

# Artisans' limitations for developing own businesses: case of Querétaro, Mexico

Author: Anna Kalinina  
University of Twente  
P.O. Box 217, 7500AE Enschede  
The Netherlands

## ABSTRACT

### Purpose

To contribute to the further development of business opportunities for artisans within the Querétaro State of Mexico by identifying capacity gaps that artisans may face in order to increase their business without the involvement of intermediates.

### Design/methodology/approach

The utilized literature primarily focused on the artisan(s) as an individual and their abilities within the context of the Querétaro business community. The scope of this research is trifold: First, to establish the context of the political, economic, technological, social and environmental (PESTLE) aspect of the artisan. Second, to understand the artisans' individual characteristics, e.g. age, gender and educational level and to create an entrepreneurial profile. Third, to understand the value chain structure within the Querétaro market. Qualitative data creating a mix- methods research framework, consisting of field research in combination with individual interviews and surveys. The analysis covers the answers of thirty three artisans and thirteen business owners. The author analyzed educational or intellectual variances in addition to political and cultural stigmas.

### Findings

It is upon information and belief there are a number of identifiable discrepancies between artisans and their competitors. Analysis of the social and economic norms enabled the creation of a framework for discrepancies identification. Artisans suffer from a significant educational deficiency and additionally are hindered to successfully operate in the business due to a lack of resources.

### Practical implications and value

These findings may enable the development of environmental conditions that are favorable specifically to the artisan community within Querétaro. We may now generate further research to identify a more conducive business model to assist the artisan in future development. Identifying cultural norms and limitations that artisans face may enable a concise explanation as to the variances and obstacles artisans face conducting business. It is within this context that we may establish knowledge of the activities that artisans need to perform in order to increase the size and scope of their business.

## Supervisors:

**Dr. Laura Franco-Garcia (University of Twente)**

**Marlies Stuver, MSc (University of Twente)**

**Dr. Rickard Briggs (Tecnológico de Monterrey)**

## Keywords

Artisans, Mexico, Querétaro, work limitations, business development, own business, PESTEL analysis

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# 1. INTRODUCTION

Artisans face challenges due to a variety of global conditions (Raynolds & Bennett, 2015). The research will focus on artisans living in the city of Querétaro who currently face difficulties to introduce their products/services successfully in an economically diverse and competitive market (Home - Instituto Mexicano, 2014). In this chapter relevant background information is provided to guide the reader on the rationale behind the formulation of the research questions and the theoretical and methodological approach to give answers to them. The first described elements will be the problem statement and the research aim. These will be followed by background about Santiago de Querétaro and the artisan's conditions in Querétaro, Mexico. The discrepancy of equitable competitive advantage is noticeable as soon as one arrives in Querétaro City, Mexico. Initial questions regarding origins of this market and its seeming inability to change is topic of past, present and continued research. Understanding the current business market and the context in which it may hinder the artisan's growth is the main objective of this paper. Further, understand how and why the artisans remain in the current structure is relevant to design solutions to change the future of artisan business development in Querétaro.

## 1.1 Problem statement

Artisans have a difficult time in their current environment. They are hindered in their ability to offer their goods and services in the same manor of more established business ventures (Myers, Loeza, Wray, 2015). Artisans are handicapped from the onset in their current environment as for instance the sales of handcrafts in the local economy have evaporated (Raynolds & Bennett, 2015). It became difficult to distribute their crafts and provide their families. One of the reasons for that is the strongly competitive market situation as the artisans in the Queretaro area operate with similar goods. Despite the high volume of business generated by the tourism trade (Travel and Tourism, 2015), there are some reports showing little consistency with other artisan markets in other countries' markets due to the un-equity trends of the market. One of the reasons of the high tourism rate in Querétaro can be tracked back to the fact that it is considered to be one of the safest and historic cities in the country (Delsol, 2011). Furthermore governmental departments, as for instance the Secretariat of Economy 2012, awarded training and consultancy service to 2,000 artisans of the State of Querétaro. The training investment went over the 22 million Mexican pesos<sup>1</sup> which aimed for a more broaden diversified market that simultaneously offered the preservation of traditions of craft production (Secretariat of Economy, 2012). Skill developments are tackled through the training programs but there are some other limitations that need to be addressed simultaneously and this is the purpose of this research.

## 1.2 Research Aims and Research Question

Based upon secondary sources of information as well as current research the author has identified economic, social, and intellectual differentials within the entrepreneurial market in Querétaro, Mexico. Therefore further research is required to identify the specifics of those differentials, specifically the ones associated to the surrounding of the artisan community. Arguably, the objective of this project is to contribute to the continued development of business opportunities for artisans of Querétaro State whereby the influences of the above mentioned aspects are relevant. This latter will be approached by identifying

<sup>1</sup> 1.00 Euro ≈ 21.00 Mexican pesos (conversion rate 24.06.2016)

the artisans' capacities limitations to grow their business independently without intermediated intervention. This implies the analysis of the contextual conditions of the area of Querétaro, as well as the individual characteristics of the artisans.

Therefore, the general research question is:

*“What are the gaps in terms of capacities that artisans in Querétaro City face in order to be able to grow their businesses without intermediates intervention?”*

## 1.3 Santiago de Querétaro, Mexico

As a republican government, Mexico can be considered very young, but the traditions and culture have a long and fascinating history (Culture, 2012). As such the business community may also be considered young. Santiago de Querétaro is one of the smallest, but most active and productive states in Mexico (Querétaro, Mexico, n.d.). Economic activity in Querétaro is closely tied to trends at the national level (The center of Latin America issues Minerva program, 2012). Mexico is the second largest recipient of foreign direct investment in Latin America and is situated between the main global consumer markets (Competitive Advantage of Mexico, n.d.). The city of Querétaro may be considered the most important economic center of the state of Querétaro, followed by San Juan del Río (Querétaro, n.d.). One of the reasons is logistically as the city is located with direct highway access to Mexico City, the country's largest market. Furthermore the city is centrally located providing access to individuals and businesses located in the northern regions of the country and the United States. Coming down to the particular regional area, the Querétaro City, seems to have suitable contextual conditions to be used as a showcase for this research project. Querétaro is on the 5th place of the most competitive states in Mexico (appendix J). Hereby criteria as innovation, law and economy were took into account. Some authors, including Joseph Parilla and Alan Berube have agreed on naming Querétaro State ground “zero”<sup>2</sup> because of its contribution to the country's economy (State and city, 2014). At state level, Querétaro achieved an average annual GDP growth of 5.5 percent in the last decade, highest among Mexico's 31 states (Parilla, 2013). Therefore, it may be argued that there are “tacit” skills and resources in Querétaro City that can be projected to a broader scope throughout Mexico as a country.

## 1.4 Artisans

The term artisan is used differently globally and may be interpreted in different ways. The origin of the word artisan can be traced back to the mid-16<sup>th</sup> century from Italian artigiano or Latin artitus which can be traced to the English word art (Oxford Dictionary, n.d.). Throughout this paper an artisan is considered to be a small business or individual engaged in producing, transforming or repairing goods without the use of machinery and having not more than five employees. (Angelo et al, n.d.).

Hence, the underlying question and its subsequent identification may result in a broader understanding of the issues faced by the artisan community and perhaps identify opportunities, which may lead to solutions to the previously mentioned problem. As stated by Raynolds & Bennett (2015) for the majority of the world's artisans, living in poverty is a daily reality. The optimal economic opportunities attracted artisans (Giffords, 2007), in a large number to the city of Querétaro, Mexico. Since centuries, artisans proffer and sell their goods, directly either to tourists and locals or do it indirectly through intermediates. Before governmental interventions in the 1980s, most of the artisans used to sell their goods independently, but since then, street

<sup>2</sup> The central point in an area of fast change or intense activity (Ground zero, n.d.)

vendors (mainly artisans) have been forced to sell through middlemen, shopkeepers and/or re-sellers at lower margin. Thus their profits have been reduced substantially resulting in an economic disparity (Roett, 1998) because their products are low-priced. Their handmade products must compete with inexpensive manufactured goods (Raynolds & Bennett, 2015). There are a number of reasons for supporting the local artisan community, specifically supporting the Mexican community not only provides income and social equality, but as stated by the Fairtrade resources organization (2008), it contributes to the overall economic growth of the country. As a matter of fact, the Fairtrade represents a common term for identifying equality among the artisans of Querétaro which supports craftspeople in developing countries who are socially and economically marginalized. Part of the main issue of the discrepancy in competitive advantage is that artisans are intellectually challenged as they don't have the educational background or Intellectual capability to negotiate or develop a better business plan. "Although artisans are highly skilled in their craft, poor education and illiteracy block new market access" (Raynolds & Bennett, 2015). Nevertheless, proponents of Fairtrade argue that the international trading system, as it exists today, has failed to embrace marginal groups of artisans from developing countries creating a prejudicial environment and a disadvantage for individuals lacking the capability to enter and compete in the market (Karunakaran, 2008). These producers often face steep hurdles in finding markets and customers for their goods. This is because Fairtrade can sometimes represent the difference between disintegration and survival for rural communities (Carlson, 2016).

Even further, for the Mexican artisans, Fairtrade addresses the need of viable economic opportunities that enable producers to remain in their own communities (Carlson, n.d.). Supporting artisans from an equitable perspective may be the first level of consideration which should be addressed in creating a more conducive and palatable business environment for the artisans of Querétaro. Additionally, artisans struggle to access knowledge, resources, capital and market share as it was reported by Lopez in 2010. As a result, the artisan community is at a substantial disadvantage within competitive business market of Querétaro City (Arts and Crafts, 2010). Hence, the artisan community is reliant on the assistance from third parties (Alliance for artisan enterprise, 2016). As part of this study, several key issues surrounding the disparity with in the artisan community have been identified, such as low purchasing power and the absence or weak skills level of the artisans towards competitive advantages in the local market. Arguably, the artisans can be considered as being a part of the base of pyramid (BoP) markets which also implies the characteristic of operating in an informal market. This is where artisans lack the necessary access to formal markets which then makes them vulnerable to middlemen who systematically exploit their efforts.

