general is significant in information access and usage. Personal experience is predominantly effecting the usage of organisations in a positive way, though experience in hotels seems to be negatively related to the effective usage of organisations. Familial experience is predominantly effecting active sector observation and the effectiveness of information. The overall conclusion is that the absorptive capacity, measured in experience and education, is an important determinant in the information usage of micro hotels.

It was opted that the perception of the enterprise's *performance* was to influence the push and pull factors for search. A growing performance was expected to have a positive influence on the search for external information. However, performance has been limited reactive to the usage of educational organisations and effective usage of sources, in particular organisations. The results are reactive enough to significantly indicate a positive relation more than a negative relation. It implies that when the business is conceived as doing well the probability that information is used effectively increases.

6.5 Determinants of the Enterprise Profile

After the determinants in the personal profile have been considered the discussion now focuses on the enterprise profile. The proposed influences on information usage were employment, resource base, ownership, age of the enterprise and location. *Employment* is very often used as an indicator for the size of the enterprise, and therewith its needs. The general assumption is that larger enterprises use more information with better effectiveness. Nevertheless, the proxies in this research were not even a bit reactive to employment. It suggests that size measured by employment has no influence on information usage.

The *resource base* was another proxy of size and was chosen as alternative to the sales of an enterprise. This was believed to positively influence information usage too, as the larger the enterprise, the more extensive its search for external information. However, a high resource base has been negatively influencing information usage, especially in the case of the effectiveness of organisations. A low resource base has been positively influencing the usage of both individual persons and sector related observation. Recalling the Anderson study on informal BDS supply in Thailand and Vietnam from chapter one, this relation indicates that those with fewer resources are most likely to use their personal network and sector related observation.

The third enterprise proxy was *ownership*. This was believed to influence information usage although there was no idea of direction. Ownership indeed was significant and only for the usage of organisations. It shows a negative relation between ownership and effective usage of organisations, thus owners of micro hotels are not using the organisations as effective information source. This reminds of the effect of enterprise experience on organisation usage that showed a similar relation. Owners score high on enterprise experience, and organisations are probably not perceived very effective by owners. Ownership is a significant determinant in information usage and is negatively influencing effective organisation usage.

The *age* of the enterprise was another variable of the enterprise profile and it was expected that older firms are more likely to search for external information sources. In this research, age is mainly reactive to the governmental organisations, associations and sector specific observation. In all cases it is

negative what implies that older firms are not likely to use these information sources. Hence, an opposite relation seems to exist where older enterprises are not using governmental organisations, associations and sector specific observation. The assumption rises that these are more depending on individual persons, but there is no such proof.

The final tested enterprise character was *location*. There were five different areas within the city and the assumption was that firms in an information-poor area would be more inclined to search. In terms of business information, the old city centre is considered the poorest area of all. The data proofs that within these different areas of San Salvador, the search for external information is indeed different what is shown in the following table:

Table (VI) 4: Average Information Basket per Area

Area (n=12 for all areas)	Average Information Basket
City centre	5 sources
Middle class zone	4 sources
University area	6 sources
Business area	7 sources
Upper-class	10 sources

Especially the upper-class area is positively influencing effective text usage and the general access to organisations. However, it is negative in the effective usage of all sources. Location significantly influences information usage but the data of this research are not sufficient to determine how location influences information usage.

6.6   Implications for Policy

The personal characteristics of age, education, experience and the perception of performance are significant variables for information usage. The enterprise characteristics of resource base, ownership, age of the enterprise and location are significant. Neither gender nor employment were significant variables in this research. The last issue here is about the policy implications of the findings of this research for the BDS supply. It was seen in chapter four that the BDS supply in El Salvador confronts an impact problem that has been analysed at different intervention levels. Chapter five described how similar micro enterprises react in different degrees to the environment of business information: how they search differently for external information. The theoretical explanation for this diversity was that absorptive capacities are important determinants in information needs, and are firm specific. It was suggested that if BDS suppliers would adopt an approach that develops around the searching entrepreneur it can open new direction for

impact improvement. At all levels of intervention, the emphasis should be on the mechanism that increases a firm's absorptive capacity. One of these mechanisms is the search for external information. Enterprises should be enabled and stimulated to search for their own specific information needs.

This chapter showed that there are both personal and enterprise characteristics that are determinants in the search behaviour for external business information. The data point out that personal characteristics are more reactive to the analysed dummies of information usage than enterprise characteristics: the personal loadings are higher and reactive to more proxies. Such a result seriously questions a model that is based on pure enterprise characteristics, like the segmented model that was presented at the very beginning of this thesis. Policy on micro enterprises in El Salvador is based on a model that distinguished three groups of micro enterprises by employment and size, being the survival group, the simple accumulation group and the micro top. The fact that information usage of similar firms within the micro top segment is considerably divers, reduces the validity of such model. According to that model, when managing a hotel there is all reason to use for example Corsatur as an information source. Indeed, almost half of the Responsibles indicated this source. And according to that model, all face comparable opportunities and threats: all have to manage a small hotel in San Salvador and are faced with the same economical and political environment of the forgoing chapters. Consequently, these entrepreneurs are expected to value Corsatur for the same benefits. But approximately half of those who identified Corsatur think it is very useful. Moreover, this usefulness is valued for different areas of applicability.

It is clear that impact differs amongst similar micro enterprises, despite similar economical structures. It has been confirmed that education and experience, the proxies for a firm's absorptive capacities, are prominent factors in the usage and effectiveness of information. This forms the foundation for the conclusion of this chapter that BDS suppliers should reconsider their approach towards enterprises, towards enterprise and entrepreneur. Perhaps education and experience are better guidelines for small enterprise policies and BDS approaches than an enterprise's size.

VII
Conclusion

A Refreshing Approach to Small Enterprise Development

7 CONCLUSIONS

A Different Approach to Small Enterprise Development

El Salvador, the smallest country of Central America, was once the good-example for economic growth but now faces a deteriorating situation of increasing imports and falling exports. With today's spirit of globalisation and liberalisation it are the small enterprises that feel fierce pressure from international markets. In order to stay in production small enterprises need to improve on quality and productivity. Hence, small enterprise development has become an important discipline for El Salvador's economic development. One major area of non-financial assistance to small enterprises is the provision of business development services, BDS. This research focused on the impact problem that is faced by BDS suppliers. It focused on tourism as it is one of the most promising industries of El Salvador that engages many small enterprises. If El Salvador is to exploit its tourism potential it can not ignore the small hotels in San Salvador. The study demonstrated an impact problem between suppliers of and demanders for BDS within the sector of urban small hotels and by exploring the interface between them this research sought new entrances for an improved BDS market.

There were four intervention levels distinguished; programming, planning, intermediation and the level of direct supply and at each level crucial problems have been pinpointed. It found that at the planning and programming levels the BDS supply is troubled by a bias that originates from the age-old marginalisation of the 'small man'. Blocking prejudices fail to bridge this gap between micro and large enterprises and both parties remain sceptical about the efforts of the other. However, actors at the planning and programming level have enough problems at hand that give them a good alibi for being occupied with other projects than small enterprises. Since it is primarily to the benefit of the micro entrepreneurs themselves, they should be the actors to prove otherwise and break this bias. As individual entrepreneurs do not have enough weight to do so they need to organise. Hence, a new and growing field of BDS is support to associations. Nevertheless, it was shown in chapter four that these BDS suppliers fail to effectively address the diversity that exists within a similar group of micro enterprises, the diversity that is essential in associative processes. BDS demanders in their turn fail to coordinate their collective needs, which in this research has been limited to information search. The disability to manage diversity derives from an approach that understands enterprises in their similarity, but fails to locate and address

dissimilarities. The adopted approach here began by identifying the diversity in information access and usage of a relatively similar group of small enterprises.

It was shown that the information environment for business development is divers in itself. Four information clusters were distinguished, namely texts, individual persons, active sector observation and organisations. It has been demonstrated that similar enterprises react differently to such environment. Some entrepreneurs use more sources than others and that some use them more effectively than others. In other words, firms search with different intensities for sources that meet their specific firm configuration and that fit their absorptive capacity. Not surprising it was to find that most entrepreneurs use a variety of information sources for their business development which collection has been labelled as the information basket. It seemed that texts sources are least recognised and that active observation shows least diversity between the entrepreneurs thus is the steadiest source in the basket. In general, individual persons and organisations represent the clusters that take the largest share of the basket. However, individual persons are more effective than organisations. The university is the most important organisation in terms of outreach and impact for business development. But overall, concerning the assumed role of organisations in enterprise development their impact and effectiveness is perhaps disappointing. Two conclusions were drawn from this. One was that diversity in search behaviour needs to be incorporated in theories and approaches to small enterprise development so that diversity indeed can be managed. Another conclusion was that small enterprise development should essentially facilitate an enterprise's search for external information so that the entrepreneurs can address its own specific development needs.

