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Constraints and opportunities for entrepreneurship in Peru and Chile: A discussion about institutions and social networks in Latin America

Restricciones y oportunidades para el emprendimiento en Perú y Chile: Una discusión acerca de instituciones y redes sociales en América Latina

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Abstract

Entrepreneurial activity involves many risks and challenges along its life cycle, even more when it is in its very beginning phase. New organizations have a strong necessity to find strategic and valuable resources to achieve their growth and survival while they are taking their first steps in business. In addition to this, countries' entrepreneurship represents different opportunities like technological development or renewable energy innovations, but for Latin America it means a powerful engine for the economy, thousands of jobs and a reliable way to get rid of poverty. This paper aims to discuss how social networks can be a useful mechanism for entrepreneurs in Latin America to obtain valuable resources from external sources. The method employs a descriptive and exploratory focus, as well as an inductive approach for its conclusions. Results of the paper present different programs carried out by Chilean and Peruvian governments that promote entrepreneurial networks, and how these can be useful to the entrepreneurs' business activities. Even when these programs need to extend their initiatives, covering a larger scope of entrepreneurs, the study concludes by focusing on the importance of networks promoted by these local institutions as a part of entrepreneurial initial operational phase under turbulent conditions, where valuable resource are scarce and the surrounding institutional environment is weak.

Keywords: Resource dependence; Emerging economy; Entrepreneurship; Strategy; Social networks; Institutional theory.

| Resumen

La actividad emprendedora involucra muchos riesgos y retos a lo largo de su ciclo de vida, aún más en sus etapas iniciales. Las organizaciones nuevas tienen una fuerte necesidad de encontrar recursos estratégicos y valiosos para alcanzar crecimiento y sobrevivencia, mientras dan sus primeros pasos en los negocios. Adicionalmente a esto, el emprendimiento para los países representa diferentes oportunidades de desarrollo tecnológico o innovaciones, en cuestión de energías renovables, pero para América Latina representa un poderoso motor para la economía, miles de puestos de trabajo, y una forma confiable de salir de la pobreza. El objetivo de este artículo es discutir cómo las redes sociales pueden ser mecanismos útiles para los emprendedores en América Latina, para obtener recursos valiosos de fuentes externas. El método emplea un enfoque descriptivo y exploratorio, y una aproximación inductiva para delimitar las conclusiones. Los resultados del artículo presentan diferentes programas de los gobiernos de Chile y Perú que promueven las redes de emprendimiento, y cómo estas pueden ser útiles las actividades de negocios de los emprendedores. Incluso cuando estos programas necesitan ampliar sus iniciativas, cubriendo un alcance mayor de emprendedores, el estudio termina remarcando su importancia como parte inicial de la etapa operativa de los emprendedores en condiciones turbulentas, donde los recursos valiosos son escasos y el entorno institucional circundante es débil.

Palabras clave: Dependencia de recursos; Economía emergente; Emprendimiento; Estrategia; Redes sociales; Teoría institucional.

| Introducción

Latin American region is a market with several growth opportunities but also many challenges to deal with because of their turbulent business environment (Vassolo, De Castro & Gómez-Mejía, 2011) and their limited access to basic business needs such as capital, technology, skilled labour, and so on (Schneider, 2013). One of the main complications in Latin America is financial resources scarcity, which are important to achieve competitiveness (Jäger & Sathe, 2014). Furthermore, institutions in emerging markets play as constrainers for firms, exerting poor regulations and inefficient control of the economic transactions (Young, Tsai, Wang, Liu & Ahlstrom, 2014), which push organizations into additional efforts to obtain strategic resources avoiding those institutional problems (Gao, Zuzul, Jones & Khanna, 2017). Therefore, Latin American entrepreneurial activity have not fulfilled all promised expectations, in comparison with other emerging regions (Álvarez & Grazi, 2018). Hence, emerging economies need to reinforce their institutional context in order to deliver high standards for organizational development (Clarke, 2015), as well as leverage their balance between different interest groups and the real state capacity, preventing inequality situations (Cárdenas, 2010), in order to deliver appropriate regulations and conditions to the market, as well as proper business opportunities (Saavedra-Leyva & Flores, 2019). Therefore, it is crucial that organizations be aware of the business environment's characteristics, which facilitates or not their economic activities. Considering the variables involved in the context of an emerging economy, this paper discusses how entrepreneurs can reinforce their position in the market and use their capabilities to obtain valuable resources through their social networks management in contexts with high levels of uncertainty.