"The base (or bottom)-of-the-pyramid is a term that represents the population of the world that primarily lives and transacts in an informal market economy" (Arbor, n.d., p.1). The estimate of people being part of the BoP market is 4 billion (Hammond, 2007). One main characteristic which differs people from BoP markets from developed markets is the low purchasing power (Lansik, 2013). Other characteristics are the lack of knowledge and skills; and the limited access to financial resources (Lansik, 2013). Identifying the need to further allow the artisans to develop their skills and generate the resources necessary to boost their competitive advantage directly connected to their history. For example, in the time of the Aztecs between the 12th century CE (AD) and the 15th century Spanish invasion (Aztec Timeline, n.d.), there was no difference between artists and artisans, so

pottery, basket making, and weaving were all part of the ancient culture's artistic production. As published by Arts and Crafts (2012) and here quoted as follow: "nowadays, skilled Mexican hands keep ancient traditions alive in countless villages. Complex patterned rugs from looms in Teotitlan, Oaxaca; unique pottery pieces from Quiroga, Michoacan; and the world-renowned Talavera ceramics from Puebla. All those are just a sample of the wide variety of artisan crafts that Mexico offers for the culturally curious."

## 2. LITERATURE REVIEW

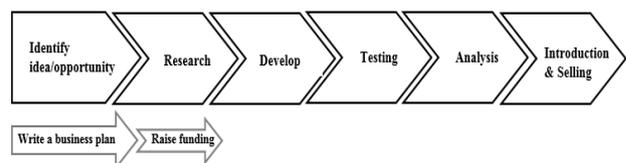
The literature to be utilized will focus on the artisan as an individual and the abilities of the current contextual situation. The focus of this research has a triple-folded scope: (1) at the contextual level, the political, economic, technological, social and environmental (PESTLE) aspects are to be described; in connection to the (2) individual characteristics, e.g. age, gender and educational level of the artisans (entrepreneurial profile). Without excluding the artisan's goal to reach a higher number of clients, hence it is relevant to also relate the artisan's products to the market by using applicable (3) value chain management literature. This latter can shade some light to the knowledge and activities that artisans need to carry on in order to scale up their businesses.

Analyzing the queretanian artisans' current situation from the value chain viewpoint, it was found that the occurrence of the value chain is mainly based on mass production. (Rautenstrauch, Seelmann-Eggebert, & Turowski, 2002). Before the time of mass production, the artisans served as both, the manufacturer and inspector (Sanders, 2013). But with the globalization arrival, closer bonds with the rest of the world were enabled. Therefore the bonding with artisans around the world could lead to improvement in the designs and might also benefit from technological developments perspective. Moreover the artisan goods could be exported and this could lead to economical improvements (Joshi & Joshi, 2015).

Creating a viable value-added business, it implies the finding of an idea or opportunity in the marketplace that can be turned out into a viable business. This is known as the "business development process" (Business development process, n.d.). The successful development of a business requires going through a process or series of steps as shown in figure 1.

"Money is available for the right plan and the right model. You will find money available if your ROI is right and if you have financial leverage, which means your initial investment will allow you to double or triple sales without requiring any more funding." (Deblak, 2006, red lights para.3)

**Figure 1 - The traditional business development steps**  
(Blank, 2013 & Asefeso, n.d.)

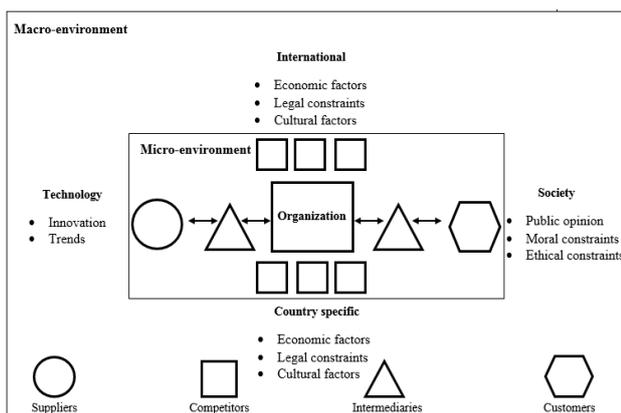


There are many steps involved in taking an idea and developing a successful business venture from it. These steps do not guarantee success; however, they do increase its odds. According to Silicon Valley serial-entrepreneur Steve Blank, the first thing every founder must do is create a business plan – a dynamic document that describes the size of an opportunity, the problem to be solved, and the solution that the new venture will provide (Blank, 2013). A business plan is essentially a research

exercise written before an entrepreneur has even begun to build a product (Asefeso, n.d.). Additionally Blank (2013) highlights the importance of obtaining money from investors to develop the product. According to literature as for instance Reynolds & Bennett (2015), correlating a standard entrepreneurial model exhibits major differentials in terms of financial and intellectual resources. It is an obstacle for the artisans to fulfill the mentioned requirements to achieve a fully successful business development process.

Another relevant aspect which needs to be considered conducting this research is the contextual level whereby the environment has to be elaborated. All organizations operate within an environment that influences the way in which they conduct business (Lowe & Leiringer, 2006). Figure 2 illustrates an overview of the key elements of a business's environment that may influence the artisan business. Authors such as Porter (1980) on corporate strategy or Kotler et al. (2001) on marketing strategy make the distinction between micro-environment and macro-environment (Chaffey, Chadwick, Mayer & Johnston, 2000). The microenvironment is also known as the internal environment of the business (X-kit: Business studies, 2007) that affects the performance of the company. It includes suppliers, customers, market intermediaries, competitors and public (Jain, Trehan & Trehan, 2009).

**Figure 2 - Environmental factors affecting a business**  
(Chaffey, Chadwick, Mayer & Johnston, 2000)



## 2.1 Entrepreneurship

Within this context, the author observed a differential in the entrepreneurial operational norms of the artisan community of Querétaro, Mexico, differences that are here further explained. Adding value to a product is essential in the concept of entrepreneurship because it empowers the continuation of the business (Tan, 2007). It needs to be distinguished between social and traditional entrepreneurship as for instance the markets in which they are active show different characteristics. Value and mission are considered to be the primary differences between social and commercial entrepreneurship (Austin et al, 2006, Dees, 2012). Based on a research conducted by Smith, Bell and Watts (2014) it can be said that social entrepreneurs exhibited statistically significantly higher levels of creativity, risk taking, and need for autonomy than traditional entrepreneurs. More over the concept of value creation, innovation, opportunity seekers and finding new resources can all be seen as key elements of social entrepreneurship (Lansik, 2013). “Whereas typical entrepreneurs improve commercial markets, social entrepreneurs improve social conditions” (Uhlig, n.d., para.1). “The focus of social business entrepreneurs and traditional entrepreneurs is represented by one main difference: one measures performance

by furthering social and environmental goals, while the other measures performance by the profits they generate.”(Social Business Entrepreneurs, 2014, para.3) Moreover social business entrepreneurs possess a desire to make an impact and therefore try to find ways to make a change happen. “Social business entrepreneurs are commonly found in the non-profit sector, but can also be found in the for-profit sector. Creating social and environmental change doesn’t have to be done on a voluntary basis; social business entrepreneurs establish for-profit businesses to fund the social initiatives they back, known as a social enterprise” (Social Business Entrepreneurs vs. Traditional Entrepreneurs, 2014). The interest in social entrepreneurs stems from their role in addressing critical social problems and the dedication they show in improving the well-being of society (Zahra et al., 2008). Dees (2014), combined the accountability discipline with the notions of value creation taken from Say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson. Therefore a social entrepreneur will play the role of change agents in the social sector, by adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaption and learning (Dees 1998 as cited in Wiseman, n.d.). Although there is no universally accepted definition of social entrepreneurship, scholars as Dees, Tan and Sullivan seem to reach consensus on certain characteristics in defining social entrepreneurship. “All of the definitions include recognition of an opportunity, the creation of social value and risk taking” (Lansik, 2013). Therefore, the underlying structure, operating standards and business of the artisans may partially be considered as in the social entrepreneurship category which can be seen as a process affecting social changes and addresses important social needs in a way not dominated by direct financial benefits for the entrepreneurs (Mair & Martí, 2006). Currently, social entrepreneurship may be seen as a means to alleviate social problems and catalyze social transformation (Alvord et al., 2004; Mair & Martí 2006) as well as a process involving the offering of services and products (Mair & Martí, 2006) by the producers themselves. Moreover value for the social entrepreneur lies in the social benefit to a community or transformation of a community that lacks the resources to fulfill its own needs (Bacq, Hartog & Hoogendoorn, 2013). This value can directly be identified within the artisan community of Querétaro. Therefore, the artisan community is not only contributing to the economic community, but contributing with solutions to social issues and transforming their community (Mair & Martí, 2006). Further unique and common characteristics of profit-oriented and social entrepreneurs examined by Samer Abu-Saifan (2012) can be found in appendix K.

## 3. ENVIRONMENTAL ANALYSES

A preliminary analysis of the environmental conditions was made before the main research. The interviews and survey questions partly evolved based on these analyses. To obtain a complete picture and a better comprehensive understanding of the macro-environment a PESTEL Analysis was conducted. The political, economic, technological, social, legal and environmental aspects were taken into account to understand how artisans are able to scale their businesses. The PESTEL analysis is used when conducting an environment scan; to review competitors, markets and the situation in which a firm/business finds itself (Hanlon, 2014). The complete PESTEL analysis can be found in appendix A. The political environment which influences the artisan business community of Querétaro has a major impact on the profitability as the business environment can be considered insecure and unstable (Marshall, 2014). Looking

at the economical influences it can be said that the state and city of Querétaro is growing rapidly in importance (State and city, 2014). In 2015 Querétaro recorded an average salary which was above the country's average. Artisans operate in a highly competitive market and their handmade products disappear to cheaper, machine-produced alternatives. (Raynolds & Bennett, 2015). The level of property measured as gross domestic product has an impact on the purchasing power of a country's population which then reflects on the buying behavior of the potential customers. In recent years consumer trends in Mexico have been changing rapidly (Mexico: Investment, 2014; The Modern Mexican, 2013; Garcia, Lacayo, & Martinez, 2012). Legal factors are closely linked to the political factors and therefore for instance authorities have imposed restrictions on street selling. For the queretanian artisans the most significant influences are arguably those of the micro-environment. It is shaped by the needs of customers and how services are provided to them through the competitors, intermediaries and upstream suppliers within the marketplace. The PESTEL Analysis will be further elaborated in the findings section.

