Identification of the contributions of MSMEs (Micro, Small and Medium-sized Enterprises) to territorial competitiveness: analysis of two economic activities in Cauca, Colombia

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Received: 24-03-2022; Accepted: 4-08-2022; Published: 24-10-2022

How to cite:
Abstract

Objective: this article analyzes the business dynamics of two representative economic activities of the national economy such as manufacturing and construction in order to identify the business perspective and the analysis of the overall environment, relevant elements in the business fabric that influence competitiveness measurements.

Methodology: To achieve this purpose, a mixed methodology was designed, applying surveys and semi-structured interviews to 146 representative companies of these sectors in the Cauca region, in southwestern Colombia.

Results: Among the most relevant findings are the variables that affect the business perspective and the factors of the environment in which these companies perform as the primary source of elements, whose management requires greater attention by state agencies and business support organizations in order to contribute to the improvement of competitiveness in the territorial area.

Limitations: there are difficulties in the field work, because of the demanding biosecurity measures of the organizations due to the health emergency of COVID 19, extending the initially planned execution times.

Practical implications: the study is useful for micro, small and medium-sized enterprises since it allows them to identify their contributions to the competitiveness of a territory and allows an understanding of its main difficulties, as well as the ways in which they address such difficulties.

Keywords: Territorial competitiveness; regional development; MSMEs; business perspective; prospective.

JEL code: L1; M10; D21
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ISSN 0212-1867 / e-ISSN 1989-3574
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https://revistasinvestigacion.esic.edu/esicmarket

How to cite:
1. Introduction

Exposure to an accelerated economy in this century externalizes the analysis of the dynamics of the territories to reach sustainable productive systems where territorial competitiveness converges as a relevant factor. Its study implies the recognition of the performance of micro, small and medium enterprises (MSMEs) that, as Barrado (2016) says, contribute to the prosperity of a territory for the creation of economic and social value. The knowledge of its commercial activity and its experience in the market is classified as a phenomenon of great interest by academics, professionals and thinkers of different disciplines in order to improve the competitive capacities and the regional productive transformation (Martinez et al., 2022).

This is why studies such as those proposed by Somarriba (2015) have evaluated the phenomenon from the impact of regional competitiveness on companies, as well as from the relationship between the MSMEs and the level of competitiveness of the region, in addition to the analysis of the business behavior rate in relation to development indicators, and its role in the field of sustainability. However, the role that MSMEs play in territorial competitiveness is little explored from their business experience and their contributions to the region; authors such as Rueda et al. (2019) argue that if they do not assume broader strategies, Colombian MSMEs will not be able to respond to the challenges of the post-conflict according to the guidelines of public policies and government programs. To respond to that, this study proposed to know the contribution of MSMEs to territorial competitiveness in the region of Cauca, southwestern Colombia, from the analysis of two economic activities, construction and manufacturing. The study was carried out from the business perspective and the analysis of the general environment based on the vision and practice of entrepreneurs (Melgarejo et al., 2013).
This study will facilitate the identification of some key elements of the business fabric of these sectors that will allow progress in the use of regional resources, as well as promote new development styles based on the potential of local economies.

2. A Theoretical Approach

The economic scenario of globalization has exposed the role of territories in achieving success in economies. It is there that territorial performance is valued to achieve productive environments willing to generate not only economic but social changes. The global dynamic has developed a scheme of competitiveness analysis that involves the business dimension highlighting the contribution of companies in the territorial system as a whole.

In this sense, MSMEs play an important role in this productive dynamic, being classified as one of the most important sources of economic activity in a region. Therefore, this study presents concepts of territorial competitiveness from the international and national level, as well as the associated factors; it shows their relationship with the MSMEs and how the Colombian system classifies them. Finally, it shows the associativity of regional competitiveness with business composition based on studies from the international, national, and local levels. Based on the above, Puello et al. (2019) emphasize that the concept of territorial competitiveness is intertwined with the ability to create, develop, and consolidate the different economic activities in the territory.

Business organization is a fundamental engine for generating wealth in the economic sphere and, among other factors, can trigger positive externalities in society. Specifically, the company is positioned as a constituent element of development, by virtue of its ability to boost the growth of a territory, satisfying social needs, and generating economic benefits (Pérez y Pizarro de la Ossa, 2016).

