

**“WE ARE
PEOPLE
OF THE
ISLAND”**

**Social and Cultural Microenterprise on
the Small Island of Chiloé, Chile**



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité
Bridging, Bonding, and Building / Renforcement des liens et des capacités

UPEI UNIVERSITY
of Prince Edward
ISLAND

“WE ARE PEOPLE OF THE ISLAND”

Social and Cultural Microenterprise
on the Small Island of Chiloé, Chile

Kim D’Ambrogi & Irené Novaczek

June 2009

The Research Partners



Institute of Island Studies (Canada)

Williche Council of Chiefs (Chile)

and Bosque Modelo, Chiloé (Chile)

Design: Zoë Novaczek

This research report is the result of participatory action research conducted by the Institute of Island Studies of Prince Edward Island, Canada in partnership with the Williche Council of Chiefs and Bosque Modelo (Model Forest) of Chiloé Island, Chile. The partnership was facilitated by the Atlantic Council for International Co-operation and funded by CIDA (the Canadian International Development Agency) and the Social Economy and Sustainability Research Network.

The Social Economy and Sustainability Research Network is comprised of researchers from community organizations, universities and government agencies across Atlantic Canada. This Research Network is based at Mt St Vincent University under the direction of Dr Leslie Brown, and is funded by the Social Sciences and Humanities Research Council of Canada. www.msvu.ca/socialeconomyatlantic/



University of Prince Edward Island
Charlottetown, Prince Edward Island
Canada C1A 4P3



Contents

Introduction	1
Why Microenterprise?	1
Methodology	3
The Research Partnership	3
Research Design and Objectives	4
Sample Selection and Collection of Data	4
Site Description	5
Results and Discussion	7
The Context of Chilote Microenterprise	7
Participant and Business Profiles	10
Marketing an Island Image	14
Women in Microenterprise	18
Microenterprise as an Embodiment of Personal Values	22
Choosing Microenterprise : the Benefits	23
Challenges for Microenterprise in Chiloé	25
Chiloté Responses to the Challenges of Marginality	30
Conclusions & Recommendations	33
Alternative Ways of Being and Seeing	33
Defining Success	33
Microenterprise, Sustainability and the Social Economy	34
Suggested Roles for Local Supporting Organisations and Agencies	35
The Multiple Values of Microenterprise	38
References	39
Internet resources	41

“We are people of the island”

Introduction

This research report examines the phenomenon of microenterprise on the small island of Chiloé in southern Chile, and asks how microentrepreneurship can be a motive force for empowerment and inclusion of people who tend to be at a disadvantage with regards to economic development. A position of disadvantage, it is important to note, is both circumstantial and ‘in the eye of the beholder’ in that it depends on how ‘marginal’ and ‘disadvantaged’ are defined, and on the relationship between the people and that which seems to define them as ‘marginal’. Often, a perceived disadvantage may in some ways and at particular times be an advantage. The complex interplay of perceived marginality with product and business development is explored with reference to the insularity involved with being situated on an island; the constraints and opportunities related to living in a rural district; issues of gender; and the entrepreneurial potential of indigenous people faced with the struggles of cultural survival and access to resources of the land and sea.

Why Microenterprise?

‘Microenterprise’ signifies a business venture that generally employs one or a few people, requires limited capital investment and is carried out at a relatively small scale. Microenterprise is especially important as a livelihood option for people of limited financial means and is particularly common in developing countries. For instance, in Latin America and the Caribbean, over 80% of businesses have 10 or fewer employees (Global Development Research Centre, n.d.). Research shows similar trends in Africa, where microentrepreneurs are overwhelmingly female (Novaczek & Stuart, 2006).

Microenterprise provides a means for low-income people to mobilize themselves toward economic autonomy. It has been noted that some forms of home-based microenterprise open up opportunities for women to engage in economic activity because the productive activities are easily intertwined with domestic chores and remain congruent with local societal expectations and culture (Novaczek & Stuart, 2006). Efforts to develop

microenterprises may be supported by ‘social economy organizations’ such as co-ops, credit unions, and community organizations concerned with social justice and community economic development. In some instances, larger institutions play a role as well. For example, in Chile, the Banco del Desarrollo (Bank of Development) provides small loans for microentrepreneurs. Their recent program evaluation showed that 88% of these clients, who represented the poorest levels of society, showed an improved standard of living after receiving a loan (Global Development Research Centre, n.d.).

It seems that those who might benefit most from microenterprise occupy the margins of society by virtue of being geographically isolated, poor and/or discriminated against. However, it may be difficult for such people to receive loans or to gain access to training in business skills, marketing or use of technology — particularly where they live in rural areas or on small islands remote from educational institutions and social services. This research project aims to provide inspiration and practical advice by documenting the microenterprises that are succeeding (according to local definitions of success) in the context of rural Chiloé — a small island that is perceived by the outside world to be marginal and disadvantaged.

A definition of ‘social economy’ in broad use in the province of Québec is one developed by the Chantier de l’Economie Sociale: “The Social Economy (SE) refers to association-based economic initiatives founded on values of solidarity, autonomy and citizenship, embodied in the following principles: a primary goal of service to members of the community rather than accumulating profit; autonomous management (as distinguished from public programs); democratic decision making processes; primacy of people over capital and redistribution of profit; and operations based on the principles of participation, empowerment, and individual and collective accountability.”(<http://www.chantier.qc.ca>)

Methodology

The Research Partnership

The research was undertaken by the Institute of Island Studies on Prince Edward Island, Canada (a member of the Social Economy and Sustainability Research Network) in collaboration with two partnering social economy organizations on the island of Chiloé, Chile (Bosque Modelo, Williche Council of Chiefs) whose goals include economic diversification and cultural survival of rural and indigenous communities.

The Bosque Modelo is a non-governmental organization that is part of the international Model Forest movement. Unlike Model Forests in Canada, which tend to focus on management of forested land, the Bosque Modelo recognized that people dependent on forests for livelihood could not be expected to voluntarily desist from overcutting unless they had alternative livelihood options. Bosque Modelo therefore set in place a microloan programme to foster small scale, cooperative and sustainable enterprises. They also inaugurated an annual Biodiversity Fair to showcase indigenous food, culture, arts and crafts, and set up a permanent shop in Castro, the capital of Chiloé — The Biodiversity Store — where local artisans could present their products for sale and gain a fair price.

The Williche Council of Chiefs (WCC) is the tribal council for indigenous Williche people on Chiloé (Williche Council of Chiefs, n.d.). Their mandate is to establish and protect the rights of Williche people, for example, the right of access to land and resources for livelihood and cultural survival. The WCC works with 25 traditional leaders on Chiloé and surrounding islands; has had some success in land rights negotiations with the Chilean federal government; and runs an innovative Williche Health Centre incorporating traditional knowledge that has attracted national acclaim and funding from federal and provincial health ministries.

Research Design and Objectives

Entrepreneurship has been described as a “highly personalized and subjective process” (McGregor & Tweed, 2002: 436). For this reason, it is recommended to “seek out and examine microenterprises on their own terms” (Novaczek & Stuart, 2006). This study examines the physical, socio-economic and cultural contexts of Chiloé, and then focuses down on the impacts these have on specific microenterprises. The aim is to develop an information base that improves our understanding of microenterprise as a strategy to empower people, particularly those who experience social as well as geographic marginality e.g. rural islanders, women and indigenous people.

The research questions are:

What are the benefits and challenges of being a microentrepreneur when one is also on an island, rural, female and/or indigenous?

What models of microenterprise are most suited for (marginalized) people in rural and island contexts?

What inspiration and practical advice to Social Economy organizations engaged in community economic development on Chiloé can be derived from the experience of microentrepreneurs?

Sample Selection and Collection of Data

The research was conducted on Chiloé island over the period of October 2007-February 2008 by the first author (D’Ambrogi) using semi-structured interviews and participant observation. An ethnographic approach guided the data collection and analysis. An ethnographer can be described as inhabiting “a kind of in-between world”, being “simultaneously native and a stranger” to the environment and research site. The task of an ethnographer is to “become close enough to the culture being studied to understand how it works, and yet be able to detach from it sufficiently to be able to report on it.” (Hine, 2000: 5)

The researcher lived in the capital city of Castro for five months, moving out into rural areas on a regular basis to experience the variety of places and inhabitants and to conduct interviews on the site of home-based small businesses.

Interview participants were identified using a snowball method. After living in Castro for several months and becoming comfortable with the local language (Spanish), the researcher began inquiries to find relevant contacts. A discussion with the head of Tourism in Castro Municipality led to a number of interview contacts. Other contacts were made on the site of various craft fairs and through the Biodiversity Store run by the Bosque Modelo.

Interviews were conducted with people whose businesses were ‘artisanal’ in nature, meaning craft-like and small scale. Several of these microenterprises provided only a supplement to

another source of income; others provided complete livelihoods. The process of selecting research subjects elicited participants who represented a variety of stages of business development. Some enterprises were still in the early stages of development; others were well-developed, consciously implementing marketing tactics, and exporting products from webpage sites.

