

FINANCING WITHIN THE FRAMEWORK OF THE COMPETITIVENESS OF COLOMBIAN MICROENTERPRISES

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ABSTRACT

Microenterprises in Colombia, an important source of employment generation, are constantly seeking financing for their productivity, working with different types of credit to guarantee their sustainability in the market. This research seeks the relationship between financing and the competitiveness of microenterprises, taking as elements the perception of micro entrepreneurs regarding production, inventories or raw materials that guarantee their sustainability. A review of specialized literature, a documentary and correlational study of a population of 300 microenterprises in the city of Bogota-Colombia was carried out based on a sample for finite populations with a margin of error of five (5%), an analysis was carried out with the support of the SPSS statistical package. It was found that 39.3%, 31% and 29.7% of the micro entrepreneurs are in the economic sectors of commerce, production and services, respectively, and 76% are economically dependent on their business unit. They are also people over 41 years of age. The types of financing are diverse, such as suppliers, microcredit, friends and relatives who have been an important support in their productive processes, allowing them to guarantee the generation of their own sources of employment, sometimes even those of other people.

Key words: Microenterprise, Financing, Competitiveness, Productivity

INTRODUCTION

Microenterprises in Colombia are understood as productive units that can reach a maximum of 10 workers with total assets not exceeding 501 minimum legal salaries in force -SMMLV. The present research has as its object of study those business units that in their majority do not exceed 8 workers and can barely approach that turnover reported by law 590 of 2000. Credit is conceived in a dual nature one part resources received by a person or entity to solve situations or needs of personal consumption or provisioning to ensure sustainability or growth of production in a productive unit, as a second nature is considered as the opportunity for a person or entity to put a resource thinking to capitalize from a price or interest rate (Dueñas, 2019).

Regarding the dual nature of credit, (Bondone, 2012) refers that this is a dynamic exchange between agents "who by necessity seek the possibility of improving or obtaining benefits, for example, financial entities seek to benefit through interest and companies benefit from the credit that when materialized will be converted into money" (p. 17).

Thus, the risk factor is studied by the suppliers of financial resources, especially credit, to determine whether to lend or not, or whether the interest rate is accurate (Volle, 1995). Although risk is a variable that can be taken into account and managed for the price of money when credit is concerned, there is also another variable that is difficult to manage because it is not within reach and is exogenous, such as the government with its monetary policies, which in its decision making based on general impacts on society ignore the particular benefits (Banco de la República, 2014).

Table 1, as well as other financing alternatives, has allowed families and business units from different production sectors to develop and fulfill their purposes, all of this from direct consumption, training in different modalities, working capital, productive enterprises, among others (Ocampo, 1999).

Table 1	
TYPES OF CREDIT IN THE COLOMBIAN MARKET FROM COMMERCIAL BANKS.	
Type of credit	Feature
Consumption	A resource from the financial entity to an individual or family unit for the acquisition or payment of goods and services for personal use: purchase of household appliances, remodeling, vehicles, household products, travel, entertainment activities, among others. These are loans that indirectly stimulate the business sector, considering that they are a way of promoting demand in companies.
Commercials	Loans directed to individuals and companies, which are directed to their economic activities, supported by the sales of their products, in order to guarantee sustainability or growth of production: working capital, investment, operating payments.
Mortgage	Loans aimed at financing natural persons whose purpose is the acquisition of a property: built, housing, land, offices and other real estate, with the guarantee of the mortgage on the property acquired or built.
Microcredit	Small loans, essentially aimed at financing microenterprises or productive units that are not necessarily registered with the Chamber of Commerce.
Source: Own elaboration, with information from Scotiabank Colpatría (2021)	

Financing is considered as that external or internal source that allows an organization to generate the possibilities of initiation and operation of the productive process or part of it (Camacho, 2018). It is considered, sometimes, as one of the factors of microenterprises more limited in the beginning, but to the achievement of greater age with the passage of time become more affordable Londoño et al., (2021) (Figure 1).

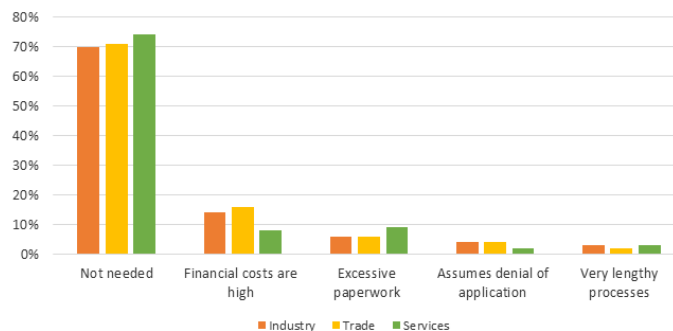


FIGURE 1
REASONS FOR NOT APPLYING FOR CREDIT WITH TRADITIONAL BANKS

Source: National Association of Financial Institutions "ANIF", 2018.