Having learned that enterprise search differently for external information and having concluded that BDS suppliers should integrate this into their strategies, the second part of the analysis explored which characteristics influence an enterprise's search behaviour. The analysis focused on personal and enterprise characteristics in the expectation to find practical directions for an approach that sets off from the searching enterprise. The most outstanding results were that education and experience are crucial determinants in a firm's search for information and that gender and employment are not. The dominating model for small enterprise development in El Salvador does differentiate on firm characteristics, but it does not do so for entrepreneurial characteristics. Yet, the data of this research indicate that personal characteristics are important variables in a firm's need for external information and perhaps are even more important than enterprise characteristics.

During the writing of this report more questions arose then have been answered. There are still many assumptions in information usage of small enterprises and firm-learning that need quantitative support and it is hoped that future research will build towards a detailed knowledge base of an enterprise's search for external information.

BDS suppliers and actors in the field of small enterprise development need to consider the diversity in business information needs. Diversity should be managed towards synergy so that small enterprises can search for their own competitiveness. It is argued that the approach as was adopted while addressing the mismatch between supplying organisations and demanding enterprises can open new paths. The brought in concept of a Business Information Source in stead of a Business Development Service is essentially different. Crucial is the difference that development can not be supplied, information can.

For BDS suppliers the practical implication is that there might be a niche for 'search facilitator'. Development organisations should specialise and explicate their BDS supply. Then the variety of BDS offers can be coordinated and enterprises can more easily search for needed information. As long as intermediate institutions like associations do not function optimal in El Salvador, micro entrepreneurs must be supported in their individual search for development.

Annexes

ANNEX 1

Estimated Monthly Cash Inflow of 80 Micro Hotels

No	Name Hotel	Number of rooms	Minimum price	Maximum price	Estimated mothly cash inflow with 70% occupation rate	S = simple accumulation M = Micro Top	Estimated mothly cash inflow with 60% occupation rate	S = simple accumulation M = Micro Top
					(room*((pmin+pmax)/2)*30,5*0,7)		(room*((pmin+pmax)/2)*30,5*0,6)	
1	Asia	5	$22	$25	$2.509	S	$2.150	S
2	El Torogoz	6	$12	$15	$1.729	S	$1.482	S
3	Santa Fe	6	$15	$18	$2.114	S	$1.812	S
b	Alexas	6	$12	$15	$1.729	S	$1.482	S
5	Del Prado	6	$50	$70	$7.686	M	$6.588	M
6	Shadai	7	$10	$25	$2.615	S	$2.242	S
7	El Castillo	7	$12	$35	$3.512	M	$3.010	M
8	International Guest House	8	$12	$35	$4.014	M	$3.440	M
9	Villa Real	8	$25	$60	$7.259	M	$6.222	M
10	American Guest House	8	$18	$20	$3.245	M	$2.782	S
11	Happy House	8	$26	$34	$5.124	M	$4.392	M
12	La Posada del Rey	8	$55	$56	$9.479	M	$8.125	M
13	Family Guest Home	8	$11	$18	$2.477	S	$2.123	S
14	Escalón Plaza	8	$55	$75	$11.102	M	$9.516	M
15	Good Luck	8	$26	$32	$4.953	M	$4.246	M
16	Mariscal Executive	8	$45	$65	$9.394	M	$8.052	M
17	Miramonte	10	$33	$61	$10.035	M	$8.601	M
18	Ximena´s Guest House	10	$7	$33	$4.270	M	$3.660	M
19	Lonigo	10	$55	$65	$12.810	M	$10.980	M
20	El Oasis	10	$12	$15	$2.882	M	$2.471	S
21	Florida	10	$20	$35	$5.871	M	$5.033	M
22	Centro	10	$14	$14	$2.989	M	$2.562	S
23	Ramada Inn	10	$59	$64	$13.130	M	$11.255	M
24	Casa Grande	10	$33	$70	$10.995	M	$9.425	M
25	Grecia Real	10	$24	$37	$6.512	M	$5.582	M
26	La Hacienda	11	$11	$22	$3.875	M	$3.321	M
27	Capital	11	$50	$90	$16.440	M	$14.091	M
28	Blanca	11	$40	$70	$12.917	M	$11.072	M
29	Mi Casita	11	$30	$40	$8.220	M	$7.046	M
30	Casa Austria (Escalón)	11	$50	$50	$11.743	M	$10.065	M
31	Nice and easy	11	$50	$70	$14.091	M	$12.078	M
32	Myer´r House	12	$45	$55	$12.810	M	$10.980	M
33	Oporto aparthotel	12	$40	$45	$10.889	M	$9.333	M
34	Villa Serena Escalon	12	$40	$50	$11.529	M	$9.882	M
35	Suky	12	$51	$74	$16.013	M	$13.725	M
36	hostal Verona D25	13	$56	$79	$18.735	M	$16.058	M
37	Maya	13	$13	$18	$4.302	M	$3.687	M
38	Novo Apart Hotel	13	$55	$115	$23.592	M	$20.222	M
39	Vitoria	14	$35	$60	$14.198	M	$12.170	M
40	Casa Antigua	14	$12	$28	$5.978	M	$5.124	M
41	La estancia	15	$6	$6	$1.922	S	$1.647	S
42	Clementina	15	$15	$15	$4.804	M	$4.118	M
No	Name Hotel	Number of rooms	Minimum price	Maximum price	Estimated mothly cash inflow with 70% occupation rate	S = simple accumulation M = Micro Top	Estimated mothly cash inflow with 60% occupation rate	S = simple accumulation M = Micro Top
					(room*((pmin+pmax)/2)*30,5*0,7)		(room*((pmin+pmax)/2)*30,5*0,6)	
43	La Posada	17	$45	$50	$17.240	M	$14.777	M

44	Los Abetos	17	$40	$70	$19.962	M	$17.111	M
45	Apart Hotel Maria Jose	17	$55	$65	$21.777	M	$18.666	M
46	LasPalmas☐ Apart Hotel	18	$71	$175	$47.269	M	$40.516	M
47	Cedros del Libano	18	$30	$35	$12.490	M	$10.706	M
48	Royal	18	$20	$60	$15.372	M	$13.176	M
49	Los Abetos 15	18	$35	$55	$17.294	M	$14.823	M
50	La Fuente	19	$9	$9	$3.651	M	$3.129	M
51	El Dorado	20	$9	$9	$3.843	M	$3.294	M
52	Villa Hotel Cook	20	$18	$28	$9.821	M	$8.418	M
53	Occidental	20	$7	$30	$7.900	M	$6.771	M
54	Guest House	21	$17	$30	$10.536	M	$9.031	M
55	La estancia B&B	23	$20	$25	$11.049	M	$9.470	M
56	Azaleas	24	$20	$25	$11.529	M	$9.882	M
57	El Izote	24	$12	$15	$6.917	M	$5.929	M
58	Cuscatlan	24	$8	$8	$4.099	M	$3.514	M
59	San Carlos	25	$10	$15	$6.672	M	$5.719	M
60	Leon	26	$10	$15	$6.939	M	$5.948	M
61	Izalco	26	$7	$23	$8.327	M	$7.137	M
62	Ronald	27	$8	$10	$5.188	M	$4.447	M
63	Villa Serena Flor Blanca	30	$30	$40	$22.418	M	$19.215	M
64	Tropicana	31	$23	$51	$24.488	M	$20.990	M
65	Posada Real	35	$12	$12	$8.967	M	$7.686	M
66	International Custodio	35	$7	$10	$6.352	M	$5.444	M
67	Panamericano	35	$8	$12	$7.473	M	$6.405	M
68	Puerto Bus	35	$30	$60	$33.626	M	$28.823	M
69	Colonial	38	$30	$60	$36.509	M	$31.293	M
70	America	40	$25	$30	$23.485	M	$20.130	M
71	Cadiz	45	$25	$30	$26.421	M	$22.646	M
72	Casa Azul	45	$25	$30	$26.421	M	$22.646	M
73	Fenix	49	$7	$17	$12.554	M	$10.760	M
74	Verona	50	$30	$50	$42.700	M	$36.600	M
75	Mediterráneo Plaza	50	$59	$80	$74.191	M	$63.593	M
76	Pasadena II	50	$15	$25	$21.350	M	$18.300	M
77	del Sauce	50	$15	$25	$21.350	M	$18.300	M
78	Villa Florencia	50	$10	$18	$14.945	M	$12.810	M
79	Venecia	50	$9	$37	$24.553	M	$21.045	M
80	Pasadena	50	$8	$10	$9.608	M	$8.235	M

