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Agro-productive development in Portoviejo: A new model based on small and medium-sized companies

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Abstract

The province of Manabí is classified as one of the provinces of Ecuador that possesses important riches in natural resources, with a relevant variety of agricultural resources that support the inhabitants of the territory: from cocoa, rice, potatoes, bananas, sugar cane sugar, cattle, poultry and shrimp, among others. The Portoviejo canton is surrounded by agricultural and productive areas; But there are some difficulties in the marketing process by direct producers, with weak association and cooperative solidarity relations. The objective of the research is to open a space for critical reflection on the role of small and medium-sized enterprises as part of the local development scheme, highlighting the role that these structures can play in territorial development, job promotion and reduction of the margins of misery and poverty. For the development of the research, the Desk Research methodology was used, which involved the use of existing data, which was collected, analyzed and summarized to increase the overall effectiveness of the research, produce critical analyzes and reach precise conclusions about the subject studied.

Introduction

The Industrial Revolution that took place in Great Britain in the middle of the 18th century, constituted the seed for the strengthening of the ideas of the capitalist system, which had already emerged in the final part of the feudal system, where the Renaissance ideas of the 13th century had been born, propitiating the emergence of the modern nation states of Western Europe.

The economy that existed before the industrial revolution was based on feudal property, especially agriculture and handicrafts; three-quarters of the population subsisted on the produce of the field. It was based mainly on self-

consumption and not on the marketing of products, since productivity was also very precarious. The cities were few, small and underdeveloped.

It can be considered that business structures are born from the repowering of the Capitalist economy from the Industrial Revolution. In the emergence stage they were small and medium-sized companies; a simile of what is currently known as SMEs.

When the historical evolution is analyzed, it can be seen that the current micro-enterprises emerge as consequences of the crises in the world economy in recent decades; But these productive structures have more remote antecedents, even some of them can be considered to have started their activities as small artisan workshops and in certain cases family and medium-sized maquiladoras.

The first business structures belonged to the textile sector, rail transport, as well as the iron and oil industries, to later spread very quickly to those related to commerce, services and bank management; but very dynamically by the beginning of the 20th century, small and medium-sized companies would become large companies and consortia capable of crossing national borders in business management.

The principle of the capitalist company consists in developing an economic management capable of creating surplus value, where wage labor is managed as merchandise that is bought from the worker. In this way, the origin of production and services loses its social essence, to become an increasingly concentrated economic result, in an environment where small and medium-sized companies tend to lose competitiveness in the markets.

The development model assumed by Ecuador since the founding of the republican stage in 1830, corresponds to what is currently known as neoliberal capitalism; But in the decade from 2007 to 2017, important political, economic and social transformations took place, achieving high rates of socioeconomic development, ranking among the most equitable countries in the South American region and the World; But all this was achieved through the application of social democratic policies typical of the traditional development of the market economy, with the difference of outlining the distribution of wealth in a more equitable way in society.

As of 2017, the national economy has once again focused on the materialization of neoliberal policies, with a strong expression of banking management, some five hundred large private companies and the penetration of foreign investment for the privatization of the country's public companies.

It can be assured that in the scenario offered by the neoliberal capitalist economy, in a small country, an exporter of primary resources par excellence, without its own currency, where more than 50% of the gross domestic product (GDP) is concentrated in the management of a small group of large companies, with a banking sector that provides interest above 20% for entrepreneurship and development; small and medium-sized companies have very little chance to compete and survive (Briozzo, Vigier, & Martínez, 2016).

The research aims to open a space for critical reflection, where small and medium-sized companies considered in the local development scheme constitute the leitmotif of scientific discussion, highlighting the role that these

structures can play for territorial development, with the aim of responding to the growing needs to promote employment and reduce the margins of misery and poverty, within which the imprint of the popular and solidarity economy constitutes a promise in the prospects for economic and social progress in Ecuador.

Materials and methods

The research is based on a descriptive bibliographic review work, which made it possible to characterize the impact of small and medium-sized enterprises in the local development scheme. It is methodologically based on a review work for which the method *Desk Research* (Guerin, Janta, & van Gorp, 2018) is used, which involved the use of existing data, which were collected, analyzed and summarized to increase the overall research effectiveness, produce critical analyzes, and reach accurate conclusions on the subject studied.