Additionally a SWOT analysis (appendix B) was conducted which builds on the results of the previous PESTEL analysis. It functioned as a tool to identify opportunities and strengths resulting from environmental factors. It is important to realize that the future pattern of actions to be taken should match strengths with opportunities ward off threats and seek to overcome weaknesses (FOR-LEARN, n.d.). The products made reflect the countries, regions and local community's heritage and traditions (Cros & McKercher, 2014)

#### 4. METHODOLOGY

In this section the methodology for answering the research question is described. The data collection methods are introduced in the first section of this chapter, followed by an outline of the sample selection for the conducted research. Finally validity and reliability will be discussed. To gather relevant data five months of field work has been taking place in Querétaro, Mexico. A comprehensive characterization of the chosen methodology is provided in the following chapter. A descriptive research methodology was used for this study. A survey was administered to a selected sample from a specific population identified by the business community in Querétaro. The term 'survey' is commonly applied to a research methodology designed to collect data from a specific population, or a sample from that population, and typically utilizes a questionnaire or an interview as the survey instrument. Surveys are used to obtain data from individuals about themselves, their households, or about larger social institutions (community). Sample surveys are an important tool for collecting and analyzing information from selected individuals. They are widely accepted as a key tool for conducting and applying basic social science research methodology (Moulton, 1998).

##### 4.1 Sample selection

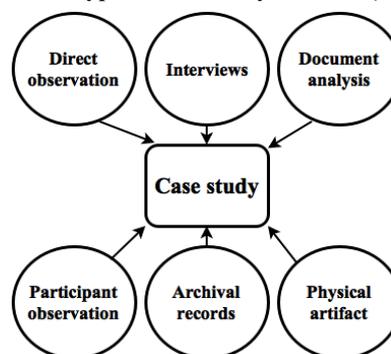
To take a representative sample of Querétaro's artisans and business owners working with them, a sampling method which is considered to be convenience sampling (Babbie, 2010) was used to recruit the respondents. According to Bernhardt (2013) a sample is a portion or subset of a larger group called a population. Convenience sampling is the most commonly used sampling method in behavioral science research and tries to ensure that samples are reasonably representative and not strongly biased. People are selected based on availability and willingness to participate in the survey and/or interview (Gravetter & Forzano, 2009). Moreover it is the most convenient simplest and one of the cheapest forms of sampling (Ellison, Farrant & Barwick, 2009) as the researcher selects participants that are easily

available (Nieswiadomy, on-Speksnijder Sizes & Long, 2009). In this study, respondents for the survey were selected out of a data base of the TEC de Monterrey, Querétaro as well as fellow students. Of the 150 surveys distributed online via email, thirteen business owners cooperating with artisans participated in the survey. This represents a response rate of 8,66%. The interviews with the artisans were conducted downtown of Querétaro with thirty three artisans of mixed age, sex and location.

##### 4.2 Data collection

According to Mooi and Sarstedt (2011) data obtained can be either primary or secondary. Jankowicz (1991) goes ahead defining primary data as information that the researcher gathers on his own, for instance by using interviews, questionnaires and tests. On the contrary, Bryman and Bell (2007) refer to secondary data as data such as literature, documents and articles that is collected by other researcher's. Throughout this research project both data gathering methods were used whereby secondary data used has been critically evaluated and obtained using mostly journals, literature and reports. For the purpose of this research, qualitative data was gathered through research mix- methods, consisting of field research as observation in combination with face to face interviews and surveys with the target group the artisans as well as local business owners cooperating with artisans. During the desk study, textbooks, journal articles and several online resources were reviewed. The survey aims to "characterize" the artisans' profiles in order to identify common patterns in terms of education background, age, gender, and other parameters. The documentation to be analyzed comprised statistics and accessible data about artisan's development in Querétaro State, among other relevant aspects on topics related to businesses scale-up strategies to improve owner's capacities. Additionally, the development of this research took the format of a case study due to the time restrictions for this study. A case study is used to document a real-life situation and result in an interpretation or solution (Rihoux, B., & Ragin, C. C., 2009). According to Bryman and Bell (2007) the case study design involves detailed analysis of a single or few cases where the complexity of the nature of the case is studied. As the purpose of a case study is to focus on the cases and their distinctive contexts and to create a framework discussion of the issue, the approach to gather the data was the most suitable. Yin (2003) identified six types of data collection strategies which are displayed in figure 3: documents, archival records, interviews, direct observation, participant observation and physical artefacts. Conducting this research all of them were used though for example the physical artifact aspect, the handcrafts was less relevant for the overall research outcome.

Figure 3 - Six types of case study evidence (Yin, 2003)



This latter is influenced by several aspects such as their accessibility which in this case is influenced by two aspects: information available in the literature and the availability of the participants to be interviewed or to answer surveys.

Another relevant aspect which was taken into account was the Spanish language, all the interviews were carried in the artisans' language. For this activity some translation work was performed and verified by native Spanish speakers. The translation step was done carefully to not falsify the data. As mentioned at the start of this section, a survey was applied. Researchers need to have a flexible data collection to be able to take advantage of the overlap of data (Eisenhardt, 1998 as cited in Leon, 2008). According to Eisenhardt, 1989 (cited in Tsiakis, n.d.) taking field notes during the interview help to achieve validity in qualitative research. The primary research question "what are the gaps in terms of capacities that artisans in Querétaro City face in order to be able to grow their businesses without intermediaries intervention?" was broken down in 5 sub-questions which are displayed in table 2 (appendix C). It provides an overview of the sub-questions, the research methods used to answer them and the target group questioned.

As a guideline for the operationalization of the question Lasik's thesis was used which deals also with entrepreneurship. Using available literature Lansik (2013) examined relevant factors contributing to success. Some of his examined success factors as finance, market and learning helped to operationalize the questions used throughout the research. Other descriptive categories as general information and artisans profile were used to get a better understanding of the background of the interviewed person. Additionally business relationship, product and business model functioned as descriptive categories to get a better understanding about the supplier and customer relationship as well as the value chain in which artisans operate in. Moreover those categories help to get a better understanding of the artisan's business process.

In table 3 (appendix D) the operationalization of the questionnaire was described per category of the model used in this research and transformed to the questions applied for the survey. The interview(s) with the artisans were conducted in Spanish. To assure that the information gathered is correct a local Spanish speaking translator assisted me. A copy of the questionnaire and interview questions is attached to appendix G.

#### 4.2.1 Interviews

Interviews were conducted in person during May and June in 2016 with artisans and business owners of the Querétaro area. As not all interviewees have technological access some of the artisans received the questions a few days upfront via email to give them the chance to think about their answers and prepare those. This approach was used to increase the quality of the answers given. The interviews with the artisans were conducted downtown directly on the street where they are selling their goods and in the "Artisan Indigenous Development Center" of Querétaro. More over a small sample of business owners distributing artisan's goods were interviewed in their shops downtown. To overcome language boundaries a local native to Querétaro having extensive knowledge of the business community supported the interviews. At the beginning of each interview, name and position were stated and then the aim of the research was explained to formalize the interviewee with the research topic. The interviewed persons were asked permission of an audio record and a video record at the beginning of the interview to analyze the data at a later date. Additionally to the recording notes were taken. Moreover all thirty three respondents were asked to give me permission to take some photographs while the interview. The questions were asked in a "guided" so called informal interview. Mostly open questions were asked to the artisans to allow people to express what they think in their own words and to allow them to be more flexible (Bryman, 2004). Moreover some questions were added/missed while the

interview. This type of interview was chosen as questions could be changed depending on the respondent's answers and moreover it allowed the respondents to talk in depth choosing their own words. Those mentioned strengths are leading to a better development of the real sense of a person's understanding of a situation. At the same time it leads to increased validity due to the opportunity to probe a deeper understanding and ask for clarification. Additionally business owners of small shops downtown of Santiago de Querétaro were asked questions which were used before in the online survey. Those questions were mainly related to the taxation laws, distribution of the artisan goods, payment of the goods and getting in touch with the artisans. The questions asked during the interviews were attached in appendix G und F. The interviews were condensed, transcribed and paraphrased. Due to time restrictions this could not be done with all interviews therefore just the relevant information and data was extracted and further elaborated on.

#### 4.2.2 Surveys

A survey was used to gather data from business owners who are cooperating with artisans. The purpose of the survey was to obtain a better insight on the business situation between business owner and artisan. A main advantage in the context of this thesis is that survey research allows to gather data about the attitudes and opinions of several people. Furthermore, the survey can be conducted at low cost and within limited timeframes (Long, MacKay, Ray & Zielinski, 2008). The online survey sent to business owners cooperating with artisans was chosen from an existing database of the Mexican University of TEC de Monterrey, Querétaro. At first, the participants of this study were asked via email if they were willing to participate in a Multiple Choice survey. On the first page of the online questionnaire they were informed about the consent concerning the confidentiality and anonymous handling of their answers. Based on those answers a survey with open questions was developed and sent to the same persons. Asking open questions allowed respondents to answer in their own frames of references without being influenced by answer possibilities. (Rossi, Wright, & Anderson, 1983).

A survey was chosen due to the limited time frame and limited availability and flexibility of the participants.