Percentages when using classification criteria from CONAMYPE, national comision of micro and small enterprises:

Simple Accumulation	9%		12%
Amplified Accumulation	91%		88%

ANNEX 2

Questionnaire

Entrevistador:					fecha:		2001

HOTEL:					NO:		

dirección:

PERFIL PERSONAL

			1	2	3	4	5		
1	nombre							1	
2	edad		... 30	30 - 40	41 - 50	51 ...		2	
3	genero		mujer	hombre				3	
4	educación		prim	sec	bachil	tech	uni	4	
5	obtuvo algún curso sobre	empresas	no	si				5	
6		turismo	no	si				6	
7		hoteles	no	si				7	
8	tenia experiencia antes	con empresa	no	si				8	
9	(antes esta empresa)	en turismo	no	si				9	
10		con hoteles	no	si				10	
11	tiene familia con	empresas	no	si				11	
12		empresas en turismo	no	si				12	
13		con hoteles	no	si				13	
14	tiene amigos con hoteles		no	si				14	
15	tiene experiencia afuera del país		no	si				15	
16	habla Ingles		no	si				16	

PERFIL EMPRESARIAL

		1	2	3	4	5		
17	nombre empresa						17	
18	teléfono empresa						18	
19	dueño de empresa es	ella/el	familia	amiga	otras		19	
20	edad empresa	0-3	4 - 6	7 - 9	10 ...		20	
21	sector	casa	hotel	hospedaje			21	
23	cuartos	0-10	10- 15	16 ...			23	
24	min precio	0-10	11 - 20	21 ...			24	
25	max precio	0-15	16 - 25	26 ...			25	
26	trabajadores	0-5	6 - 10	11 ...			26	
27	tamaño	pequeña	normal	grande			27	
28	la majoría de clientes son	turistas	ONGS solidaridad	comer ciantes	mixto		28	
29	tiene otras empresas	no	si				29	
30	en cual sector	no	turismo	otro servicio	comercio	otro	30	
31	lugar	propietario	aquillado	comprado			31	
32	actitud hasta empleados	indiferente	agradable	activo como son la cara			32	
33	atmósfera	general	especifica	gran inversión			33	
34	hace publicidad	poco	bastante: paginas amarillos periódico	creativo: Internet, revue			34	
35	interacción con clientes, presencia dueño	no	normal	intensivo			35	
36	tiene extra servicios como lavandería	no	uno o dos	bastante			36	
37	tiene conocimiento sobre la política nacional que influencie los hoteles	no	poco conoce corsatur	bastante con crítica			37	
38	sabe la ventaja de su empresa	no	bastante	mucho			38	

Entrevistador:				fecha:		2001	
HOTEL:				NO:			
dirección:							

39	tiene colaboración con otros hoteles	no	conoce algunos	activo en cooperación		39	
40	mejorando su capacidad	no	normal	buscando		40	
41	mejorando los servicios que tiene	no	normal	buscando clientes		41	
42	diversificando negocio con servicios	no	bastante	construyendo		42	
43	la situación del hotel ahora es	peor	por aquí	normal	bien	43	

PERFIL DE INFORMACION

Cuales de los siguientes organizaciones y otras fuentes usa realmente para **obtener** información sobre la empresa y turismo? Donde se busca información y le sirven para mejorar su empresa?

	1=conozco pero nunca ido	C: sirve para ser competitivo?		1=no
Freq:	2=una vez	A: sirve para mejorar su administración?		2=si
	3=algunas veces	P: sirve para planificar y anticipar?		3=mucho

		FreQ	C	A	P
T	libros de negocios				
T	libros de turismo				
T	Internet				
T	periódico				
T	paginas amarillas				
O	adel-oal				
O	ampes				
O	anep				
O	ass salvadorena de hoteles				
O	asehch				
O	casatur				
O	conamype				
O	corsatur				
O	fademype				
O	insaforp				
O	itca				
O	proesa				
O	swiss contact				
O	universidad				
I	observar otras hoteles				
P	clientes en su negocio				
P	ex propietarios de hoteles				
P	propietario de un hotel				
P	tour operador				
P	amigos cuales son expertos en algo				
P	amigos generalmente, red informal				

ANNEX 3

Supporting Results for Information Dummies

Table (Annex 3) 1: Effectively Used Sources in Information Basket - Frequency and Spread of Responsibles

Share of Effective Source sage in Information Basket (in percentage) N=60	Frequency	Percent	Valid Percent	Cumulative Percent
,00	10	16,7	16,7	16,7
,05	1	1,7	1,7	18,3
,08	1	1,7	1,7	20,0
,31	1	1,7	1,7	21,7
,33	2	3,3	3,3	25,0
,38	1	1,7	1,7	26,7
,42	1	1,7	1,7	28,3
,44	3	5,0	5,0	33,3
,50	5	8,3	8,3	41,7
,55	1	1,7	1,7	43,3
,57	2	3,3	3,3	46,7
,60	5	8,3	8,3	55,0
,63	1	1,7	1,7	56,7
,67	4	6,7	6,7	63,3
,73	1	1,7	1,7	65,0
,75	3	5,0	5,0	70,0
,79	1	1,7	1,7	71,7
,80	1	1,7	1,7	73,3
,82	2	3,3	3,3	76,7
,92	1	1,7	1,7	78,3
,94	1	1,7	1,7	80,0
1,00	12	20,0	20,0	100,0
Total	60	100,0	100,0	

Table (Annex 3) 2: Effectively Used Organisations of Identified – Frequency and Spread of Responsibles

Share of Effective Source sage in Information Basket (in percentage) N=60	Frequency	Percent	Valid Percent	Cumulative Percent
,00	32	53,3	53,3	53,3
,09	1	1,7	1,7	55,0
,17	1	1,7	1,7	56,7
,25	1	1,7	1,7	58,3
,33	4	6,7	6,7	65,0
,40	1	1,7	1,7	66,7
,43	2	3,3	3,3	70,0
,50	3	5,0	5,0	75,0
,67	2	3,3	3,3	78,3
,71	1	1,7	1,7	80,0
,75	1	1,7	1,7	81,7
,86	1	1,7	1,7	83,3
1,00	10	16,7	16,7	100,0
Total	60	100,0	100,0	

ANNEX 4

Political and Economic Analysis of El Salvador

Persisting Oligarchy

El Salvador is the smallest country of Central America with its 21,000 sq. km and too well known for its 12 years of civil war that officially ended with the peace accords in 1992. The unrest has largely been the result of an ever increasing polarisation that goes back to the arrival of the Spaniards in the 16th century. With the introduction of the 'encomienda' system that forced the original population of Indians into the production of the export crops[1] the economical control moved into the hands of a few hundred Spanish landowners which controlled international trade.[2] In the same period when agriculture had shifted to the profitable crops of coffee and sugar, rural protests were repressed by special security forces what set the beginning of a strong interdependent alliance between the military and the coffee oligarchy[3]. The rural protest of 1932, known as the 'matanza' and by some indicated as world's first communist revolution, killed 30.000 Indians and secured the dominance of the elite for the 50 years that followed. All this needs to be put against world history when it ran parallel to the first capitalistic crisis marked by the collapse of the New York stock market in 1929 and what led to the 'New Deal' politics of Roosevelt.

When economic liberalism failed to function there rose a political vacuum in the whole region of Central America. And when influenced by J.M. Keynes, the state was to get a more powerful position in economics in such manner that order was superior to democracy. And it was this 'strong state' ideology that gave space to the dictatorship that has been ruling Latin America through out the eighties. In El Salvador it was the army in the person of Maximiliano Hernandez Martinez that took political control but in effect it was not much more than an executive part of the economic oligarchy when creating the Central Reserve Bank, the mortgage bank and the coffee company, ruling to the ever advantage of the rich. But although modern economy changed its base from agriculture and industry to a domination by commerce and financial services, the elite itself did not change much and inequality in control over resources remain a fact (GOM:1999, Estrada:2001).