Site Description

Situated in the south of Chile, in the Pacific Ocean, the Island of Chiloé is known for its natural beauty: green rolling hills with a rugged yet enchanting coastline; its traditional culture and elaborate mythology; and its independent people. In her book, *My Invented Country*, Isabel Allende describes Chiloé as having a

“culture different from the rest of the country...Chilotes live as they did a hundred years ago, dedicated to agriculture and the fishing industry...Buildings are constructed solely of wood, and in the heart of each house there is always a huge wood stove burning day and night....” (Allende, 2003: 65).

And in Pablo Neruda’s words, “There is a big island: Chiloé, in the far South...It’s wonderfully untouched, poor and full of human interest” – Nov.13th, 1966 (Rogovin & Trujillo, 2007: 7).

This begins to describe the place where our research on microenterprise development was conducted. The island land base of 8300 km² is occupied by around 150,000 people — a blend of indigenous peoples, descendents of the Spanish colonists, and more recent immigrants. Thousands of years ago, Chiloé and surrounding islands were inhabited by semi-sedentary Williche and Chonos peoples who lived primarily along the eastern fringe of the archipelago. Indigenous lifestyles revolved around the natural resources of land and sea: wood from the ancient forests, agricultural land, livestock, and a variety of fisheries.

Chiloé supports two types of temperate rain forest: the Valdivian and the North Patagonian. The latter is home to two of the most valued and useful types of wood on the island, the larch and the Guaitecas cypress. Wood has traditionally and continues to be used to build boats, homes and churches. It is also used to make handicrafts, along with other natural fibres such as sheep’s wool for knitting and straw for weaving baskets. It is said that “There are few places in the world where inhabitants have developed their lives around wood as much as in Chiloé” (Verhasselt Puppink, 2000: 40).

The architecture on Chiloé is renowned for its unique blend of traditional Chiloé carpentry with Spanish Baroque, neo-classical and neo-gothic styles. Sixteen churches on the island are National Historical Monuments; these are also included among UNESCO’s World Heritage sites. UNESCO describes the distinctive nature of these churches:

“They embody the intangible richness of the Chiloé Archipelago, and bear witness to a successful fusion of indigenous and European culture, the full integration of its architecture in the landscape and environment, as well as to the spiritual values of the communities”. (Verhasselt Puppinck, 2000: 26)

Another resource that is central to life in Chiloé is the native potato. Biologists from the Chilean University of Austral have identified approximately 420 different varieties of potatoes. *Solanum tuberosum tuberosum*, one of the world’s most cultivated and popular potato varieties, has been identified as a native species of Chiloé (Wikipedia n.d.). It is said that in Chiloé a meal without “the star product — potato — would be unimaginable” (Verhasselt Puppinck, 2000: 52-3). It is depicted in social, gastronomic, agricultural and even tourism practices.

In addition to being active fishers and shellfish gatherers, Chilote people are often found knee-deep in the seas collecting seaweeds. Some species are collected for export, but others including *luche* (*Porphyra columbina Montagne*) and *cochayoyu* (*Durvillaea antarctica*), are sold in local markets and purchased by both tourists and locals. The Williche have long since valued seaweeds as both food and medicine (Levangie, 2009).

Results and Discussion

The Context of Chilote Microenterprise

In looking at the trends and tendencies of small businesses and microenterprises, particularly in developing countries, we are reminded to pay attention to the “great extent of local and regional variations in small business.” Further, “the local and regional context should always be considered thoroughly when analyzing a certain circumstance...”(Mann et al. 1989: 9). In investigating microenterprises on the island of Chiloé, therefore, the researcher was documenting a defined phenomenon while also forever ‘studying’ the context in which it existed. The microenterprise is inevitably intertwined with a number of external forces and factors.

It may seem that what makes for a successful business is universal. A successful business is one that fills a need or desire. However, needs and desires vary depending on where one is, geographically and culturally, and what resources are available. A winter coat would be of no use to a person in the tropics; neither would a bikini in the Arctic, nor for that matter in a tropical country where female modesty is the norm. Thus, understanding both the local environment (climate, geography, geology, biodiversity) and human culture, and the ways in which these interact, is essential to understanding what business will succeed in any given context. In the following section, we outline some key contextual influences affecting microentrepreneurs who were interviewed; some of these influences inevitably overlap. As well, we introduce some of the literature concerning microenterprise, for comparative purposes.

Islandness

In looking at the reality of microenterprises and microentrepreneurs on islands, part of the task is to examine and understand the relationships that people have with ‘their’ island. The relationship may in some ways be symbiotic and in other ways, conflictive.

Some of the structural handicaps of small and medium sized enterprises on small islands are said to be linked to *remoteness, insularity, small size, difficult topography & climate, economic dependence on a few products, and cost of transportation* (Baldacchino, 2005a: 23). On the other hand, small and medium sized enterprises tend to demonstrate an ability to be *flexible, innovative and adaptable to change* (Baldacchino, 2005a: 21). These are attributes compatible with life on small islands where islanders often have *multiple occupations* (Mann et al., 1989: 10) and where activities change with the seasons.

Indigenous and immigrant cultures

Chiloé does not have a single culture. Owing to the history of Spanish colonization and domination of the indigenous people, the culture of the island is characterized both by the fusion of colonial and indigenous elements, and a lingering tension rooted in the racist attitudes of colonial powers and subsequent national governments. The native Williche people are still subject to discrimination on many levels, to the point where many who have mixed ancestry do not claim their indigenous blood but prefer to identify themselves simply as Chiloté islanders (Elmudesi, pers comm 2007). The place of women in this complexly constructed society is highly contextual. In social environments dominated by the explicitly macho Latin American culture, women who are members of social and political elites may aspire to political office; yet women on lower socioeconomic levels may be treated as property to be exploited. As in most western societies, domestic violence is a painful reality. In traditional Williche culture, it is women who approve and initiate the chiefs who hold power in rural communities. These *Masters of Peace* are highly respected but in private, even these women may be subject to domestic abuse from male family members.

The changing economy

Because Chilotés are successful at the efficient and creative utilization of what resources they have, they have been able to be fairly self-sufficient. However, they have also been characterized as a ‘poor’ island and people, in economic terms. This characterization has been shifting consequent to the introduction of industrial aquaculture in the 1980s. The economic boom and availability of salaried work is inevitably influencing the image and culture of Chiloé. From a purely external point of view, this is seen as a positive development. However, as was discovered from interviews with local people, the development has drawbacks as well as benefits when viewed through the lens of local values and culture.

A distinctive image

Chiloé's attributes are easily recognized, or 'pin-pointed' because, as an island, it literally possesses boundaries that prevent an overspill or blending of its culture with that of any other. Chiloé is known in Chile as being a distinctive place with an independent people. The tourism industry seeks to take these attributes and enhance them; in effect, applying a 'cultural mascara'. A staffperson for the Department of Tourism in the municipality of Castro stated that Chiloé's main selling features or attractions are *tradition*, including religion and way of life; its unique *culture* based primarily on agriculture and aquaculture; and its *naturaleza* or natural beauty and rustic terrain. These attributes all have potential as marketing assets for the island's businesses.

Festivals and fairs

Many people from throughout Chile have the opportunity to take their summer holidays in the months of January and February. Chiloé is a popular summer destination, for its natural beauty and its rugged charm. It has a reputation as being distinct from the rest of Chile in its traditions and way of life. Throughout the summer, this uniqueness is celebrated by events called *festivales costumbristas*, or festivals of customs. These are usually organized so that on each weekend throughout these warmer months, a different area of Chiloé holds a festival, showcasing the local traditions, customs and products.

The festival that occurs in Castro also coincides with The Biodiversity Fair, an annual event that draws thousands of people and showcases Chiloé's biodiversity and its renowned natural resources. There are demonstrations with livestock including pigs, sheep and goats. There are also demonstrations of the traditional ways of doing things such as baling hay and making apple juice, which are still practised today. Typical Chiloté food is sold at many stands, including roasted lamb, shellfish, salmon and pork, among others. All the while, one hears the sound of traditional Chiloté tunes in the background. The fair features a large number of artisanal vendors, with a focus on products that relate to Chiloé's traditions, culture and natural resources, e.g. woolens, marmalades, natural cosmetic products and salmon spreads. The opportunity to display goods at such festivals is important for establishing and maintaining many a rural microenterprise.

Dependence on local natural resources

According to one of the managers of SERCOTEC, a government-run organization providing support to entrepreneurs, many of Chiloé's family-owned businesses sell fruits and vegetables or traditional food such as *empanadas*. In terms of tourism and artisanal

products, he said that Chiloé is traditionally known for its natural resources: wool, wood, potatoes, garlic, seaweeds, salmon and shellfish. As seen from the profiles that follow, these are frequently the raw materials upon which native microenterprises are established.

Participant and Business Profiles

In the accounts below, pseudonyms are used; however, all the details concerning the microenterprises are factual.

Profile 1: the family of artisans

Marie, who is probably in her early to mid-thirties, was born on the mainland of Chile but moved to Chiloé as a child and grew up knowing the island as home. She worked as an accountant but then decided that she wanted to work more independently in order to have more time with her husband and particularly, her son. Furthermore, her sister and mother were struggling to find work. This spurred the decision to search for a shop space and sell products that she and the other family members knew how to produce.

Marie’s store is located on one of the main roads in central Castro. The main product sold is knitwear that she, her sister, and her mother make. Other merchandise includes wooden souvenirs that her brother carves and several woven products such as baskets which are made by rural women. Maria takes pride in sharing the knitwear, products which have a unique design and are of a high quality which sets them apart from the competition. After only a year and 3 months in business, Marie was already gaining her main source of income from the venture. She sells not only from her store but also at summer craft fairs. She does not export any of her products off of the island.

