
AFTER OIL COMPANIES, WHAT? ENTREPRENEURSHIP EXPERIENCES IN THE ECUADORIAN AMAZON

*Después de las petroleras ¿qué? Experiencias de emprendimientos
en la Amazonía ecuatoriana*

*Após das companhias petrolíferas, o que? Experiências de
emprendimentos na Amazônia equatoriana*

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ABSTRACT

INTRODUCTION. The present investigation analyzes the elements that explain the failure of the undertakings carried out in the Ecuadorian Amazon. **OBJECTIVE.** The main objective of the study is to determine the socioeconomic factors that are difficult for the development of productive processes in the Amazonian indigenous communities, taking as a case study the community of Limoncocha. **METHOD.** Being a descriptive case study, qualitative research techniques were used 6 in-depth interviews with key actors and a focus group with 23 young people from the community. **RESULTS.** The analysis of the data obtained can be systematized in three determining aspects that hinder the development of community projects and sustainable undertakings over time: internal conflicts among the main leaders, educational system not oriented to entrepreneurship and the presence of inconclusive entrepreneurs. **DISCUSSION AND CONCLUSIONS.** In conclusion, it is argued that the absence of entrepreneurship culture, derived from a relationship of historical economic dependence with different public and private institutions, has given rise to the current scenario, where the community perceives itself as incapable of developing, managing and sustain community projects of a productive nature.

Key words: Amazonia, indigenous, Limoncocha, ventures, kichwas.

RESUMEN

INTRODUCCIÓN. La presente investigación analiza los elementos que explican el fracaso de los emprendimientos llevados a cabo en la amazonía ecuatoriana. **OBJETIVO.** El objetivo principal del estudio es determinar los factores socioeconómicos que dificultan el desarrollo de procesos productivos en las comunidades indígenas amazónicas, tomando como estudio de caso a la comunidad de Limoncocha. **MÉTODO.** Al tratarse de un estudio de caso de carácter descriptivo, se utilizaron técnicas cualitativas de investigación 6 entrevistas en profundidad a actores clave y un grupo focal con 23 jóvenes de la comunidad. **RESULTADOS.** El análisis de los datos obtenidos puede sistematizarse en tres aspectos determinantes que obstaculizan el desarrollo de proyectos comunitarios y emprendimientos sostenibles en el tiempo: los conflictos internos entre los principales dirigentes, el sistema educativo no orientado al emprendimiento y la presencia de emprendimientos inconclusos. **DISCUSIÓN Y CONCLUSIONES.** En conclusión, se plantea que la ausencia de una cultura de emprendimiento, derivada de una relación de dependencia económica histórica con distintas instituciones de carácter público y privado, ha dado lugar al actual escenario, donde la comunidad se auto-percibe como incapaz de desarrollar, gestionar y sostener proyectos comunitarios de carácter productivo.

Palabras clave: Amazonía, indígenas, Limoncocha, emprendimientos, kichwas.

RESUMO

INTRODUÇÃO A presente investigação analisa os elementos que explicam o fracasso dos empreendimentos realizados na Amazônia equatoriana. **OBJETIVO** O principal objetivo do estudo é determinar os fatores socioeconômicos que são difíceis para o desenvolvimento de processos produtivos nas comunidades indígenas da Amazônia, tomando como estudo de caso a comunidade de Limoncocha. **MÉTODO** Sendo um estudo de caso descritivo, técnicas de pesquisa qualitativa foram utilizadas 6 entrevistas em profundidade com atores-chave e um grupo focal com 23 jovem da comunidade. **RESULTADOS** A análise dos dados obtidos pode ser sistematizada em três aspectos determinantes que dificultam o desenvolvimento de projetos comunitários e empreendimentos sustentáveis ao longo do tempo: conflitos internos entre os principais líderes, o sistema educacional de empreendedorismo não-orientado e a presença de empreendimentos inconclusivos. **DISCUSSÃO E CONCLUSÕES.** Em conclusão, argumenta-se que a ausência de uma cultura de empreendedorismo, derivada de uma relação de dependência econômica histórica com diferentes instituições públicas e privadas, tem dado origem ao cenário atual, em que a comunidade se percebe incapaz de desenvolver, gerenciar e sustentar projetos comunitários de natureza produtiva.