Democracy

However, at the same time it is El Salvador that after Guatemala is the most democratic country of the five. There is a strong left opposition (FMLN) to the right (ARENA) that has ruled for thirteen years and most of the time still backed by the party that actively supported the military dictatorships from the 50s up to the 80s (PCN). With ten years of peace the government has to show its strength and it is to be seen whether it can find new political lines now that liberalism is coming in and polarisation has become blurred and internal disagreement is increasing within all three parties. Before the war, it was the army that or through coups or by manipulated elections kept on to the power. They managed until the end of the seventies when public dissatisfaction escalated and even brutal killings could not prevent an offensive in 1981 by the FMLN, five guerrilla groups who made a strategic decision to unite its forces. And again this needs an international perspective when a cold war and geo-political interests made the

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1 indigo, cacao and balsam wood

2 who at the end of the 18th century controlled one third of the land

3 In 1932 an armed rural rebellion ended in a massacre that killed 30.000 Indians, known as the 'matanza', which marked the dominance of the oligarchy over the Indians who preferred to put their traditional close away and kept a low, though living profile.

United States decide to take a strong political and financial position for the capitalistic right. Meanwhile the guerrillas got their support from a world wide communist network from Russia to Cuba and then to Nicaragua, and solidarity groups in Europe. ARENA, formed in 1984 by the army major D'Aubuisson who build an alliance with the landowners and extreme right, won elections in 1988 and with a solid financial base this party survived both external as internal threads up to now. Embarking on the nineties, after the Berlin Wall had fallen and Russia needed its resources for internal troubles, all parties became aware that nobody was going to win the fight and the peace accords were signed in 1992. These gave the FMLN an official political identity, started the process of demilitarizing society, brought the armed forces under executive control and opened the door for a democratic political system.

Post War Growing Dissatisfaction

Seven years later ARENA triumphed once more in the presidential elections of 1999 with the young and fresh party candidate Francisco Flores, however they did loose significant local power to the FMLN. Two years of office and two earthquakes later it seems that his leadership is increasingly put to question and the two main advantages of ARENA, its financial resources and its experience, hence its network, are standing under increasing pressure. The estimation is that 75 percent of Salvadorans are living in poverty (United Nations:2000) and the sour joke has become that people now get two houses, still one from Mitch and now another one from the earthquakes. About every Salvadoran family lost at least one member during the war years but still despite the struggle that has been fought, there is fear to go out in the streets after dark, not because of military but because of the crime that fills more pages of daily news than international affairs. The recent fashion of kidnapping shows the inability of the national police forces to cope with the growing organised crime. Twenty percent of the richest people earn 18 times more than the poorest 20 percent, which for developed countries is a rate around 5 times (United Nations:2001). And while the president is busy talking about free trade negotiations that in the short run will benefit only those able to compete4, the growing national deficit is moderated through policies that introduced a VAT on products of the Family Shopping Bag and medicines and eliminate the subsidy on electricity. In themselves the policies are not that bad, but the issue is that they favour the economical powerful and hit hardest on those who do not have a lot to hit on (GOM:1999, Central Reserve Bank of El Salvador:2000). And perhaps though one of the most democratic countries in the region, El Salvador is also identified as more corrupt than its neighbors Guatemala, Honduras and Nicaragua5 and the question is whether anybody can brake the age old dominance of the few rich (La Prensa:2001).

Figure (Annex 4) 1: GDP growth of El Salvador (Source: Central Reserve Bank of El Salvador (2001)

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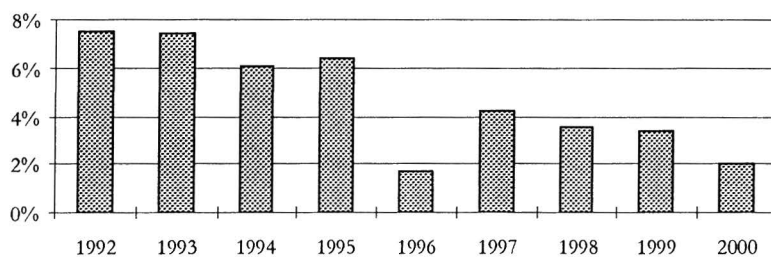
4 Read: the business people already in good business

Table (Annex 4) 1: Real GDP Growth in Central America (Source: Centroamerican Monetary Board (2001))

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Costa Rica	7.7	6.3	4.5	2.4	-0.6	3.7	6.7	8.3	1.4
El Salvador	7.5	7.4	6.1	6.4	1.7	4.2	3.5	3.4	2.0
Guatemala	4.9	3.9	4.0	4.9	2.9	4.4	5.1	3.4	3.3
Honduras	5.6	6.1	-1.5	4.3	3.7	5.1	2.9	-1.9	4.8
Nicaragua	0.4	-0.4	3.3	4.3	4.5	5.1	4.1	7.0	5.0

Table (Annex 4) 2: Real GDP Growth of El Salvador (Source: Central Reserve Bank of El Salvador (2001))

	1993	1994	1995	1996	1997	1998	1999	2000
GDP	7.4	6.1	6.4	1.7	4.2	3.5	3.4	2.0
Agriculture	-1.4	-2.4	4.5	1.3	0.4	-0.7	6.9	-0.8
Manufacturing Industry	8.3	7.4	6.9	1.7	8.0	6.6	3.7	4.5
Construction	8.3	11.5	6.1	2.7	6.2	7.1	2.2	-2.3
Trade, Restaurants and Hotels	6.5	8.6	9.9	0.4	2.9	3.8	1.7	0.8
Banks, Insurance Companies and Other Financial Institutions	10.7	20.2	16.4	2.7	12.6	8.9	15.4	5.1
Others	2.8	3.9	4.3	3.0	4.1	2.5	2.8	2.5

Financial sector and Exports

To give a proper context on the reality of today which is faced by micro and small enterprise in El Salvador, it is useful to take a look at the last ten years that followed the war. Filled with high hopes after many years of unrest El Salvador showed a rapid growth in the first five years of peace, overtaking all regional countries. This economic boost is mainly attributed to the sudden inflows of foreign money aimed to rebuilding the country, what came either from families living abroad or from international aid organisations. However in 1996 there appeared a sharp drop in growth rates what by much of the private sector has been blamed to the then new financial minister Mr. Hind, who pursued foreign investment against the favor of national production[6]. Other analysts however put more weight on structural problems of a consumer based economy when both business were stocked with imported inventories as well as their customers were saddled with dept. Only maquila, what is off-shore manufacturing for re-export, and financial services could hold on to growth and again it is the elite who easily survived a situation where there is a national shortage of cash and it was the impoverished majority that had to face rising costs of living (EIU:1997).

The pre-war industries that withstood all the backdrops are the export and financial sector. On the financial sector we can be brief. The reprivatisation of 5 banks in 1991 and 1992 was the beginning of a blooming sector and was followed by further privatisation of the Banco Hipotecario, the financial houses and other financial institutions in 1994. Though there are only commercial banks it lasted until 1996 before foreign institutions could come in what had the result that all Salvadoran banks are owned by the old oligarchy. It was even the president himself, Mr. Cristiani who while leading the reforms took over one of the two largest banks, Banco Cuscatlan and also owns the largest insurance company. With the new instrument of credit cards these banks facilitate the continuation of an important defect in the country's economy, namely a hidden over-consumption. And they facilitate this in two ways, one is that they navigate the largest source of foreign currency, the family remittance,

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5 On number 55 of a total of 91 countries when Guatemala gets number 65, Honduras 71, Nicaragua 78. Source: Perception of Corruption index of Transparency International.

6 In doing so he reduced import tariffs, accelerated privatisation and modernisation of the state, raised the VAT and fixed the exchange rate.

and the other is that they stimulate consumption while there is no money (EIU:1997).

Average nominal lending rates are around 20 percent with a spread of more than 10 percentage points for deposits. Thus the thing is that the money is available for the middle and upper class, who do not use the money as working capital or to invest in productive assets, but to buy a larger house, a new car and American clothes. Meanwhile that imports of goods and services are going up quite fast, about 300 million US$ from 1999 to 2001, the exports are just slowly rising, just over 100 over the same period according to the National Reserve Bank. Though the slow growth in export has mainly been attributed to the low international prices of its export goods and low international demand, there are more details to this story.

Trade Deficit

What are the characteristics of the El Salvadoran economy? If you read just any reasonable analysis, it is all too clear that El Salvador has one big structural problem: it has an ever growing trade deficit when it imports a lot and exports a little7. However, the net capital inflow8 is positive what to some extent is concealed by aid flows9 but the largest source of foreign currency remains the remittance that come from Salvadorans working abroad. Salvadorans have the fame of being hard workers and driven by war, land pressure and natural hazards there are now between an official one and an unofficial two million people living abroad, of which most in the United States. Family remittance has never been so high, in 2000 it covered a 90 percent of the trade balance and partly due to the increase after the earthquakes in the beginning of 2001, according to official statistics this mounted to US$ 5.841 million (Central Reserve Bank of El Salvador:2001).