For Marie, the benefits of self-employment include having more time with her family and the feeling of pride from making products that others find valuable. However, it has been difficult to lose the steady income which her former job provided. Mostly, she feels a need for help with product promotion, networking and business advice for developing her enterprise. Financial assistance is not a priority.

Profile 2: the herbalist

The researcher was introduced to Teresa, a good-humoured, middle-aged woman, at Bosque Modelo’s Biodiversity Fair in Castro. She is a woman of Williche descent who primarily sells dried herbs, although she also knits and sells slippers and scarves. She works out of her home, where she lives with her mother and daughter. Teresa’s home is in

the quaint town of Queilen, which is about an hour and a half bus ride from Castro. She makes do with what little land she has, growing her herbs in her modest front yard and in a greenhouse on her neighbour's land. Teresa participates in summer craft fairs other than the Biodiversity fair and also sells her goods at a centre in her small town, where there are hand-made products for sale year round.

Teresa has changed occupations several times. Formerly, she sold traditional foods such as *empanadas*, but shifted to selling herbs which is more satisfying and less stressful work. She sees this work as relating to her history, her people and her culture. It is one way for her to “return to the land” as she views it, noting that she does not necessarily do it for the money but more for the quality of life that it provides. She noted several times that she feels this occupation is better for her personal health. It is her main source of income.

Teresa received some financial help from the municipality to purchase materials. However, some further needs that Teresa identified were production equipment such as a drying machine; more land; and instruction on how to promote or market a product. She also expressed a desire to develop a co-op type organization in order to acquire more land and a space where people could produce and sell their products collectively.

Profile 3: the home-based cosmetics producer

Viviana is an energetic, motivated, 25 year old entrepreneur who was born and raised in Quellon, the town where she still lives with her parents. She has a university degree in business and management which she completed in Ancud at the north of the island. In 2007, with help from her mother, father and brother, she started a business making cosmetic creams and soaps using floral essences and snail gel. A year later she had already made considerable headway. She managed to get a decent loan to help construct a production laboratory beside the family home and identified SERCOTEC, CORFO, and Chile Emprende as sources that helped with the development of her business in this way. Her business is considered to belong to the Agricultural Sector.

Viviana sells from her home, the grounds of which have been transformed into glorious flower gardens and an innovative abode for thousands of snails. Her products are carried by some stores in Quellon and by the Biodiversity store in Castro. She participated in the Biodiversity fair in 2008, where her products sold out. She has a website marketing her products beyond the confines of Chiloé.

Viviana expressed extreme satisfaction from running this business. She is looking forward to getting the certification that would allow her to sell her products in supermarkets and pharmacies.

Profile 4: the woolcraft collective

For over a decade now, a group of about 15 indigenous women, *Las Carolinas*, have been coming together to knit and collectively sell their products. They are members of several families who live in the same vicinity in rural Chiloé, about 30 minutes away from the nearest town, Chonchi. They currently have a stand on the side of the road where they sell their wares to the occasional passerby. They are vendors at the Biodiversity Fair and at a couple of other, district level weekend fairs. They do not rely on this as a primary source of income, stating that they also make a living by tending to the land. They view their knitting enterprise as a way to take some of the resources that they have on hand (sheep’s wool) to create products that will give them an increased income, while allowing them to contribute economically to the family.

Las Carolinas expressed the benefit of having a means to acquire additional income, while also noting that there is value gained from their collective microenterprise that goes beyond income. The work provides them with a social space where women can gather. They would like to have access to more land as well as a source of financial support. It seems as though they have sought out loans for projects but it was unclear whether the loan was specifically related to the wool crafting or whether it was related to another agricultural project.

Profile 5: the artist

Hector is a 25 year old who enjoys experimenting with traditional materials to create novel products. He makes hats and ponchos out of wool, but often goes beyond standard knitting designs. He is also an artist in his spare time, drawing upon Chiloé’s mythological figures in creating many of his paintings.

The year 2008 was his first summer of selling his products and he has enjoyed it very much. He was a vendor at the Biodiversity Fair, and The Biodiversity Store also carries some of his products. He hopes to develop his business to the point that he can use it as his main source of income.

Hector feels that he needs help in the areas of networking and business development. While mentioning the difficulty associated with being in business by himself, he also expressed much excitement and satisfaction with his business venture. He appreciates that he can be creative and pursue his artistic passion while earning a living.

Profile 6: the healer

Originally from Santiago, Vanessa would come to visit Chiloé as a child and decided to move to the island several years ago. She now lives on the outskirts of Castro with her partner and daughters. Vanessa's work as a reiki practitioner led to the development of a health and beauty product business. She started off by making creams for her reiki clients. The demand grew to the point where the logical next step was to offer her products to the public.

Vanessa takes pride in her all-natural health and beauty products, including skin creams, shampoos and milk baths that contain natural herbal and floral essences. She continues to also work as a reiki healer, and she has integrated this into her health product business by following reiki practices when preparing her products, as a way of imbuing them with healing energy. The name of her business alludes to this way of working.

Vanessa noted that starting her own business has been a lot of work. She feels she could use more help financially and is somewhat frustrated with the numerous bureaucratic steps needed to expand her business. She has sought and received a loan from SERCOTEC to help get her business going, but noted that the procedure and amount of money she would need to move her business to the next level of success (which would be receiving the certificate allowing her products to be sold in supermarkets and pharmacies) is increasingly complicated and difficult to obtain. She mentioned that you need a certain amount of money even to apply for this certificate, which she is unable to afford at this point.

Profile 7: the doll making collective

Maria and Victor live in a small home in upper Castro. You wouldn't be able to tell from looking at it from the outside, but they have transformed the inside of their house into a modest yet effective production site for a family business that provides them with their main source of income as well as providing part time employment to a number of rural workers. For many years, this microenterprise has produced traditional dolls out of knitted and crocheted wool. Maria and Victor pride themselves in the quality and standard that they uphold in making these dolls and confidently assert that the quality of their dolls sets them apart from other, similar products. Their products are carried in tourist shops all over Chile, and they have received recognition and several awards for their innovative products and business model.

The capacity for off-island sales results from the way that Maria and Victor have tapped the skills of rural piece workers, each of whom contributes their own particular portion of the doll. This business model boosts both productivity and quality.

Despite their success and recognition, Maria and Victor still struggle financially and feel the need for financial support to enhance certain aspects of their business. Maria and Victor have never received a business loan, nor have they ever applied for one. However, they have won some contests which have resulted in some financial help and business recognition.

Profile 8: the garlic processing collective

In rural Chiloé, about 45 minutes from Ancud, live a group of women who are running their own business using another one of Chiloé’s natural resources: big, beautiful bulbs of garlic. The women produce and sell garlic spreads, thanks to financial and business development support from a local organization, Instituto de Desarrollo Agropecuario, INDAP, that is dedicated to promoting microenterprise development, particularly among women in rural areas. This support allowed them to take the necessary steps to develop their products to the point of commercialization and placement in supermarkets throughout Chile.

There are about five women involved. Some are related to one another and all have grown up in the same rural area of Chiloé. Most are now raising their own families. Several commented that this new role as business owners has added an interesting dynamic to their lives, and has introduced a new challenge to their traditional female roles as home-makers.

Marketing an Island Image

The international experience

Island enterprises do achieve success despite geographic constraints. It is also possible to use certain elements that signify marginality, such as one’s ethnicity, gender or geographical location, to one’s marketing advantage (Baldacchino & Milne, 2000; Baldacchino, 2002). Incorporating an island’s identity into the business image is one of these marketing tactics. A tourist, for example, hopes to purchase a souvenir that embodies what they have come to experience and what the place represents. In theory, the more a product can capture the place’s essence, the better it should sell as a keepsake. An island’s distinctive image (Baldacchino, 2002) or culture (Novaczek & Stuart, 2006) is often used to the advantage of entrepreneurs in framing their products. The PEI Preserve Co., for example, deliberately uses the association with Prince Edward Island as a product feature since “the firm seeks to package and sell the island to its clients” (Baldacchino, 2002: 255). In this case, the company uses the island’s tradition of preserving fruits and vegetables and other traditional skills to produce a natural product (Baldacchino, 2002: 255).

In the Scottish Isles, a company called Shetland Designer uses wool and Fair Isle technique to create knitwear that is said to have a product identity that “makes it an evocative momento of the Shetland experience” (Baldacchino & Bonnici, 2005: 32), alluding again to the notion of souvenir. The patterns and colours are based on traditional designs that are “associated with the kind of indigenous craft activity valued in an increasingly virtual world”. It is noted that one can, in effect, buy into traditional symbols to ward off the evils and stresses of a modern world. The owner of this company has placed importance on ensuring that the product has its roots in tradition while still maintaining a modern appeal (Baldacchino & Bonnici, 2005: 32).

In the case of female entrepreneurs who use seaplants to make products on the islands of Fiji and Vanuatu, the theme of island identity is broadened to include indigenous culture. Culture is said to help “shape commercial enterprise.” In this case, “...marine plants occupy a unique cultural and ecological niche on small islands” (Novaczek & Stuart, 2006: 4), and local culture imbues them with magical properties, making them valuable raw materials for health and beauty products.

