

## THE NETWORK AND THE SOCIAL CAPITAL – IMPORTANT ACES FOR TOURISM ENTREPRENEURS

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### Abstract

*In the business field, the social network based on ties of trust is an attribute of organizations with strong organizational culture where the social status is important. These networks are the source of social capital.*

*Given the role of tourism industry in the development community, especially since 1990, according David A. Fennell (2003) the social capital can exist at the micro level with reference to social network sites that exist in the very strong social arrangements, at the meso-level with people throughout the community and at the macro level from an inter-community perspective. This article stresses the importance of network design and the social capital in support of sustainable tourism and how the partnerships between business, local and government authorities and bodies responsible for tourism development and default community may be an important active for an industry that brings many advantages in economic and social development in all areas of the world.*

**Key words:** social networks, trust, resources network, social capital in tourism.

**JEL classifications:** L83, M10, M14

### 1. INTRODUCTION

Everything we manage to build and leave behind us, the personal or company brand that we enforce upon others depends on the way we draw attention to who we are and on the way we create supporters for the actions we wish to initiate. Political parties look to win citizens' confidence and vote, television networks are after viewers' trust, universities fight for reputation in order to interest students, to earn society's endorsement, international recognition and collaboration.

Entrepreneurs and managers implement strategies in order to obtain a place in consumers' minds and clients' loyalty, the trust of business partners, support from the community. The tireless carousel of the world is propelled by the word “trust” and the connections with others, that we create and consolidate in time, starting from our family members – parents, brothers, grandparents, uncles, aunts and cousins, up to old playmates, neighbors, colleagues, teachers, business partners. Basically we embrace a prodigious work like a spider netting its web, the only difference being that ours is a solid, “steel” web, hard to tear down and very well positioned: it is our web of *social connections*. In fact this would be a sort of social capital concept for short, extremely important in the competitive world of business, even more so during economic crisis. The time has passed when Americans used to take seriously what the President of the United States of America, John Fitzgerald Kennedy, had told them during his opening speech, on January 20th, 1961: “Ask not what your country can do for you – ask what you can do for your country”. Now it is time to ask yourself what someone can do for you, what opportunities may come along.

Specialists say that, in fact, “It doesn't matter what you know, who you know, but the opportunities you get from the people you know! ... most important is what you accomplish with the help of the people you know, and especially the attitude you have towards them...people “buy” people, not products, as most entrepreneurs do business with the people they like!”

In “The Red Book of Sales” Geoffrey Gitomer (Gitomer, 2006) claims that “in normal conditions, people wish to do business with friends. Even when offers are unequal, people *still* prefer to do business with friends.” The author considers that, in sales, this contacts' network “means instincts, social behavior and the ability to sell” and among the principles of this network one should: be known by people who matter, earn as many clients as possible, have more contacts, get more sales, make connections, progress in career (or get a job), make a reputation (and be seen and acknowledged like a person one can count on).

Studies show that social networks help societies in overcoming difficulties and distortions caused by economic and social crisis more than in cases where these networks do not exist.

In the economic field, companies who have made efforts to create contacts and networks at population level with other institutions enjoy greater results.

For this, individuals need the so-called social skills, meaning those skills that are useful to them in interacting with others. These have strong effects on many important results in many situations.

Among the specific social skills having this power we may mention (Baron, Tang, 2009) *social perception* – the ability to accurately perceive others; *expressiveness* – the ability to express feelings and to

have clear, clean and open reactions to others; *impression management* – the ability to make a first favorable impression to others (this one includes two other components – *ingratiation* – a sort of “getting into somebody’s good graces” showing the efforts made in order to ensure a high level of sympathy and acceptance from others, as well as promoting individual image – *self-promotion* – presenting a good perspective of personal abilities and accomplishments from the past); *expressiveness* – the ability to clearly and openly express emotions (this also includes enthusiasm) and *social adaptability* – the individual ability to adapt its actions to the respective social context.