The main export products are maquila (assembly for re-export) and coffee and the main imports are intermediate goods of which oil takes the largest share, non-durable consumer goods and again maquila10. Maquila, mainly textile and clothing, has been the cornerstone of manufacturing since the administration of Cristiani, continued by Armando Calderon Sol and under the presidency of Flores it is rapidly replacing coffee as the most important export product. By some this has been reported as a negative trend since the value added is little and El Salvador faces strong competition from its direct bordering neighbors who produce against lower labor costs. Its relative advantage of productivity is threatened by Costa Rica's higher level of skills. Added to this, the recent trade negotiations with Mexico are likely to increase maquila imports more than exports when Mexico, also having maquila, has the considerable advantage of the NAFTA and the USA is by far the largest client of El Salvador. Besides, the industry of maquila has very little tax benefits for the country, a tax system that is benefiting wealthy elite and which puts most pressure on the poor majority. However the government seems to have made its bets since at this very moment it is trying to reduce minimum wages to compete for maquila, while food and housing prices are rising (La Prensa:2000, CAI:2000, GOM:1999).

Back in 1951 when the five counties of El Salvador, Honduras, Guatemala, Nicaragua and Costa Rica set up an economic cooperation committee to discuss regional economic integration, the trend was set for regional integration efforts which have continued to prevail on the political agenda. The president of Mexico, Vicente Fox,

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7 In 1999 El Salvador imported 37 percent and exported 25 percent of the value of its GDP on goods and services (central reserve bank: 2001)

8 The Net Trade Balance of 2000 is estimated on -1,718 million US dollars, Current Account Balance on -418 million US dollars and the Net Capital Inflow at a positive 439 million US dollars

9 Mainly from the USA - though diminishing after the war - and Europe

10 Total amount of export in 2000 were 2,950 million US$, of which maquibla takes a 55% share and coffee 10%. Imports in the same year come to 4,948 million US$, 33% in intermediate goods, 25% in consumer goods and 23% in maquila.

recently paid a visit to El Salvador to discuss his ambitious Plan Puebla Panama that is to realise an integration in both economic as well as social terms from Mexico up to Panama, fostering prosperity for all. Eight projects have been written down: on education, health, environmental issues, tourism, electricity infrastructure, a system of common gas pipes, common custom union, and improvement of the road system. Though there have been more plans like this on a smaller scale that failed to see the daylight, and though the itchy question who is going to pay the bill remains untouched, the reaction from both private and public sector is positive. Last year, in 2000, the imports in El Salvador from the region grew by a 22 percent, 3 percent more than from the rest of the world. But the most important reason why there might be a rising momentum for regional trade negotiations is based in the recent speculations on an economic slow down in the United States (Economist:2001). Because as Guatemala is the largest regional trading partner when taking up a ten percent of both in import and export, it are the United States that receive more than two third of the country's exports and accounts for over half of its imports.

Summing Up

The only positive note related to a potential industry that was mentioned in the country report of the Economic Intelligence Unit, relates to tourism. But that is to say, if public investment is to increase substantially to fight the problems of a poor infrastructure and extreme violence, to name only two. Besides, in March 1998 the Transportes Aereos de Centro America, the Salvadoran airline TACA, which has a monopoly in the whole region of Central America and sets the ticket prices, successfully persuaded the government to revoke a license for a new route that had already been given to a Panamanian airline. What definitely underlines the political dominance in economic development (Economic Intelligence Unit:1998, Central Reserve Bank:2000).

What is the situation of a tiny country when regional integration plans are gaining momentum and liberalisation takes the form of changing heads more than structural reforms? According to the CAI, the GDP of 1999 is generated for 66 percent from services, 22 from industry and 12 percent from agriculture when thus generated by the companies dominated by the privileged few like the financial sector, air traffic, cement companies, and beer distillery (2000). Though the issues of 'dolarisation' and earth quakes in the beginning of 2001 are not even touched upon11, the tradable sector's growth rate fell from 7.7 percent in 1999 to 1.9 in 2000. And even though the increasing trade deficit has been a trend over the last years, the central Reserve Bank places the root cause with the temporal increasing oil price. Local savings in El Salvador have been slightly rising over the last year, indicating a reducing urge to invest, foreign direct investment is rapidly going down and investment abroad is going up (Central Reserve Bank:2001). Added with the ever dropping revenues in agriculture, the trend of urbanisation which started parallel to the recession of 1996 is not likely to stop, but this growing urban 60 percent of Salvadorans will indeed need jobs.

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11 Because data on the impact of the dolarisation and earthquakes are still changing. However, recent data from the United Nations on the effect of earthquakes state that national development went three years back in time (UN:2001)

ANNEX 5

Small and Micro Enterprises in El Salvador

Economic Weight

The question that follows is on the position of micro enterprises in this country where the democratic power is in the hands of the few powerful and consumption exceed production. Although their share in non agricultural GDP is only between 25 to 36 percent, the group of micro and small enterprises[1] is estimated to account for 99 percent of all non-farm enterprise activity and generate more than half of total employment, what is about 77 percent of urban employment. This means that 1 percent of the enterprises, the big ones, are generating somewhere like 70 percent of enterprise revenues but less than 25 percent of urban employment (Conamype:2000). If efficiency is restricted to labor input and revenue, El Salvador thus has a small efficient group of businesses at one side of the spectrum and huge inefficient sector at the other extreme. The main generators of GDP are those industries dominated by the large enterprises like maquila, coffee, and the financial services, then what does the majority of micro and small enterprises do? Until 1996 this smaller echelon of enterprises was not to be found on any agenda of the ministerial departments and statistically non-existing (Genesiss:2000). Of course they have always been there when some even suggest that the total size of the micro enterprises never really grew or reduced in relative terms over the past twelve years, even not after the war (Fepade:1997).

Segmented Micro Enterprises

The large national inquiry of 1997 was brought about by a collection of organisations under the coordination of National Commission of Micro and Small Enterprises, Conamype, and actually it was this study that led to the adaptation of the segmented model. Though identical national commissions erected in Guatemala (1987) and Honduras (1994) only in El Salvador they have facilitated a study on the exact constitution of micro enterprises throughout the whole country. The development of this White Book facilitated inter-institutional discussions on the context and content of enterprise development and it led to a rapid acceptation of the different groups of micro enterprises. When today the majority of service suppliers ground their visions and missions in this understanding and define their targeted micro segment (for example see Fademype:2001 and Fundapyme:2001). Yet, despite agreement on the distinctive character of the three segments of micro enterprises each of the organisation draws its own lines between one and the other section. And hence, some studies ascribe a 97 percent, others 88,4 and again others 70 to the collection of survival enterprises on the total body of micro enterprises. The weight of simple accumulation is somewhere between 26, 7.1 and 2 and the micro top takes around 4 to 1 percent (Fepade:1997, Genisiss:1998, Emprende:2000). Even if every study does underline a polarisation between the many tiny and the few micro enterprises, which is one of the prevailing characteristics of the Salvadoran economy, these floating figures do impede comparison and harmonisation of both theory and policy, and might impede the effectiveness of research.

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[1] When limited to 50 employees and a monthly income of 75.000 US$

Characteristics of Micro Enterprises in El Salvador

However, general characteristics of the micro-top of enterprises are that most are administrated by the actual owner, of which about two third are women, the majority of the owners are between 20 and 50 years of age and have a low degree of schooling when the large majority left school before the secondary level. The main motivation to start an enterprise is to help in the family income. An 80 percent of the businesses are located in the urban area of the central region of the country and 70 percent are not registered in whatever form. Further, it is argued that women dominate in the less rewarding activities and get less revenues than men. On the type of activity, there is one study that suggests that almost half of the micro enterprises are involved in commerce, a 30 percent in industry, a small 16 percent in services, 6 in construction and another 6 percent of the micro enterprises are devoted to transport and communication (Conamype:1997) But than another study ascribes a 69 percent to commerce, and more importance to services than to industry when respectively accounting for 24 and 7 percent (GTZ:1999).