### 4.3 Data analysis

The data analysis was made by analyzing the main findings of the collected data while the interviews with artisans as well as with two business owners. Special focus were given the examples and experiences delivered by the interviewees. The analyses of the qualitative data was done using two fundamental approaches: the deductive approach and the inductive approach (Neergaard & Ulhøi, 2007). The deductive approach, which involves using a predetermined framework to analyze the data was appropriate for the conducted research as the author was aware of probable participant responses regarding for instance the educational background and lack of resources. Therefore each interview was examined how many artisans deal with which problems and the extent to which this problems of each type co-occur. The interview data gathered was constantly compared to existing literature sources and theories. Whereas the deductive approach is relatively easy and quick (Burnard, Gill, Stewart, Treasure & Chadwick, 2008), it is inflexible and can potentially bias the whole analysis process as the coding framework has been decided in advance (FoodRisc Resource Centre, n.d.).

By contrast the inductive approach which is considered to be time consuming (Prince & Felder, 2007). It was also suitable in some cases of the research conducted as in some fields little or nothing was known about the study phenomena.

Thematic content analysis is a method of the inductive research approach and was applied to analyze the paper whereby the process involved analyzing transcripts, identifying themes within those data and gathering examples of those themes from the text. The data analysis began right after the first data was collected, and was continued throughout the entire research. The aim was to find common patterns across the gathered data set. Throughout this process 6 phases of Braun and Clarke (2006) were roughly followed: inductive thematic analysis involves 6 phases: familiarization with data; generation of initial codes; searching for themes among codes; reviewing themes; defining and naming themes; and producing the final report.

Therefore the recorded interviews were overheard several times to get familiar with the data and then coded. Therefore themes with a broader patterns meaning were examined and defined.

Afterwards the most important findings were transcribed and quotes from interviewees were noted. Throughout this process special attention to occurring similarities of the conducted research was given. Finally tables and graphs were compiled to display relevant data. For the online survey the program typeform was used which automatically provides calculated data referring to the percentage of answer options selected showing how many people selected each response (appendix E). Afterwards the data gathered was analyzed looking for any variation in the way that different types of people responded.

The notes made during the interviews as well as the video and audio files are saved in a separate folder and can be requested via email at kalinina@hotmail.de.

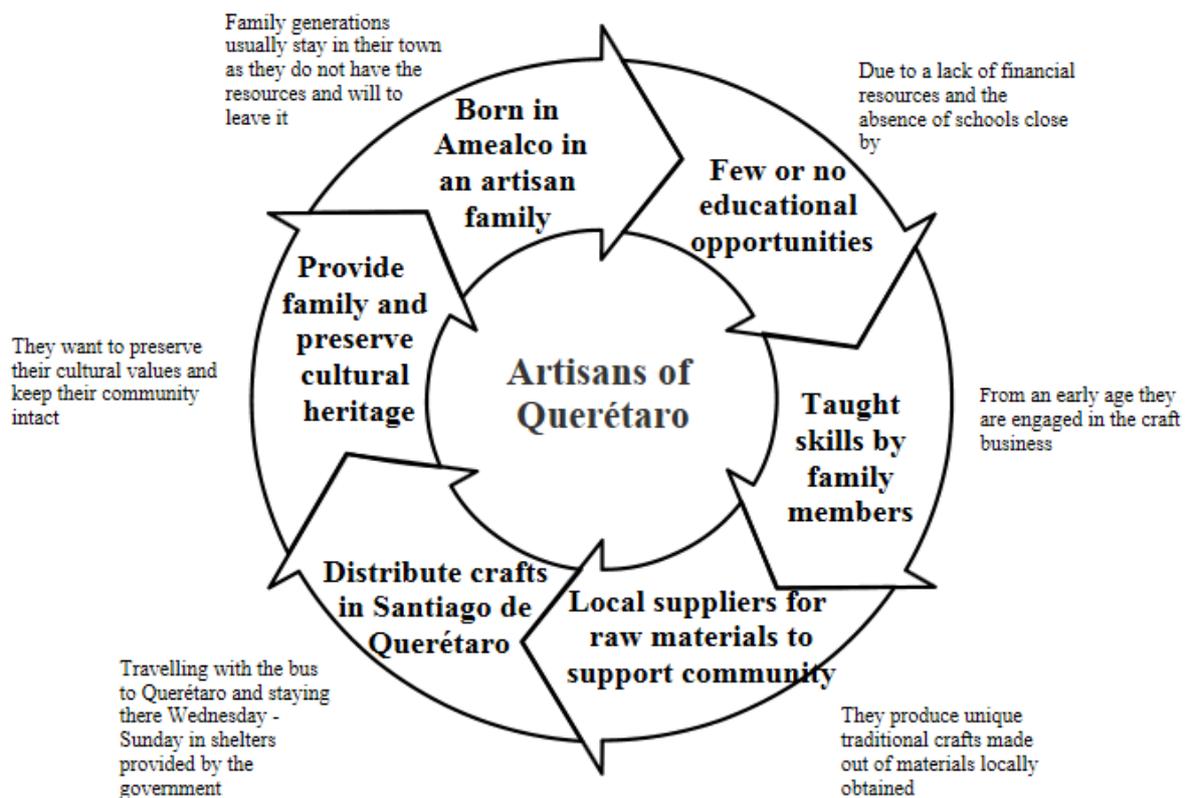
## 5. FINDINGS

**Table 1 – Main Findings**

<b>Research Sub Questions</b>	<b>Findings</b>
How does social entrepreneurship apply to artisans in the Querétaro market?	<ul style="list-style-type: none"> <li>• The artisans aim to create social value primarily, with their economic value creation process being subordinate</li> <li>• Artisans buy their raw material by local suppliers to support the community</li> <li>• Artisans operate in a hybrid social enterprise (for-profit and non-profit) - produces both social value and commercial revenue (see also appendix I for further explanations)</li> <li>• Provide economic growth for their community, increasing educational opportunities and social projects as well as share their cultural background and traditions.</li> </ul>
Can a traditional business process be applied to artisans business within the market?	<ul style="list-style-type: none"> <li>• Correlating a standard entrepreneurial model exhibits major differentials in terms of financial and intellectual resources. It is an obstacle for the artisans to fulfill the mentioned “traditional” requirements to achieve a fully successful business development process.</li> </ul>
Does the value chain utilized by the artisans differentiate the standard value chain utilized by intermediaries?	<ul style="list-style-type: none"> <li>• Artisans obtain their raw materials from local suppliers</li> <li>• Artisans have direct contact to suppliers as well as customers</li> <li>• Artisans lack contact to intermediaries and/or a lack of resources to successfully distribute their handcrafted goods</li> <li>• Artisans face trade barriers as language and cultural differences which hinder them to distribute their goods to tourist</li> <li>• Artisan’s inability to effectively establish connection to middlemen or distributors may be the main identifiable factor as to why they are not competitive</li> <li>• The majority of the interviewed business owners sells crafts online</li> </ul>
How do the capacities of artisans differ from capacities of the intermediaries?	<ul style="list-style-type: none"> <li>• Artisans suffer from a significant educational deficiency</li> <li>• 76% of the interviewees do not have an educational background</li> <li>• Business owners have years of business experience</li> </ul>

Which environmental factors influence the artisans business?	<ul style="list-style-type: none"> <li>• Business environment can be considered insecure and unstable</li> <li>• Artisans operate in a highly competitive market</li> <li>• Legally not allowed to offer their goods on the street</li> <li>• Dry winters and warm summers which allows to sell the artisans on the street throughout the whole year</li> <li>• The consumer behavior in downtown of Santiago de Querétaro has been changing</li> <li>• Majority of customers are not valuing the goods and are not willing to pay a great amount</li> </ul>
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Figure 4 - Artisans of Querétaro loop



100% of the interviewed artisans came from a small municipality of the state Querétaro called Amealco de Bonfil which is located about 70 km from Santiago de Querétaro. Out of thirty three interviewed artisans 93 % (31 artisans) were female. 76% of the interviewees do not have an educational background whereas 18% visited the elementary school. Hence, trade barriers as language and cultural differences hinder the artisans to distribute their goods to tourist, which at the same time are the main customers. The artisans in Querétaro are mostly dependent on local tourism for their revenue generation mainly because of the cultural value of their products (handcrafts). 94% of the artisans interviewed work with crafts since their early childhood and the majority got taught the skills by their mothers. According to Mariana Velazquez and Narda Gonzalez just a very small percentage of the artisans has contracts with local shops distributing artisan goods. Artisans are not obligated to pay taxes unless they want to distribute their goods in a governmental artisan shop wherefore they have to register for RIF. Most of the artisans have a 5 day week working Wednesday to Sunday. Querétaro has dry winters and warm summers which allows to sell the artisans on the street throughout the whole year. Therefore they are taking a bus to Santiago de Querétaro and stay

in governmental shelters paying 10 Mexican pesos a night. Making approx. 0-200\$ a day this business is the main and only source for all of the questioned artisans.

Primarily the artisans aim to create social value, with their economic value creation process being subordinate. An example of social value creation through material inputs include using local and fair trade raw materials (Pate & Wanke, 2014). Currently artisans obtain their raw material from small local suppliers in Amealco as they are willing to support their community. Thus, the author identifies the connection between artisans selling their handcrafts and their engagement in social entrepreneurship, in cases that the artisans' products try to solve any social issue in their local communities, such as poverty and prevention of their culture. The artisan's main focus based upon the interviews taken seems to provide economic growth for their community, increasing educational opportunities and social projects as well as share their cultural background and traditions. Therefore 93% of the artisans is arguing to like their job but at the same time is saying that there is no other opportunity for them to provide their families. Moreover according to 93% artisans would like to raise more awareness of their origin and culture as they do not want their traditions to be forgotten. Their handmade

products embody the authentic cultural heritage of the communities from which they originate.