In fact “we are the result of the investment we make in others” because, as one can easily notice, it is not enough to have these abilities, but “you must put them to work”.

In the organizational world, business networks, based on trust connections, are the prerogative of organizations with a powerful organizational culture where social values have an important status and where they are materialized with the help of management procedures. It all starts with the leader himself, and his/her employees, through the creation of a climate of trust, between the leader and the subordinates and vice-versa, as well as between all subordinates. Following a poll during which the employees of a company were asked to choose a quality they seek most in a so-called employee, more than 75% chose “trust or responsibility”. Once this has been accomplished, the information offered among them turns into “working capital” that benefits the development of the business. The employees themselves may recommend the manager other potential competitive employees, business opportunities, suppliers, clients.

In Romania, social networks represent an instrument left yet unexploited at an official level, though it works in the business field informally, and many times negatively, in the sense of “using connections or wangles”. Still, the future will show the entrepreneurs and Romanian managers’ efforts orientation towards accumulating social capital, contacts and networks, considering that we have lately started to talk about a class of “educated” business men who prefer to use scientific methods and techniques in managing their companies. Moreover, multinational companies present on the Romanian market offer eloquent examples in that direction. Another aspect that influences this orientation is the specific of the Romanian culture, as we are a “collectivist” country (Hofstede, 1996) where group relations have a privileged status and often dictate the actions undertaken.

“The types of networks that are predominant in our society are those of kinship, of family, that are limited geographically and socially”. However, they cannot be efficient for the activity of an entrepreneur because they involve a small number of individuals,

because they are heterogeneous and because of the lack of credibility of the information that may circulate between these individuals, as they may not have the necessary expertise in the field.

A factor that explains the small number of these networks is the fact that Romanians have a very low level of confidence in others: 57.9% do not trust most people (according to the Public Opinion Barometer, May 2007).

At a country level social networks and its social capital contribute to economic development, visibility increase on international level and social cohesion consolidation.

In specialized literature we find the term taken from English – network, used in the case of social and business networks, and it will be used throughout this document in order to facilitate the use of bibliographic references.

## 2. ACCUMULATING CAPITAL BY EARNING TRUST

In a social system the actors participating in businesses wish to reach certain objectives, to develop new ways of action within the shared cultural models of behavior, to fight for a continuous optimization or rewards and results that will lead them to a more efficient and effective process and they integrate their actions (directly or indirectly) within the actions of other actors. To this point they are interested in four types of capital (Groen et al, 2008a).

*Strategic capital* – it refers to the set of capacities that give actors the possibility to decide upon their objectives and to control their resources and other actors in order to reach these objectives.

*Cultural capital* – creates a temporary condition in a symbolic system of values, norms, beliefs, hypotheses, symbols, rules and artifacts that intensify change and learning.

*Economic capital* – includes the set of mobile resources that may be used in exchange relations between the actor and its environment in the process of acquisition, of giving up goods or of sale. It shows the level of system efficiency and it can be measured using monetary means.

*Social capital* – refers to network connections of an actor that offer direct or indirect access to other actors. In a limited meaning, with the help of these connections the actor may use and enjoy the benefits of the capital that is controlled or owned by the other actors.

Supporters of this theory add that any exchange between actors involve each of these four types of capital: each economic transaction is governed by the use of strategic capital (for example, power or authority) which leads to the building of a social capital between participating actors as they start to trust each other, the cultural capital being consolidated at the same time (a mutual reference or knowledge

background). The analysis of these connections may be a way of intervention in managing tensions that may appear in the process of the company's development.

Once the opportunity has been identified the entrepreneur may decide how to put it to practice. This will necessitate work force and capital resources. At this point, trust becomes a major issue. The entrepreneur must trust the financier in order to make a fast decision and offer the funds, to trust that the employees work well and remain loyal. Social networks help the entrepreneur to have contact with reliable people. He may meet his favorites face to face outside the official environment of interviews. He may compare the way they react in a more relaxed environment and use this to foresee how they might react to an unexpected problem.