The aim of this paper is to analyze how the utilization of networks can be useful for entrepreneurs' business activities when they have presence in emerging economies and it looks forward to answering the following question: How social networks turn into useful mechanisms for entrepreneurs to obtain valuable resources from external sources?

This paper finds its relevance in the important issue for entrepreneurs that could obtain several valuable resources in the very beginning of their projects in order to do a proper management of their operation first years under a turbulent environment such as Latin America. It is usually difficult for an entrepreneur with access to internal resources, because of their recently formed structure, but to obtain those resources from external sources they need to establish organizational relationships with other firms through collaborative effort and trusty initiatives. In addition to this, Latin America still lacks extended research regarding entrepreneurship's regulations and policies that may assist entrepreneurs to achieve their goals (Álvarez & Grazi, 2018).

The study will approach to its objective using Social Networks Theory (Breiger, 1974; Burt, 1992; Granovetter, 1973; Granovetter, 1985) and exploring how networks management is involved in entrepreneurial strategy (Hitt, Ireland, Camp & Sexton, 2001). Analyzing also their necessity of valuable resources located in other firms according to the Resource Dependence Theory (Barney, 1991; Pfeffer & Salancik, 2003), and how environmental conditions deliver their structural shape to organizations according to the Institutional Theory (DiMaggio & Powell, 1983; Peng, Li Sun, Pinkham & Chen, 2009). Corporate entrepreneurship, social entrepreneurship or hybrid entrepreneurship were not considered in this study. Furthermore, to emphasize in the business environment, the paper focus on the institutional conditions explained by the Latin American literature, rather than other factors related also to the economic context.

The paper is organized as follows. Next section describes the literature review regarding social networks and resources. This section includes also an analysis of the institutional context in Latin America, and how social networks became useful for the organizational activities, such as entrepreneurship. The fourth section discusses the results of the study and conceptual arguments that are aimed at answering the objective of the paper. Finally, the fifth section presents the conclusions and alternatives for further research as propositions derive from the previous discussion.

| Theoretical Framework

This section is divided in four parts: (i) literature review about networks and resources, (ii) a brief description of Latin American business context, (iii) insights from the literature related on the impact of networks in organizations' activities, and (iv) a discussion focused on how social networks can be useful for entrepreneurs.

Networks and resources

A network consists in a specific quantity of nodes related by connections, and these ties represent a specific relationship between those nodes (Granovetter, 1976). These relationships, formed by the multiple interactions of the participants inside a determined environment (Salancik, 1995), can be created between two different types of entities, individuals or collectivities (Breiger, 1974), creating networks not just among individuals but intra and inter organizational relationships as well (Tichy, Tushman & Fombrun, 1979). Networks structure analysis could permit to understand a part of individual or group's behavior (Mitchell, 1974). Following Granovetter (1973), these connections classified in strong ties and weak ties according to its particular features, such as resource attract potential for instance. Strong ties are closer connections, which are capable to facilitate resources like trust, support and confidence. On the other hand, weak ties are unfrequently activated connections but they have an enormous potential to bring valuable and non-redundant resources like information, access to capital, advice or knowledge (Granovetter, 1973). Then, different types of ties are capable to bring distinct novel and valuable resources to any participant inside the network, and these resources are important to support and maintain business activities who are also critical to follow organization's strategy, for instance improve innovative level of the firm (Ahuja, 2000). In addition to this, alongside strong and weak ties, there are empty spaces where are not connections between the nodes, called Structural Holes (Burt, 1992). According to Burt (1992) a major presence of these structural holes are capable to increase the availability of non-redundant resources across networks. Finally, the whole package of strategic, valuable and unique resources that an organization could get by its network management called Social Capital (Adler & Kwon, 2002; García-Valdecasas, 2011).