The term competitiveness is studied and debated in academic and business research, which is conceptualized according to the context and focus of interest (Lall et al., 2005). There are several approaches to competitiveness, such as systemic competitiveness, which is based on the concept that in the world those who compete are not only companies but everything that is around them: suppliers of goods and services, the financial system, the educational, technological, energy, transportation, telecommunications, among others (Balkenhol, 2015). This leads to analyze that the company is immersed in a network that includes all stakeholders, so competitiveness is the result of the dynamic interaction between different economic and social levels of the system (Ruiz & Muñoz, 2016).

For Benavides, et al., (2004), the definition of competitiveness is the first difficulty where there is a diversity of concepts and approaches, and the adaptation of a definition depends both on the context and theoretical framework that compose it, as well as on the measurement approach to be used, what is clear, according to the referent is that "competitiveness is a problem that the company must solve through an efficient allocation of the factors of production that allows it to control a certain market niche" (Benavides et al., 2004, 120).

Meanwhile, from a global vision, it is stated that competitiveness demands and is the result of the complex and dynamic interaction between economic and social dynamics, implying that it should be considered as the interactivity of a system that especially contemplates: the micro, meso, macro and meta levels. These four aspects are immersed in competitiveness from the country's point of view, related to a general framework of macroeconomic equilibrium, involving participation in different world markets. And from the microeconomic perspective, it is established that companies at a general level are competitive only if there is a guarantee of permanence in the market (Esser, 1996).

METHODOLOGY

The paper is the result of the review and analysis of specialized literature, as well as the results of the application of the instrument, framed at first by a documentary study, if it is taken into account that information was mediated by specialized reading that rests in databases (Baena, 2017). The population was composed of 300 Microenterprises in the city of Bogota, capital of Colombia, which develop activities in the three sectors. Statistical information was analyzed with the support of the SPSS statistical package. A sampling was used, handling an error level of 5%, for finite populations, which yielded a number from the data reported by the Chamber of Commerce of Bogota versus that for 2018 in Bogota were registered on average 350,265 microenterprises (Bogota Chamber of Commerce, 2019).

RESULTS

Based on the information collected, it was found that the sample of 300 micro entrepreneurs in the economic sectors of commerce, production and services had the following percentages, respectively: 39.3%, 31% and 29.7%. On the other hand, 76% are economically dependent on their business units and are over 41 years of age; meanwhile, 24% are under 40 years of age.

Therefore, the microenterprises in Bogota are dispersed in three sectors of the economy and generate employment for all ages of people who are economically active. Of the total of those who are part of the commerce sector, 79.66% are between 41 and 71 years of age, a very similar case to the services sector, while in this same age range for the production sector there are 68.54% (Figure 2).

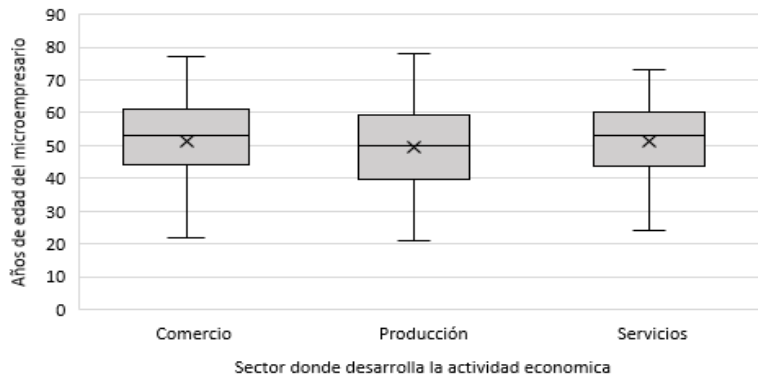


FIGURE 2
DIAGRAM SHOWING YEARS OF MICRO ENTREPRENEURSHIP BY SECTOR

Source: Own elaboration, 2021.

The observation of the data shows that the minimum and maximum age in the three sectors is on average between 23 and 78 years old respectively, and the sector with the highest concentration of micro entrepreneurs studied belongs to the service sector (Table 2).

Economic sector		Trade	Production	Services	
Age range of micro entrepreneurs	20 to 30 years	R. of age	35,5%	38,7%	25,8%
		S. economic	9,3%	13,5%	8,6%
	31 to 40 years old	R. of age	31,7%	39, %	29,3%
		S. economic	11, %	18, %	12,9%
	41 to 50 years	R. of age	46, %	27, %	27, %
		S. economic	24, 6%	19,1%	18,3%
	51 to 60 years	R. of age	36,8%	26,3%	36,8%
		S. economic	29,7%	28,1%	37,6%
	60 to 70 years	R. of age	41,5%	24,5%	34, %
	More than 71	S. economic	18,6%	14,6%	19,4%
	Total	R. of age	47,1%	35,3%	17,6%
		S.Economic Count	6,8%	6,7%	3,2%
R. of age		39,3%	29,7%	31%	
S. economic		100%	100%	100%	

Source: Own elaboration with information from different websites of commercial banks operating in Colombia. 2021.