The next section will examine how Chiloé’s image is used in product development and marketing to reach outward. It is an example of one of the ways that *islandness* may work as an advantage for selling products.

Chiloé for sale

The reputation of the island of Chiloé is often cited as one of the selling points of the product, if not a direct testament to the quality of the product. There were many instances where microentrepreneurs mentioned that they directly or indirectly used Chiloé’s image to aid sales, or at least recognized that Chiloé’s name attached to the product was an advantage. People are able to draw upon indigenous raw materials and traditional livelihood skills to add value to their products. One vendor explains the reputation and appeal of wool that is specifically recognized as coming from Chiloé.

We don’t feel exactly Chilean like the others; we are people of the island.

“The sheep’s wool is very representative of Chiloé. ...In Santiago, sheep’s wool is known distinctively as Chiloé wool...because it’s natural. ... It comes directly from the sheep, less processed, or unprocessed, and that makes a difference as well. It is different from synthetic yarn. ...The yarn holds in warmth better, and has its own distinct odour, which people like — odour of sheep.” (Hector)

It was often explained that Chiloé is seen as a place of natural beauty, free from the

pollution and contamination that afflicts Chile’s urban capital, Santiago. Therefore, one can use Chiloé’s name as a way to boost the quality of the product in the same way that people use ‘all natural’ or ‘organic’ as a label to attract people’s interest.

One has to think like a *gringo*, as a foreigner, what would they look for?...

Chiloé’s image has such a valued reputation, that Viviana, who makes cosmetic creams, is working on getting certification to advertise that her products are made in Chiloé. She explains the rationale of how this adds value in describing Chiloé’s reputation:

“There is no pollution, no pesticides, everything is natural. We live with the rain; we don’t feel exactly Chilean like the others; we are people of the island. We live differently than the others, for instance those in Puerto Montt or Santiago. We live with another rhythm; it has a lot to do with the tradition. It’s that we have a mix of people from Argentina and Patagonia, so we have a very rich culture here, and this is what one tries to reflect in the products. And when someone sees that something is from Chiloé, it’s good, it’s natural, it’s ecological, it’s magical, it’s even mystical.” (Viviana)

The influence of ‘outsider’ values

The emphasis on the natural and the undeveloped aspects of Chiloé as attractions for tourists has led to the development of eco-tourism. As with any form of tourism, this introduces a degree of dependence on outsiders and an attempt to draw them into economic participation with the islanders. In discussing why they felt their products sold better to foreigners than to locals, several vendors voiced the opinion that locals don’t recognize the monetary value of some of the products because they are seen to be common place. Vanessa, who sells natural health and beauty products, explains this phenomenon:

“Foreigners value natural skin care much more. Europeans, Yankees, they will buy it in a second without a thought to how much it costs, and it is not expensive. They are more educated, and have a lifestyle where they don’t smoke, eat well — a healthier lifestyle. The people here have grown up living around herbs. As common practice, they drink it as an aromatic tea. They have always been around it; they don’t necessarily realize its specialness. We have to think about what to make that people will want to buy, and the majority of people make the mistake of making something that others will like because they like it. But what one has to do is the reverse, the opposite. One has to think like a *gringo*, as a foreigner, what would they look for?... We are trying to make an effort to think like a foreigner. The majority of foreigners come for tourism, and so they are interested in the exotic, the south

of the world , where the world stops, far from anything. The people here are good. There is little delinquency. There is mystery. This, then, is an exotic area, so the conclusion is that we have to make something exotic. When they arrive and see a product that's made by hand, and of really good quality, they will buy it." (Vanessa)

Novaczek & Stuart (2006) point out some features that add value to products. These include being luxuries for their rarity; products that can serve as functional foods; and products that may appease people's philanthropic longing to contribute in some way to social or environmental issues. For example, some consumers prefer to purchase fair trade products or products that leave less of an ecological footprint (Novaczek & Stuart, 2006). As noted above, foreigners find value in Chiloté natural products for their rarity and exoticism, and for the values they represent.

This, then, is an exotic area, so the conclusion is that we have to make something exotic.

An ecological and cultural economy

As noted above, the incorporation of natural materials and cultural icons in a product enhances the product's touristic appeal. In interviews, people said that they felt lucky to be able to take advantage of local resources that were imbued with a positive, natural image such as wool, herbs, garden snails, garlic, cheese and wood. This sense of thankfulness was also expressed as an urge to conserve and protect the environment and its resources.

"First thing we have to do is to take care, preserve, ... and why not work with the stuff we have right here in front of us? We have our own sheep, and I think that is an advantage, because we know how to work with the resources we have. Others have to buy the yarn, ... and they might have to do it alone." (a woman from *Las Carolinas*)

The Moral Economy

"From a cultural perspective, the production of commodities is also a cultural and cognitive process: commodities must not only be produced materially as things, but also culturally marked as being a certain kind of thing. ...The same thing may be treated as a commodity at one time and not at another. ... The same thing may, at the same time, be seen as a commodity by one person and as something else by another. Such shifts and differences in whether and when a thing is a commodity reveal a moral economy that stands behind the objective economy of visible transactions (Kopytoff, 1986: 64).

This type of cultural commodity development was also discussed by one participant in terms of indigenous heritage. Teresa, who sells culinary and medicinal herbs, speaks of how, in this day and age, being indigenous can be a valuable trait which, if somehow incorporated in the product’s image, can enhance its appeal. Teresa therefore draws attention to her ethnicity by using a word from the indigenous language in the name of her business. This was also seen in the doll making collective’s labeling practices, where an indigenous word was not only used in the name of their company but was also attached to every product.

First thing we have to do is to take care, preserve, ...

The manager of the Biodiversity store in Castro appreciated very well the power that an insular and unique culture has in marketing. The Biodiversity store carries similar products to those featured and sold at the Biodiversity Fair; indeed, many of the same vendors are involved both in the fair and the store. The Biodiversity store is structured to support the variety of products that are rooted in Chiloé’s traditional crafts, culture and natural resources. A banner in the store proclaims “*Los Productos con Identidad Cultural son una Oportunidad por el Desarrollo de Chiloé*”, which translates to mean that products with cultural identity are an opportunity for the development of Chiloé. In support of this notion, the store aims to help the artisans by purchasing the products at regular, retail prices and then selling them at a marked up price, instead of buying from the artisans at cheaper prices, thereby devaluing their labour. This elicits mixed opinions, as some feel that, because of how expensive some of the products are, they are only aimed at an elite market. This however, reflects again the fact that these products tend to be mostly bought by tourists.

Women in Microenterprise

Any microentrepreneur regardless of gender could have been included in this study; but in fact, most of those encountered on Chiloé were women. Several were individual business owners, while others were part of a family enterprise or worked collectively with other women.

In exploring these women’s businesses and their products, some issues arose that were related to their experience and position as women. These included the tensions that arise with home and family life when running a business; the types of crafts that are produced by women and how this fits in culturally; and the particular advantages and challenges that are related to being a woman in a male-dominated world of business and finance.

Global trends in female microenterprise

Women are increasingly seen as ideal candidates for small business development. This is reflected, for instance, in the number of microcredit programs geared specifically towards women. Yunus, a pioneer of microcredit programs speaks to this reality:

“If the goals of economic development include improving the standard of living, reducing poverty, creating dignified employment and opportunities, and reducing inequality, then it is natural to work through women. Not only do women constitute the majority of the poor, the underemployed, and the economically and socially disadvantaged, but they more readily and successfully improve the welfare of both children and men. Studies comparing how male borrowers use their loans versus female borrowers, consistently show this to be the case.” (Yunus, 2003: 52-53)

Women are seen as deserving of investments because, based on findings such as the above, they inherently will use their business and earnings to enhance the quality of life of those around them. Their business represents a tool to help them with other aspects of their lives. Thus, “household economic activity is often interwoven with society and culture” (Novaczek & Stuart, 2006). The tendency for women to intertwine household and economic activities fits well with a rural and island lifestyle, which often involves a number of different pursuits. For example, in the Pacific Islands this can entail a “mix of fishing, farming, handcrafts, boat- and house-building and market sales” (Novaczek & Stuart 2006). In one study of gender and self-employment, Findeis et al. (1997) found that over half of women entrepreneurs were responsible for child care, compared to 37.8 % of the men. When women work out of their homes, it is easier for them to combine domestic duties with their income-generating work (Findeis et al., 1997: 286). A key to success for women in business is education — either years of formal schooling, or years of technical or vocational schooling (Findeis et al. 1997: 283).

Women are often faced with gender related obstacles when trying to start their own business. This can be explained as a combination of societal structures, day-to-day realities and gendered expectations. In effect,

“The ‘larger infrastructural conditions’ facing women entrepreneurs (especially those who are poor), as well as the personal repercussions of juggling business and domestic responsibilities in a ‘gender-biased world’, make it difficult for women to generate income through microenterprise.” (Ehlers & Main, 1998: 437-438)

‘Women’s work’

On Chiloé, women’s economic activity often involves making hand-crafted items using traditional ‘female’ skills such as knitting and crocheting — skills that are culturally embedded and therefore socially acceptable and safe. The problem that then arises is that many women share the same skills base and as a result there is intense competition. At the same time, there is little diversification among products that can be used to establish a marketing advantage for any individual entrepreneur. This problem has also been noted in other Latin American craft markets (Eversole, 2004: 132).