Social Capital represents the "goodwill" of individuals toward others too, and according to Adler & Kwon (2002) receiving this "goodwill" means develop a previous access to some specific resources such as information, influence and solidarity (Adler & Kwon, 2002; García-Valdecasas, 2011). All the resources inside Social Capital provide different sources for new skills, knowledge, control, power and trust (Adler & Kwon, 2002), that represent strengthening opportunities and different business alternatives for an organization's strategy. In order to do an effective use of this social capital, organizations must be capable of ensure the resource flow inside its networks, through the establishment of collaborative relationships with others firms, and be capable of mobilize those resources to stand against their environment uncertainty, strengthen their initiatives or to deal with some business challenges (Adler & Kwon, 2002). Figure 1 shows how networks can bring non-redundant and valuable resources to the organization and in the stage 1 these resources are properly storage as the firm's social capital. Resources captured by the firm are storage first, because firm would wait for a proper and accurate moment for their use. At stage 2 of the Figure 1, the firm is dealing with some particular situations or is involved in a specific context that forces it to mobilize these resources and use them on its business activities, following its whole strategy.



Figure 1. 2-stage model for building networks and mobilizing resources. Source: Cordova (2017). Reproduced with author's authorization.

Every economic activity is naturally embedded in social relationships (Granovetter, 1985) and through this exchange complex system of connections; they can acquire several opportunities in their markets to ensure their long-term survival (Uzzi, 1996). Moreover, networks can be a cyclic reliable source of these inducements and opportunities (Zaheer & Soda, 2009) because they are able to deploy resources like experiences, knowledge, prominence and power. If the firm is not capable of an adequately mobilization of these resources, it will not be possible to make a proper use of this social capital according to the organization's requirements (Kwon & Adler, 2014). This means also that managing networks is not enough to ensure the use of new resources in organization's business activities, it is necessary to have the capacity to allocate these resources in the right place and time over firms' strategy, in order to achieve an advantageous position of an individual or group inside their own relationships network (Burt, 2005).

Latin America institutional context

Institutional forces in the business environment constantly are reshaping firms' boundaries in order to adapt them to the evolving conditions in the surrounding context (DiMaggio & Powell, 1983), assuring a proper fit between organizational characteristics and its operational field. In addition to this, institution-based view remarks looking institutions as relevant players in firms' business environment, capable to set the organization's strategy (Peng et al., 2009; Hernández, Moncada y Henao, 2018). The institutional context is involved in the overall business environment, redefining the way of how firms take decisions about resources (Oliver, 1997). Formal or informal institutions, organized or disorganized ones, have the power to change the environment and must be understand as a primary issue for the establishment of firm's strategy (Ansari & Phillips, 2011).

According to Hillmann & Aven (2011) institutions represent a supporting business activity platform for firms in order to enable and facilitate the infrastructure, the commitments of contracts, and to secure and protect property rights. So, institutions play a significant role in emerging economies, but actually the institutional voids, regulations' alterations, the effect of privatization and the existence of informal markets are overwhelming the institutional context (Vassolo et al., 2011) and creates a particular environment where firms strongly need monitoring and regulation to be able to obtain proper and long-term conditions for growth. For instance, institutional weakly business environments tend to force organizations to search for other alternative mechanisms to find new resources (Musacchio & Read, 2007); but in contexts where institutions act like central connectors inside organizations' networks (Salvaj & Couyoumdjian, 2015) or have strong formal institutions (Musacchio & Read, 2007), organizations are able to find resources available in their business environments. Latin America represents the second most important emerging economy region worldwide and it still has a vulnerable institutional context (Vassolo et al., 2011). Finally, previous studies highlighted the importance of a clear and diligent institutional environment in Latin America, in order for entrepreneurs to take advantage of more opportunities (Saavedra-Leyva & Flores, 2019). However, emerging economies are mainly characterized by the presence of weak institutions (Young et al., 2014), and their ineffective action leads to the formation of informal markets, less or unequal opportunities for growth, and facilitates the existence of corruption (Vassolo et al., 2011; Vergara, 2018), both increasing the uncertainty of the environment.

How networks are involved in organizational activity?