Palavras-chave: Amazônia, indígenas, Limoncocha, empreendimentos, kichwas.

INTRODUCTION

The objective of the study is to examine the elements that determine the failure of the indigenous community entrepreneurship in the Ecuadorian Amazon, and to propose alternatives for economic and social development. In the end, this article proposes a reflection on public and private policies and actions aimed at boosting these economies, taking as a case of study the Kichwa community of Limoncocha, in the northeast of the Ecuadorian Amazon.

Although in the last three decades, social development indicators in Ecuador have faced a marked improvement - a reduction of more than 25% in illiteracy, a reduction of

10/1000 in mortality - the situation of unsatisfied basic needs shows a high level of poverty in rural areas (85.6%), and especially in the Amazon where poverty rises to 78% [1].

The development of the Amazon region has been marked in the last 30 years by State policies aimed at accomplishing the objectives set out in the various development plans and in the last 10 years in the National Plan for Well Being (PNBV) - respect for ancestral nationalities and support for community projects - As well as the impulse of entrepreneurships financed by oil companies and international cooperation, also oriented to community development. The actions carried out within the framework of the PNBV have been guided by theories based on the concept of Social Economy, developed by Coraggio [2], according to which this discipline seeks to overcome the binomial capitalist market and regulated State, seeking the coherence between systems of needs and capabilities.

In terms of entrepreneurship and its relationship with the Well Being, it appears in a tangential way in the PNBV, only some policies and strategic guidelines are presented in an isolated and poorly articulated way [3].

The antecedents of entrepreneurship were born with Marshall [4], who argued that the organizational capacity was the "fourth productive factor", behind the factors of land, physical capital and labor, from the neoclassical model. The meaning of this fourth productive factor has been evolving until what it represents now "The Entrepreneurial Capital" That According to Audretsch and Monsen [5], is the systemic capacity of a country, region, city, industry or sector to generate new companies or entrepreneurial activities. In this pad, Schumpeter [6], from his vision of development, considers that the main cause of economic growth is the creation of companies generated by new combinations of knowledge and creative destruction.

The study by Audretsch and Keilbach [7] introduces the concept of *entrepreneurial capital* as an analogous term to social capital and how it influences economic growth. In this way, they determine that there are more instruments for the definition of economic policy, noting the importance of promoting entrepreneurship and the incentive to create companies as a mechanism to achieve economic growth.

In this context, the measurement of entrepreneurial capital also has its particular complications and, like the social capital or corporate capital, it is multifaceted and heterogeneous, however, it can be understood in a simple way as the start-up of new companies. For this reason, Audretsch [8] proposes the use of start-up rates of new companies as an indicator of the unobservable or latent variable. Thus, large entrepreneurial capital endowments would be reflected in high start-up rates.

Similarly, studies by Holtz-Eakin and Kao [9] demonstrate the relationship between entrepreneurial activity and economic growth in the United States, using the State as a unit of space observation. These authors analyze how the variations in the rate of entry and exit of companies are related to effective changes in productivity, noting that entrepreneurship spirit has a positive impact on the US economy.

However, other recent research, such as those of Nightingale and Coad [10], point out that the impact of entrepreneurship on the economy and the relative performance of entrepreneurial companies is not as positive as it is commonly mentioned, stating that entrepreneurship is not good or bad per se.

In Latin America's orbit there are very few studies dealing with the causal relationships between entrepreneurship and economic growth in general and productivity in particular, a recent World Bank publication by Lederman et al [11] manifested that many small businesses are created in the region, but with very little innovation. It highlights, as a positive factor the high number of entrepreneurs per capita in comparison with other regions, as well as the fact that medium and large companies are the most likely to innovate, in other words, to add the knowledge capital in all their processes.

