CAN HANDCRAFTS MICRO BUSINESS IN SOUTHERN SAN SEBASTIAN COMPETE WELL?

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Abstract
This paper analyzes sustainability and efficiency of organizations committed to the exploitation' activities of tule Thypha spp at the Zapotlán's Lake taking into consideration the socioeconomic and environmental impact in the municipalities of Gómez Farías and Zapotlán el Grande. The initial hypothesis departs from the consideration of the scarce social capital of organizations that limits development's sustainability. The research method employed is the ethnographic complemented with field work supported by informal interviews, documental and bibliographic research. The hypothesis of this research is proved empirically and confirms similar findings by the research conducted on the mainstream theory of social capital and its implications on economic development. The outcomes of the application demonstrate that the drama of economic efficiency and sustainable development of micro-business is tied to constrain of social capital. This finding has implications for the design and implementation of economic and social policies oriented towards the improvement of economic growth and sustainable development.

Keywords – *Economic efficiency, organizational social capital, organizational sustainability.*
JEL: *D20, L200, L230, 0100, 0120, 0130, Q010, Q500, Q560, Q570, R300, Z100*

1. INTRODUCTION

The new conditions of globalization underlie life conditions and the importance of a generational future as a component of competitiveness. What constitutes globalization is the interaction that changes the scenarios for the individuals, organizations and society, who are constantly hounded by contradictory forces and uncertainties. The appropriate use of natural resources can meet present and future interests, having a change in current practices. In comparison to the economic rationality´s logic that drives the functioning of organizations and has as a lead obtaining maximum present return, before that if natural resources yield greater benefit under their exploitation than taking care of them, they are sacrificed. Thus, the immediate economic profit is the current enemy of the environment.

The ecological proposal in organizations, widen its model of interactions which can integrate the environmental paradigm to the organizational system. An approaching to sustainability of organizations is affected by the combination of ambiguous environmental economic policies, the abrupt adoption of production technologies and market practices. Sustainability in business organizations as an implementation strategy of process reengineering and the adoption of production technologies are oriented toward avoiding waste materials, recycling trash and eliminating toxics.

Lacking acceptance of the role that business organizations play in sustainability, it influences the global debate questioning real causes of pollution which poses safeguards to organizations and justify poverty as the main cause generating environmental degradation. It also suggests as a consequence of deterioration the inadequate economic policies that allow for business actions less friendly with the environment.

This paper sets as aims, firstly to determine the level of organizational sustainability for the environmental and economic development of cutting treatment and exploitation activities of the grass called *tule thypa spp* from the Zapotlán Lake. Similarly, the paper pretends to analyze potentialities and economic benefits derived from a marketing orientation of international business in the making of art craft out of *tule* and *palmilla* (a kind of palm) that growth spontaneously in the Zapotlán Lake.

2. DIFFERENT ASPECTS OF SUSTAINABLE DEVELOPMENT

Sustainable Development

Sustainability is one of the major things that every organization is involved. Sustainable development has been defined in many ways, but the most frequently quoted definition is from World Commission on Environment and Development (WCED, 1987) "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs." (p.43).
- Every development if wants to be continuous should be systematic i.e. development should be in all parts and aspects (Economic, environment and society).

Economic sustainability

The modern concept underlying economic sustainability wants to maximize the flow of income that could be generated while at least maintaining the stock of assets (or capital) which yield this income (Solow, 1986). Fisher (Fisher, 1906) had defined capital as "a stock of instruments existing at an instant of time", and income as "a stream of services flowing from this stock of wealth". Hicks (1946) argued that people's maximum sustainable consumption is "the amount that they can consume without impoverishing themselves". Economic efficiency plays a key role in ensuring optimal consumption and production.

Problems arise in defining the kinds of capital to be maintained (for example, manufactured, natural, human and social capital have been identified) and their substitutability. Many argue that unrestrained economic growth is unsustainable, and point out practical limitations in applying the economic sustainability rule without additional environmental and social safeguards.

In the organizations all assess are not tangible and some are intangible for a sustainable development organization should note to this fact and to be sustainable economic development the organization should develop tangible and intangible (both) assets. Often, it is difficult to value these assets and the services they provide, particularly in the case of ecological and social resources (Munasinghe, 1992). Even key economic assets may be overlooked – e.g., where non-market transactions dominate. Uncertainty, irreversibility and catastrophic collapse also pose difficulties (Pearce & Tuner, 1990).

Environmental sustainability

As we know every sustainable development should consider the environmental development as well. The environmental interpretation of sustainability focuses on the overall viability and health of living systems – defined in terms of a comprehensive, multi-scale, dynamic, hierarchical measure of resilience, vigor and organization (Costanza, 2000).

These ideas apply to either natural (or wild) and managed (or agricultural) systems, and cover wilderness, rural and urban areas. Resilience is the potential of a system state to maintain its structure/function in the face of disturbance (Pimm, 1991). An ecosystem state is defined by its internal structure and set of mutually reenforcing processes. Holling (Holling and Walker 2003) originally defined resilience as the amount of change that will cause an ecosystem to switch from one system state to another. Resilience is also related to the ability of a system to return to equilibrium after a disruptive shock (Pimm, 1984; Petersen &Holling, 1998).