The methodology followed contemplates the research approach based on evidence, of studies directed to the development of agro-productive models based on endogenous local development. As a result, a management model for small and medium-sized companies is proposed that starts from the use of endogenous resources, associative models and solidarity cooperation with the aim of improving the quality of life, financial sustainability and reducing environmental impacts.

Theoretical foundation

Development models

Traditional development models have allowed humanity to reach levels of progress never before suspected, but at the same time they have favored social division into two large groups: one where some have many resources and are able to satisfy the slightest cravings and others with very little or nothing, they are daily faced with various needs, hunger, unhealthiness and lack of education.

Some studies carried out in the territory demonstrate the need to diversify the traditional development model, based on neoliberal capitalist management that is based on the blind laws of the market economy, which necessarily implies directing the gaze of progress towards new models that are supported by endogenous resources with a planned management focused on achieving balanced progress in the localities (Mendoza, Vázquez, Rodríguez, & Muñoz, 2018).

The endogenous local development model is called to promote that the communities and people unionized in small and medium agro-productive and commercial businesses, can produce, self-supply and commercialize the surpluses of the productions that are capable of developing in their environment, repowering the small and medium-sized company, to achieve the gradual elevation of the quality of life in the territory.

In the provincial environment, different aspects related to small and medium-sized companies in the commercial area of the Manta canton have been studied (Baque, Baque, Chiquito, & Baque, 2018). Territory that was cruelly hit by the earthquake of April 16, 2016 and that has increased its production and the emergence of new companies outlined in the scheme of local development.

Other research works related to small and medium-sized companies have been developed in the Portoviejo canton, being able to compare the results achieved by various business structures in economic and commercial management to achieve the maintenance of results and be able to grow (Gonzalo, Rodríguez, & Loor, 2017).

Small businesses within the framework of local development are creators of value, having to specify what is considered as created value, so establishing a local business organization implies returning to the economic system a greater value than that which is consumed, or that is, the generation of profit on its part (Valdalisio & Lopez, 2009).

It should be noted that small businesses are commonly thought of as the start of the big business; However, not all of them follow that trajectory, managing to remain active for long periods and rather over the years they become more efficient (Nicola, 2015).

The territory of the Manabí province and the Portoviejo canton

The success of the commercialization of agricultural products is fundamentally linked to models that are implemented to achieve an adequate sale of what is produced in the field, to be present in the market of the territory and even breaking national barriers and exporting productions.

The province of Manabí has a high exclusivity in agricultural products, among which coffee, cocoa, passion fruit, sugar cane and pearl onion stand out, with more than 14,000 ha of land with irrigation systems (InvestManabí, 2020). It is a territory that shows intense wholesale and retail commercial activity (Mendoza, Garcia, & Salazar, 2019).

The Manabí territory has a coastal area that allows it to take advantage of the generosity of the sea as a sustainable food reserve and to promote tourist activity. It has rural areas that, due to their diversity, are distinguished by exhibiting an exuberant beauty that constitutes an attraction for field tourism. The gastronomic culture of Manabí is unique, sustained through time on firm pillars of ancestral customs inherited from generation to generation. Land of charms, full of passion and beauty.

Especially Portoviejo is the main canton of the province, with a rural population that reaches 30% of the total (Senplades, 2015), implying that there is attention to agricultural production, enhancing the commercialization area. In a study carried out after the earthquake of April 16, 2016, it was found that commercial activity in the canton has a high resilience (Rosillo, Intriago, & Bravo, 2016).

In Portoviejo and neighboring cantons, some strategies have been drawn up that promote commercialization in the province, with an agricultural sector that appears as one of the most diverse in the country, distinguished by the amount

of productive land dedicated to agricultural work, the behavior of the climatic conditions and the characteristics of its soils suitable for crops.

The Portoviejo canton has an important availability of endogenous natural resources and a land that maintains its fertility, with different sites that have shallow groundwater, which is necessary to guarantee and promote production.

Analysis and discussion of results

In the local development scheme, the associative and cooperative models constitute a need for the development and growth of local small and medium enterprises.

Associativity and cooperativism in the scenario of local small and medium-sized enterprises is not a new phenomenon. At present, these models constitute a survival necessity for local companies, which have to face fierce competition in the framework of the market economy, with large companies and companies that exceed it in size, financial management, commercial activity and a well-positioned market marketing.