At the Colombian level, there are ongoing efforts to collect data that allow a detailed analysis of competitiveness at the national and regional levels; this is how the regional competitiveness index has been structured, which by 2020 presented the region of Cauca in position 20 among 33 regions evaluated according to the Private Competitiveness Council (2021).

In summary, this index is made up of four analysis factors (enabling conditions, human capital, market efficiency and innovative ecosystem), 13 pillars (institutions, infrastructure and equipment, ICT adoption, environmental sustainability, health, basic and secondary education, higher education and training for work, business environment, labor market, financial system, market size, sophistication and diversification, and innovation and business dynamics) and 103 indicators, which correspond entirely to figures and statistics obtained through primary sources each year (Mancheno y Albán, 2019).
Thanks to the longitudinal analysis of this indicator since 2013, different factors have been identified that accelerate and directly impact the competitiveness of a territory; in particular, it has been detected that the role of micro, small and medium-sized enterprises - which constitute 96% of Colombia’s business network – is essential to impact the index. Experience over seven years of measurement shows that, as the economic activities of the regions grow, the corresponding competitiveness index improves substantially.

Although the phenomenon of competitiveness has different aspects and mechanisms of analysis, in the Colombian context there is a relative consensus that the role of the company in the processes of economic growth and social welfare is one of the least studied aspects and whose analysis has an impact on the generation of relevant public policy from the territorial perspective (Castro, 2013).

Therefore, there is an important relationship between the number of Colombian MSMEs and the educational infrastructure and the Gross Domestic Product (GDP), which would indicate the importance of the permanence of the MSME for the development of a region. That is, they assume a primary role as agents creating wealth, employment generation and their social contribution (Riascos y Carmona, 2018).

In Colombia, Law 905 of 2004, stated in article 2 that: “(...) micro including small and medium-sized families, any unit of economic exploitation, carried out by a natural or legal person, in business, agricultural, industrial, commercial or service activities, rural or urban”, a reference that has made it possible to carry out different studies as well expressed by Franco and Urbano (2019), which meets the criteria of assets and number of employees. However, due to new realities of Colombian companies, the National Government decided to adopt income as the main criterion, providing information on the actual size of it, and considering particular aspects of each sector of the economy for a better classification in terms of relevance, thus issuing Decree 957 of 2019, which, as shown in table 1, bases the business size by virtue of income from ordinary activities (mincomercio, 2019).

Therefore, the efforts made by state entities demonstrate how MSMEs play an important role in the business fabric of a country, given their contribution in

Table 1. MSMEs classification

<table>
<thead>
<tr>
<th>Size of the company</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microenterprise</td>
<td>up to US$246,261</td>
<td>up to $349,404</td>
<td>up to $474,214</td>
</tr>
<tr>
<td>Small company</td>
<td>from US$246,261 to US$1,711,803</td>
<td>from US$349,404 to US$1,397,924</td>
<td>from US$474,214 to US$4,568,507</td>
</tr>
<tr>
<td>Medium-sized company</td>
<td>From US$21,171,803 to US$17,109,856</td>
<td>From US$1,397,924 to US$5,117,485</td>
<td>From US$4,568,507 to US$22,892,584</td>
</tr>
</tbody>
</table>

Source: Ministry of Commerce, Industry and Tourism according to the figures of Income from annual ordinary activities in millions of Colombian pesos of 2019. Calculated according to Exchange Rate of $3277 for the year 2019.
variables such as growth in gross domestic product (GDP), the evolution of technological reforms and economic development. Undoubtedly, for the Colombian case, business development is based on small-scale enterprises, considered as the backbone of modern economies (Franco y Urbano, 2019). Research at the international, national and local levels associates regional competitiveness with business composition; and in this way, it is necessary to consider from this same approach the design of strategies, plans and policies to contribute to their economic and social growth (Ramírez y Pérez, 2018).

According to Andrade Moreira et al. (2016) and Hashem and Shawabkeh, different variables that influence the impact of the business fabric (2019) were evidenced, such as the type of activity, time period, number of workers, work activity by gender, age range and invested capital. Highlighting the identification of successful companies, such as the power to generate employment and competitive breadth, highlighting relevant benefits for the environment from the regional level as staff (health, housing and education for children). In the same way, the innovation dimension prevails in improving the competitiveness of small and medium-sized organizations, as a determining element in business results (Sánchez y Acosta, 2020).