According to Maria Herrera it is notable that the consumer behavior in downtown of Santiago de Querétaro has been changing. The artisans' customers started to bargain by trying to lower the prices of the artisan goods and not seem to value the handcrafted unique goods. Consumer are not willing to spend a great amount of money for the artisan goods. The social and cultural factors of Querétaro clearly are influencing the attractiveness of the product. Before holidays as "día de muertos" the demand of the traditional products increases. Additionally a "cultural disadvantage" rules the artisan business market. Artisan Ale Perez stated along with other interviewees that a cultural pressure is present and if someone of the contracted artisans would see that she is going to the shops to distribute her goods it would lead to trouble within their town Amecalco and their families. Additionally the legislation reduces artisan's revenue opportunities and makes the distribution process much more complicated. Moreover the artisans operate in a highly competitive market as the majority of the artisans is distributing similar goods. Artisans are legally not allowed to offer their goods on the street. They are susceptible to the threat of inspections which will lead to a loss of all goods. Legally artisans are just allowed to sell their good in an area specified by the government the so called: CEDAI that is the 'Artisan Indigenous Development Center' of Querétaro. According to Marisela Garcia and Brenda Hernandez this area is not well known by the society and particularly tourist who represent the main customers do not find their way there. The handicrafts are unique and made by artisans with years of experiences. The drawback of the artisan business can be seen in the time management as the production of craft takes a lot of time and effort though those products are often not valued by the customers who are furthermore hard to find. An opportunities to expand the artisan business could be the distribution of goods via online stores. Continuing with threats as already mentioned in the PESTEL analysis the distribution of goods on the street is legally not allowed and can lead to the loss of all goods in case of an inspection. An alternative distribution through local shops however could lead to cultural disadvantage within the artisan community. Moreover the artisans operate in a highly competitive market as the majority of the artisans is distributing similar goods. The interviews and surveys made with the business owners cooperating with artisans show that artisans are considered to be in a close community which is not open minded in relation to other people. 92% of the survey participants argued that artisans are not reliable as they for instance do not deliver the required work on time. The business workers directly talked to the artisans on the street or in the CEDAI and proposed a cooperation whereby it is not profitable yet to 92% of the owners. To improve the artisans work performance following aspects were proposed: having a dignifying place to work, having improved marketing and quality of raw materials, broader business knowledge and offer more opportunities to improve work. There are also governmental artisan shops operated by volunteers. Here artisans can offer their goods and receive 100% from the profit of each sale though they need to register for the RIF. As displayed in Figure 4 the Artisans of Queretaro native in a circulatory which is almost impossible to elude as the lack of resources as well as cultural value within their communities hinder them.

## 6. RESEARCH LIMITATIONS

The conducted study is subject to several relevant research limitations. One of the main limitations was the availability of resources which enabled the author to for example retain

additional staff or funding in order to substantiate a broader scope research. The scope of the questions could be more elaborated and precise. Additionally a broader scope of questions should be asked to the participants. Another limitation was the varied methods in which interviews were recorded. While some interviews were recorded with video, other interviews were recorded using audio alone or physical written notes. As a case study, the results are inherently non-generalizable and just focusing on the artisans of the Querétaro area. Most likely the chosen sample of 33 artisans and 13 business owners was not representative for all of Querétaro's artisans as it is relatively small and chosen using the convenient sampling approach. This small sample was chosen due to the limited time frame which was given. The time restriction of the research clearly limited the response rate. More over the choice of the survey respondents created another limitation as selecting respondents from the University TEC de Monterrey data base lead to an inherent bias, which contributed to the limitations of the study. Based on the limitations of the conducted study opportunities for further research can be developed and will be discussed additionally. •

## 7. VALIDITY & RELIABILITY

The use of multiple-methods for examining an issue corroborates the findings of the research and more over increases the validity of the gathered data. (Marketing and consumer behavior, 2015). In terms of the research conducted for this paper, validity was achieved by undertaking multiple methods to investigate the artisans' problem from different angles and strengthen the validity. Applied in this research the external validity aspect is relatively low as the research is unique and specifically focuses on artisans exclusively in the Querétaro area of Mexico. Therefore the results of the research cannot be assigned to other countries or states of Mexico.

Marshall and Rossman (2006) argued that the absolute replication of qualitative studies is very difficult to achieve since they reflect real-world experiences and in a situation which is likely to change (Chen, 2010). To enhance the reliability of the current research the majority of the interviews were recorded to present more reliable evidence and avoid any bias which might occur if the researcher attempted to remember the content of the conversations. According to Gray (2004) in terms of reliability, taped conversations will tend to present more reliable evidence than written field notes.

## 7. CONCLUSION

The present research could form the basis for a longitudinal study. The conducted research was unique and never conducted before. The purpose was to examine the gaps in terms of capacities artisans face in order to be able to grow their businesses without the involvement of intermediates. Conduction of empirical research has delivered insights into the artisans business operations in Querétaro.

The most relevant outcome of the research has been to identify that the artisans suffer from a significant educational deficiency. Hence, it may be argued the artisans are challenged due to a lack of educational background. Therefore limiting the critical thinking necessary to gain a competitive advantage among their counterparts who have developed the intellectual capabilities either through education or years of business development. They are not only limited in access to resources, but are also limited in their capability to seek outside assistance in developing the network to enable them to understand how to avail themselves of alternative funding solutions. Due to this artisans are hindered to successfully distribute their handcrafted goods. Querétaro's artisans operate in a hybrid social enterprise

(for-profit and non-profit) where they produce social value and commercial revenue. Their objective is to deliver the intended social value while remaining financially self-sufficient.

## 8. DIRECTIONS FOR FURTHER RESEARCH

To cope with the above mentioned limitations future research is recommended to interview more business owners and artisans in order to increase the validity of the findings. Conducting the survey as well as the interview with a larger sample and/or using another sampling method could have yield to deviant research results.

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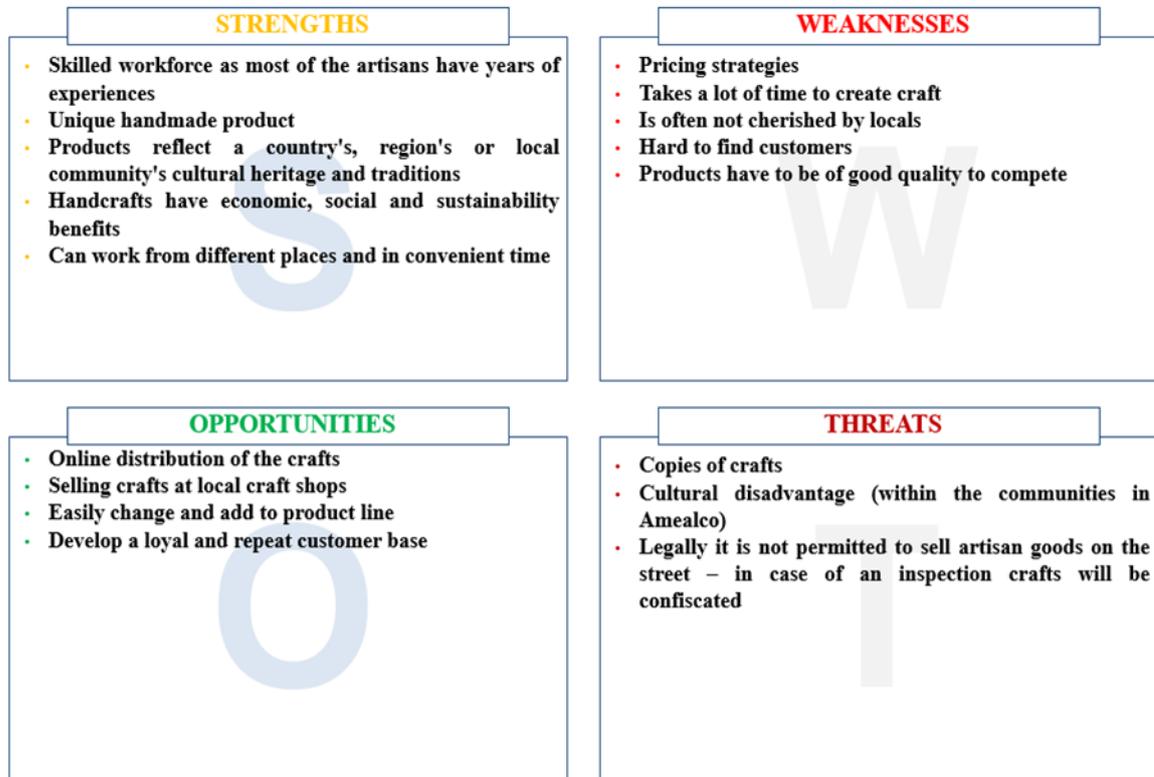
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# APPENDIX

## APPENDIX A: PESTEL ANALYSIS

Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> <li>Relatively stable political situation</li> <li>Business environment is insecure, unstable</li> <li>Bureaucracy</li> <li>GDP of Queretaro exceeded 354 billion pesos in 2014, and contributed 2.2% to Mexico's national GDP.</li> <li>Mexico has the 3rd lowest tax wedge among the 34 OECD member countries. -average single worker in Mexico faced a tax wedge of 19.7% in 2015, compared with the OECD average of 35.9%</li> <li>Artisans do not have to pay tax – unless they want to sell their goods in the governmental artisan shop wherefore they have to register in RIF.</li> </ul>	<ul style="list-style-type: none"> <li>Inflation rate (%) 4.9</li> <li>Unemployment rate (%) 3.9</li> <li>Queretaro recorded an average salary for IMSS contribution of \$335.2 in 2015, which was above the country's average salary of \$94.0.</li> <li>Queretaro's population accounted for 1.7% of Mexico's total</li> <li>State and the city of Querétaro are growing rapidly in importance. The state has grown faster than any other over the past decade and has attracted significant foreign direct investments</li> <li>The capital city Santiago de Querétaro topped all other global cities by percent change in FDI— with a spectacular 233.3-percent increase annually</li> <li>Competition exists between artisans</li> </ul>	<ul style="list-style-type: none"> <li>Before official holidays like "Día de Muertos" people buy more</li> <li>65 Higher Education institutions</li> <li>73,878 senior high school students</li> <li>59,308 higher education students</li> <li>Among the artisans is a cultural disadvantage</li> <li>Most of the "Queretanos" do not value the handicrafts and therefore are not willing to spend a great amount of money</li> </ul>	<ul style="list-style-type: none"> <li>A Technology Park Campus with 8,500 m2 of construction, offering modular spaces for the business incubation process and for the "landing" process of technology-based firms</li> <li>Queretaro has 476 kilometers of railways. It has one international airport.</li> <li>Mexico recorded 25,072 researchers at January 2016; 2.6% of them were in Queretaro.</li> </ul>	<ul style="list-style-type: none"> <li>hour's drive from Mexico City, the country's largest market, and other highways connect it with boarder states to the North.</li> <li>Queretaro is located in the central <i>region</i> of the country</li> <li>Queretaro has a mild temperate climate with dry winters and warm summers. The area within 40 km of this station is covered by <i>skrublands</i> (61%), <i>forests</i> (29%), and <i>grasslands</i> (9%).</li> <li>Over the course of a year, the temperature typically varies from 6°C to 30°C and is rarely below 1°C or above 32°C.</li> </ul>	<ul style="list-style-type: none"> <li>Specifically for artisans: trade barriers as language and cultural</li> <li>Artisans have no permission to sell on the streets</li> <li>Legally artisans are just allowed to offer their goods in by the government specified areas – those who sell on the Street operate in an informal market</li> </ul>