We become more independent and value ourselves as women

Family ties

Several women went into business for themselves in order to have more time for their family, and to have a more flexible and independent schedule. As Marie explained it,

“My sister and my mother didn’t have much work, and we wanted something we could call our own and do for ourselves, and now we both have more time ... And I wanted more time with my son.” (Marie).

Interestingly, for some, going into business also meant going into business with or with the help of the family. The family can be a resource for a successful business woman, providing not only labour but also emotional support. For Marie, “it’s the only way for a business to work is that way — in the family.” Viviana agreed:

“For me, what has helped me is my family. We are like a tree. My family is the trunk, and we have good roots, good education, everything, and sometimes when I am really tired they are with me — my mother, my father, my brother — sometimes at 4 AM.” (Viviana)

For some women, the role of entrepreneur had an impact on their traditional roles. They noticed shifts that occurred as a result of life’s rhythms being disrupted by the responsibilities of a business. One woman said she found it a challenge to have to relinquish some of her family responsibilities — a process she characterized as “abandoning the family” — in order to do more things related to her business.

Women in collective microenterprise

Several groups of women worked all together, which also served to break down social isolation and provide moral support. One woman spoke of the benefits beyond financial ones of having this type of set-up, where all ages from different neighbouring families in

a very rural area would gather and knit together. She noted:

“It can be a thing of esteem. If you are alone in your house you can come here, and have a conversation. At the end, I believe that one feels better, more relaxed, and one feels like they have more energy.” (a woman from *Las Carolinas*)

The group of women working with garlic, discussed the influences that their business had on them. They mentioned that it allowed them to travel and know parts of their country that they most likely would never have known. Thus, microenterprise can help women overcome the limited geographical mobility that often pertains in rural Chiloté society.

Microenterprise builds self-confidence

Women mentioned that their confidence had increased along with their knowledge regarding business matters. A lack of self-confidence is often cited as an impediment to women’s business development (McGregor & Tweed, 2002: 430).

“We have always talked about using the resources which we have, and as women then we could also start making some income of our own. In this way, we become more independent and value ourselves as women, knowing that we can do things as well.” (*Las Carolinas*)

This empowerment through microenterprise is reflected in other findings which note that women in business experience increased confidence.

“For women, a powerful predictor of entrepreneurial behaviour is their perception of environmental opportunities as well as their own confidence in their capabilities” (Pio, 2007).

In the case of the Chiloté women, business experience allowed them to feel more confident in general and less timid to raise their voices in public.

The womanly advantage

There are, however, advantages to being a woman in business. One woman, when asked what she thought helped her be successful, straight out answered “*ser mujer*” which translates to “being a woman”. She went on to say that this meant having lots of energy, and loving her project. One could speculate that women with maternal tendencies may apply a type of motherly focus to their business, nurturing a business as if it was a child.

Microenterprise as an Embodiment of Personal Values

Valuing tradition and culture

We have discussed the recognition of certain objects as material culture and how these cultural objects can be transformed into commodities. In Chiloé, we found that people who chose to develop such products were often attempting to preserve culture. The essence of culture thus is ironically encapsulated in the items that are being sold. The entrepreneurs in this study felt that their business pursuits had meaning beyond that of providing income. Some saw their business as a way of keeping in touch with their culture, of maintaining their family roots, or helping preserve a part of their heritage.

It’s the only way for a business to work is that way — in the family.”

“Yes, when one says “cultural” it is referring to that indigenous ancestry. It’s because it comes from “behind”, in history. ... Knowing plants, and some of their properties; knowing how to weave baskets; to knit; all of those things one does not learn in a book. They learn by asking, and in talking to their family, and in working together.” (Teresa)

Resisting the global economy

Conservation of culture appears to be all the more significant in the current age. The emergence of salmon aquaculture and processing plants on Chiloé since the 1980s challenges those traditional cultural values that place the conservation of land and sea at the centre of people’s interests. Some of the microentrepreneurs interviewed expressed concern over the changing values they perceived when economic opportunities opened

It was not the objective to sell culture, but to do something for the culture.

up with the salmon aquaculture boom. With increased availability of salaried jobs, emphasis is placed more on how much money one is able to secure, and less on the well-being of the community, the people, the land and marine resources.

It was interesting that, even though there were no interview questions concerning aquaculture, this topic was usually brought up. What emerged was the perception that people who chose microenterprise and those who chose to work in the *salmoneras* (salmon farms) seem to be at opposite ends of a spectrum, each representing a way of life that was associated with a distinct philosophy. Financial security and personal satisfaction seemed to be also posed and referenced in a way that placed these values in opposition:

“The *salmoneras* bring more money, and people are happy because it brings in more money, there is work; but we are watching what is happening. Chilotes have

lived here 14,000 years. They have a lot of ability and knowledge in order to live on this island. ...The grandmothers show how...the culture needs to survive. We were confused, not knowing what we could do because everyone had gone to the other side — industrialization, capital, salmon, work — and so we were told that history was calling on us to do something; ... but not about culture, because culture is something extremely expansive. There is not one institution that could hold onto, guard, keep, and preserve culture entirely as a whole. So, what we do is a part of the culture. If there is something to do, we have to do it the best we can, because if not, no one else will. Our kids were small then. It was not the objective to sell

They learn by asking, and in talking to their family, and in working together.

culture, but to do something for the culture. My wife knew how to knit. I started with potatoes. Some need to take care of the woods. Some need to take care of the ocean. And if everyone did this, their part of the culture would be maintained, but with one condition: that what you do,

you have to do well. So, every one needs to do their one part and do it well. And the important thing is the possibility to return. A lot of people say that when you want to preserve or take care of something you like, you have to do it yourself. And if it is possible, and the value is potent, this preserves the structure of the minority culture.” (Victor)

“In Quellon there are many *salmoneras*, and with that comes lots of money. It also has changed a lot of things. The people don’t cultivate anymore. It’s hard to buy vegetables now, because no one is doing that anymore; they are all working in the fisheries and don’t tend to the land anymore.” (Viviana)

“I think people are impressed that I am 25 and have my own business. Because, you can work 15 or 20 years in a *salmonera*, and then you go, but you don’t have anything at the end of it that is yours. You have some money but nothing else. You spend your whole life working for someone else, and you give your life for the business, and at the end you hear that it is better to live your life for yourself.” (Viviana)

Choosing Microenterprise : the Benefits

In Chile, there is a push towards consumerism and industrial scale corporate ventures. Even on the island of Chiloé, big corporations with outside owners are increasingly prevalent in the economy and consequently influential on the culture. Those who go on their own with their own business venture seem to be taking a risk, rejecting work in a *salmonera* or a processing plant, for instance, where they would have a more stable salary.

Each of the Chilote entrepreneurs interviewed had, at some point, made the conscious decision to leave behind one type of life in pursuit of another. Often, when such a decision was made, economic security did not seem to be the deciding factor. Even where financial security was considered to be paramount, people professed to having received much more than money from their business. As noted above, cultural preservation was one perceived benefit from some enterprises. The following sections will highlight some of the other motives for, and benefits from, choosing the microenterprise path.

You can develop that which you like, that which you have a passion for...

Satisfaction and independence

Whether it was a driving force or an unexpected result, almost everybody expressed feeling some form of personal ‘satisfaction’. In some cases, satisfaction was derived from gaining recognition for providing good quality or beneficial products. Hector, for example, said: “There is tremendous satisfaction. It doesn’t compare to other things, I don’t think, because I like it, and it’s so nice when people value what you do.” Vanessa expressed it this way: “I love the project, and that the project has a good reception, and that the products actually produce results.” For Viviana, achieving success against the odds brought a tremendous feeling of satisfaction:

“Here, sometimes I don’t sleep, but it’s *my* business, so it is much better. ... To have a business is to apply everything I have learned; it’s to be the boss of something. Equally, I am 25 years old, and that is quite young to have a business already. It’s a big responsibility, but the benefit is to have the personal and professional satisfaction as well as economic benefits. ... This business has given me so much satisfaction. All of the sacrifices I have made have resulted in satisfaction. The other day we were in the newspaper, and this just fills you up, you know. ... I wouldn’t do anything differently.” (Viviana)

Dedication to her enterprise was expressed in motherly terms:

“I believe that my product is the best. I approach my products with love, and the snails with love. ... This is a project, but a life project. It is like having a child. This project is like my child, and it has just recently been born, and you need to take care of it, and that’s where I am now.” (Viviana)

Other entrepreneurs referred to the pride that comes with financial independence: “My sister and my mother didn’t have much work, and we wanted something we could call our own and do for ourselves.” (Marie)

Passion and creativity

Closely related to the satisfaction felt, is the force of pursuing a livelihood for which one already has an interest and a passion. Several persons commented on the value of being able to incorporate one's own sense of creativity with the products and the business plan. For example, people noted that

“I do it for culture, for the desire to do something new, and because I like to work in something that is creative” (Teresa)

“I still work a lot, but the benefits are that you can develop that which you like, that which you have a passion for, and work with what you like.” (Vanessa)

Health and spirituality

Closely related to personal satisfaction was the sense that the work that the entrepreneurs were doing provided a healthier, happier and more spiritual lifestyle. Two women mentioned that they had developed an appreciation for nature in her journey as a business owner:

“I go out into nature and I am surrounded by the forest and I am happy. Before, no. Before, I needed to be around people. But now, I have learned to appreciate that type of thing. ... This is work with fresh air, and I love the rain, and I love being outside, seeing the flowers grow, the colours, contact, the aroma. You begin to appreciate it more. Before it was work, then go straight to bed. Now with time, you appreciate a lot, because these things also are improving your products. The cosmetics — a lot of it is the aroma, and then you start to wonder what aromas you can use.” (Viviana)

“Satisfaction, independence, economically and for a question of health. ... It's better for my personal health.” (Teresa)

Challenges for Microenterprise in Chiloé

In interviews, people were asked what difficulties and challenges they faced. The response was a disparate, complicated depiction of existing needs and wants. Some of the challenges facing Chiloté microentrepreneurs can be resolved through improved coordination of, and access to, local assistance programs; whereas others are rooted in broader societal realities or reflect structural constraints of wider political and economic systems.