Depending on the trust that is built the entrepreneur will decide if he will shake hands, make a formal contract or not make the deal at all.

Trust is also important in the matter of confidentiality. The entrepreneur needs at least a temporary monopole over the exploitation in order to reduce the costs he had when searching for opportunities – including the time spent with the network.

The opportunity monopole may be diminished if the financial prospect made by a guarantor or an employee becomes competitive with its own. Fear of imitation shows that the entrepreneur cannot afford showing the others the opportunity due to lack of trust.

Social meetings with the others give the entrepreneur the possibility to evaluate their discretion. The entrepreneur may verify if the people he meets also meet other members of the network. He will have the possibility to talk to clients of the bank from which he wishes to obtain a loan or with formal employers of the people he wishes to hire. To conclude, it is useful to have a network of people made of a mixture of individuals already in contact or on their way to become connected. It is also an advantage to find individuals with experience – maybe presidents, or representatives, or consultants who may advise the entrepreneur how to choose the best business partner.

The types of networks that are considered the best in building trust are the church, the charity organizations, sports clubs or leisure clubs. These may give opportunities for regular meetings and important discussions regarding matters that will bring to attention fundamental values, beliefs and convictions of the people involved. Interest in religion, level of compassion, team spirit and personal opinions, all these may be appreciated within this type of organizations.

Generally, non-profit volunteers' organizations are extremely useful as the part a person plays in such an organization and the way it refers to it shows the level of involvement that can be expected from that person in similar situations.

This type of organizations offer a secure and favorable environment for open discussions because they don't function for the interests of an entrepreneur oriented towards profit, thus the shared information can be used strategically.

Acquiring resources involves a different type of network for finding opportunities. As it is with relations between people, networks may have their own configuration, a different degree of openness and acceptance and a different way of manifesting power, including through the creation of a leader.

The internet has become nowadays an instrument helping these social networks to function. "One of the relatively new tendencies in the area of technologies based on the internet is exploiting the networks potential to facilitate and bring value to precisely this type of inter-human relations. Social networks oriented towards business have been created quite fast, LinkedIn being probably one of the best known. The concept remained the same, but, in the world of business, it has been renamed "transfer of reputation": a person we know transfers the trust received from us to the people he/she is connected to, thus, step by step, the users manage to become familiar with possible partners or collaborators from the fields they are interested in" (Sirbu, 2006).

### **3. SOCIAL CAPITAL IN BUSINESS AND ITS DIMENSIONS. THE IMPORTANCE OF THE NETWORK**

In the opinion of Marc J. Dollinger (1999), the entrepreneur must offer something to its partners: an ability, a process, a technology, a system of administration, access to a client or a desired location. But it is the entrepreneur that initiates contact and maintains relations at a personal level, all of which may be transformed to contracts and formal arrangements.

These strategies of cooperation and collaboration are made accessible to entrepreneurs by the others for four reasons: friendship, sympathy, gratitude and obligation. In each of these cases the entrepreneur has created a positive environment of cooperation, through "good behavior".

In order to encourage cooperation from the others he must share the information with the company/people targeted; must help the target solve its own problems; must be open to accepting help in solving personal problems; must offer and receive business and personal favors; must create opportunities for others to obtain recognition and fulfillment; must build and use contact networks and facilitate access to these networks for others; must ask the others to make their own networks accessible and protect the partners' reputation and credibility.

We shall call the entering in these contact networks and their usage by entrepreneurs – *Social Embeddedness*.

Insisting on “social embeddedness”, Bat Batjargal (2000) initiated a research with 75 entrepreneurs from Russia in 1995, followed by another one, for control, in 1999, in order to study the constraints of the embeddedness structure effects/social interconnection, social embeddedness relations and social embeddedness/interconnection resources on the performance of the company. The main conclusion was that the social embeddedness relations and resources have a directly positive effect on increase in sales, marginal profit and investment retrieval, in contrast with the social embeddedness structure that doesn't have an impact on performance.