The research proposed by Sánchez Murillo et al. (2016) studies MSMEs from the legal nature, seniority, number of owners, compliance with tax aspects, gender and education of entrepreneurs and management of human talent (training programs, organizational climate, working conditions of hiring), which is complemented by the need to consider intrapreneurship in the organization as part of strategic organizational planning (Sánchez et al., 2020). In short, the authors demonstrate the commitment of entrepreneurs to contribute to economic development and territorial competitiveness, as well as management in terms of corporate social responsibility.

For their part, studies developed by Gutiérrez et al. (2017) underline other elements such as competitiveness strategies, average sales and plant size of personnel. In this sense, the results highlight entrepreneurs focused on complying with competitiveness strategies of the micro-order and how the environment can affect their performance in a negative way (macro level).

From the local level, authors such as Saldarriaga et al. (2019) consider that MSMEs carry out planning, accounting, quality, purchasing, sales, design, production, inventory and maintenance activities, based on more empirical than academic knowledge. However, some have made significant contributions to their sector, offering improved products and services with some innovation processes, without investing large amounts of resources. So that innovation becomes a competitive advantage that facilitates differentiation and adaptation to changes in the environment.
3. Methodology

The research developed was exploratory and descriptive of the most relevant factors as well as the establishment of relationships between the stakeholders; the study started from the premises of the mixed models from the proposed methodological integration, allowing the qualitative and quantitative combination, which led to the complementarity between the methods (Hernández et al., 2014).

Quantitative data were obtained from the application of a survey by means of a stratified sampling proportional to 146 micro, small and medium enterprises, 95 in the manufacturing sector and 51 in the construction sector, which represent 23% of the total of MSMEs of these sectors registered with the Chamber of Commerce of Cauca (Colombia). From the bibliographic perspective, in addition to the academic literature, the databases of the Chamber of Commerce of Cauca and the National Administrative Department of Statistics DANE are consulted. These methodological and consultation references also provide guidelines for the development of data collection tools -interviews and surveys.

From a qualitative perspective, it facilitated the understanding of the reality of entrepreneurs and their environments, attributing the own value of their discourses and deepening in particular situations of their dynamics and interactions with territorial competitiveness, through the implementation of semi-structured interviews. An analysis of the general environment was carried out, which allowed us to understand the business perspective and the reality of the four factors, namely: social, economic, technological and political legal, supported by the contributions of authors described in the body of the document, including Varela and Soler (2015), Sarmiento et al. (2014), Sepúlveda y Reina (2016), Calderón (2017), Casco (2020), Villegas (2020), Hernández et al., (2017) and Canto (2021).

The hypotheses are based on the data and are developed in interaction with them, instead of being previous ideas that are going to be tested. Thus, hypothetical propositions are produced or induced during the same research process (Hernández et al., 2014).

As Varela and Soler (2015) point out, “the qualitative perspective is not used so much to verify a model or a closed hypothesis, but to discover. Precisely because the material with which one works is a sensitive material that says so much about who says it, or by whom it is investigating at that time” p. (34). Therefore, qualitative research does not aim to verify a hypothesis but to reveal the hidden, to discover what makes up the various subjectivities, the discourses of the individuals investigated, which are located in historical-social contexts. In this sense, this research is oriented towards the search for dynamics and perceptions of entrepreneurs in their interaction with society, the State and the market.
4. Development of fieldwork and analysis of results

The results and studies of greater relevance are described below from two sides of analysis: a) the business perspective and b) the analysis of the environments.

a. Business perspective

- Based on the literature consulted, four variables of noteworthiness were identified when studying and understanding the characteristics of entrepreneurs; these were: age, years of experience, invested capital, number of employees. The data and its implications are explained below.

- Age of entrepreneurs, a distinctive generational characteristic: age as a discrete variable, according to Magrelli et al. (2020), influences the way individuals interpret and relate to the environment, influencing the vision of the business fabric and, therefore, territorial competitiveness. Table 2 shows the perspective from different generations and the most relevant characteristics of each.