## APPENDIX B: SWOT Analysis



## APPENDIX C:

**Table 2 - Research Sub-questions**

Research Sub Question	Research Method	Target group
How does social entrepreneurship apply to artisans in the Querétaro market?	<ul style="list-style-type: none"> <li>• Literature review</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Social entrepreneurs</li> <li>• Experts in the field of entrepreneurship</li> <li>• Artisans</li> </ul>
Can a traditional business process be applied to artisans business within the market and do the follow it?	<ul style="list-style-type: none"> <li>• Literature review</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Experts in the field</li> <li>• Artisans</li> </ul>
Does the value chain utilized by the artisans differentiate the standard value chain utilized	<ul style="list-style-type: none"> <li>• Literature review</li> <li>• Interviews</li> <li>• Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Business owners</li> <li>• Artisans</li> </ul>

by intermediaries?		
How do the capacities of artisans differ from capacities of the intermediaries?	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Surveys</li> <li>• Literature review</li> </ul>	<ul style="list-style-type: none"> <li>• Artisans</li> <li>• Business owners</li> </ul>
Which environmental factors influence the artisans business?	<ul style="list-style-type: none"> <li>• Literature Review</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Experts in the field</li> <li>• Artisans</li> <li>• Business owners</li> </ul>

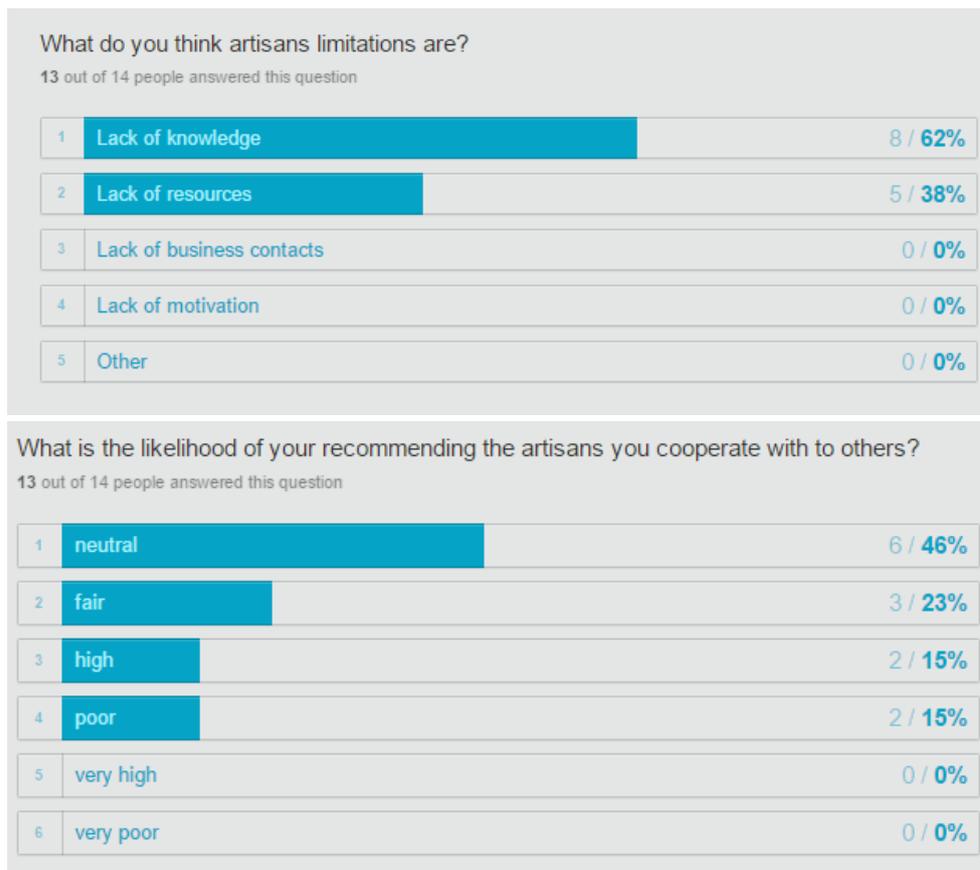
## APPENDIX D:

**Table 3 - Operationalization of interview and survey questions**

Descriptive category	Questions
<p><b>General information:</b> General characteristics of the artisans and business owners to: 1) Better statistically analyze the sample</p>	<ol style="list-style-type: none"> <li>1. Gender</li> <li>2. Educational background</li> <li>3. Age</li> <li>4. Since when are you working with artisan goods</li> <li>5. Who taught you the skills</li> </ol>
<p><b>Finance</b> Financial management is a key factor in successfully operating.  Diversification of income is preferred.</p>	<ol style="list-style-type: none"> <li>1. What percentage of income do you generate with the cooperation with the artisans?</li> <li>2. Who are your customers</li> <li>3. Is the business profitable</li> <li>4. Is this business the main source of revenue?</li> </ol>
<p><b>Market</b> Successful entrepreneurs target a specific segment of the market.</p>	<ol style="list-style-type: none"> <li>1. Who are your customers?</li> <li>2. Why is it difficult to compete</li> <li>3. Do you feel a disadvantage? (distribution of goods) Why do you feel a disadvantage</li> <li>4. What would you describe as a critical success factors for successful operating in the artisan market</li> <li>5. How do you measure the social impact of your enterprise</li> </ol>
<p><b>Business relationship</b> There is an increasing importance of relationships between partners in distribution chains for achieving economic success.  Finding a suitable local party and developing a healthy business relationship is key to success.  the development of trust and commitment requires a long-term cooperative business relationship</p>	<ol style="list-style-type: none"> <li>1. How/where do/did you get in touch with your customers</li> <li>2. How did you get in touch with the artisans you work with?</li> <li>3. How long are you working together</li> <li>4. .Do you work with one "team" of artisans for a long time or do you prefer to "change"?</li> <li>5. Where there things which you were surprised about/didn't expected when working with artisans?</li> <li>6. How do you think could artisans improve their performance?</li> <li>7. How would you describe your business relationship with the artisans?</li> </ol>
<p><b>Learning &amp; support</b> Successful entrepreneurs are:  a. Supported by experienced entrepreneurs/managers b. creative and able to innovate with limited resources</p>	<ol style="list-style-type: none"> <li>1. How satisfied are you with the recognition you receive for doing a good job</li> <li>2. How satisfied are you with the training you receive for your present job? Do you get trainings?</li> <li>3. Do you feel like you get the chance opportunity to improve your skills?</li> </ol>

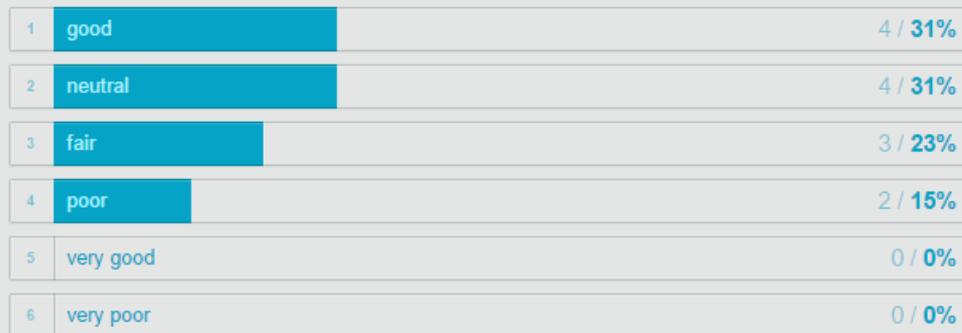
<p>Moreover team members must have the right skills and business skills are required within a successful enterprise.</p>	<ol style="list-style-type: none"> <li>4. How do you think could you improve your performance</li> <li>5. Do you have the feeling that you get an opportunity to improve my skills in the organization</li> <li>6. Do you give the artisans an opportunity to improve their skills?</li> <li>7. Do you have “access” to sufficient resources?</li> </ol>
<p><b>Product</b>  Entrepreneurs may innovate to sell better products to a broader range of people.  Reducing the number of products, services and target markets has enabled entrepreneurs to serve more people and to serve them better.</p>	<ol style="list-style-type: none"> <li>1. How many different “goods” do you produce</li> <li>2. What products and services do you “offer”?</li> </ol>
<p><b>Business model</b>  Entrepreneurs need to fully understand the business model used by the enterprise.</p>	<ol style="list-style-type: none"> <li>1. What is the business model you are using</li> </ol>
<p><b>Artisans’ profile</b></p>	<ol style="list-style-type: none"> <li>1. What motivated you to sell artisan goods</li> <li>2. Do you like the kind of work you do</li> <li>3. Which experiences positive/negative did you make working with artisans?</li> </ol>