Firms search for different kinds of collaboration relationships with partners (Barringer & Harrison, 2000), who have different or complementary skills, and that kind of synergy allows access to several new resources (Hitt et al., 2001), then those resources are useful against environment's uncertainty according to the resource mobilization capabilities of the firm (Martin, Gözöbüyük & Becerra, 2013). According to the organizational needs, intangible resources such as reputation, knowledge, learning capability and transfer of knowledge capability (Hitt et al., 2001) could be relevant as well as tangible ones, which are necessary to achieve firms' objectives. As Levitt & March (1988) explained, taking care of organizational networks means keep an open path of learning from other organizations. These learning networks formed by organizational relationships are the basic platform for innovation, acting as a community of knowledge, rather than the individual efforts of firms (Powell, Koput & Smith-Doerr, 1996). Innovation and generation of new ideas are due to the absence of some connections between individuals inside of a network (Burt, 2004). Those empty spaces, called structural holes (Burt, 1992), have the power of assure the non-redundant information flow across the network. In fact, firms that manage properly their networks are able to learn faster and can achieve higher levels of creativity (Burt, 2005) so, the larger the scale of network structure, the higher innovative level (Schilling & Phelps, 2007).

Emerging economies firms seek to cover the lack of formal and strong institutions by putting their trust on informal but well-performed reputation ones (Hillmann & Aven, 2011). This behavior facilitates the creation of reputation-based networks, which are mostly present in emerging countries. Reputation helps firms to reduce the uncertainty of a relationship with a

new partner, making possible to know about its behavior record in the past and decide to trust it, asking for advice or delivering responsibilities with greater confidence (Hillmann & Aven, 2011). Then, the creation of trust-based supply chains allows the establishment of different contract relationships between buyers and suppliers carrying several benefits from this commercial network (Vurro, Russo & Perrini, 2009). Following figure 2, the long line below the supply chain represents the natural flow of goods or services, but the small lines between the actors means the relationships created basically on trust (e.g., between the raw material supplier and the manufacturer), and with the opportunity to share valuable resources beyond their commercial agreement. In fact, the possible relationships between business actors in the environment is infinite, because each participant comes with his own social capital package, looking for partners who have what they do not. Parkhe, Wasserman & Ralston (2006) explained that every structural difference on relationships is worthy of attention, as any of them are different, so every relationship will be unique in resources and capabilities.



Figure 2. An example of trust-based networks in supply chains. Source: Cordova (2017). Reproduced with author's authorization.

Networks are the main source of external resources for some companies who have limited access to internal resources, and their principal support to maintain a competitive strategy in their field (Dyer & Singh, 1998; Yao, Wen & Ren, 2009). Additionally, it is possible that firms cannot obtain the precise resources they need from their internal sources because they are in their very first years of life and they did not develop strong practices nor inner learning processes yet. Contradictory to the traditional thinking about how firms build their strategy considering the context and the competition forces in the industry (Porter, 1980), a firm can model its strategy and achieve strategic differentiation based on the present resources available from its actual business network (Hung, 2002).

Furthermore, some firms who want to integrate their vision to their chain's value have used the network theory to help them generate a new concept of Global Production Network, that implies more than a simple linear relationship, but a multi directional network of relationships between organizations in a particular industry (Levy, 2008). This structure of multiple connections allows firms to obtain valuable resources, develop trust between partners, and mobilize them according to the environmental situations.

Networks benefits for entrepreneurs in Latin America

In their risky trail of business crusade, entrepreneurs need to succeed in mobilizing their resources to be able to reach a sustainable growth next stage, creating finally stable new industries (Aldrich & Fiol, 1994). According to Aldrich & Fiol (1994) obtain legitimacy is the primary objective of an entrepreneurship who wants to survive and growth its first years in its industry, and the most effective way to do this is to gain trust inside its close business environment.

Entrepreneurs can obtain several benefits from bridging the structural holes in their networks, in order to reach different resources from the other side of these holes (Burt, 2005). In addition to this, network management can provide to entrepreneurs with the necessary endorsements to improve their reputation (Stuart, Hoang & Hybels, 1999), making possible to obtain valuable resources for their survival in turbulent business environments with high levels of uncertainty. For example, in the field of new firms that want to do business internationally, entrepreneurs must establish networks, actively acquire knowledge and accept uncertainty as normal during internationalization (Vissak, Francioni & Freeman, 2020). In this sense, networks are important, not only those present in the domestic market, but also those that can be developed internationally. In fact, at the level of public policies, countries can improve their connection to global innovation networks, beyond traditional mechanisms to absorb foreign technology, such as international trade and foreign direct investment (Guimón, Cancino, López y Miranda, 2019).