A sustainable organization integrates the ecological vision and the institutional theories in organizational systemic values. The acquisition of a common sense in the production of goods and services is utilized as a stronghold to promote the eco-efficiency as a friendly culture of organizations with their environments to achieve emission reductions and rational exploitation of natural resources.

The environmental variable in organizational culture is inserted as a rational interpretation of the functioning for the environmental protection, reducing insecurity and context's social pressure. Environmental protection is a technical variable composed by other environmental values such as the promotion of environmental caring, environmental risk control, adequate relationship between organizations, and integration of working groups, orientation and permanent staffing on sustainability.

In addition, it is necessary economic instruments to tie sustainable development to micro and small business enterprises. Instruments such as governmental policies, low market tariffs to diminish costs, promotion and incentive of employment opportunities, detection of opportunity areas, etc. are required. Also, it is

convenient to have the diagnostic of adaptable enterprises to sustainability because not all of the micro and small business enterprises are capable to form an environmental internal culture.

From the point of view of general theory of organizations, according to Baker y Burt (cited by Portes, 1999:247) study social capital to gain a greater insight, comprehension and understanding of market competitiveness mechanisms, while Joyce (1998) focuses his analysis of social capital in the leadership phenomena. Either the organization or each one of its members can be incorporated as public and private issues to social capital. Thus, from social capital emerge two patterns, the emphasis on public goods and the emphasis on private goods.

Leana y Van Buren III (1999) define organizational social capital as a resource which reflects the character of social relations within the organization, achieved through the levels of members' orientation by collective objectives and shared trust. Social capital is a collective attribute more than aggregation of individual social connections. It is a byproduct of other organizational activities and thus, it constitutes and indispensable component for the collective action. Social organizational capital is an asset whose joint possession between members and the organization benefits both.

A new organization has the advantage to create its own organizational social capital in such a way that can maintain optimum equilibrium between stakeholders, individual and other organizational interests in spite of their contingent nature. This is to say, different situations and persons in their relation to organizational performance. A community accounts on social organizational capital when their organizations are characterized by relationships of trust that develop and make predictable their behavior. The capacity of a community is reflected in its level of endogenous development.

The organizations are concrete reality with resources' rules and ordinances for the pursuit of objectives. Members of an organization have as expectations to solve problems of collective action to get supply of some goods and services. Organizations that follow general strategies and the ones that follow strategies of niches occupy different environmental resources to produce innovative responses that form interdependent connections with other specialized organizations in other industries such as structures of community support. Processes of economic structural change in a local economy require profound changes in trust levels and inter-relationships of cooperation fomented by arrangements of institutions and organizations. Thus, local government must define action lines which function as a catalytic converter of the community efforts.

Finally, population ecologists suggest that the environment selects the organizations which structural features provide the highest values for adjustment, emphasizing the competitive process as a driver of institutional change. Besides, population ecology suggests that organizations founded in a specific organizational form, combined with differences on the surviving rates between organizations with different organizational forms, produce institutional change.

3. THE CASE OF MICRO AND SMALL BUSINESS ENTERPRISES INVOLVED IN THE EXPLOITATION OF *TULE TYPHA SPP* FROM THE LAKE OF ZAPOTLÁN

Similarly to the great majority of aquatic bodies localized in closed basins of Mexican national territory, the Zapotlán Lake is the natural receptacle, dump and outlet where converge the sewage, trash and black waters from the human settlements of Cd. Guzmán and san Sebastián del Sur (Southern San Sebastián).

The presence of these natural elements form a nutrients mix that facilitates the growth and development of an abundant aquatic mix which has achieved to cover almost the totality of the mirror's surface of the lake and it extends further beyond the shores while penetrating humidity. The transformations of the environment´s lake of Zapotlán has a strong impact on the population's socio-economic issues, mainly in San Sebastián del Sur in the municipality of Gomez Farías, and to a lesser extent to the settlers of Cd. Guzmán in the municipality of Zapotlán el Grande, despite the higher levels of pollution in which it is actually found

Deterioration of this lake-body has achieved alarming levels as a consequence of the increasing population and its corresponding enlarging urbanization processes, industrial, farming and agricultural activities. Specifically, one of the natural resources offered by the lake of Zapotlán, the aquatic *tule typha spp* has been benefiting the settlers and inhabitants of San Sebastián del Sur mainly for its exploitation through the crafting of several products and handicrafts. Thus, the exploitation of the *tule* and the elaboration of handicrafts create direct employments and constitute the income base for around 300 families and their members, a roughly estimation of one thousand and five hundred individuals making a living out of these activities in the municipality of Gomez Farías.

However, more are the benefits obtained from the *tule* chubby and plump those other kinds, followed by the one known as *palmilla* (palm). In its natural habitat, the *palmilla tule* harms the *tule* chubby´s growing

and development. This problem, among others, added to the problems derived from environmental degradation which transforms nature of the Zapotlán's lake, limit the economic activities derived from the extraction of *tule*, whose tendency, if it is going to continue in the future, and threatens the disappearance of an important employment´s source for living sustainability of the inhabitants in San Sebastian del Sur.