## APPENDIX E: Evaluation MC Questions questionnaire



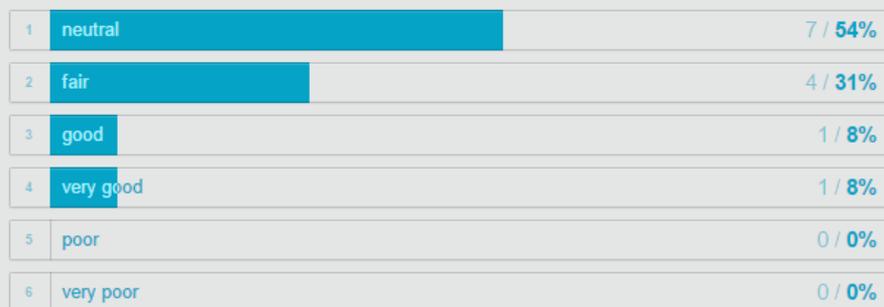
### The experiences so far you made working with the artisans was

13 out of 14 people answered this question



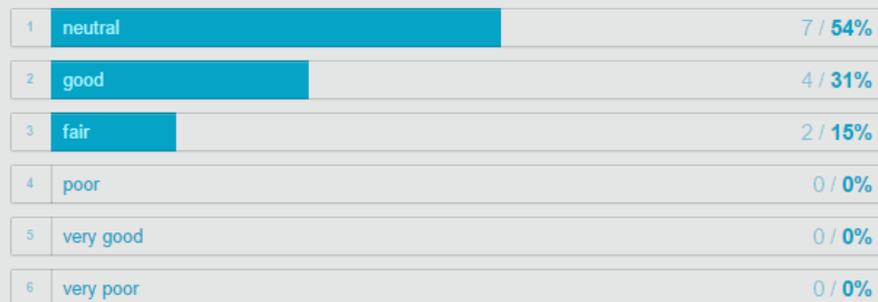
### Considering everything how satisfied are you with the work cooperation?

13 out of 14 people answered this question



### The artisans I work with cooperate to get the job done

13 out of 14 people answered this question



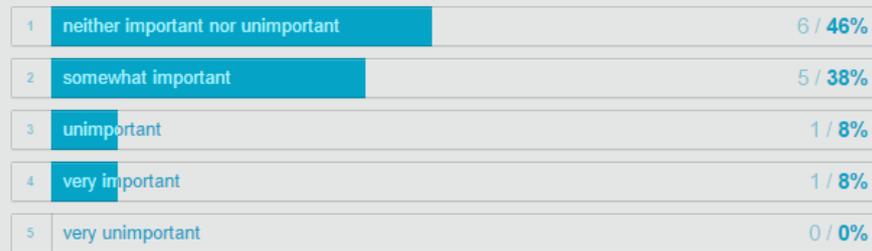
### How is your business relationship with the artisans?

13 out of 14 people answered this question



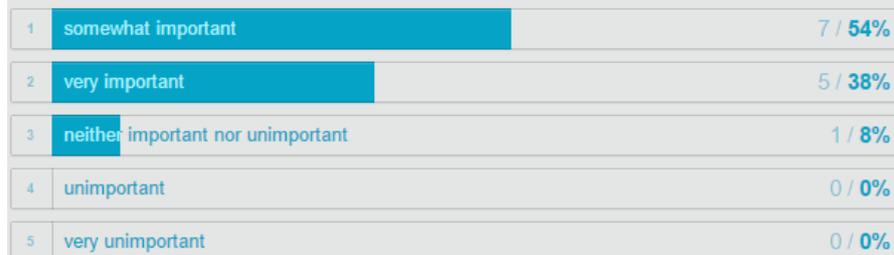
Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **Inspirational Leadership**

13 out of 14 people answered this question



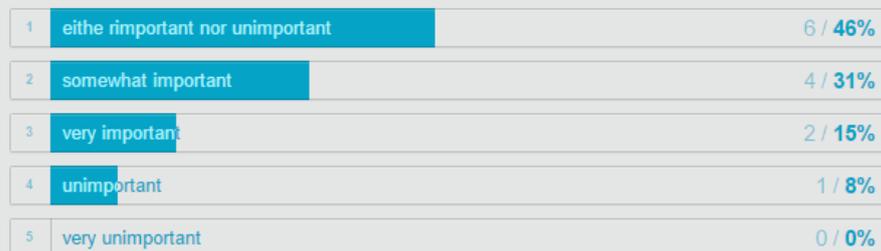
Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **Networking**

13 out of 14 people answered this question



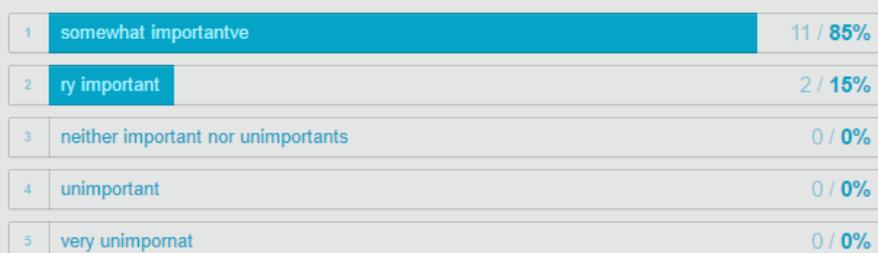
Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **A clear defined mission**

13 out of 14 people answered this question



Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **Effective relationships**

13 out of 14 people answered this question



Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **personal development (e.g.learning)**

13 out of 14 people answered this question

1	somewhat important	9 / 69%
2	very important	4 / 31%
3	Very unimportant	0 / 0%
4	neither important nor unimportant	0 / 0%
5	unimportant	0 / 0%

Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **management experience**

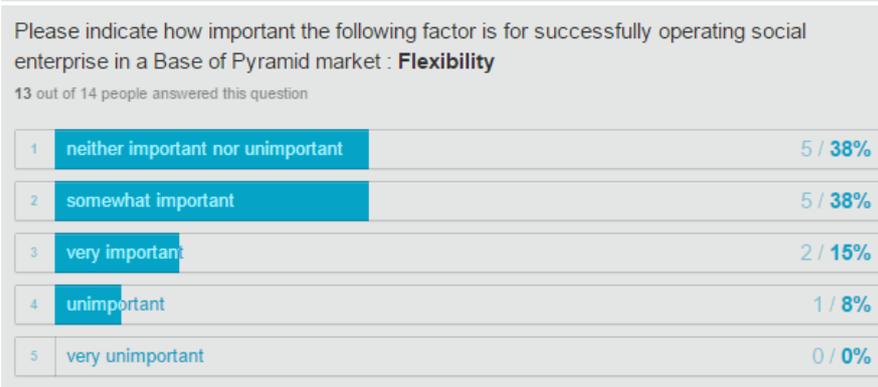
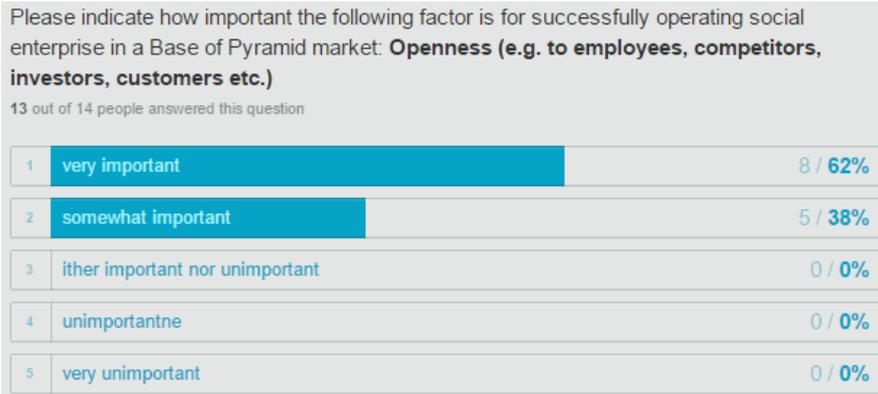
13 out of 14 people answered this question

1	neithe rimportant nor unimportant	7 / 54%
2	somewhat important	3 / 23%
3	important	1 / 8%
4	very important	1 / 8%
5	very unimportantun	1 / 8%

Please indicate how important the following factor is for successfully operating social enterprise in a Base of Pyramid market : **Solid finances**

13 out of 14 people answered this question

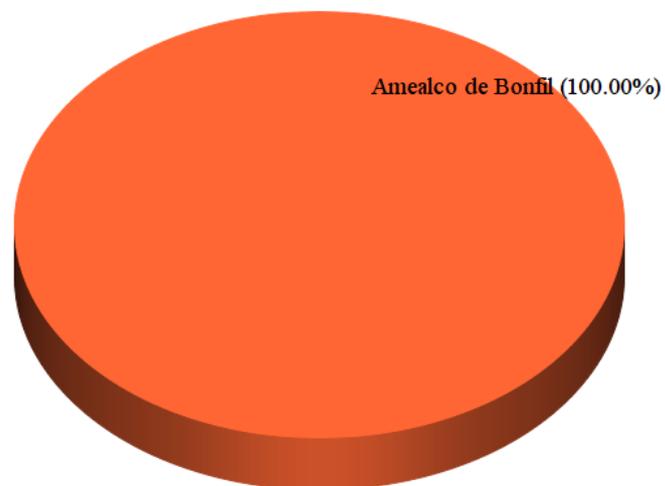
1	neither important nor unimportant	6 / 46%
2	unimportant	5 / 38%
3	somewhat important	1 / 8%
4	very important	1 / 8%
5	very unimportant	0 / 0%