Business environments of emerging markets, such as Latin America, have an original lack of information and resources, because of their institutional weakness and high uncertainty, so networks can solve both (Maas, Seferiadis, Bunders & Zweekhorst, 2014). The decrease rate for entrepreneurial activity can be dramatic if the environment does not have adequate conditions for those new firms to develop a proper establishment and sustainable operations over time. As Dew & Sarasvathy (2007) demonstrated, an entrepreneurial initiative is a complex network of stakeholders indeed, where each one of them are committed to a common purpose of innovation.

Inside a community with a high degree of social trust, which comes from social capital achievement, individuals are more likely to be entrepreneurs (Kwon, Heflin & Ruef, 2013, Torres et al., 2018). These entrepreneurs have to choose a particular strategy between cost leadership and differentiation to sustain their new businesses in the industry (Porter, 1980). However, in Latin America, necessity-driven entrepreneurship is the most common and it has to lead its way with limited resources and few information, so they are often most likely to choose principally a cost leadership strategy (Block, Kohn, Miller & Ullrich, 2015). According to Block et al. (2015), entrepreneurship's behavior and the decision of a competitive strategy depends on the environment and the entrepreneur's reasons to begin the company. In emerging economies entrepreneurship is oriented to the necessity of helping people to leave poverty, but there are limited resources and inefficient institutions that could support entrepreneurial initiatives (Maas et al., 2014). When local institutions have the power and relevance in their business environment and also, when networks are properly developed by entrepreneurs, it is possible to enhance entrepreneurial growth opportunities (Petti & Zhang, 2011), and also to develop an entrepreneurship culture that would spread energy as well as initiatives to the entrepreneurial local community, which turns into a reliable mechanism toward increasing new businesses' rates.

(Fernández-Serrano & Liñán, 2014). Therefore, networks are an important instrument to facilitate resources, increase the diffusion of practices and, moderate appropriate environment conditions to establish opportunity-driven entrepreneurial activities.

According to Hitt et al. (2001), any intent to enter into a foreign market is indeed an entrepreneurial strategy and this effort requires valuable resources and capabilities. Some of the resources that may be obtained by constructing and using networks can actually help to make a better performance in international new ventures (Coviello, 2006). These recently born organizations use relationships generated by the natural network evolution from the beginning of the entrepreneurship to adequate their strategy in these foreign markets. As Coviello (2006) said, this type of entrepreneurship has to consider network relationships that were formed before the internationalization process, during the pre-internationalization phase. The entrepreneurs' exposure to other organizations is a basic element of their strategy which allow them to obtain knowledge, relevant social ties, and the possibility of build self-confidence in their managerial activities (Sorenson & Audia, 2000). Moreover, entrepreneurial methods to find an opportunity for international exchange when they are exploring foreign markets rely on tie-based opportunities that emerge from relationships with others, and these kind of initiatives are called tie-based exchanges (Ellis, 2011). Nevertheless, this kind of exchange structure is produced by a sustained network system that allows the firm to obtain different and better opportunities to achieve a mutual benefit exchange or to establish trust and confidence with others in the same network through the enforcement and repetition of partner relationships in a less open network system.

Networks' resources and entrepreneurial orientation directly influence firms' performance. According to Elfring & Hulsink (2003), new opportunities and legitimacy are important resources related to firm's performance. Entrepreneurs are able to take advantage of new opportunities reinforcing their strong ties, by the other hand; weak ties are quite useful to young entrepreneurs looking for drastic and quick innovations (Elfring & Hulsink, 2003). Networks can provide strategic resources to sustain and develop competitive advantages and entrepreneurial orientation offers search skills and execution abilities to exploit opportunities (Yao et al., 2009). Finally, following this perspective, networks resources and entrepreneurship skills are complementary mechanisms to model entrepreneurs' strategy and are critical to combine in their initial operational phase.

| Methodology

This is a qualitative study, with a descriptive-exploratory focus (Hernández, Méndez, Mendoza y Cuevas, 2016), due to its objective of contribute reinforcing the scarce entrepreneurship literature in the Latin America region oriented to how entrepreneurs could manage their businesses through a constrained institutional environment (Álvarez & Grazi, 2018). The approach of the research is inductive because departing from the results; the paper establishes relationships between the concepts and findings in order to propose a general conclusion (Gómez, 2012).