### 3.1 Definitions of the concept of social capital

Throughout their lives, people are involved in social situations and these social relations are fundamental for anyone in their life. In this context, the social capital is traditionally seen as a set of social resources embedded in relations and resources at people's disposal throughout their social connections.

The social capital is a term widely used in social, economic, political sciences, but its precise meaning still remains the subject of researchers' debates. The subject is approached in many disciplines and may “offer the means to better understand roles and interactions within communities” (Fennell, 2003). Definitions for social capital are diverse depending on different ways of approach encountered in specialized literature:

- individuals ability to work together within groups and organizations for a common purpose (which involves an increased level of understanding regarding social organization, meaning casting roles and duties, sharing common norms and values, to the purpose of obtaining mutual benefits);
- the total of actual and potential resources integrated in, at the disposal of and derived from the network of relations of an individual or of a unit/social group;
- the total of real or virtual resources that is due to an individual or a group holding a lasting network of relations of mutual acceptance and recognition more or less institutionalized;
- the cumulative capacity of social groups to cooperate and work together for a common purpose;
- an informal norm established to promote cooperation between two or more individuals.

Numerous studies regarding the meaning and usage of the social capital confirm the fact that by connecting with others, who share the same values, individuals are capable of obtaining more than what they would obtain if they acted on their own.

### 3.2 The “Domino” of the Social Capital

The social capital has to be established in a real human relation. Its essence includes (Cope et al, 2007):

- *building and maintaining networks and behavior norms they request;*
- *the good will a factory of social relations generates and which can be mobilized to facilitate the action;*
- *and the total of resources that increase an individual's or a group's quality of maintaining the network.*

The reciprocity norm may be *potential* in transactions with other individuals, but it is real only in transactions with friends. In this definition trust, networks, the civil society and the desire with which they were associated with the social capital are all epiphenomenal and have appeared as a result of the social capital, but without constituting the social capital itself.

Describing its content invariably includes trust, relations, association, interdependency and networks.

By synthesizing all these elements, the social capital may be considered as connected to the system of relations and the social characteristics in which individuals are embedded.

These are not based on market transactions, although they can and they are often described as means of reducing costs and the moral hazard of interaction.

Anderson and Jack (2002, quoted by Cope, Jack and Rose) use a structured observation of the social interaction process.

They state that, by developing social connections, the manifestations of these connections may only be explained as the building of the social capital.

Thus, the social capital exists in a social field and manifests itself in social interaction. This is of help to us because it suggests the fact that what social capital represents is of relational nature.

Considering that the social capital has to be part of an interaction, and consequently it is an asocial product, a group or a network phenomenon is necessary. Individuals may be more or less inclined to use or develop a social capital, but the latter consists in the relation of connections.

In this context, the social capital – defined as the networks of relations and the actives within these networks, has proved to positively influence the performance of the company, the product innovation and the building of the general network within the industry. Similarly, the social capital facilitates for individuals their carrier/profession and status, power accumulation, carrier mobility, and has an impact on compensating executive superiors.

The individual's resources, defined as the valuable actives owned by persons and used in a social network, represent the fundamental link

between the actions aimed at by participating actors and their results, for example, entrepreneurial entrance and exit. Consequently, it has been established that entrepreneurs' initial resources have a long term impact on business performance.

Still, the model of dispersion of different resources between individuals at a given moment in time is a function of the social structure. Different resources or the capital are unequally dispersed within hierarchies as they are between groups in society. The volume of resources owned by an individual or by groups is contingent to the general position of the individual or of the group in the social space.

This unequal dispersal of resources between social groups and individuals is called the heterogeneity of resources of the social actors. This heterogeneity forms the set of constraints that governs society's functioning in a lasting manner, determining the chances of success for individuals' instrumental actions.

The entrepreneurs' *social capital's heterogeneity* refers to the unequal social resources on entrepreneurs in terms of network size, relations and contact resources. The entrepreneurs' social capital heterogeneity leads to variations in the company's performance because social relations facilitate the entrepreneurs' decisions regarding acquisitions and sales.