Table 2. Generational perspective of entrepreneurs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in the study</td>
<td>2%</td>
<td>34%</td>
<td>49%</td>
<td>16%</td>
</tr>
<tr>
<td>Study Outcomes</td>
<td>100% consider that there has been no progress in the business fabric</td>
<td>76% consider that there is a low progress of the business fabric, compared to 31% who have an optimistic look</td>
<td>69% indicate low progress, compared to 31% who believe there has been progress</td>
<td>64% consider that there is a low progress of the business fabric, while 36% are optimistic</td>
</tr>
<tr>
<td>Relevant characteristics:</td>
<td>Conservatism</td>
<td>Freelance</td>
<td>Mature and well-prepared professionals</td>
<td>Technology and the digital world</td>
</tr>
<tr>
<td></td>
<td>High sense of discipline</td>
<td>Loyal</td>
<td>Entrepreneurial Spirit</td>
<td>Teamwork</td>
</tr>
<tr>
<td></td>
<td>the obligation</td>
<td>Interest in work</td>
<td>Protecting the environment</td>
<td>Building networks</td>
</tr>
<tr>
<td></td>
<td>Responsibility of Hiearchies</td>
<td>Earn status</td>
<td>They value flexible work</td>
<td>Immediate information</td>
</tr>
<tr>
<td></td>
<td>Differentiators in the workplace</td>
<td>Quality of Life</td>
<td>Demanding</td>
<td>Personal Accomplishment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Managers Reliability</td>
<td>Measurement Parameters</td>
<td>Active lifestyle.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>business empowerment</td>
<td>Individual effort</td>
<td>Community engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Big influencers over the environment</td>
<td>Business risk takers</td>
<td>Salary is tied to goals,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Their motivation is tied to the reward</td>
</tr>
</tbody>
</table>

Source: Own from Magrelli et al. (2020).
X Generation, recognized by its entrepreneurial spirit, adaptation to the environment and demanding measurement parameters, determines its achievements from high performance results (Tortorella et al., 2020); this connotation leads it to expect significant growth in the business fabric (Diaz, 2017), however, from its value judgment, it is not evident.

However, the vision of the Baby Boomers generation according to authors such as Hernández et al. (2016), are classified as freelance workers, loyal and interested in working, gaining status and quality of life, they represent in themselves one of the most advanced population groups in productive life; their vision according to the study is more accentuated in relation to the perspective of little business development; while Y generation, considered the youngest, capable of growing and adapting quickly to the environment, also exceeds 50% with respect to their experience associated with the little development of the business fabric. This condition shows that the non-controllable aspects of the environment (external) have a marked impact on performance and territorial competitiveness.

- Experience; years as entrepreneurs: However, the time spent in the business field, for some authors such as Choi et al. (2020) affects the results and business sustainability, being a variable that contributes to typifying productivity through the efficiency and effectiveness of both the administrative management of business executives and their participation of subjects who act in a business community, in addition to proposing that organizations should better take advantage of the knowledge of their managers who have achieved by the time of experience.

Taking as a reference the scale of business evolution proposed by Soler and Varella (2015), the entrepreneur travels a transit that is directly associated with years of experience and other variables; in turn, it determines their profile, classifying them as intentional, emerging, new and established entrepreneurs.

Table 3 shows the incidence again of X generation, which, despite having sufficient experience in the market, their income is not significantly high, however, they are the ones that have greater representativeness in the sector, after Y generation. That is, the conformation of the business fabric, for the case study, is a young population that still does not register important resources for territorial competitiveness.

In this way, it is urgent to present models that strengthen the business fabric as a strategy of territorial competitiveness, and in essence, that promote regional growth promoted by the young generations.

It then begins to permeate an accumulation of experiences that facilitate organizational support. Schultz (2022) notes that entrepreneurial experience and motivations can determine entrepreneurial growth, while other authors determine that college education and prior work experience are critical to characterizing the successful entrepreneur.
Capital invested in the creation of the company (Colombian pesos): among the challenges for the creation of the company is the ability to finance the business plans that give rise to business growth. Therefore, territorial competitiveness as a result of the interrelationship of the business, governmental, scientific-technological, environmental, social and infrastructure dimensions requires resources to influence the economic performance of the territorial system as a whole (Sarmiento et al., 2014).