## APPENDIX F: Evaluation Artisan interviews

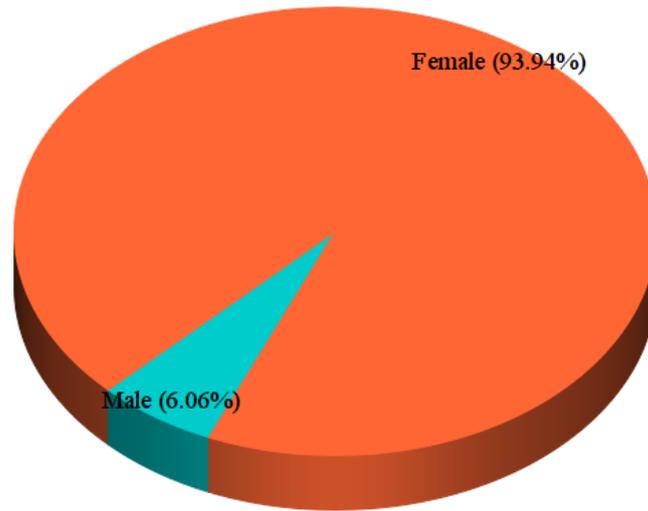
Origin of Artisans distributing their crafts downtown of Santiago de Querétaro

■ Amealco de Bonfil



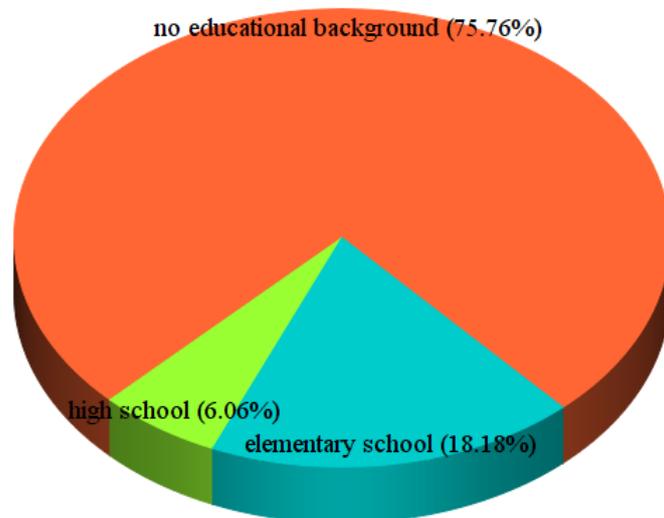
Gender

Female Male



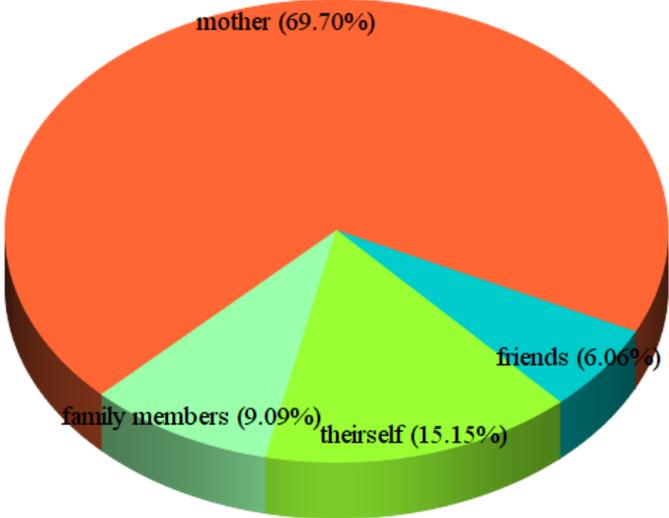
Educational Background

no educational background elementary school high school



Origin of artisans skills

■ mother   ■ friends   ■ theirself   ■ family members



## APPENDIX G:

**Table 4 - Interview and survey questions allocation according to the three main research focuses**

	<b>Individual</b>	<b>Contextual</b>	<b>Value chain</b>
<b>Artisans</b>	1. Gender 2. Educational background 3. Age	4. Why is it difficult to compete 5. Since when are you working with artisan goods 6. Who taught you the skills 7. What would you describe as a critical success factors for successfully operating in the artisan market 8. What motivated you to sell artisan goods 9. How/where do/did you get in touch with your customers 10. How long are you working together 11. How do you think could you improve your performance 12. Do you have the feeling that you get an opportunity to improve my skills in the organization 13. Do you like the kind of work you do 14. Do you think the people you work with corporate to get the job done 15. How satisfied are you with the recognition you receive for doing a good job 16. How satisfied are you with the training you receive for your present job? Do you receive trainings? 17. Do you feel like you get the chance opportunity to improve your skills? 18. Why do you feel a disadvantage (distribution of crafts)	19. What is the business model you are using? 20. What is your distribution model? 21. Is this business the main source of revenue? 22. How many different “goods” do you produce 23. Is the business profitable 24. What products and services do you “offer”? 25. Who are your suppliers? (raw material)
	<b>Individual</b>	<b>Contextual</b>	<b>Value chain</b>
<b>Business owners</b>	1. Gender 2. Age 3. How would you describe your business relationship with the artisans? 4. Which experiences positive/negative did you make working with artisans? 5. How did you get in touch with the artisans you work with?	6. How do you think could artisans improve their performance? 7. Who are your customers 8. How do you measure the social impact of your enterprise 9. Where there things which you were surprised about/didn't expected when working with artisans? 10. Do you give the artisans an opportunity to improve their skills 11. Do you work with one “team” of artisans for a long time or do you prefer to “change”?	12. What products and services do you “offer”? 13. What is the business model you are using? 14. What is your distribution model? 15. Is this business the main source of revenue? 16. Is your Enterprise financial profitable? 17. What percentage of income do you generate with the cooperation with the artisans?

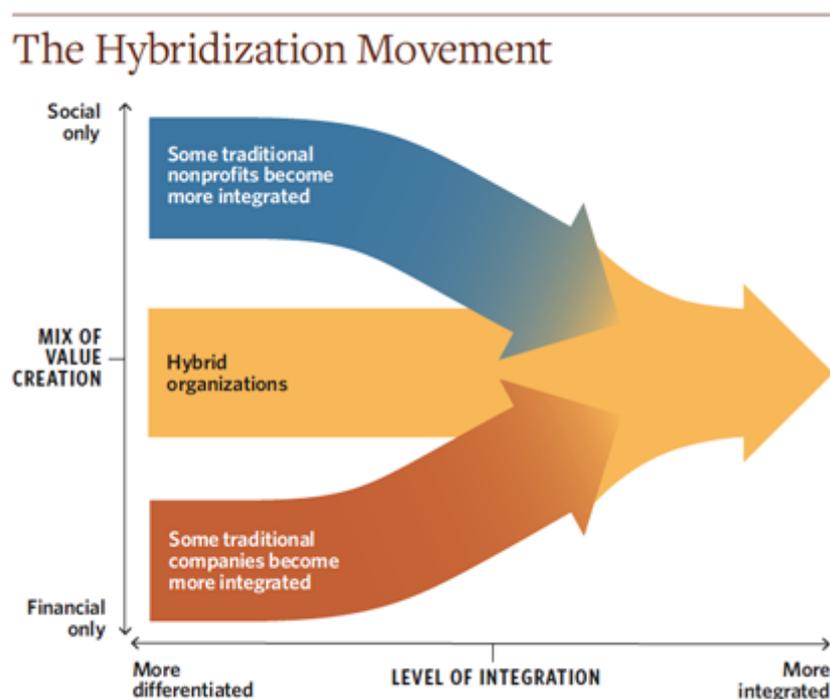
## APPENDIX H: Artisan Interviews City of Querétaro

1. Lucia Martinez Vedula
2. Marisela Garcia
3. Carolina Martinez

4. Daniela Martinez
5. Narda Gonzalez
6. Andrea Santiago
7. Sebastian Herrera
8. Regina Aguilar
9. Sofia Flores
10. Daniela Sandoval
11. Daniela Medina
12. Daniela Aguilar
13. Andrea Lopez
14. Ale Perez
15. Claudia Valdez
16. Carla Garcia
17. Ana Lopez
18. Teresa Bolado
19. Ana Manzano
20. Maria Herrera
21. Ana Sanchez
22. Brenda Hernandez
23. María Luisa
24. Mariana Velazquez
25. Maria Alejandra Martinez
26. Teresa Castro
27. Jose de la Isla
28. Maria Jose Lopez
29. Majo Perez
30. Anaisa Torres
31. Adriana Conde
32. Vannesa Solis
33. Alba Peralta

## APPENDIX I: Hybrid organization structure

**Figure 5 - Creating hybrid organizations that combine social values and business objectives** (De la Mata, 2012)



## APPENDIX J:

**Figure 6 - Most competitive states in Mexico** (Competitividad Estatal, 2014)

Ranking of the state	Strengths
1. Federal District	
2. Baja California Sur	
3. Aguascalientes	
4. Nuevo Leon	
5. Queretaro	

According to figure 5 which was generated by the Mexican Institute of Competitiveness (IMCO, 2014) Querétaro is on the 5th place of the most competitive states in Mexico. Hereby criteria as innovation, law and economy were took into account.

## APPENDIX K: Entrepreneurial characteristics

**Table 5 -Unique and common characteristics of profit-oriented and social entrepreneurs (Samer Abu-Saifan, 2012)**

Unique characteristics of the profit-oriented entrepreneur	Characteristics common to both types	Unique characteristics of the social entrepreneur
<ul style="list-style-type: none"><li>- High achiever</li><li>- Risk bearer</li><li>- Organizer</li><li>- Strategic thinker</li><li>- Value creator</li><li>- Holistic</li><li>- Arbitrageur</li></ul>	<ul style="list-style-type: none"><li>- Innovator</li><li>- Dedicated</li><li>- Initiative taker</li><li>- Leader</li><li>- Opportunity alert</li><li>- Persistent</li><li>- Committed</li></ul>	<ul style="list-style-type: none"><li>- Mission leader</li><li>- Emotionally charged</li><li>- Change agent</li><li>- Opinion leader</li><li>- Social value creator</li><li>- Socially alert</li><li>- Manager</li><li>- Visionary</li><li>- Highly accountable</li></ul>