Seasonality

One of the things that attested to the importance of tourism to local production was the seasonal pattern of sales. Perhaps because Chiloé is subject to more than one metre of precipitation annually, most people travel there only in summer during vacation time, which coincides with the best weather. In mainland Chile, there can be more steady tourist traffic because access is easier, there is better tourist infrastructure and the weather is more stable year round.

This is a project, but a life project. It is like having a child.

All of the people interviewed said that the two summer months were typically the time when they sold the most. They depended on these months for most of their income, whereas the other months were more of a struggle. Viviana calculated that 70% of her annual sales were in the summer and 30% in the winter. This seasonal pattern of sales is especially difficult to cope with for persons used to steady, salaried employment.

“For us, really, the months we sell the most are in January and February. ... Having to lose a salary is difficult, because there are months we will do well and other months we won’t see a penny. ...That’s the hardest part about being independent. It’s not constant. ...One month can be good, the next horrible.” (Marie)

Limited information, training and technical assistance

Many microentrepreneurs need training in accounting and business management. Others require hands-on technical assistance, especially in developing marketing plans. As Marie explained,

“There is very little information. ...For me, it would have helped to have someone to show me, teach me, inform me, how to start my business.” (Marie)

One man said that he had participated in a workshop developed for artisans but he felt that the objectives of the workshop were not met.

Inadequate marketing skills

While several of the entrepreneurs had a good grasp of marketing tactics and techniques, others expressed feeling quite lost in this department.

“What would help more than money, is that there would be someone available to help ... with promotion of your products, and how to get involved with markets. ...What’s more important than money would be orientation.” (Marie)

“It’s the step of commercialization that we find difficult or challenging. We know how to produce, we know how to finalize our products, to make them to our best ability. But after, when we want to sell them, we are not good at selling. We don’t know how to do that.” (Teresa)

“So, I think that what is needed is someone to help between the producer and the buyer/seller; and the right instructions for how to prepare their product, because sometimes one doesn’t know how to present their product.” (Teresa)

Often, when asked questions regarding their strategies for marketing, people would respond with a discussion of how the quality of the product was one of the most important selling features. Yet, they rarely mentioned actually creating anything beyond the product to appeal to customers. It may be that the concept of “marketing” is seen differently in Chiloé, compared to North America. The Chilotés craftspeople tended to think that a high quality product will sell itself. One could argue that in a place like Chiloé, where there is intense competition among many similar products, some sort of marketing could be useful in distinguishing individual products. However, this would be imposing a western concept onto a traditional value system — something that requires further examination.

Poor communication and coordination

There are various organizations and agencies devoted to local economic development. Among those canvassed, there was a difference of opinion concerning what supports were available and accessible to the entrepreneurs. The uneven nature of the experiences documented, however, shows that needs are not being adequately addressed. This is not necessarily due to a lack of resources but happens because entrepreneurs fail to link up with existing sources of assistance.

“The state does give a lot of resources, but sometimes they are lost because they are not used, because the people don’t know about them. And so, what is lacking is diffusion of the resources and capacity. Only a small number of people know about what is available — often professionals who already work. So, communication and publicity could bring the resources closer to the people.” (Viviana)

Entrepreneurs themselves would also benefit from coordination of efforts and the sharing of information. As Teresa explained it, producers suffer from a lack of capacity for self-organization and coordination, and therefore miss opportunities to collaborate and cooperate among themselves.

Onerous government regulations

Some artisans feel that there are laws and regulations in place that make it very difficult to proceed beyond the initial business development stages. Vanessa noted that, in comparison to Argentina, regulations in Chile are complicated, saying: “Here there is a lot of bureaucracy, lots of permits, more steps.” She felt unable to get ahead because the infrastructure and certification she needed to place her products in supermarkets and pharmacies cost a significant amount of money.

Lack of access to credit

Vanessa was unable to access a loan large enough to cover the expense of product certification and infrastructure that was required for expansion. She commented that “there is a lack of support, and financing.” Maria and Victor, who had never secured a business loan despite their long term success and good reputation, mentioned a similar struggle. They felt stuck, being unable to save money to invest in business expansion because they were constantly using their capital for operating expenses and materials.

Unequal access to development assistance

Some entrepreneurs experience barriers when they attempt to get assistance, either because they are in a remote locality, or lack the skills to write a polished proposal. For Marie, the issue was the high degree of competition. She said, “It’s difficult here to obtain funding for projects or businesses, because there are many people applying for such things.” *Las Carolinas* noted a general lack of support for microenterprise in their region of Chiloé, saying “For artisan groups there is little help, little support.” As for Teresa, she struggled to develop a competitive proposal:

“Last year I proposed a project but they didn’t give me support. They don’t look at the idea, they only look at how well your project is written and formulated. So, no, I didn’t really have much help from organizations.” (Teresa)

Viviana, with her business degree, can clearly see that other prospective entrepreneurs are at a relative disadvantage. She feels that this disparity is most acute where entrepreneurs have limited education or live in relatively isolated, rural areas. She pointed out that those who have a higher degree of education are more likely to know where to seek help or to have been exposed to places where support and funding are available:

“As for people who have an education, we generally have a good idea of where to look for resources and help. But there are others, such as people in indigenous reserves, where there is not as much information available and they don’t tend to

know where to look for the information either.” (Viviana)

Inequitable access to land

The preservation and cultivation of land is integral to traditional indigenous livelihoods and spirituality. However, the former government of Chile under General Pinochet alienated indigenous people from their lands and denied their existence as distinct cultural entities.

Several of the entrepreneurs identified themselves as indigenous. These persons all shared a desire to have more land for the production of raw materials. *Las Carolinas* were held back by their lack of access to land for growing crops, saying “We lack land. We proposed projects but it is hard because we lack the land.” Teresa also needed assistance to gain access to land as well as infrastructure:

“I go out into nature and I am surrounded by the forest and I am happy.”

“I need economic help, because I need things, for instance a drying machine, more land, more space — for me or for the organization, but a space that I can cultivate in better conditions, because here the land I have is not that good.” (Teresa)

Intergenerational loss of cultural skills

The manager of the Biodiversity Store brought up a concern of hers, which was that the younger generation are taking less of an interest in learning the practice of many of the island’s arts and crafts. She felt it was because it is not seen to be an option that can generate enough money to meet modern needs and desires, and because most young people look for jobs that provide more stable incomes.

Entrepreneurs also expressed concern over the loss of traditional knowledge and skills, and discussed the importance of collective family enterprise as a strategy for ensuring conservation of culture over generations. For example:

“The culture will still be considered old. Generations are passing. I hear now that the youth need to carry on this tradition, to claim their history, because if they don’t do it, no one else will do it.” (Victor)

“There is no school of artisanal crafts. It’s a slow process, because the interchange in every generation is less. We need preparation for the future, for one thing, and the other reason is that the artesanal crafts are being left behind. And so, in order to avoid that, we need to teach the youth. This is one way to keep it going, so that the young girls can carry it on, and guard it.” (Victor and Maria)

Chiloté Responses to the Challenges of Marginality

Using island culture as a resource

Many of the Chiloté entrepreneurs recognize and draw upon resources beyond raw physical materials available on the island. They also use the *knowledge* of a culturally based craft or skill for economic ends. In this way, they use their island culture as a resource for economic development. Turning something that was once a subsistence activity into one with economic value was aided by the development of a tourist market that itself capitalized on Chiloé’s “natural” image.

Finding a creative niche

Several of the entrepreneurs have made a point of creating novel designs, while still holding on to some traditional notion of Chiloé. In interviews most producers, even the ones making knitted goods, spoke of the importance of ensuring that their products are unique and innovative.