However, in most cases, the start of operations of a company is possible thanks to the own resources from savings or loans that the entrepreneur decides to assume, and not precisely from external financing of the state or angel investors. In this sense, table 4 reflects, according to the study, the amounts invested for the creation of companies, which are consistent with the most representative type of organization in the construction and manufacturing sectors, such as MSMEs.

Table 4. Investment amounts for the creation of a company

<table>
<thead>
<tr>
<th>Amounts of investment (own resources)</th>
<th>%</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $2,746</td>
<td>83</td>
<td>121</td>
</tr>
<tr>
<td>Between US$2,746 and US$5,797</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Between US$6,103 and US$8,849</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Between US$15,257 and US$18,004</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Between US$12,206 and US$14,952</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Between US$21,361 and US$24,412</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>100%</td>
<td>146</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own sources. Calculated according to Exchange Rate of $3,277 for the year 2019.
According to Sepúlveda and Reina, (2016) some of the elements that influence territorial productivity are the capital of own funds or external funds classified as seed capital, in this case led by public and private entities, in order to finance the creation of companies.

Although there are different specialized programs in this aspect, there are multiple cases in which entrepreneurs decide to do it with their own resources and thus avoid formalities to access loans; however, the amounts are still low compared to those granted by state programs or angel investors. The data given above correspond to equity capital.

Results that coincide with countries such as Argentina, Brazil and Chile, which have their own sources of financing. For their part, Ecuador, Salvador, Mexico, Nicaragua, Paraguay, Peru, Dominican Republic and Uruguay access external sources such as bank loans (Orueta et al., 2019).

The study suggests that entrepreneurs prefer self-financing alternatives due to difficulties of financial access. Orueta et al. (2019) point out that there are still barriers to access to traditional financing for MSMEs because less than 40% of them have managed to have it. Therefore, it is important to strengthen funding sources in such a way as to guarantee the growth and sustainability of MSMEs. In this regard, it is imperative to facilitate access to national and international markets in order to foster a solid productive structure towards the generation of formal and sustainable jobs.

- Number of employees: there are distinctive skills from human talent that contribute to regional competitiveness, but that require greater use in people management to develop innovation and quality capacities as significant long-term sustainable competitive advantages through the formation of cross-functional teams, especially when the hiring capacity is very limited for MSMEs (Calderón, 2017). To this is added the effort of employers to expand the number of employees who are sustained over time and contribute significantly to the organizational performance indicators.

Table 5 shows the behavior in the number of employees hired to start operations, and after the date of the study. The decrease can be evidenced for micro enterprises that subsequently moved to other categories.

This behavior is interesting when comparing some experiences in Latin America and the Caribbean, where micro-enterprises represent about 3.2% of production, while in Europe they contribute six times more (20% of GDP) (Amorós, 2021); this puts on the table the need to strengthen their productive apparatus at the regional level as a strategy to boost territorial competitiveness. They need to occupy a prominent place, as is the case in Germany, Japan and the United States, where economic models show that micro-enterprises are socially important, generating employment and creating innovation, which in some way accelerates economic and social processes.
Identification of the contributions of MSMEs ...

If the instability caused by the COVID-19 pandemic is added to the above, as several authors, including Del Rio(2021), express it well, this type of organization must improve its vision, adapting quickly to unstable environments, with a holistic perspective to find growth opportunities. Therefore, its status as a small and medium format should be a positive feature that contributes to the business ecosystem.

b. Analysis of the business environment

Continuing with the second side of analysis, this investigation advanced towards the research of the elements of context that influence and are influenced by the operations of the companies under study. There are several challenges posed by the business-society binomial, especially those related to the non-controllable variables that affect the general environment. Indeed, being companies, the main engine for generating wealth, it becomes a constituent element of territorial development and, with it, of territorial competitiveness.

- Social factors: among the most relevant social connotations, we can mention the changes in interaction that have permeated, not only interpersonal relationships, but the labor market, fractured by the health crisis of covid 19, putting population groups at risk such as women, young people, migrants due to their temporary employment situation and those over 45 years of age who, in some cases, have been the ones who have made teleworking more difficult, accentuating the existing gaps and inequalities(Casco, 2020).