The study utilizes secondary sources, collecting data from entrepreneurial oriented programs' official websites and available reports, which allow the analysis of several government initiatives from Chile and Peru, focused on promoting networks' formation as an institutional support for entrepreneurs' growth and performance capabilities. In order to do so, institutional support was divided into five factors: (i) firms with internationalization potential, (ii) dynamic entrepreneurship, (iii) life-style entrepreneurship, (iv) necessity entrepreneurship, and (v) promote an entrepreneurship culture. These factors for support facilitates the discussion later about how these institutions are focusing their efforts to assist entrepreneurial activities and allow to find which of these factors could be missing in some of the two countries under scrutiny. Hence, data was taken from official information repositories of these entrepreneurial oriented programs and organized according to these five support factors.

Briefly, this work shows the names of five public programs that support the generation of networks and productive capacities in new ventures in Chile (Go Global, PRAE, Capital Seed Sercotec, Capital Seed FOSIS and Start-Up Chile) and four in Peru (ASEP, Innóvate Perú, Tu Empresa and Start-Up Perú programs). The main objective of these programs is to promote the development of national and international networks for new companies.

| Discussion of the results

Entrepreneurs face important challenges ahead, trying to look for valuable resources over their first years of life. Management literature told us that organizations usually are capable to generate by themselves the resources that they need, working hard in their capabilities and learning from their business decisions. However, for an entrepreneur it could be different because at their initial operational phase they do not have the experience through their actions to achieve some background that allow them an internal generation of resources, so they might have to acquire those outside, from external sources (Pfeffer & Salancik, 2003).

When entrepreneurs go outside, searching for those valuable resources, they would deal with the environment' conditions and these characteristics could constraint or not the entrepreneurial activity. In Latin America, a region known by its turbulence for businesses and a high level of uncertainty (Vassolo et al., 2011, the context plays a main role as a strong moderator for organizational capacity to obtain resources, which affects almost every firm, regardless their size or industry. Even when institutional robustness is critical for a well-prepared context focused on entrepreneurial development (Álvarez & Grazi, 2018), entrepreneurs in Latin America usually find weak institutions, government instability and unhelpful regulations. In response to that, they would be attracted to search informal institutions and other mechanisms to cover the ineffectiveness of formal institutions, such as trust based networks or related collaboration initiatives with other organizations.

In Latin America, different efforts are established by public productive development agencies in order to strengthen national and international networks. In most of these efforts, the delivery of a smart capital stands out, which is not only a financial support, but also a support in mentoring, networks, administrative and technical capabilities, which allow to better develop the growth of each business. Since entrepreneurs need different resources at their initial phase (Block et al., 2015; Maas et al., 2014; Vissak et al., 2020), we may expect to find different programs, providing a mix of alternatives and resources according to entrepreneurs' specific demands.

Table 1

Institutional support from the government in Chile and Peru for entrepreneurial networks.

Institutional Support	Chile	Perú
Networks supporting new firms' internationalization.	<i>Go Global</i> is a Project between Corfo and ProChile that seeks for Chilean innovation across the world (ProChile, 2020).	None.
Networks supporting dynamic entrepreneurship	<i>Programa Regional de Apoyo Al Emprendimiento</i> (PRAE), aims to support entrepreneurs located in different regions inside Chile, looking for the country's development (PRAE, 2020).	<i>Asociación de Emprendedores de Perú</i> (ASEP) is an association that aims to collaborate with the entrepreneurial learning through workshops, courses, and mentorship programs (ASEP, 2020).
Networks supporting life-style entrepreneurship	<i>Capital Semilla Sercotec</i> (CSS) is a by-concourse fund of SERCOTEC that supports the implementation of new businesses, which have the opportunity for market participation (Sercotec, 2020).	<i>Innovate Perú</i> is a program of Peruvian Ministry of Production that aims to provide financial resources for entrepreneurs by a by-concourse fund (Ministerio de la Producción, 2020).
Networks supporting necessity entrepreneurship	<i>FOSIS</i> , supports people who want to develop their business ideas. It aims also to assist them on how to grow and maintain a level of profitability (Ministerio de Desarrollo Social y Familia, 2020).	<i>Tu Empresa</i> is a Peruvian Ministry of Production initiative that aims to support entrepreneurial efforts, providing individual assessment and proper tools in order to boost entrepreneurial capabilities (Tu Empresa, 2020).
Networks supporting the promotion of an entrepreneurship culture	<i>Start-Up Chile</i> is a startups' accelerator created to support new technological businesses around the world who want to start their operations in Chile (Start-Up Chile, 2020).	<i>Start-Up Perú</i> is a government program which aims to promote the creation and consolidation of new business oriented to innovation, including high technological utilization (Start-Up Perú, 2020).