Micro Problems

The main market for these small producers is the local market and with the recent trend of liberalization the market is of course effected by the increasing imports. However, the most often identified problem areas are more internal when strongly related to El Salvador's system of unequal opportunities. And which in a way is positive as the key to improvement seems to be within national control. The difficulties can be scaled out over those areas at the micro level when close to the internal environment of the enterprise and at the other extreme end the macro level where the core of the problem is a national issue. At enterprise level the most important issues are a lack of clients, low profits and strong competition. Technical information is scarce, administrative tools are absent, there is no access to official financial resource, and a scarcity of information about markets and prices what goes hand in hand with the fact that markets are disorganised. As this touches on the external environment the list can be expanded with a deficient infrastructure, complex processes of registration, an absence of social security and that the fact that they have to deal with a political agenda of exclusion what augments the effect of the problems already there. The lack of organisation, considering that 87 percent of the small enterprises are not associated in whichever form, underlines their weak bargaining position (Genesiss:1998:6). And in the case that there are for example national improvements in infrastructure this will be to the benefit of the political powerful with economic stakes, increasing the gap between the smaller and larger enterprises (Fepade:1997, Conamype:1997, Genesiss:1998, Redes:1999, Emprende:2000).

ANNEX 6

Newsletter Conamype

Estimad@s amigos y amigas :

La Comisión Nacional de la Micro y Pequeña Empresa -CONAMYPE- El Salvador, tiene el agrado de enviarles las micronoticias correspondientes a la primera quincena del mes de agosto de 2001.

SECCIÓN : DOCUMENTOS
Ya tenemos en línea los siguientes documentos :
MFN 000056: Marco General del Fondo de Asistencia Técnica para el Desarrollo de la Micro y Pequeña Empresa (MYPE). http://www.conamype.org/biblio/pdf/0056.pdf
MFN 000096: Características del sector Microempresarial Salvadoreño 1999.
http://www.conamype.org/biblio/pdf/0096.pdf
MFN 000197: FAT, herramienta indispensable para la pequeña empresa.
http://www.conamype.org/biblio/pdf/0197.pdf
MFN 000206: Crecimiento estéril o desarrollo: bases para la construcción de un nuevo Proyecto económico en El Salvador. http://www.conamype.org/biblio/pdf/0206.pdf
Los documentos están en formato pdf, para leerse con el software Acrobat Reader. Si no dispone de este programa, adquiéralo gratuitamente aquí http://www.adobe.com/products/acrobat/readstep.html

SECCIÓN : EVENTOS Y/O ACTIVIDADES
CONAMYPE presenta estudio "Características del Sector Microempresarial Salvadoreño"
La Comisión Nacional de la Micro y Pequeña Empresa (CONAMYPE), presentará el próximo 23 de agosto, el estudio "Características del Sector Microempresarial Salvadoreño. La actividad se llevará a cabo durante un desayuno en el Hotel Radisson Plaza de San Salvador, El Salvador, a partir de las 7:30 a.m.
El estudio que se estará presentando, ya se encuentra disponible en la biblioteca virtual de CONAMYPE, en la siguiente dirección: http://www.conamype.org/biblio/pdf/0096.pdf

Programa de Capacitación de Empresarios Jóvenes en la República de China
El Programa Nacional de Competitividad de El Salvador y la Embajada de la República de China, están trabajando en la identificación y selección de empresarios jóvenes de El Salvador, para capacitarlos en los conocimientos técnicos de gestión para empezar y operar una pequeña y mediana empresa, con la finalidad de consolidar la base industrial de El Salvador.
La capacitación tendrá una duración de un año en la República de China e incluye: boleto de avión ida y vuelta, beca mensual de aproximadamente $170.00, beca adicional por $170.00 el primer mes y póliza anual de seguro de accidente. Ultima fecha para recepción de solicitudes es el día miércoles 23 de agosto de 2001.
Si estás interesado, encuenta más información en
http://www.conamype.org/micronoticias/anterior/micro_agosto_1_1.html

Encuentro Nacional de Desarrollo de Proveedores para Comercio, Hoteles, Restaurantes, Franquicias y Hospitales
Señores Empresarios, la Secretaría de Economía de México, en coordinación con BANCOMEXT y NAFIN, le extienden una cordial invitación para que participe en el Encuentro Nacional de Desarrollo de Proveedores para Comercios, Hoteles, Restaurantes, Franquicias y Hospitales, el cual se realizará en el marco de la "Semana de las Pequeñas y Medianas Empresas (PYMES) del 11 al 13 de septiembre del 2001, en los salones Olmeca 2, 3 y 4 del Centro Internacional de Exposiciones y Convenciones del World Trade Center de la Ciudad de México, con un horario de 13:00 a 20:00 hrs.
El objetivo de este encuentro es propiciar la integración efectiva de las Pequeñas y Medianas Empresas a la cadena industrial, comercial y de servicios de las grandes empresas compradoras establecidas en México, mediante la realización de encuentros empresariales.
Más información, encuentrela en: http://www.contactopyme.gob.mx

Curso "Formación de Técnicos en la Metodología MATYSE (Mejore su Ambiente de Trabajo y Su Empresa)"
La Fundación para el Autodesarrollo de la Micro y Pequeña Empresa (FADEMYPE), con el apoyo
de SIPROMICRO/OIT, invita a participar en el curso sobre "Metodología MATYSE (Mejore su Ambiente de
Trabajo y su Empresa), dirigido a Ingenieros Industriales o Asesores, Consultores Independientes o de ONG´s, que
tengan relación directa con los empresarios en el área productiva.
El curso se llevará a cabo del 27 al 31 de agosto de este año, de 8:00 a.m. a 5:00 p.m., en la Universidad Don Bosco
(Km. 1 1/2 Col. San Antonio, C. Ppal. al Plan del Pito, Soyapango, San Salvador, El Salvador). Los participantes del
curso obtendrán acreditación para disponer de una innovadora metodología que reforzará la intervención de
apoyo en las micro y pequeñas empresas.
Inscríbete ya, el cupo es limitado. La inversión por participante es de ¢ 600.00 e incluye materiales, almuerzo, dos
refrigerios diarios y diploma de acreditación. Los primeros 5 inscritos podrán disponer de una media beca de ¢
300.00. Para inscripciones y mayor información puede comunicarse a las oficinas de FADEMYPE al teléfono (503)
225-9415, con la Srita. Linda Alarcón ó el Lic. Mario Díaz.

Seminario "Como Administrar su Tiempo "
La Asociación Salvadoreña de Profesionales en Administración de Empresas (ASPAE), invita al seminario "Cómo
Administrar su Tiempo", que se realizará el día 24 de agosto, en el Auditorium de la Organización de Estados
Iberoamericanos, ubicado en Pje. Istmania No.315, Col. Escalón, entre 77 y 79 Av. Nte, San Salvador, El Salvador,
de 1:30 a 5:00 p.m. La inversión por participantes es de $15.00 para socios y $20 para no socios. Para inscripciones y
más información, llamar al teléfono (503) 274-7521, o escribir a: aspae@hotmail.com

SECCIÓN: NOTICIAS
$ 9 mil millones para Plan Puebla Panamá
Cumplir con los ejes plasmados en el Plan Puebla Panamá podría costarle a México y Centroamérica $ 9 mil
millones, según expresó Juan José Daboud, Ministro de Hacienda de El Salvador. De estos fondos, Centroamérica
deberá aportar entre $ 2.5 y $ 3 mil millones y el resto México (Tomado de La Prensa Gráfica, en su edición del 7 de
agosto de 2001).

Para Competir la MYPE Salvadoreña Necesita Información
La Micro y Pequeña Empresa (MYPE) se está enfrentando a una serie de dificultades para entrar a competir al
mundo globalizado y uno de los principales obstáculos es la falta de información, expresó Haydée de Trigueros,
Directora Ejecutiva de CONAMYPE. Agregó que ante esta situación la CONAMYPE ha creado el Centro de
Información y Documentación, que cuenta con aproximadamente 1200 documentos con temática de MYPE,
algunos de los cuales ya están disponibles en la biblioteca virtual del sitio Web de CONAMYPE:
www.conamype.gob.sv (Tomado de Diario El Mundo, en su edición del 7 de agosto de 2001).

Si es de su interés promover eventos a través de este boletín electrónico, envíenos la información al e-mail
conamype@conamype.org. Este servicio es completamente gratis.

Un saludo,
Centro de Información y Documentación CONAMYPE

41 Av. Nte. No.115, Edificio Roosevelt Cuscatlán, San Salvador, El Salvador
Teléfono (503) 260-9260. Fax (503) 260-6590
www.conamype.gob.sv

Nota: Si usted ya no desea recibir este boletín electrónico, favor enviar un mensaje a conamype@conamype.org con
el subject "Eliminar suscripción de Micronoticias".