In Chile, the associative model has been tested with egg producers with direct delivery to the consumer under the fair-trade system (OPIA, 2014). These models improve commercialization levels, allowing the profits obtained to be distributed equitably among the associates.

One way to promote agro-productive progress is by developing the rural cooperative model, which can be constituted by grouping small independent producers, small industries, as well as small and medium-sized enterprises, facilitating access to credit with low interest rates, favoring the status economic, enabling the commercialization of products, strengthening business management, which represents being able to go to market competition in better conditions (Costa, Armijos, Martinez, Lois, & Aguirre, 2016).

Small companies can be considered successful when they are able to combine favorable results with their partners, thereby achieving economic sustainability, solidity in the community and organizational order, remaining in the market and in turn reducing the environmental impacts associated with management. productive and commercial.

After the earthquake of April 16, 2016, the commercial system of the city of Portoviejo has been changing, although the conditions were not the best for commerce, strategies have been adopted to achieve stable establishments in the commercial function.

A diversified agricultural production is articulated in the territory of the Portoviejo canton (Senplades, 2012). Among the varieties of agricultural products that occupy the largest amount of arable land are corn, rice, cocoa, coffee, lemon, yucca, banana and coconut. The reality is that a significant quantity of products reaches the market for commercialization, with different criteria to define the variety of production systems as shown in figure 1.

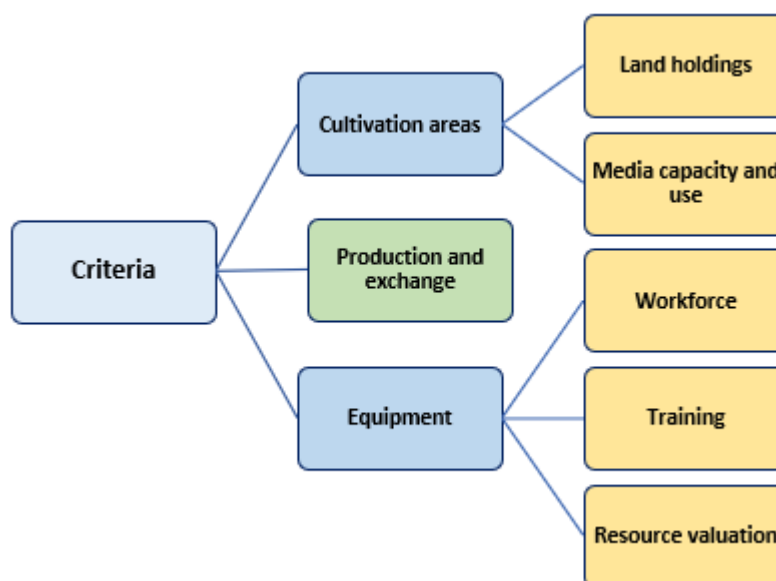


Figure 1. Some criteria of the different production systems

Source: Prepared with information (Senplades, 2012).

The criteria set out above have a direct impact on the commercialization of the products and the possibility of exchange and commercialization, which is really the final objective of the productions obtained in the field.

In order to achieve the objectives proposed by the government in the territorial planning program, strategies have been drawn to help producers in marketing management.

The Decentralized Autonomous Government of the Portoviejo canton has drawn up a strategy until the year 2035, which arose and has been developed from the earthquake of April 16, 2016, where it is stated that the proposal is objective and is technically supported by sustainable growth; But one of the problems that still persists lies in the structural system, since the use of endogenous resources is practically not promoted.

The analysis of the problems raised above implies that the direction of the canton continues to search for a strategic planning solution that institutionalizes management, administrative efficiency and financial and productive sustainability (Casanova, et al., 2017).

In order to redirect the proposed strategies, a diagnosis was made with the participation of the biophysical, sociocultural and institutional political component of the territory, contributing to the knowledge of the most vulnerable aspects in the planning process (Ecuador Planning Secretary, 2019).

For decision making regarding the commercial sector, different investigations have been carried out, one of them is related to the analysis of the management model to promote territorial agro-productive development: Portoviejo canton case, 2017-2019.

As part of the policy of improvement of the productive and commercial activity, the cantonal government has redesigned the strategic objectives for the

commercialization process and among them has prioritized the transformation of the productive structure through the development of agro-industry, specialized services of high added value and creative industries anchored in the biocultural assets of the territory, proposing different ordinances as shown in figure 2.