The network thus becomes a resource sustained by the social capital that constitutes an intangible active.

Thus, networks are dynamic and, consequently, they can be modified in time. Exploiting the benefits of networks consists of a set of „game rules” based on implicit knowledge that derive from common sharing of “communities' practice”. For “outsiders”, the frontiers very quickly become barriers. Studies show that successful entrepreneurs from ethnical minorities have often joined mostly clubs for Caucasians in order to consolidate their social capital.

### 3.3 The dimensions of the social capital/ social embeddedness

In Batjargal's approach, the three dimensions of the social capital, that essentially characterize the nature and categories of the connections between different authors, as well as their effectiveness, are:

- *social embeddedness structure* – the structure of the general network of relations;
- *social embeddedness relations* – the degree in which economic actions are affected by actors' personal relations and
- *cognitive social embeddedness* – the degree in which an individual shares with a community or a group a system and a common code of understandings.

To these we may add a fourth dimension of the social capital: we may consider the one represented by *social embeddedness resources* - the degree in which

the connections in the network contain valuable instrumental resources. Social embeddedness resources have been considered as „the arterial quality of connections” and are a function of the attributes and characteristics of individual's alternatives (for example, high status contacts versus low status contacts).

Another more detailed approach of the social capital dimensions includes five aspects: groups and networks; trust and solidarity; collective action and cooperation; social cohesion and inclusion; informing and communication.

In his research, Batjargal (2000) made the embeddedness structure operational by using two elements: the size of the network and relational embeddedness.

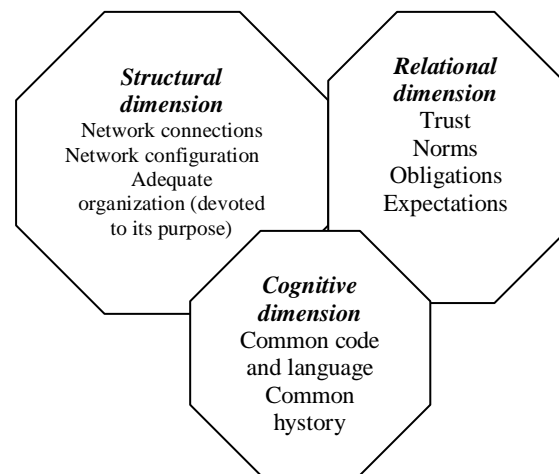


Figure 1 - Social capital dimensions “hive”

Source: adapted from Henrik Tötterman, Jan Sten, “Start-ups: Business Incubation and Social Capital”, *International Small Business Journal* 2005; 23; 487

<http://isb.sagepub.com/cgi/content/abstract/23/5/487>

The *size of the network* is defined as the degree in which an egocentric network contains different alternatives, for example, demographic characteristics or occupational status.

*Relational embeddedness* was interpreted as relational content and relational trust. The author used relational embeddedness as the “friendly field” (number of “friends”) indicating the strong connections and the “knowledge field” (number of “relations”), indicating weak connections.

Embeddedness resources were made operational in the degree in which an egocentric network is made of actors with a high socio-economic status and in the degree in which entrepreneurs were capable of bringing more value to their personal networks' financial resources.

Russia's experience brought forward by Batjargal is edifying to a certain degree for our country as well, from the point of view of socio-economic-political conditions that the entrepreneurs had to deal with in an economy of transition. But this behavior, of network usage, is rooted in both

countries, starting from the communist period. In Romania, as well as in Russia, during the communist dictatorship the informal system of contacts served as an alternative social mechanism for overcoming rigidities in production factories and provisioning practices, in order to obtain goods and services within the ration system characterizing that period. It was a condition for survival, since people were forced to eat according to an absurd ration card, based on centralized planning that was insufficient for the entire population (Corodeanu, 2008).