When the intensity of the association between the productive sector and the age of the micro entrepreneurs was analyzed through Cramer's V, which confronted a nominal variable and an ordinal variable, it was found to be very low. The conclusion is that knowing the age range, it is not possible to predict to which sector the micro entrepreneur belongs, a fact that is corroborated by the chi-square test (Baena, 2002), as shown in Table 3.

Table 3 INTENSITY OF THE ASSOCIATION BETWEEN THE PRODUCTIVE SECTOR AND THE AGE OF THE MICRO ENTREPRENEURS THROUGH CRAMER'S V			
		Value	Approx. significance
Nominal by Nominal N of valid cases	Phi	0,16	0,633
	Cramer's V	0,12	0,633
Source: Own elaboration, 2020.			

When observing the ages and the economic sector, it is worth noting that women account for 67.7% of the microenterprise sector in Bogota and double this figure in all sectors, except for the service sector, where men account for 36.6% and women for 63.4% (Table 4).

Table 4 GENDER OF MICRO ENTREPRENEUR VS ECONOMIC SECTOR WHERE THEY CARRY OUT THEIR ACTIVITY					
			Trade	Production	Services
Gender	Male	Genre	38.1%	26.8%	35.1%
		S. Economic	31.4%	29.2%	36.6%
	Female	Genre	39.9%	31.0%	29.1%
		S. Economic Count	68.6%	70.8%	63.4%
	Total	Genre	39.3%	29.7%	31%
		S. economic	100%	100%	100%
Source: Own elaboration, 2021.					

With regard to the form of financing their business ventures, 39.3% were supported by loans under the credit modality from institutions belonging to the financial sector, in a very similar proportion were made with their own funds from their savings, as well as private individuals and family members in some cases with a participation of 20.3%.

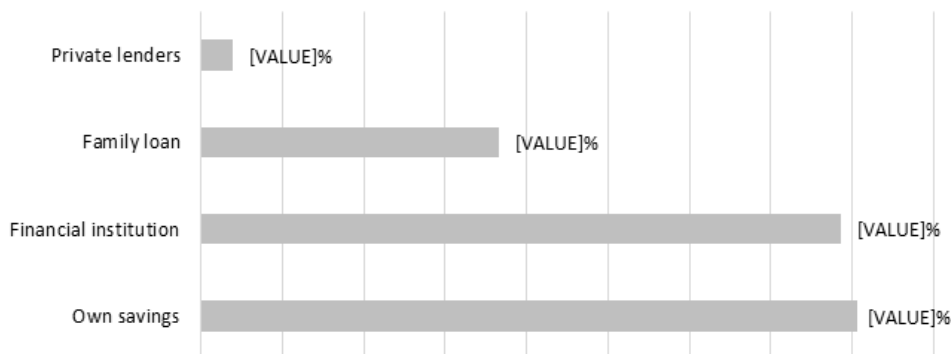


FIGURE 3
FINANCING AT THE TIME OF THE VENTURE IN PERCENTAGE

Source: Own elaboration, 2021.

The study to learn about financing in performance took 6 items that involved the age of the company, the perception of the micro entrepreneurs that credit has been a key factor in guaranteeing their permanence in the market, guaranteed at some point their production, credit as a support for obtaining resources such as inventories or raw materials, and the form of financing their business that they have used the most. From the observation of these variables, once processed in the SPSS statistical package, a Cronbach's alpha of 0.720 was obtained, a coefficient that allowed to establish the reliability of the information obtained through the instrument as acceptable, since (George & Mallery, 2003) marks with this category the values higher than 0.7 and lower than 0.8. The above data and that the age of the microenterprises observed is above two years and that most of them are working for more than 4 years, shows that they have reliable data to reflect on.

CONCLUSIONS

Micro enterprises are productive units that generate employment for men and women over 40 years of age, an important fact since in the capital system it has come to be thought that people over 35 years of age are no longer productive and their entry into companies is limited. Thus, microenterprises are the alternative to employ people with few possibilities in the labor market.

On the other hand, the microenterprises have different financing strategies for their productive processes. It should also be noted that the business units that were studied are those located in the neighborhoods of the city of Bogota because they are very small, generating employment for no more than two people in most cases. Being so small allows to observe that they have little financial muscle and minimal debt capacity, a characteristic that keeps them segregated from the opportunities provided by the ordinary financial sector.

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