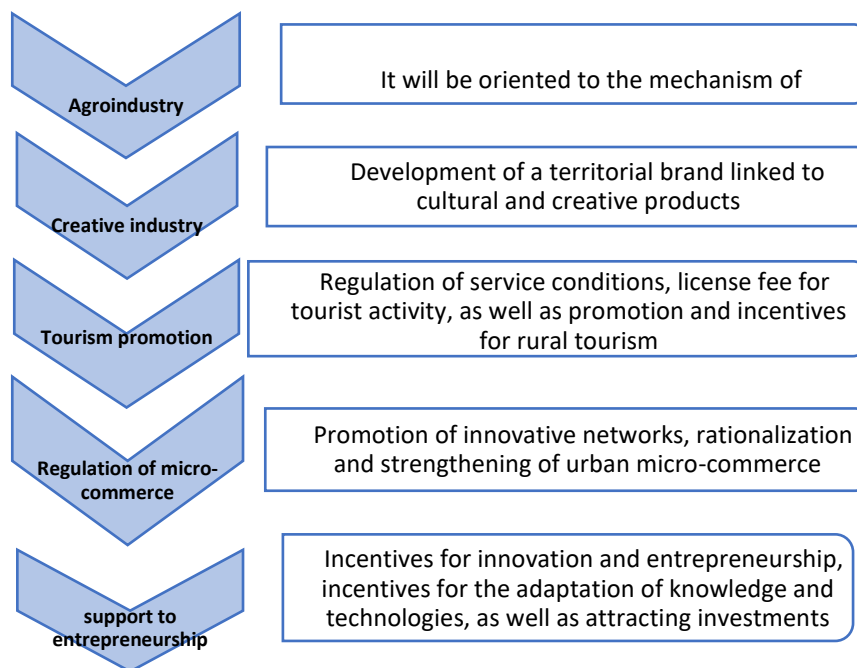


Figure 2. Proposed topics for regulation

Source: Prepared with information from (GAD Municipality Portoviejo, 2015)

Most of these ordinances are directed or constitute in a planned way the wholesale and retail trade in the canton; in addition to ensuring the development of beach and rural tourism.

When the interrelationships that exist between small companies, the productive environment and the diversity of environments where production relationships are developed are analyzed, it can be seen that the vision of corporate social responsibility is complex and somewhat diffuse.

Small and medium-sized companies face challenges when it comes to investing in social responsibility, preferring to invest in less expensive and more visible actions, which makes them distance themselves from their responsibility towards society. Ideally, companies can achieve a level of comprehensive responsibility based on their own conviction and the benefits it can represent for society as a whole (ISO, 2010); (Sánchez, Londoño, & Valdés, 2016).

Nothing prevents small and medium-sized companies in the Portoviejo canton from playing a relevant role in the national economy, given their influence on the generation of employment and the dynamization of the economy; In addition to the advantages compared to larger companies, as they are more flexible and adaptable to market requirements and customer needs, being able to provide a potential benefit on a permanent basis.

But it must be recognized that there are barriers that hold back the emergence and development of small and medium-sized companies, such as the low availability of resources and restricted access to credit, which unleashes a cycle of economic limitations that prevent them from undertaking improvement processes. continue and face market competition in better conditions; all this despite the fact that it is a strategy of the cantonal government to prioritize financing for its development.

To implement the technical-administrative organization process, as well as compliance with plans and regulations, a model is proposed that should promote equitable exchange between producers, so that they provide feedback to each other and in this way help to improve of the living conditions of producers and marketers, with an awareness focused on local development in the productive field.

The use of the endogenous resources of the territories will allow each producer to develop production with greater ease for distribution and commercialization; But it is important that at the same time associative and cooperation models are developed between small producers, as well as between these with merchants, increasing the productive and commercial potentialities, making it possible to go to the competition in better conditions and therefore obtain a greater dividend in the economic management of small and medium enterprises.

Associative and cooperative models allow the efficient sharing of infrastructures for the development of their productions, in turn merchants linked in the same environment may be attracted by the advantages of associative models, which according to the experiences of the countries where they have been created They promote the increase of new jobs through the expansion of productive and commercial management, generating a higher level of social benefits, with the improvement of living conditions and local sustainability.