The conclusions of the study show that different dimensions of the social capital have different effects on the entrepreneur's performance: relational embeddedness and embeddedness' resources have a direct positive impact on the sales increase, marginal profit and investment retrieval. As a conclusion, heterogeneity in the relational dimension and the entrepreneurs' initial social capital resources determine variations in entrepreneurial performance.

#### **4. RELATIONS AND BUSINESS NETWORKS. THE NETWORK**

##### **Types of business relations**

Dollinger (1999) identified four types of business relations: alliances, networks, partnerships and communities.

In another similar classification, the best known functional associations (industrial structures/business relations) from the present economic life are: strategic alliances, the cluster, virtual enterprising, extended enterprising, the business network.

##### **Business networks**

Modern business can be managed only by approaching complex situations. Globalization and integration are at the origin of **business networks**.

Cooperation or a business network consists of several companies that communicate and interact and may reach a certain level of interdependence, but this means that they do not cooperate in related industries or industries in the same geographic areas.

When crucial points and temporary connections are defined and localized in a certain area a structure will be constituted.

Governments have invested a great deal in building local and regional entrepreneurial networks to the purpose of improving economic performance and regeneration.

Still, there are more types of networks and they correspond to different purposes. Some types of networks are mostly useful in initial stages of entrepreneurial activity and others in more evolved stages.

##### ***Networks general objectives***

**The networks general objectives** are as follows: assigning activities or operations for the safety of better cooperation efforts; sharing knowledge and/or information for consolidating the competitive ability; sharing objectives, duties and positions in order to obtain high professionalism in a shorter period and with lower costs.

##### ***The nature of resources within a network***

Networks are considered to be engaged in an active exchange of resources with their larger working environment (Shaw, 2007). Organizations or individuals that are members of these networks benefit differently from the exchange. It is assumed that, since there are two types of *networks* – *interpersonal* and *inter-organizational* – resources that can be supplied for/and in an exchange between these two types of networks and have an importance in the creation of the new business, are somewhat different.

Because resources within interpersonal networks are important in creating the new business, Burt (1992, quoted by Shaw) identified three major types of business men resources for financing an organization; personal financial resources; personal abilities and social resources.

Entrepreneurs need to constitute their financial sources either from their own savings; either from loans offered by friends or financial institutions that they have managed to collaborate with.

***Interpersonal networks*** function as a channel of information, offer access to resources and grant legitimacy to create new businesses. A productive network can make the difference between staying on the market or disappearing. With its help entrepreneurs overcome the distance and the barriers between them and the investors more easily and maybe even forever, thus being able to obtain loans. Table 1 represents the elements that identify social capital indicators for these types of networks.

A research within 50 businesses in the field of high technology regarding the direct and indirect effects of connections between entrepreneurs – founders and 202 investors deciding if to initiate the financing of the business showed that entrepreneurs interpersonal relations influences the selection of a business for financing through the means of information transfer .

Besides raising the necessary capital, an entrepreneur will seek a personal advice, as well as support from the family, ex-colleagues and friends.

All these are important resources available in the founder's interpersonal networks.

**Table 1 - Social Capital Indicators for interpersonal networks**

Social capital elements that need to be measured			Individual Social Capital
			Interpersonal Networks
Social capital presence	Network's structural characteristics	Network's size	The number of people with whom an individual maintains different types of relations: friends, family, friends and relatives less intimate, acquaintances, neighbors, work colleagues, business partners, etc.
		Network's density	The level of interconnections between network members
		Network's diversity	The heterogeneity of network members' socio-economic status
		Contact frequency	Number and dimension of contacts between network members
		Contact intensity	Relations resistance and nature in terms of emotional investment (weak – strong)
		Spatial proximity of network members	Network members that meet face to face frequently
Social capital functioning	Network's dynamics	Networks mobilization Resource access conditions	Presence or absence of alternative solutions, feeling of dependency, difficulties in requesting assistance, evaluating the assistance capacity limit, etc.
		Networks mobilization – Gap between perceived and mobilized resources	Expectations regarding availability of support/resources and questions regarding truly received support/resources
		Relational competence and social integration conditions	Relational abilities and effects of events throughout life
		Internal norms and rules within the network	Norms: cultural and ethical dimensions of network relations (trust, feeling of belonging, tolerance, inclusion, etc.)
	The external context in which the social capital operates	Institutional structures and regulations	Formal/informal arrangements that help/prevent relations development and social integration.