With respect to Ecuador, some research indicates that in the country there is a very high rate of entrepreneurial activity, although these are carried out by the necessity of their promoters and not by a real opportunity for strategic success in the market, as confirmed in the 2016 report of the Global Entrepreneurship Monitor (GEM). On the other hand, Lara and Flor [12] in a recent study on entrepreneurial capital and its impact on the socioeconomic development of the central region of Ecuador, determine that the most entrepreneurial and fastest growing provinces are those in which there is a strong institutional presence of support and have higher levels of infrastructure, education and health.

In the field of entrepreneurship, the Ecuadorian government promoted the development of community tourism as an economic activity that would allow indigenous communities to have access to the control of their resources through sustainable enterprises that would permit their active participation [13].

This ideal, which has marked the economic policies and actions of many NGOs in the area, is not exempt of obstacles and failures, among other reasons because community tourism projects, especially in the Amazon, were proposed as replicable models without previous reflection on the context, the conflicts, the resistances and the historical relations of economic dependence, as in the case of Limoncocha, marked by the presence of the oil companies.

Case study: The community of Limoncocha

The community of Limoncocha is located in the northeast of Ecuador, in the province of Sucumbíos, with an extension of just over 60,000 km², and is composed of a population of about 1,400 inhabitants according to data from 2014.

During the colonial period the ethnic groups that inhabited this zone of Sucumbíos came from the Omaguas. The Spanish presence in this area of the Amazon was carried out through Franciscan missionaries and Jesuits during the 17th to the 19th centuries. At the end of the 19th century, with the development of rubber companies, thousands of Andean kichwas were mobilized to the Napo River in conditions of exploitation and abuse [14] [15].

In 1957 a second displacement was produced through the Summer Institute of Linguistics (ILV), a Presbyterian order, whose mission was "to translate the Bible into the different indigenous languages, to study the flora and natural medicine of the area" [6]. The link between ILV and the penetration of oil companies in the Ecuadorian Amazon has been widely documented by several authors [16] [17].

In the case of Limoncocha, the first action of oil companies occurred in 1967, when the first base was established one kilometer from the community, but the permanent presence began in 1985 when OXY (Occidental Oil and Gas Corporation) acquired the Block 15 [18]. In 2006, the oil company OXY was replaced by the state company Petroamazonas, which was operating in Block 15 until the beginning of 2015 when activity was reduced to a minimum due to the drop in the price of the barrel of crude oil, this was a crisis for the community due to the fact that more than 80% of the population worked directly or indirectly in this activity.

The main branches of economic activity to which the economically active population of the parish is dedicated are: agriculture, livestock, forestry and fishing 40.01%; Construction 18.71%, and exploitation of mines and quarries 12.09%. The other activities are not significant (INEC, Economic Census 2010). The Limoncocha parish since its creation is considered to have a high index of unsatisfied basic needs, due to the difficult access, the high spatial dispersion among the population centers settled in this territory, and the little attention on the part of the State, considered as a special zone of protection. The population reaches 43% of poverty, and 57% of extreme poverty, due to unmet basic needs (NBI).

On the other hand, the implementation of some entrepreneurial initiatives have not had the expected success, for different reasons, among others, due to the lack of empowerment of these initiatives by the community and its leaders, and also by the lack of preparation in the administration of this kind of business.