Note: Own elaboration

According to Table 1, Chilean and Peruvian governments have different programs oriented to support local entrepreneurship, following its specific needs such as financial resources, knowledge and training, and mentoring programs. Even more, both exhibit institutional programs focused on spreading entrepreneurial culture in the country, which promote to remain decisions aligned to community values (Fernández-Serrano & Liñán, 2014), and would enhance entrepreneurial potential decisions through a diffusion process over the local network (Schilling & Phelps, 2007). Contrary to Chile, Peru does not have a specific program oriented to support Peruvian entrepreneurs who decide to internationalize their business activities; however, they can apply to the existing programs and conduce those resources according to their business objectives. Despite the lack of a specific program oriented to the internationalization of new firms, which efforts implies an intensively used of social networks with foreign locations (Vissak et al., 2020); Peruvian institutions exhibit an offer of services for entrepreneurs quite similar to their Chilean counterparts.

A common feature of all previous programs is that all of them complement the allocation of financial resources with technical and administrative support. Another interesting finding is the common effort regarding innovation and technology entrepreneurship through Start-Up Chile and Start-Up Perú agencies. According to some academic studies on entrepreneurship in Latin America (Cancino, Bonilla & Vergara, 2015; Guimón et al., 2019), the common thing of public productive support programs in developed economies is to grant a relational capital that supports the growth of new businesses in a better way than just the delivery of financial resources. In this sense, policy makers in Latin America, at least in Chile and Peru, have understood that the delivery of a smart capital generates the difference to boost the growth of new businesses. In addition to this, even when the existent Peruvian and Chilean agencies include several alternatives to enhance entrepreneurship at different levels, these organizations need to ensure that their scope is far enough to reach entrepreneurs over the entire national territory. By doing this, entrepreneurs would be involved inside a trust collaborative network that enhance their growth local opportunities (Kwon et al., 2013).

| **Conclusions and further research**

Peru and Chile provide initiatives focused on boost entrepreneurial efforts, providing financial support, knowledge and learning mechanisms, among other advantages for new businesses. The study found five entrepreneurship networks in Chile and four in Peru that aim to enhance entrepreneurship in these countries, at different stages of their life cycles. However, there still much to do for these institutions in order for them to increase their reputation, legitimacy, and extend their services.

Peruvian and Chilean agencies in the study provide several services and opportunities for entrepreneurial development, through de establishment of specific programs oriented to take advantage of entrepreneurs' strengths as well as of characteristics of the business environment. Moreover, according to the orientation of these agencies and their services, it seems that Peruvian and Chilean entrepreneurs may access to different growth alternatives; however, government institutions and private agencies in charge to promote local entrepreneurship must be aware of how they are reaching every location in the country.

According to this discussion, the paper supports that networks are a reliable and systematic source of important resources such as information, trust, knowledge, learning capacity and reputation that could be available for entrepreneurs in their first years of existence in order to allow them to survive, especially in environments with high levels of uncertainty. Social networks have demonstrated that they are a reliable way to obtain resources. They behave as conduits or highways for resources, which are based on trust relationships and these connections are able to transmit good practices and knowledge. On the other hand, networks are a systematic source for strategic resources because entrepreneurs are capable to use them over their whole life cycle, from their initial years to their stable ones, expanding their connections to have access to new resources, and exploiting them to increase the amount of resources they constantly acquired.

In addition to this, the presence of informal markets inside emerging economies could lead to the appearance of new and rare resources, created by the weakness of institutions. This paper begins with the assumption that this institutional weakness is a negative issue that organizations have to deal with in order to achieve their survival. However, there is an opportunity of further research asking about in which cases that issue turns into a positive one, try to identify the specific resources obtained through this business environment and if it is possible for networks to be a mechanism to obtain them.

Resources obtained from networks are different and, according to entrepreneurs' life cycle stage, could be more or less important for them. Then, another challenge for research is to identify what resources are specifically useful for entrepreneurship in each stage of it life cycle, thus entrepreneurs will be able to go after specific resources using their connections or even better, create a network strategy to navigate through their business ties with a precise objective where they want to go.

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