### ***Resource exchange models within the network***

Two basic models of resource exchange are essential for understanding the nature of the connection between the new business and its founders and the respective networks: localized exchange and progressive exchange.

**A localized exchange** represents a transaction that involves an exchange of resources between two parties within a network that is created completely, only once.

**A progressive exchange** of resources in a network refers to the situation in which a person or a company requests and receives a certain amount of resources from other persons or companies on credit and agrees, or is expected to offer resources in exchange at a certain given moment, only later. This type of exchange reflects the level of trust between the partners in the transaction.

Localized exchanges require an immediate transaction setting and this necessitates less trust. Because progressive exchanges guarantee to a certain degree the postponing of resource retrieval, these are mostly based on mutual trust and agreement between the two parties participating in the transaction.

Another concept introduced is the one connected to **the resource network balance**. It is

considered that, within the networks, in order to facilitate resource exchange, each actor will have to keep certain documents regarding the resource balance.

This aspect is especially obvious when an important part of the progressive exchange can be based first of all on mutual trust. Each actor participating in the transaction keeps a register that indicates the balance of the resources exchanged with other actors within the network. The resources balance is defined as the difference between resource request and resource accumulation.

**A resource deficit in the resources' balance** indicates the fact that there is an excessive request compared to what has been anticipated, whereas a plus indicates the opposite.

**A plus in the resources' network** means that the company is generating more resources than required in the network. As a result of this plus, the company is able to exchange more resources within the network and will consequently find itself in a relatively strong position if it manages to maintain this balance plus.

Effective networks normally use reputed trustworthy intermediary brokers. The Government's reputation offers an important role, as a trustworthy broker, but danger appears if reputation can be undermined when it extends its activities to areas

where it lacks the competence of effective intervention.

## 5. NETWORK AND SOCIAL CAPITAL IN TOURISM

Tourism is a networking industry pre-eminently, maybe even more than other fields of a country's economy. A study analyzing 1500 companies of all economic sectors in Australia pointed out that networks dominate in the services sector and the largest number of business networks in the services sector was found in tourism. Tourism has always been considered a system where interdependency is essential and collaboration and cooperation between different organizations from a tourists' destination create the tourists' product. Most destinations consist of suppliers' networks and the benefits of these networks are the most profitable tourists' destinations. Throughout time, tourism has been seen as scattered geographically, often with areas far from the source market, consisting of small independent resources with an increased personnel fluctuation, operating in a turbulent business environment. In this case, operators' survival greatly depends on collective action of cooperation. These networks, whatever their type – informal local alliances, formal partnership agreements, local non-profit tourists' organizations, governmental structures, regional or national help compensate the fragmentary nature of tourism. A relatively large number of small dimension actors with little resources cannot individually follow the development of a long-lasting tourism, the only way being common effort and collaboration within networks.

Another reason for which the network and the social capital are important in tourism depends on the fact that many of the main resources of a tourists' destination that are commonly used in order to attract tourists belong to the community (physical resources – beaches, lakes, caves, national parks; entropic resources – museums, art galleries, national inheritance monuments; intangible resources – brand destinations or the reputation of the local population's hospitality, etc.).

Given the role of tourists' industry in community development, especially starting with the '90s, in this field "the social capital may exist at a *micro* level with reference to social networks that exist within certain very restricted social arrangements (for example, people have to work closely together day by day); at a *meso* level with persons from the entire community, and at *macro* level from an inter-community perspective (in a very restricted approach). In this context, the social capital gains consistency when these groups are able to work together, to consolidate substantial relations based on trust that give birth to social cooperation, opportunities and stability" (Fennell, 2003).