Taking risks

Microentrepreneurs have to be proactive in seeking financial assistance, and be willing to work hard and take calculated risks to advance their business. Thus,

“It is hard and expensive, but there are also things that can help you. We got 8 million pesos, which is a good amount to start off with, and you have to invest, you have to put yourself into it as well.” (Viviana)

Realizing value in aboriginal identity

Although discrimination against indigenous people persists in Chile, some indigenous rights are being re-established. For example, the Williche Council of Chiefs won the right for their people to reoccupy and co-manage portions of the national park on Chiloé, which had been expropriated by the federal government. In this changing social context, being indigenous can actually be a market advantage. Teresa alludes to this trend in social and cultural awareness:

“For this type of product and business, my roots are an advantage. This place and being indigenous gives me value, for now. In another cycle/century, it could mean discrimination again, but for now, it is valued.” (Teresa)

There are also some programs that have been developed to support indigenous economic development. For example, in rural Cúcao, one of the most densely populated indigenous regions of Chiloé, many families have developed small tourism businesses such as restaurants, hostels, camping sites and facilities, and guided horse-back tours. They own the land, and are therefore able to use it for economic gain. SERCOTEC, one of the state organizations devoted to economic development on Chiloé, held a competition in 2007 through which six indigenous people in this area were granted funding to improve their business infrastructure.

Use of co-operative business models

When faced with challenges, people had a tendency to turn to collective action or mutual support mechanisms. The doll-making collective was such one example. Several others, including a group of rural women and a woman who belonged to an urban indigenous organization, mentioned the benefits of people coming together as a group with a common interest. They understood the value and strength of people acting collectively, but lacked knowledge of how to develop a formal co-operative business structure.

Surviving seasonality

Several entrepreneurs interviewed attempt to balance this seasonality by making contacts with more populated, mainland areas in Chile where they can market their products on a year-round basis. Others set up web-sites, again reaching beyond the boundaries of the island, which allows their products to have an international following. For one family-run enterprise, whose main product was knitted dolls, seasonality was a serious problem:

“We have worked many years in artesanal crafts, and the problems are always the same for us and for other artisans — the seasonality of selling. In summer there are a lot of sales. There are about 45 days of summer and then we have 10 and a half months with no buyers. In winter there is almost nobody, and then we are left without money. We finish the year with little material and this is a vicious cycle. ... And so, for us to escape from this cycle, we need to sell in the winter...so we started seeing how we could organize ourselves to do that.” (Maria and Victor)

Maria and Victor went on to explain how they arrived at a possible solution to “escape the cycle”, as they put it. They knew that in order to sell in the winter they needed to be able to market their products to shops outside of Chiloé where there were tourists passing through on a more regular basis. They explained that there were two things they discovered that they needed in order to be able to do this. The first was that their products needed to be of a very good quality to be recognized and accepted in these shops; and

the second was that they needed to have the capacity to be able to make a higher volume so as to be able to sell more quantity at once, which is also often something the buyers of these shops seek. This was beyond their capacity at the family level. To bring them closer to their goals of higher quality, and simultaneously higher quantity, they started making connections with several others that they knew of, who could knit. They ended up having different people make different parts of the doll, after which they would do the final assembly at their home. This saved them time, ensured better quality, and resulted in a greater output. As they recount, this eventually provided work for 50 other families:

“We started to look at the problem, locally and nationally, in our economic system, and with us and our traditional culture, and so we started to understand that the *gringos* (North Americans/Europeans) are winning. And well, for one thing, they have more money. But they also have a production line that’s more efficient, so we decided that we needed to start doing something like that, but on a smaller scale and without much money. So, we started with one woman who knit very nicely, and she started making this part. And see this doll here, it has 14 parts, so this involves 14 families. So, one family will knit the body, or the veil, others will make the clothes, and then we put everything together. ... Right now we are working with 50 families. We are organized in a way that this is the centre here. We have a big specialization in this, and we haven’t had help from any organization. ...And the capacity? We built our own capacity ourselves, and with others. That is one way of doing it.” (Maria and Victor)

Conclusions & Recommendations

Alternative Ways of Being and Seeing

The term *economic development* may at first conjure an image of business practice that is driven by capitalist ethics, with profit and accumulation of wealth being the main objectives. From interviewing microenterprise owners in Chiloé, we have seen a much more colourful and meaningful interpretation of what it is to be a business person. This alternative notion of business positions microenterprise as a viable and useful strategy for community economic, social and cultural development — a strategy that relies on locally available resources.

Many Chiloté artisanal products represent traditional knowledge and skills, and the natural resources that are most available. This has produced an interesting effect, whereby in selling these traditions or in some cases Chiloté concepts engraved in natural materials, the craftspeople are making a livelihood while also preserving the traditions of their island. Consequently, the image of such traditions becomes further engrained and symbolic of Chiloé. This goes on to add to the tourist appeal of the island, spurring an interesting virtuous cycle that weaves together tradition, tourism, and economy.

Defining Success

Despite the challenges that hinder some people's business development, many of the cases studied here show promise and success. This was especially true where people thought of success in terms that went beyond the monetary. This summons another beneficial aspect of microenterprise, which is the notion of empowerment. When people are able to use the resources that are provided in their surroundings and then apply a skill that has been passed down, in order to make some sort of living out of it, they feel satisfaction, empowerment, and a greater sense of confidence. This is important because it enhances quality of life, a measure of success that cannot be counted in dollars.

Microenterprise, Sustainability and the Social Economy

The notion of sustainable livelihoods is an important concept in relation to microenterprise. The philosophy of sustainable livelihoods promotes goals beyond those of simply building an enterprise. It is a philosophy that is women-centered, empowering, and activist and committed to long-term results. In being women-centered, it emphasizes looking at the woman as a complete person and building on her assets, resources, skills, knowledge and abilities (Nomos, 2002: 13).

Many of the entrepreneurs interviewed in Chiloé exemplify sustainable livelihoods, and their stories reveal some of what needs to be taken into consideration when designing development initiatives. Their choice of livelihood did not necessarily ensure a secure income, but it did result in a sense of personal fulfillment rooted in an appreciation for the traditional culture and nature of the island.

It may be that this search for deeper meaning and the rejection of raw capitalism will be found to characterize microentrepreneurs in many other parts of the world, or at least those whose businesses are dependent upon living natural resources. Or, this might be something peculiar to small islands and other geographic spaces that are relatively “uncontaminated” by outside influences or powers.

The introduction of the *salmoneras* in Chiloé signifies a societal change, and competing values at play are clearly visible on such a small island. The clash of global and local cultures exists in many places in the world, complicating community development but also underlining the importance of taking into consideration all aspects of society when designing development initiatives, including traditional customs and sustainable indigenous environmental practices.

A pattern starts to emerge that reveals the interesting relationships among insularity, rurality, ethnicity and gender. The shared realities of marginalization make microenterprise appealing to many people who live in these circumstances. In some cases, people may simply lack the financial means or educational opportunities to do anything else but combine native talents with available resources and make some small product that is marketable. In other cases, whether they start from a position of apparent disadvantage or have access to wage employment, they prefer to face the risks of microentrepreneurship because money is not at the top of the list of things they value. Intangible benefits, motivations, satisfactions and values attached to running one’s own business surpass financial considerations: e.g. independence, time spent with family, connection with nature, or the preservation of culture and heritage. We can see how

the microentrepreneurs in Chiloé embody the notions of placing people before capital, conservation of the environment, and conservation of cultural identity and traditions while developing business ventures.

Whether they were aware of it or not, many of these business owners espoused the values of the Social Economy when explaining their reasons for continuing and committing to their businesses. The Social Economy has been described as including: “social assets (housing, childcare, etc.), social enterprises including cooperatives, equity and debt capital for community investment, social purpose businesses, community training and skills development, integrated social and economic planning, and community empowerment” (Social Economy Roundtable Consultation Briefing Notes, 2005). The question remains whether the Chiloté microenterprises involved in this study qualify as part of the Social Economy by virtue of their espoused social and cultural purposes.

Suggested Roles for Local Supporting Organisations and Agencies

The study of Chiloté microentrepreneurs shows how multiple contextual factors operate on a variety of levels to influence one’s business experience and success. Microentrepreneurs, especially those inhabiting the margins of society, face many challenges. From what was reported, it was clear that there is often a mismatch between what is available to microentrepreneurs and what is needed, and a lack of mechanisms to match needs with resources. This was particularly acute for people in rural settings and for people with less formal education. There are also, no doubt, people who would benefit from microenterprise that have been unable to access the resources or education that could help them start such a venture.

Social economy organizations, particularly those dedicated to advancing community development and social justice, have a role to play in supporting microenterprise development, especially those that have social, environmental and cultural goals as well as financial ones. Some options for intervention by organizations such as the Bosque Modelo and Williche Council of Chiefs include:

Creative, inclusive outreach

Help ensure that potential entrepreneurs are reached with important information concerning opportunities for microenterprise development, and that such information is provided in a way that is accessible to those who are marginalized in any way, e.g. by virtue of their island location, rurality, gender, ethnicity, education, socioeconomic status.

Accessible credit

Chiloté microentrepreneurs often lack access to credit that they need to expand their businesses. Supporting organization may not be able to run a microfinance program themselves, but they can help to lobby for targeted government grants and loans, or put pressure on conventional lenders to develop services for small business.

Meeting actual needs

Adequate evaluation of programs is necessary to ensure that whatever training or technical assistance is offered meets the actual needs of the artisans. It would also help if programs were developed with input from the prospective clients, so that their priorities are adequately addressed.

Diversification and differentiation of products

Help guide development of new and unique products as well as providing assistance to entrepreneurs who need to differentiate existing products from the competition, through culturally appropriate marketing.

Blending the best of traditional and modern

Assist entrepreneurs to develop products that meet modern market demands while also drawing on and supporting local culture and tradition.