METHODS

Participants / Measurement Units / Sources / Sample / Materials. Initially the sample was designed in relation to the total population of the community (1405 people) with a margin of error of 5%, a total of 150 respondents. Once the survey was completed, 143 results were considered valid, reaching a confidence level of 94%. The surveys were conducted on women (52%) and men (48%), aged 17 to 64, maintaining the anonymity and confidentiality of the participants. In relation to the in - depth interviews, 6 interviews were carried out: two elders - leaders, two young - leaders, two officials from the Ministry of Environment working in the Natural Reserve. A youth focal group was carried out on development and entrepreneurship on November 10, 2016, with the active participation of 23 young people (21 men and 2 women). Similarly, surveys were conducted in May and June 2017, in the community of Limoncocha, a process that was supported by 9 students of the International Business career of the UISEK. In addition, a survey was made of existing businesses in the community.

Ethical standards of investigation. The relationship between the International University SEK-Ecuador and the Kichwa Community of Limoncocha through its

governing body: Kichwa Association of Limoncocha (ASOKIL) is governed by the Cooperation Agreement between both institutions signed in 2010 and renewed every 5 years. Said agreement in clause 3 article 2 states that "research, training and community engagement activities will be developed". The projects are presented annually to the Management of ASOKIL, as well as the results, are delivered and socialized with the community. Participants in surveys, interviews and focus groups maintain the anonymity and confidentiality of data. **Instruments / Measuring reagents / Data collection techniques.** The 6 interviews and the focus group were recorded and transcribed, following a script prepared from the hypothesis and focused on the subjective experiences of the people interviewed. The discourse analysis was developed analyzing the meaning and effect of the research topic exposed to the participants. **Process.** The origin of the study is born through the demand of the management of ASOKIL within the framework of the mutual cooperation agreement. In the face of the economic crisis of the community and the impossibility of generating productive processes in September 2016, the UISEK presents a participatory action research project that is approved by ASOKIL. This project is divided into 4 phases: diagnosis, training, evaluation and socialization of results.

RESULTS

Although there is a large scientific production on indigenous communities in the Ecuadorian Amazon [17] [19] [20], there is little literature on entrepreneurship policy in the area. One of the more recent studies, Knonetick et al. [21], refers precisely to this need to develop a sustainable community project in the community. Curiously, according to the study in the community of Limoncocha, the question "Do you think that Limoncocha needs external help or can the people solve their own problems on their own?" 88.4% of the respondents answered: "Someone should give us the knowledge and teach us how to solve our problems".

The analysis of the data obtained can be systematized in three determinants that hamper the development of community projects and sustainable ventures over time: internal conflicts, educational system not oriented to entrepreneurship and unfinished entrepreneurs.

1. Internal conflicts

There is a conflict of interest and leadership among the main executives who were in charge of the Kichwa Association of Limoncocha (ASOKIL) and those who currently hold the administration, according to an ex-leader:

"I think the main problem is the conflict between community leaders, there is a lot of envy between them. (Former Director of ASOKIL).

Here there have been some undertakings that have been raised. The main problem is that they do not have a concept or vision of where the project wants to go, then they fail" (President of ASOKIL).

These conflicts originate mainly because it is not easy to reconcile the different interests of the members of the community. Adults boast of the donations obtained from oil companies, which has caused that the inhabitants have become accustomed to the conformism, the young people do not find alternatives for their personal and professional development, and are despised by the older people, without having a future perspective in the zone.

2. Educational system not oriented to entrepreneurship

Although the country's Constitution recognizes the right to bilingual education, no guidelines have been established for indigenous school education. Most teachers have no higher education and intercultural teaching is a mere translation of westernized content. Teachers have poor training at the secondary level so that the cycle of poor training is perpetuated.

It is evident that this reality at national level is also seen in the community of Limoncocha, where teachers are not sufficiently prepared to assume their role as youth trainers, in order to motivate them to development an entrepreneurial culture that in the future can be reflected in the creation of new productive and social enterprises that benefit the population.

3. Unfinished entrepreneurships

The dependence of the community on the contributions made by external organizations such as oil companies, national and provincial governments, NGOs and other institutional actors is evident:

A community project works while the NGO or institution is accompanying them, then it will be up to them to take all the work themselves and the administration, it has been seen that there is a big deficit and the projects are dropped again at the moment that they are left alone (community leader).