The training of entrepreneurs has an impact on how the progress of the business environment is perceived. In the case study, basic training tends to be a little more optimistic, while above 50%, university and postgraduate entrepreneurs, consider not evidencing progress. This may be due to the fact that their knowledge related to

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>% of companies for creation</th>
<th>% of companies at the date of the study</th>
<th>Variation (Unit)</th>
<th>Level of Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to nine employees</td>
<td>97%</td>
<td>80%</td>
<td>From 141 to 118</td>
<td>Low</td>
</tr>
<tr>
<td>Between 10 to 19 employees</td>
<td>2%</td>
<td>12%</td>
<td>From 3 to 18</td>
<td>Increased</td>
</tr>
<tr>
<td>Between 20 to 29 employees</td>
<td>0%</td>
<td>3%</td>
<td>4</td>
<td>Increased</td>
</tr>
<tr>
<td>More than 30 employees</td>
<td>1%</td>
<td>5%</td>
<td>6</td>
<td>Increased</td>
</tr>
</tbody>
</table>

100% 100% 146

Source: Own sources.
management and guidance is greater, leading them to have higher value judgments. Table 6 shows that gender participation is similar, being 52% of the interviewees men and 47% women, in both cases the perceptions of progress are similar.

Table 6. Level of progress according to training and gender

<table>
<thead>
<tr>
<th>Progress Level</th>
<th>Training</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary school</td>
<td>Secondary School</td>
</tr>
<tr>
<td>Decreasing</td>
<td>50%</td>
<td>45%</td>
</tr>
<tr>
<td>Growing</td>
<td>50%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Source: Own sources.

To this perception it is added that the region of Cauca, region where the research was addressed, has conflict indicators, reflecting problems such as land tenure, a trigger element (Vargas, 2021) and one of the motivators of mobilizations of social and indigenous organizations, which historically have protested for asserting their rights, in some cases with de facto, situations that have brought devastating consequences for territorial competitiveness especially for the construction and manufacturing sectors, affecting the perception of territorial progress, situations that are well expressed by authors such as García et al. (2021)

- Economic factors: Different studies indicate economic losses for the first year of the pandemic (2020) that vary between $4.6 trillion and $59 trillion per month according to the isolation scenarios considered, figures that represent between 0.5% and 6.1% of the national GDP in Colombia (García y Carrillo, 2021). Thus, the economic branch of services was the most affected, highlighting the construction and manufacturing sector (Bonet et al., 2020), changing consumption habits (Villegas, 2020).

Table 7 represents the perspective of each sector, finding that the manufacturing sector perceives that there is little or no progress, while the construction sector is more optimistic; this is possibly due to the government aid it receives as the main engine of development and the high dynamism that the construction sector has historically presented in this region of the country. In addition to the increase in housing construction, it is important to highlight the prompt execution of road infrastructure works (e.g. Popayán-Santander Dual Carriageway) whose multiplier effect impacts the entire construction sector; to demonstrate its impact, this project has a value of US$457,000,000.

Likewise, this has led to a slowdown in labor productivity, due to three effects: the first related to the economic difficulties that many countries in the region were already experiencing before COVID-19, such as low growth and increased poverty, informality and unemployment.
Table 7. Perspective of each sector

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing sector</th>
<th>Construction sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress Perception Level</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Desegregation of progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>35%</td>
<td>14%</td>
</tr>
<tr>
<td>Low</td>
<td>37%</td>
<td>56%</td>
</tr>
<tr>
<td>High</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Own sources.

The second, the incorporation of new technologies with high prominence, and the third, a relatively higher mortality context for companies with higher costs, lower productivity standards and competitiveness, affecting the composition of the sectors (García et al., 2021)

- Technological factors: Activities focused on technological innovation, preferably involving marketing and design actions, have an impact on territorial competitiveness; especially, in the MSMEs world, technological innovation becomes a strategy that responds to the challenges imposed by globalization (Hernández et al., 2017).

In other words, this competence provides the company with a differential factor known as corporate intelligence. Then, technological innovation is configured in the development of new products and processes that present significant changes and acquires value when this proposed innovation is accepted by the market, users and consumers that compose it (product innovation) or is incorporated into the design of production processes (process innovation).