ANNEX 7

Correlation Matrices

Table (Annex 7) 1: Correlation between Personal and Enterprise Profile

		AGE	PERF	RESOUR_B	E_EMP	OWNER_S	E_AGE	LOC_ALL	GENDER	EDUCAT	PE_EMP	PE_TUR	PE_HOT	FE_EMP	FE_TUR	FE_HOT
AGE	Pearson Corr	1	-0,071	-0,183	-0,075	0,246	0,118	-0,248	0,115	-0,058	0,043	0,08	-0,064	0,043	0,136	0,145
	Sig. (2-tailed)	,	0,589	0,162	0,57	0,059	0,368	0,056	0,383	0,661	0,746	0,542	0,625	0,744	0,299	0,268
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
PERF	Pearson Corr	-0,071	1	,435(**)	0,221	0,09	-,282(*)	,371(**)	-0,067	,393(**)	0,123	0,062	0,138	-0,067	-0,106	0,033
	Sig. (2-tailed)	0,589	,	0,001	0,089	0,494	0,029	0,004	0,609	0,002	0,347	0,637	0,293	0,609	0,42	0,802
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
RESOUR_B	Pearson Corr	-0,183	,435(**)	1	,333(**)	0,032	-,404(**)	,648(**)	-0,006	,282(*)	-0,022	-0,011	0,005	0,14	0,111	0,11
	Sig. (2-tailed)	0,162	0,001	,	0,009	0,807	0,001	0	0,965	0,029	0,869	0,934	0,967	0,285	0,397	0,401
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
E_EMP	Pearson Corr	-0,075	0,221	,333(**)	1	-0,133	0,107	0,159	0,095	0,02	0,165	0,075	0,067	-0,187	-0,078	0,067
	Sig. (2-tailed)	0,57	0,089	0,009	,	0,311	0,417	0,226	0,473	0,88	0,208	0,57	0,611	0,152	0,552	0,609
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
OWNER_S	Pearson Corr	0,246	0,09	0,032	-0,133	1	-0,056	0,118	0,102	-0,008	-,267(*)	-,400(**)	-0,225	-0,238	-0,177	-0,245
	Sig. (2-tailed)	0,059	0,494	0,807	0,311	,	0,669	0,37	0,438	0,952	0,039	0,002	0,084	0,067	0,177	0,06
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
E_AGE	Pearson Corr	0,118	-,282(*)	-,404(**)	0,107	-0,056	1	-,269(*)	0,08	-0,229	0,102	0,058	0,013	-0,149	-0,099	-0,102
	Sig. (2-tailed)	0,368	0,029	0,001	0,417	0,669	,	0,038	0,541	0,078	0,439	0,658	0,924	0,255	0,449	0,439
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
LOC_ALL	Pearson Corr	-0,248	,371(**)	,648(**)	0,159	0,118	-,269(*)	1	0,072	0,146	0	-0,051	0,024	-0,048	0,025	0,099
	Sig. (2-tailed)	0,056	0,004	0	0,226	0,37	0,038	,	0,584	0,264	1	0,696	0,853	0,715	0,85	0,452
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
GENDER	Pearson Corr	0,115	-0,067	-0,006	0,095	0,102	0,08	0,072	1	-0,176	-0,095	0,015	-0,014	0,028	0,144	0,029
	Sig. (2-tailed)	0,383	0,609	0,965	0,473	0,438	0,541	0,584	,	0,18	0,469	0,91	0,915	0,833	0,271	0,829
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
EDUCAT	Pearson Corr	-0,058	,393(**)	,282(*)	0,02	-0,008	-0,229	0,146	-0,176	1	0,053	0,219	0,222	0,117	-0,068	0,162
	Sig. (2-tailed)	b0,661	0,002	0,029	0,88	0,952	0,078	0,264	0,18	,	0,69	0,093	0,089	0,373	0,608	0,216
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_EMP	Pearson Corr	0,043	0,123	-0,022	0,165	-,267(*)	0,102	0	-0,095	0,053	1	,604(**)	,441(**)	,449(**)	,307(*)	,339(**)
	Sig. (2-tailed)	0,746	0,347	0,869	0,208	0,039	0,439	1	0,469	0,69	,	0	0	0	0,017	0,008
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_TUR	Pearson Corr	0,08	0,062	-0,011	0,075	-,400(**)	0,058	-0,051	0,015	0,219	,604(**)	1	,785(**)	,312(*)	,540(**)	,511(**)
	Sig. (2-tailed)	0,542	0,637	0,934	0,57	0,002	0,658	0,696	0,91	0,093	0	,	0	0,015	0	0
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_HOT	Pearson Corr	-0,064	0,138	0,005	0,067	-0,225	0,013	0,024	-0,014	0,222	,441(**)	,785(**)	1	0,127	,489(**)	,312(*)
	Sig. (2-tailed)	0,625	0,293	0,967	0,611	0,084	0,924	0,853	0,915	0,089	0	0	,	0,333	0	0,015
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_EMP	Pearson Corr	0,043	-0,067	0,14	-0,187	-0,238	-0,149	-0,048	0,028	0,117	,449(**)	,312(*)	0,127	1	,505(**)	,456(**)
	Sig. (2-tailed)	0,744	0,609	0,285	0,152	0,067	0,255	0,715	0,833	0,373	0	0,015	0,333	,	0	0
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_TUR	Pearson Corr	0,136	-0,106	0,111	-0,078	-0,177	-0,099	0,025	0,144	-0,068	,307(*)	,540(**)	,489(**)	,505(**)	1	,741(**)
	Sig. (2-tailed)	0,299	0,42	0,397	0,552	0,177	0,449	0,85	0,271	0,608	0,017	0	0	0	,	0
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_HOT	Pearson Corr	0,145	0,033	0,11	0,067	-0,245	-0,102	0,099	0,029	0,162	,339(**)	,511(**)	,312(*)	,456(**)	,741(**)	1
	Sig. (2-tailed)	0,268	0,802	0,401	0,609	0,06	0,439	0,452	0,829	0,216	0,008	0	0,015	0	0	,
	N	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

Table (Annex 7) 2: Correlation within Personal Profile

		AGE	GENDER	EDUCAT	CO_EMPR	CO_TUR	CO_HOT	PE_EMP	PE_TUR	PE_HOT	FE_EMP	FE_TUR	FE_HOT	PERF
AGE	Pearson Correlation	1	,115	-,058	,195	,108	,045	,043	,080	-,064	,043	,136	,145	-,071
	Sig. (2-tailed)	,	,383	,661	,135	,409	,733	,746	,542	,625	,744	,299	,268	,589
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
GENDER	Pearson Correlation	,115	1	-,176	,015	,171	,198	-,095	,015	-,014	,028	,144	,029	-,067
	Sig. (2-tailed)	,383	,	,180	,910	,191	,130	,469	,910	,915	,833	,271	,829	,609
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
EDUCAT	Pearson Correlation	-,058	-,176	1	,150	,129	,255(*)	,053	,219	,222	,117	-,068	,162	393(**)
	Sig. (2-tailed)	,661	,180	,	,254	,327	,050	,690	,093	,089	,373	,608	,216	,002
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
CO_EMPR	Pearson Correlation	,195	,015	,150	1	587(**)	558(**)	,167	,048	,030	-,059	,309(*)	-,175	,062
	Sig. (2-tailed)	,135	,910	,254	,	,000	,000	,201	,718	,819	,652	,016	,180	,637
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
CO_TUR	Pearson Correlation	,108	,171	,129	587(**)	1	574(**)	,269(*)	,206	,167	,100	-,148	-,026	,033
	Sig. (2-tailed)	,409	,191	,327	,000	,	,000	,038	,115	,203	,448	,258	,846	,802
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
CO_HOT	Pearson Correlation	,045	,198	,255(*)	558(**)	574(**)	1	,095	,106	,211	-,014	-,098	,022	,262(*)
	Sig. (2-tailed)	,733	,130	,050	,000	,000	,	,472	,422	,106	,915	,457	,869	,043
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_EMP	Pearson Correlation	,043	-,095	,053	,167	,269(*)	,095	1	504(**)	441(**)	449(**)	,307(*)	339(**)	,123
	Sig. (2-tailed)	,746	,469	,690	,201	,038	,472	,	,000	,000	,000	,017	,008	,347
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_TUR	Pearson Correlation	,080	,015	,219	,048	,206	,106	504(**)	1	785(**)	,312(*)	540(**)	511(**)	,062
	Sig. (2-tailed)	,542	,910	,093	,718	,115	,422	,000	,	,000	,015	,000	,000	,637
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
PE_HOT	Pearson Correlation	-,064	-,014	,222	,030	,167	,211	441(**)	785(**)	1	,127	489(**)	,312(*)	,138
	Sig. (2-tailed)	,625	,915	,089	,819	,203	,106	,000	,000	,	,333	,000	,015	,293
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_EMP	Pearson Correlation	,043	,028	,117	-,059	,100	-,014	449(**)	,312(*)	,127	1	505(**)	456(**)	-,067
	Sig. (2-tailed)	,744	,833	,373	,652	,448	,915	,000	,015	,333	,	,000	,000	,609
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_TUR	Pearson Correlation	,136	,144	-,068	,309(*)	-,148	-,098	,307(*)	540(**)	489(**)	505(**)	1	741(**)	-,106
	Sig. (2-tailed)	,299	,271	,608	,016	,258	,457	,017	,000	,000	,000	,	,000	,420
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
FE_HOT	Pearson Correlation	,145	,029	,162	-,175	-,026	,022	339(**)	511(**)	,312(*)	456(**)	741(**)	1	,033
	Sig. (2-tailed)	,268	,829	,216	,180	,846	,869	,008	,000	,015	,000	,000	,	,802
	N	60	60	60	60	60	60	60	60	60	60	60	60	60
PERF	Pearson Correlation	-,071	-,067	393(**)	,062	,033	,262(*)	,123	,062	,138	-,067	-,106	,033	1
	Sig. (2-tailed)	,589	,609	,002	,637	,802	,043	,347	,637	,293	,609	,420	,802	,
	N	60	60	60	60	60	60	60	60	60	60	60	60	60