Commercial and financial development at the local level constitutes a process of transformation of the economy and society, starting from a certain territory and aimed at overcoming the difficulties and demands of structural change in the current context of growing competitiveness and economic globalization, as well as of greater appreciation of environmental sustainability, in order to improve the living conditions of the population (Rodríguez, Ruiz, Vázquez, & Acevedo, 2017), requiring a determined and concerted action between the different local, public and private actors of the territory, in order to create a territorial environment that stimulates productive activities in general (Albuquerque & Cortes, 2004).

Figure 3 shows the proposed development model for small and medium-sized enterprises in the Portoviejo canton, assuming the principles of local development.

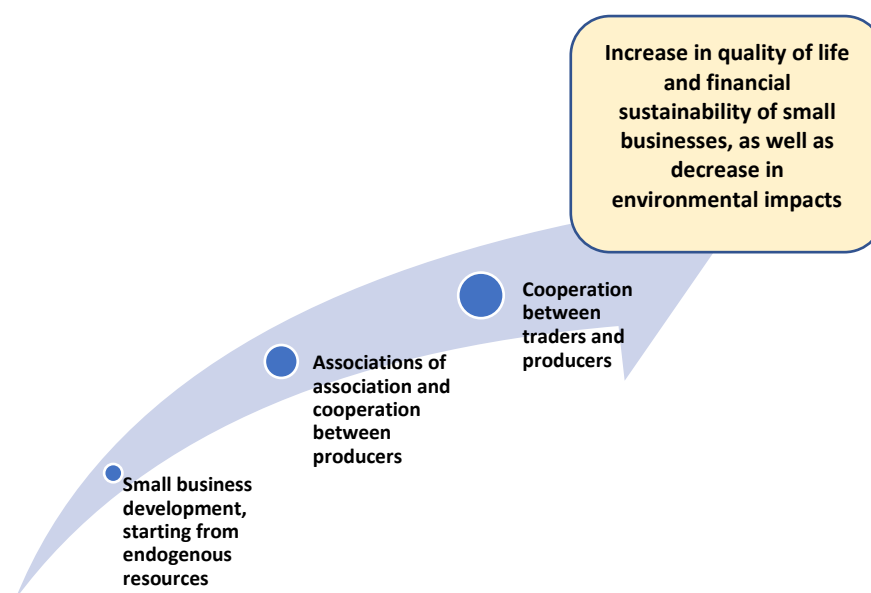


Figure 3. Small business development model

The impact of small and medium businesses on the agro-productive development of Portoviejo canton can be analyzed from different angles; but it is verifiable that in all cases it has represented a positive balance for the economic and social development of the territory.

In the Portoviejo canton, some research has been carried out that has managed to deepen the analysis of the productive and commercial management of small and medium-sized enterprises, showing that innovation contributes responsibly to the growth and economic development of the territory, by generating levels of productivity. and social prosperity (Cevallos, 2018).

The production of material goods and their commercialization in the local development scheme, benefits the generation of employment and with it the improvement of the quality of life of the population; In addition, it encourages proper management of environmental impacts when carried out with sustainability criteria.

The proposed model starts from the development of the small business from endogenous resources, where the producer must know the potentialities that surround him in his productive framework, such that you can achieve efficient productivity, allowing you to market your products. In this sense, many of the producers need training in all orders, so that they can obtain sustainable productions, linked to this, associative and cooperative models are called to play a key role promoting new forms of production and marketing of products, which It will allow the sustained improvement of the quality of life in the communities and the sustainable promotion of economic and social development in the territory.

Since, although everyone has the right to property, individual and collective, it is also true that no one will be arbitrarily deprived of their property; precepts protected in article 17 of Universal Human Rights; meaning that every Ecuadorian has the right to improve their family and social condition by

generating private initiative, through the establishment of a productive SME, either as individual or collective property.

Conclusions

The research constitutes a reopening to critically reflect on the role of small and medium-sized enterprises considered in the local development scheme based on the economic and social progress of the territory and an effective alternative to face the economic and health crisis, increasing the job offer and poverty reduction.

It is interesting to study in depth the promotion of the export activity of manufactured goods, essentially promoting the cooperativism of micro and small companies by sectors, which are characterized by having an important national aggregate, since in most cases it is not exported due to ignorance the opportunities offered by export markets, in addition to not assuming risks and, furthermore, the low propensity to trade abroad.

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