Thus, the concept of the innovation system, as put forward by some authors such as Córdova (2021), has become a useful tool to help understand the differences in the rates of technological progress experienced by nations and regions, as well as their contribution to regional competitiveness.

Table 8 reflects that the majority of entrepreneurs indicated that they had sufficient technological tools for the operation of their activity; however, in the field work, it was possible to show that there is a misconception in the face of this perception. Therefore, it is necessary not only to raise awareness among entrepreneurs of the contribution of technology to productivity, but also to promote investment in it.

Table 8. Technology as a business resource

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>It has the technology to produce</td>
<td>73%</td>
</tr>
<tr>
<td>It does not have the technology to produce</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Own sources
Then, this new technological current that must be more articulated with the MSMEs, comes to answer to a series of requirements, that the world economies have generated in search of the fulfillment of the new demands of economic development. Among the actions, the use of collaborative spaces(2016), as well as technological information systems, the support of experts as collaborative agents, and knowledge-based systems are also proposed, with reference to Niebles et al.

- Political and legal factors: as an instrument of transformation or maintenance of the social order, public policies are fundamental to promote territorial competitiveness, because through the mobilization of certain actors and media, they offer a response to collective needs or to those that are considered as such, so that, for the rulers, it constitutes a tool that provides social and institutional solutions Canto(2021). However, for this, among the decisive aspects to consider in public policies to promote territorial competitiveness, certain difficulties were identified by entrepreneurs in the construction and manufacturing sectors, and which are categorized in the areas of administrative management -figure 1-, of governmental and economic aspects -figure 2-, and of the market and competition -figure 3-. Given that these opinions were extracted from the semi-structured interviews conducted with entrepreneurs, the assessment of each axis (administrative management, government aspects, and market/competition) is the same.

Figure 1. Problems identified by entrepreneurs – administrative management.

<table>
<thead>
<tr>
<th>Related to administrative management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lack of experience in administration</td>
</tr>
<tr>
<td>• Fear of delegating</td>
</tr>
<tr>
<td>• Difficulties in marketing</td>
</tr>
<tr>
<td>• Lack of working capital</td>
</tr>
<tr>
<td>• Shortage of opportunities</td>
</tr>
<tr>
<td>• Difficulty in training people</td>
</tr>
<tr>
<td>• Financial problems.</td>
</tr>
</tbody>
</table>

Source: Own sources.

Figure 2. Problems identified by entrepreneurs – governmental and economic aspects.

<table>
<thead>
<tr>
<th>Related to governmental and economic aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Little support from the government</td>
</tr>
<tr>
<td>• High taxes</td>
</tr>
<tr>
<td>• Municipal procedures</td>
</tr>
<tr>
<td>• Corruption</td>
</tr>
<tr>
<td>• Excluding Conditions of Engagement</td>
</tr>
<tr>
<td>• Economic recessions in the country</td>
</tr>
</tbody>
</table>

Source: Own sources.
Identification of the contributions of MSMEs ...

Figure 3. Problems identified by entrepreneurs – with the market and competition

**Related to the market and competition**

- Anti-Competitive Behavior
- Number of competitors
- Competition by price
- Sensitive market
- Constant changes in the market

Source: Own sources.

In relation to ways of dealing with problems, entrepreneurs take up challenges and solve them on their own as a first step. As can be seen in table 9, 20% of responses are grouped under the category "With God's help", allegorically denoting the scarce support that entrepreneurs receive from entities and the State to address their difficulties; likewise, the lack of foresight and foresight exercises, typical of entrepreneurs far from technical criteria and administrative/managerial knowledge for the attention of their business problems, is evident. In summary, 97% of the interviewees do not perceive the Colombian state apparatus as a source of leverage for their growth and competitiveness strategies.

Table 9. Ways to address business issues

<table>
<thead>
<tr>
<th>How to deal with problems</th>
<th>Stake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-starter</td>
<td>63%</td>
</tr>
<tr>
<td>With God's help</td>
<td>20%</td>
</tr>
<tr>
<td>With the help of friends</td>
<td>8%</td>
</tr>
<tr>
<td>OTHER HELP</td>
<td>6%</td>
</tr>
<tr>
<td>With the help of the Government</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Own sources.