Supporting social enterprise

Facilitate and coordinate people’s efforts to work collectively to meet the needs of their communities.

Promoting co-operative business structures

Co-operative social enterprise would seem to be a promising avenue in light of the findings of this study. People made reference to the desire to start a co-op, especially for gaining access to land and to wider markets. Several were already working in cooperative family or community structures, although these were not formally constituted co-operatives. The potential for fostering formal co-operative development on Chiloé is a topic for further research.

Support more than just a business

Offer facilitated workshops that help people recognize their passions, and identify ways of using this passion as a basis for business start-up and development.

Communication and coordination

Service organizations need to communicate with one another and coordinate their efforts. Active facilitation is also needed to make it easier for people to understand and access the resources they require to start, develop and succeed in business. One way to promote the coordination of service delivery is by developing a directory that lists supporting organizations and services in various regions of Chiloé. Mann outlines how this should be done:

“One of the most useful contributions is to prepare directories of all the institutions active in a country, giving their names, addresses, staff contacts, describing their policies and preferences, kinds of support offered, geographical and sectoral specializations, volume of lending, training, or other assistance, and giving examples of completed application forms.” (Mann et al., 1989: 17)

Research

Academic and applied research is needed to identify best practices for social enterprise development in the Chiloté context. The island is experiencing the clash of traditional culture with global capitalism. Research could probe various models of ‘development’ to discover what is most helpful and appropriate for the people and communities. Notions of progress need to be critically assessed and fair ways devised for measuring ‘progresses. ‘Progress’ as defined by the entrepreneurs interviewed in this study signifies something meaningful that reflects the culture, tradition and values of a society; it cannot be measured only in economic terms.

Policy Advocacy

In addition to the local actions listed above, non-governmental organizations also have a role to play in advancing social enterprise on a broader scale. They can do so by advocating improvements in regional and national economic and social policies that remove barriers to the alleviation of poverty at the community level. In Chiloé an obvious example is the work of promoting and facilitating Williche access to land and to social and economic development. Eversole (2004) explains the importance of seeing beyond the need for local supports for microenterprise, to the work of breaking down the broader social and political obstacles to alleviation of poverty.

“Microentrepreneurs may stretch and combine limited resources in amazing ways, but they often have too little to work with: too little capital, too few assets, too little information, too few specialized skills. The entrepreneurial agency of women — and men — is a key ingredient in decreasing poverty, but it isn’t the only ingredient. Microenterprise development programmes may supply some entrepreneurs (those who qualify) with some useful support (often operating credit). But how far does this go toward attacking the more deep-rooted sources of disadvantage which keep people working hard to earn little? In a world where inequities have a disturbing tendency to grow rather than shrink, it is important to look further: toward the larger contexts in which microentrepreneurs live and work and to the relationships underlying poverty.” (Eversole, 2004: 15)

An example of this type of approach at work at the national level is the use of a *Gross National Happiness* index to replace Gross Domestic Product in the country of Bhutan (Mustafa, 2005).

The Multiple Values of Microenterprise

Overall, what becomes apparent from this preliminary reflection on microenterprise on the island of Chiloé is that economic development choices are more complex than they might appear. Microenterprise seems to be a straightforward strategy for generating income. However, upon closer inspection, one sees how culture and tradition can play important roles in shaping such a business. Culture and tradition operate at a broad social and political level, but also define what is possible and what is supported locally, within the context of the individual’s particular geographic position, physical resources, gender and ethnicity. Microenterprise is used not only to generate income but also to pursue work that simultaneously helps people to conserve or promote culture, or to express a creative passion. Then, entrepreneurs feel a deep sense of accomplishment because their livelihood aligns with their values, builds a sense of self worth, and contributes to a rich quality of life.



References

Allende, I. (2003). *My Invented Country: A Nostalgic Journey through Chile*. New York: Harper Collins Publishers Ltd.

Baldacchino, G. (2002). "A Taste of Small-Island Success: A Case from Prince Edward Island", *Journal of Small Business Management*, 40 (3), 254-259.

Baldacchino, G. (2005a). "Successful Small-Scale Manufacturing from Small Islands: Comparing Firms Benefiting from Locally Available Raw Material Input", *Journal of Small Business & Entrepreneurship*, 18 (1), 21-38.

Baldacchino G. (2005b). "Island Entrepreneurs: Insights from Exceptionally Successful Knowledge-Driven SMEs from 5 European Island Territories", *Journal of Enterprising Culture*, 13 (2), 145-170.

Baldacchino, G. and Bonnici, J.V. (2005). *Real Stories of Small Business Success: Insights from Five European Island Regions*, San Gwann, Malta: Malta Enterprise.

Baldacchino G. and Milne, D. (2000). "Introduction" in G. Baldacchino and D. Milne eds., *Lessons from the Political Economy of Small Islands: The Resourcefulness of Jurisdiction*, Basingstoke: Macmillan, 1-16.

Ehlers, T. and Main, K. (1998). "Women and the false promise of microenterprise", *Gender and Society*, 21 (4), 424-440.

Eversole, R. (2004). "Change Makers? Women's Microenterprises in a Bolivian City", *Gender, Work and Organization*, 11 (2), 123-142.

Findeis, J.L., Jensen L. and Conwell, G. (1997). "Rural Employment Alternatives: Wage Work Versus Self-Employment Among Rural Households", in R.D. Bollman and J.M. Bryden, eds., *Rural Employment: an International Perspective*. Wallingford: CAB

International in association with the Canadian Rural Restructuring Foundation, 283-286.

Hine, C. (2000). *Virtual Ethnography*. Sage: London.

Husseini, R. (1997). “Promoting Women entrepreneurs in Lebanon: the experience of UNIFEM”, *Gender and Development*, 5 (1), 49-53.

Kopytoff, I. (1986). “The Cultural Biography of Things: commoditization as process”, in A. Appadurai, ed., *The Social Life of Things: Commodities in Cultural Perspective*. Cambridge: New School University, NY.

Levangie, D. (2009). *Aboriginal Wisdom: Medicinal Seaweeds of the Mi'kmaq and Williche*. Charlottetown, PEI, Canada: Institute of Island Studies.

Mann, C.K., Grindle, M.S. and Shipton, P. (eds.) (1989). *Seeking Solutions: Framework and Cases for Small Enterprise Development Programs*. West Hartford, Connecticut: Kumarian Press.

McGregor, J. and Tweed, D. (2002). “Profiling a New Generation of Female Small Business Owners in New Zealand: Networking, Mentoring and Growth”, *Gender, Work and Organization*, 9 (4), 420-438.

Nomos, E. (2002). “Women in Transition Out of Poverty: A guide to effective practice in promoting sustainable livelihoods through enterprise development” , *Women and Economic Development Consortium*, January, 1-60. www.cdnwomen.org

Novaczek, I. and Stuart, K. (2006). “The contributions of women entrepreneurs to the local economy in small islands: seaplant-based micro-enterprise in Fiji and Vanuatu.” *Journal of Small Business & Entrepreneurship* 19 (4), 367-380.

Pio, E. (2007). “Ethnic Entrepreneurship among Indian Women in New Zealand: A Bittersweet Process”, *Gender, Work and Organization*, 14 (5), 409-432.

Rogovin, M. and Trujillo, C. (2007). *Nada Queda Atrás*. Chiloé, Chile: Editorial Isla Grande.

Van Horn, R.L. and Harvey, M.G. (1998). “The Rural Entrepreneurial Venture: Creating the Virtual Megafirm”, *Journal of Business Venturing* 13 (2), 257-274.

Verhasselt Puppink, D. (Ed.) (2000). *Archipiélago Chiloé, El Encanto de una Isla Misteriosa*. Santiago, Chile: Editorial Kactus.

Yunus, M. (2003). *Banker to the Poor: Micro-lending and the Battle Against World Poverty*. New York: Public Affairs, Perseus Books Group.

Internet resources

Banco del Desarrollo. <http://www.gdrc.org/icm/micro/what-is.html> (viewed April 6, 2009)

CCEDNet National Policy Council. <http://www.ccednet-rcdec.ca/?q=en/node/> (viewed January 3, 2009)

Chile Emprende. <http://www.chilemprende.cl/> (viewed 5 May, 2009)

CORFO. www.corfo.cl (viewed 5 May, 2009)

Chantier de l'économie sociale. <http://www.chantier.qc.ca> (viewed January 3, 2009)

Global Development Research Centre. <http://www.gdrc.org/icm/micro/what-is.html> (viewed January 3, 2009)

INDAP (Instituto de Desarrollo Agropecuario). <http://www.indap.cl/> (viewed May 5, 2009)

Mustafa, N. (2005). "What About Gross National Happiness?", *Time*, January 10, <http://www.time.com/time/health/article/0,8599,1016266,00.html> (viewed January 3, 2009)

SERCOTEC. <http://www.sercotec.cl/base/homepage.cfm> (viewed May 3, 2009)

Social Economy Roundtable Consultation Briefing Notes (2005). http://www.ccednet-rcdec.ca/files/Policy%20Brief%20Final-EN_2005.pdf (viewed 6 April, 2009)

Wikipedia. http://en.wikipedia.org/wiki/Chiloé_Island (viewed April 6, 2009)

Willliche Council of Chiefs. <http://werken.williche.org/> (viewed April 6, 2009)