In this context, the co-responsibility of some governmental institutions that have promoted welfare in the area is also decisive, as it provides excellent infrastructure for the implementation of productive projects, without having taken care to train the human resource:

Another project is the Tarpucamac farm, where Petroamazonas has invested, we have a machinery there as well. There are people who have become leaders for years, because they reach a certain point and there they stay, there are the pools, the poultry, the marquee for coffee, the cocoa drying plant. We need a person who is constantly dedicated to that, a person who seeks, who manages (President of ASOKIL).

One of the most promising activities, given the natural conditions of the area is tourism, but unfortunately it has not given the expected results, because they have only been concerned with building the infrastructure, without making the necessary contacts with

other players in the sector, for example, with tourism wholesalers, travel agencies, transporters and others, who are in charge of marketing this touristic offer.

Another factor added to this reality is the lack of value added to the primary production in the area, so the crops of cocoa, coffee, yucca, bananas, among others, are sold in markets as such. The partners see it as a very complicated process and in this scenario, those who have received considerable income have been the intermediaries that come from El Coca and Shushufindi, while the majority of the population that grows these products is still in poverty, hoping to receive support from organizations outside the community.

Finally, it should be noted that, despite having received enormous economic resources from various public and private organizations, the community has not been able to achieve harmonious and sustainable development, and in the short and medium term, there is no prospect of improvement due institutional weakness that exists in the community.

DISCUSSION

As a conclusion, it can be stated that starting from the case study of the community of Limoncocha, the elements that determine the failure of these type of entrepreneurships, in the Amazon, are due to the excessive presence of donations and subsidies granted to the inhabitants of the community by public and private institutions, a process initiated in this case by the Summer Institute of Linguistics and continued nowadays by oil companies and NGOs.

The decrease of the oil activity since 2015 has not only meant the loss of employment of at least a third of the population in the community, but also the disappearance of a whole series of indirect businesses, such as food, cleaning and mechanical assistance that were the basis and support of the economic income of the population. The implementation of some entrepreneurial initiatives with the support of state and private oil companies and NGOs, such as the coffee processing plant, cocoa drying plant, poultry farm, canoes for rides in the lagoon and touristic cottages, have not had the expected success, for different reasons, among others, due to the lack of empowerment of these entrepreneurships by the community and its leaders and by the lack of preparation in the administration of this type of businesses.

In addition, other factors such as the conflicts of interest between leaders should be noted; there is a lack of a joint vision of development; a lack of added value to primary production, a low level of training in business management and many unfinished entrepreneurships, which has generated a really difficult situation for its residents. It is notorious that most of the inhabitants of the area have not developed their entrepreneurial skills, they have not encouraged the establishment of synergies among them, they do not know how to work as a team and they are always waiting for external aid. The great challenge will be, therefore, to promote an entrepreneurial culture that is reflected in the creation of new productive and social entrepreneurships that benefit the



population, created and executed by themselves, with a local development approach, with clear links with regional and national markets.

One possible alternative solution to the problem described would be to establish training processes in entrepreneurship to teachers of basic education and high school, who could influence the development of an entrepreneurial culture in order to foster the entrepreneurial capacities of the community.

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DECLARATION OF CONFLICT OF INTEREST

There is no conflict of interest between the authors and the investigation.

CONTRIBUTION OF THE ARTICLE IN THE RESEARCH LINE

The article aims to collaborate in the solutions to the economic crisis in which many Amazonian communities historically dependent on oil extraction are immersed. Although public and private community development projects are being developed, there is no room for reflection and critical debate on the lines of action and possible solutions.

DECLARATION OF CONTRIBUTION OF EACH AUTHOR

The original authors of the work contributed together in the design of the study, data collection, analysis and interpretation, redaction of the deletions and approval of the final version.

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NOTA BIOGRÁFICA



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