To aggravate this problem, The Pan-American Olympic Games has chosen the Zapotlán's Lake as the location where the aquatic games will take place the year 2011. For that reason, the lake is having a profound transformation which implies the clearance and cleaning of the lake´s mirror from any type of grass and bush, including the cutting off and taking out of the *tule*.

Other factors contributing to limit the environmental and economic sustainability of development and the scope of benefits from economic activities and exploitation of *tule* are the following:

a) Null orientation toward a sustainable exploitation of the *tule* as a natural resource.

b) Lack of organization between the cutters of *tule* and the handcrafters'

c) Weak infrastructure for the development of a more advanced handcrafted production.

d) Excessive interest of hoarders and middlemen in the processes of commercialization and distribution of elaborated products.

e) Lack of mechanisms of governmental institutions to foster and develop economic activities, such as credits, training and technical assistance.

f) Null knowledge of techniques and systems to export their products to the international markets where more acceptances have.

Until now, handcrafted products derived from the *tule* as the main raw material, are elaborated with a strong artistic content to attend local, regional, national and international markets, which traditionally consume because there is a strong historic presence in Mexican culture since the pre-colonial times.

In order to be organized to attend the regional market, a group of 42 craftsmen acting as partners integrating the Association of Craftsmen (Asociación de Artesanos) initiated the construction of the "House of Craftsmen" in the early nineties to operate as an outlet for selling their products. This business still operates until now having only six partners, although it can be inferred from simple observation that the partners are undergoing heavy conflicts, dividing the building and infrastructure in small areas to operate their own personal business.

Most of the craftsmen deliver their production to middlemen who always perform as hoarders being a link in the distribution channel and contributing to the commercialization of the handcrafted products in the local, regional and national markets an incipiently in the international markets. These middlemen are precisely who hold the greater percentage of profits. By the same talking, a production oriented to meet the fundamental needs and wishes of our own local, regional and national markets, the craftsmen do not perform product design and product development activities. The crafted products implicitly have a higher craftsmanship content to meet a more sophisticated demand of international markets which value and appreciate the artistic sensibility and good taste of the skillful craftsmen. These craftsmen work the tule as a raw material for the creation of handcrafts.

The exploitation of *tule* from the Zapotlán's lake has followed irrational patterns which affect not only the environmental sustainability and equilibrium, but also generate problems of low family income and in the running time lesser employment for manpower. The rehabilitation of the Lake requires a more rational exploitation of the *tule*, in such a way that does not affect the environmental sustainability and the economic activity derived and the treatment of *tule*, while on the other hand, also it is required to improve the family income who work the *tule* and inclusive to generate new employments.

4. CONCLUSIONS

The exploitation of tule represents an economic activity that provides income to approximately three hundred families living at the settlement of San Sebastian del Sur. Nevertheless, in the last few years the income has been decreasing due to the environmental changes and to the rehabilitation of the Zapotlan's Lake to host the Pan-American Games in 2011. Both, the environmental changes and rehabilitation of the lake represent a serious threat to the economic efficiency and environmental sustainability.

To achieve equilibrium between environmental sustainability and economic sustainability must be one of the main goals of the rehabilitation programs. Thus, it is required the best indicators under a systematic study to determine the most adequate levels of environmental sustainability and economic efficiency.

The limited social organizational capital and the lack of adequate forms of organization for the productivity, contribute to limit the scope and economic benefits that must provide an adequate exploitation of *tule* from the Zapotlan's Lake. Disorganization of cutters and craftsmen of *tule* is the source of profound and

increasing conflicts that not only block and limit the scope of better levels of productivity and family income, but also make difficult the pacific coexistence and living together and spoil the community´s quality of life.

Lacking a consultancy program to exports of handcrafted products has an impact on lower income to the families of cutters and craftsmen, because who actually obtain the greater part of profits are the intermediaries who take part on the commercialization processes and distribution channels.

Some characteristics of specificity and appropriateness of social and human capital involve economic, social and political relationships among individuals who are members of organizations, making complex their effects. Market is a social construction that makes operational social relations. Both capitals can be important resources of the competitive advantage, assuming that reside in the members or it is specific to the organizations as integral parts of resources that are unique and that are no observables. Organizations with higher levels of social and human capital generate more competitiveness than those with lower levels. A sustainable and competitive Economy requires programs aimed to improve social and human capital.

5. RECOMMENDATIONS

Some recommendations after this research are formulated below:

- Design a program to promote handcrafted activities derived from the exploitation of tule that in a parallel form to the rehabilitation program of Zapotlán's Lake, establish the right indicators to achieve equilibrium between economic efficiency and environmental sustainability.
- To set a program of export consultancy with the support and technical staffing from students of international business at University of Guadalajara that provide the knowledge, skills and contacts in such a way that the *tule´*s craftsmen directly commercialize and market their own handcrafted products in the international markets.
- To propose a program for development of organizational and social capital and new forms of organization aimed to increase productivity and competitiveness of the craftsmen, thus increasing their family income and promoting employment creation and improve the quality of life of the whole community of San Sebastian del Sur.

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