5. Discussion and conclusions

According to data from the Chamber of Commerce of Cauca, the participation of micro and small enterprises in Cauca amounts to 96% of the total number of entrepreneurs in the region, their contribution in terms of employment generation is 80%) while their contribution to the Gross Domestic Product of the department is 40%(Cámara de Comercio del Cauca, 2021), figures that show the importance of this type of companies for the social and economic development of Cauca as well as their ability to generate employment and structural deficiencies in terms of productivity and competitiveness. Although this situation coincides with the academic
literature according to which large companies in Colombia have higher levels of efficiency, commercial capacity and process automation compared to micro and small companies, this situation implies serious deficiencies in the Cauca business sector that deserve attention.

From the responses of the entrepreneurs participating in the study, it is possible to infer that their actions are far from public policies to promote the business sector. Aspects such as training and the generation of soft or management skills are foci in which it is necessary to increase efforts to achieve higher levels of business competitiveness. On the other hand, as it was possible to appreciate, the generation of this type of company has been based on investments and own resources, reaching lower levels of competitiveness, to a large extent, due to the limitations in soft capacities and access to financing programs mentioned above.

It is then evident that the hypothesis according to which entrepreneurs in these sectors are important for employment and constitute a large part of the business fabric while the State apparatus and institutional support remains far from entrepreneurs. The figure of 3% of the interviewees, in the manufacturing and construction sectors, is decisive, indicating the support of the State as part of its leverage and business growth mechanisms.

The data collected in the research evidences a generational incidence that affects the way entrepreneurs make the reading of their business environment, presenting a more critical value judgment in the X generation, Baby Boomers and traditionalists, while the Millenials or Y generation adapt better to the environment, making use of information and communication technologies for rapid decision-making; however, the contributions of all generations for territorial competitiveness are important and these have a great incidence according to the years of experience they have acquired.

On the other hand, the invested capital is due to own funds, in response to a need for independence and desire for immediacy in the expected results, considering that the state programs and angel investors still lack efficient methodologies in terms of procedure and access. To this is added the effort of employers to expand the number of employees, which will be sustained over time and contribute significantly to the indicators of organizational performance.

However, in relation to the analysis of the environment in the economic activities studied, it is important to note that the training of entrepreneurs affects the reading of the progress of the business environment where university and postgraduate entrepreneurs perceive little evidence of progress, while from the economic sphere, the manufacturing sector perceives that there is little or no progress, and the construction sector is optimistic; expectations that are aligned with the current health crisis and its impact on economic variables.

In relation to the technological factor, it is of interest to analyze the availability of devices and tools to advance business activity; however, the appropriation and optimization of these tools in order to implement technology in processes impacting productivity and competitiveness is a topic that constitutes a future line of research and acquires relevance for public policy in the country.
Difficulties on the part of entrepreneurs were identified from the administrative management such as lack of experience in administration, fear of delegating and difficulties for marketing, among others; from the government aspects, the little support of the government, high taxes and municipal procedures among others stands out.

As regards the market and competition, unfair competition, a high number of competitors and price competition stand out. Finally, the social political environment makes it visible that there is a greater preponderance of addressing problems without management, administration, and prospecting tools.

It is then pointed out that the environment has been a determining factor in the contribution of SMEs in terms of territorial competitiveness, derived from the experience of entrepreneurs and their commercial operations.

It is important to highlight that this work leaves contributions to the role of small and medium-sized enterprises in the socio-economic development of the territories, a topic on which the academic literature, although extensive for other areas such as North American and European, is still incipient in the Spanish-American field, given the particularities of the territories. In this case, entrepreneurs in the city of Popayán nourish with valuable contributions to the academic literature, since it allows to know in greater detail the experience, dynamics, and perceptions of them, which contribute to socio-economic development, but remain far from public policy, of which they are passive subjects or users, at best.

Finally, it is important to express the need to carry out effective strategies for the strengthening of the business fabric based on the training of entrepreneurs with a forward-looking vision consistent with the dynamics of the context. Likewise, government support will allow the redefinition of the production chain and the creation of competitive advantages capable of generating economic and social impact.

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