At a micro level, companies in tourism can choose to make formal the relations with their suppliers' through strategic long-term alliances. These are proven necessary in case there is a high degree of trust and support between companies regarding the chain of value, which implicitly leads to the necessity of controlling the suppliers with the help of transactional arrangements, but different from commissions and supplier contracts. Generally these strategic alliances are most wanted where there is a very high level of risk, substantially high costs with technology, globalization and scale savings.

In tourism these strategic alliances may be organized with individual or group competitors and may aim at different objectives, starting with facilitating the access on the market (mutually, by sharing costs and benefits), extending the market especially for high risk cases (as it happens to emergent markets), commonly participating at research-development expenses and scale savings in the production field. Marketing alliances are frequent in the accommodation sector.

A "classic" case, but especially of strategic alliance, is the franchise, often found in catering.

In the field of air companies: this sector is characterized mostly by horizontal integration with other air transport operators, but not very few are the examples of vertical integration, like partnerships with hotel networks, tour operators, rent-a-car companies. These strategic partnerships aim at merging commercial activities (sales, reservations, passenger service), organizing flight hubs (arrangements with supplying channels for air companies), setting common management agreements for ground operations in airports, agreements regarding the creation of commercial outlets to the purpose of obtaining a share in the market, making common investments and agreements regarding functioning expenses – conjointly plain acquisitions, common workshops, strategic planning holdings, marketing, merging reservation services, including share codes.

In David A. Fennell's opinion, this could be an opportunity for ecotourism that will be made operational more efficiently with the help of information, knowledge and interconnection sharing between different *stakeholders* with responsibilities in developing tourism. Partnerships developed for an ecologic tourism require systems based on networks developed regionally and nationally. Potential partners are:

- 1) organization within the respective tourist industry, especially tour operators;
- 2) governmental tourist offices and natural resources agencies, especially the park's service;
- 3) non-governmental organizations, especially those involved in environment issues, small business management and traditional community development;
- 4) universities and other research institutions;
- 5) other communities, including those with a history of tourism, as well as those at the beginning;



6) other international organizations, public or private financing institutions, national cultural committees and many others.

Partnerships in ecotourism require the building of networks through the involvement of the local population: initiatives based on local culture, responsibilities given to the local population, restoring local population property for at least a few protected areas, engaging the local population, including the protected areas in governmental programs, giving priority to the development of local small businesses, involving the local population in management plans, having the courage to reinforce restrictions, creating and consolidating a spirit of preservation alongside with the evolution of new national cultures, supporting diversity as a value.

The necessity of the social capital in the development of a *tourism based on nature* is supported by other authors as well (Hall, Boyd, 2005), considered to be, next to human capital development, a prerequisite for a long term regional development, especially because we become more and more aware of the fact that cooperation measures between different categories of stakeholders are necessary if common resources, as those necessary to tourism based on nature, have to be preserved.

The social capital is an active also considered by specialists in long-term tourism planning (Hall, Page, 2002) "Preoccupation for equity in long-term

development, between and within generations, means that we are preoccupied not only about preserving the "environment capital", but also about maintaining and consolidating the "social capital" in terms of a rich set of social networks and relations that take place in these areas through appropriate politics and programs, social equality and political participation". Such an approach has considerable implications on the structure of tourism planning and on the decision-making politics.

A last aspect that must not be disregarded refers to ethics issues that may be related to the concepts of network and social capital. Following common objectives through the common efforts of different stakeholders categories can be done ethically, as well as unethically, and in the latter case, especially for poor communities that "cling" on the tourists' industry for survival the consequences can be dramatic. All parties involved must build together a moral unity that cannot be bought or invested through conventional means – the market or education, but they must make efforts to create it by following moral community norms and, in this context, by acquiring virtues such as loyalty, honesty and reliability. "Trust can be evaded just like taxes", and who will not pay taxes in due time by showing respect to others and the normal tribute that must be paid for earning that trust, will pay for negligence greatly.

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