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant

Table (Annex 7) 3: Correlation within Personal Profile with Factors for Education and Experience

		AGE	GENDER	high educated	course takers	PERF
AGE	Pearson Correlation	1	,115	,029	,149	-,071
	Sig. (2-tailed)	,	,383	,823	,257	,589
	N	60	60	60	60	60
GENDER	Pearson Correlation	,115	1	-,055	,235	-,067
	Sig. (2-tailed)	,383	,	,676	,071	,609
	N	60	60	60	60	60
high educated	Pearson Correlation	,029	-,055	1	,000	,394(**)
	Sig. (2-tailed)	,823	,676	,	1,000	,002
	N	60	60	60	60	60
course takers	Pearson Correlation	,149	,235	,000	1	-,132
	Sig. (2-tailed)	,257	,071	1,000	,	,315
	N	60	60	60	60	60
PERF	Pearson Correlation	-,071	-,067	,394(**)	-,132	1
	Sig. (2-tailed)	,589	,609	,002	,315	,
	N	60	60	60	60	60

** Correlation is significant at the 0.01 level (2-tailed).

Table (Annex 7) 4: Correlation within Enterprise Profile

		RESOUR_B	E_EMP	OWNER_AL	E_AGE	LOC_ALL
RESOUR_B	Pearson Correlation	1	,333(**)	-,128	-,404(**)	,648(**)
	Sig. (2-tailed)	,	,009	,331	,001	,000
	N	60	60	60	60	60
E_EMP	Pearson Correlation	,333(**)	1	,065	,107	,159
	Sig. (2-tailed)	,009	,	,624	,417	,226
	N	60	60	60	60	60
OWNER_AL	Pearson Correlation	-,128	,065	1	,167	-,176
	Sig. (2-tailed)	,331	,624	,	,203	,178
	N	60	60	60	60	60
E_AGE	Pearson Correlation	-,404(**)	,107	,167	1	-,269(*)
	Sig. (2-tailed)	,001	,417	,203	,	,038
	N	60	60	60	60	60
LOC_ALL	Pearson Correlation	,648(**)	,159	-,176	-,269(*)	1
	Sig. (2-tailed)	,000	,226	,178	,038	,
	N	60	60	60	60	60

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

ANNEX 8

Results of the Factor Reductions

Table (Annex 8) 1: Factor Analysis of the Personal Profile

Factors	1	2	3	4	5	6	7
AGE	8,466E-02	,564	,725	-,370	1,845E-02	-8,127E-02	-3,889E-02
AGE234	,206	,572	,450	8,784E-03	,146	4,733E-02	,162
AGE34	,232	,408	,655	-,318	-,113	-,169	-,218
AGE4	-,235	,361	,529	-,470	6,216E-02	-2,292E-02	4,186E-02
GENDER	-6,254E-02	,198	,177	,202	,174	,765	-,273
EDUCAT	,741	-,332	-4,232E-02	-,293	-,452	7,806E-02	-5,044E-02
EDU_LO	-,716	,230	-3,187E-02	,322	,451	-,163	6,322E-02
EDU_HI	,715	-,340	-8,115E-02	-,279	-,400	3,459E-02	5,234E-02
CO_EMPR	,329	-6,757E-02	,561	,503	-,186	-,162	,131
CO_TUR	,406	6,804E-02	,397	,667	-,140	7,808E-02	8,076E-02
CO_HOT	,510	-,109	,381	,539	3,405E-04	,244	-5,663E-02
PE_EMP	,469	,401	-,221	,244	,139	-,361	,271
PE_TUR	,579	,530	-,324	,161	2,457E-02	-,214	-,293
PE_HOT	,545	,325	-,357	,225	8,140E-02	-,233	-,497
FE_EMP	,305	,467	-,302	-8,824E-03	-,100	,206	,625
FE_TUR	,216	,725	-,446	-,136	,136	,212	-7,213E-02
FE_HOT	,408	,576	-,344	-,205	9,151E-03	,230	9,843E-02
PERF	,612	-,451	5,971E-02	-,218	,578	1,342E-02	3,931E-02
PERF34	,497	-,449	8,843E-02	-,214	,581	7,317E-02	-2,289E-02
PERF4	,636	-,260	,141	-5,195E-02	,492	-7,915E-02	,152

Extraction Method: Principal Component Analysis. (a 7 components extracted.)

Table (Annex 8) 2: Factor Analysis of the Variables for Education

Factors	1	2
EDUCAT	,886	-,426
EDU_LO	-,856	,392
EDU_HI	,834	-,425
CO_EMPR	,494	,663
CO_TUR	,495	,735
CO_HOT	,591	,638

Extraction Method: Principal Component Analysis.(a 2 components extracted.)

Table (Annex 8) 3: Factor Analysis of the Variables for Experience

Factors	1	2
PE_EMP	,691	-,181
PE_TUR	,856	-,390
PE_HOT	,722	-,583
FE_EMP	,610	,568
FE_TUR	,812	,292
FE_HOT	,760	,390

Extraction Method: Principal Component Analysis.(a 2 components extracted.)

Table (Annex 8) 4: Factor Analysis of the Enterprise Profile

Factors	1	2	3	4	5	6	7
RESOUR_B	,868	,197	-3,296E-02	-,159	,228	5,263E-02	3,114E-02
RESOUR_3	,781	9,491E-04	-,112	7,310E-02	,191	-3,839E-02	-2,695E-02
RESOUR_5	,774	,131	3,438E-02	-,243	,342	3,456E-02	-,190
RESOUR_7	,535	,246	-2,461E-02	-,258	,188	,122	7,510E-02
E_EMP	,227	,848	-,171	-,167	-,225	-7,325E-02	,144
E_EMP5	,255	,518	-5,102E-02	-,333	,217	-6,089E-02	-,197
E_EMP10	,159	,711	-,364	-5,463E-02	-,453	1,410E-02	,190
E_EMP15	5,201E-02	,745	-,377	-3,476E-03	-,411	-8,115E-02	,152
OWNER_AL	-,237	,314	-,408	,437	,372	,466	-,263
OWNER_S	,129	-,340	,533	-,448	-,355	-,401	,184
E_AGE	-,615	,473	,559	,161	,173	2,856E-02	,113
age234	-,577	,397	,375	,158	,263	-7,413E-02	,196
age34	-,544	,401	,537	,157	,216	1,595E-02	,146
age4	-,449	,424	,541	8,943E-02	-7,389E-02	,158	-8,399E-02
LOC_ALL	,857	7,506E-02	,330	,285	5,913E-02	-2,645E-02	,103
LOC_1	-,612	,125	3,778E-02	-,311	-,318	2,543E-03	-,607
LOC_2	-,284	-,146	-,265	-,450	,472	,166	,578
LOC_3	-4,851E-02	-3,488E-02	-,369	,701	6,607E-02	-,517	7,073E-02
LOC_4	,367	-,257	,215	,180	-,485	,617	,189
LOC_5	,578	,313	,382	-,121	,265	-,270	-,231
LOC_345	,732	1,726E-02	,185	,621	-,126	-,138	2,350E-02
LOC_45	,771	4,574E-02	,487	4,824E-02	-,180	,284	-3,425E-02

Extraction Method: Principal Component Analysis. (a 7 components extracted.)

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