



University of Azuay

Faculty of Law

**School of International Studies bilingual
mention in Foreign Trade**

**BENCHMARKING STUDY FOR THE
INTERNATIONALIZATION OF FOOD
SECTOR SMEs OF CUENCA, PAUTE
GUACHAPALA, EL PAN AND SEVILLA DE
ORO FROM AZUAY PROVINCE.**

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Cuenca – Ecuador

2018

Dedicatory

To my parents for having forged me as the person I am today; many of my achievements I owe to you, among which I include this one. They formed me with rules, customs and with many freedoms, however, in the end, they constantly motivated me to achieve my dreams and goals

Special Thanks

Life is full of challenges, and one of them is the college, I have realized that beyond being a challenge, it is a basis not only for my understanding, but for what concerns my life and my future.

I am really thankful with my professors, people with of great wisdom, who have given me all their knowledge, my classmates for all the years shared, this process has not been easy and I thank you for the support you have given me in order to obtain my college degree.

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OVERVIEW

The present investigation had the objective to do a benchmarking study for the internationalization of food sector's Micro, Small and Medium Enterprises (MSMEs) of Cuenca, Paute, Guachapala, El Pan and Sevilla de Oro from Azuay province.

The methodology used two different perspectives: qualitative and quantitative, using the investigation technique of recollecting both, primary and secondary information. This investigation is based on the first stage of this study, in which the information of the MSMEs of Cuenca, Paute and Guachapala was gathered and analyzed. This study determined each MSMEs internationalization potential.

The results obtained from this previous study identified that most of the enterprises analyzed showed a low internationalization potential, due to significant weaknesses in administrative, financial, productive and commercial areas. With this background, this investigation applied secondary sources through benchmarking used by enterprises from Colombia, which have better standards in the mentioned areas. The objective was to make a model based on the standards that top enterprises of international market have, in order to help MSMEs from Ecuador to internationalize and participate in international markets.

The investigation has four chapters. At the beginning of the study all the process and theories of internationalization are stated; next the study of MSMEs of Azuay province is given; third, the international level at a macro and microenvironment is analyzed. Critical success factors and better internationalization practices are studied and finally, the strategic plan to reduce the gaps in the management of local micro, small and medium enterprises is discussed.

Key Words: Benchmarking, internationalization, MSMEs, food sector

INTRODUCTION

The present work is the product of an investigation the purpose of which was to carry out a benchmarking study for the internationalization of food sector MSMEs of Cuenca, Paute, Guachapala, El Pan and Sevilla de Oro of Azuay province, in order to structure a strategic plan incorporating the best practices of leading companies in the Colombian food sector for the internationalization of MSMEs in Azuay.

The benchmarking theory is established as a method and process used in business management to analyze, capture and learn from companies and industries the best actions that led them to success and consequently to undertake commercial operations in the foreign market.

It should be noted that in Ecuador, MSME has a high relevance for the country's economy, since it represents the majority of companies established nationwide. Many of these companies, unlike other countries such as Colombia, lack management models that allow them to export their products to foreign markets, often due to the lack of opportunities such as financial capital, skilled labor, ignorance, excessive procedures to export, among others.

It is necessary to analyze the best practices used by leading companies in the food segment to design a strategic model local businesses to apply in a flexible way and be able to internationalize.

Based on a theoretical framework, the relevant postulates, orientations and theories that should be considered to apply benchmarking for the internationalization of MSMEs are analyzed. According to Zuluaga (2006), benchmarking is the appropriate tool to manage an organization, since it contributes to the superior performance through the comparison of the company itself with another that is known as a leader in a specific industry sector to diagnose and adopt better practices.

In other words, benchmarking is a tool that identifies the successful practices of a company or part of it (processes or activities) for analysis and incorporation into the operational part of the organization. In this regard, it becomes relevant to state that

nowadays companies are obligated to compete with each other, nationally and internationally, due to globalization, high level of competitiveness and consumer market demands, even more in the case of MSMEs.

Based on the previous statement, these institutions must seek ways to increase productivity and quality of both commercialized product and internal processes. One of the existing methods to fulfill these purposes is benchmarking theory. The expression "Benchmark" originates with topography, it is a mark that surveyors make on a rock to compare levels. Nowadays, it is a term used as the point of comparison for the best practices in a specific sector (Gisbert & Raissouni, 2014).

This business management technique starts from the conceptual framework of quality and continuous improvement, allowing the company to be more competitive in an increasingly complicated market. Companies that reach this point must be constantly changing and adapting to market demands. The tool analyzed in this study is an alternative for any organization that considers internationalization to be a key factor in competitiveness and development; it encourages self-evaluation or internal analysis, taking into account the outside (Hernández & Cano, 2017).

CHAPTER 1: INTERNATIONAL TRADE THEORIES AND INTERNATIONALIZATION PROCESS OF MSMEs

1.1 International Trade Theories

Foreign trade or international trade arises from the need of countries to exchange goods and services. One of the main causes for the exchange of goods and services was the inequality of natural resources, human abilities and specialization of labor, as well as the comparative advantages of particular countries and the need to obtain goods that they do not produce or that have high processing costs (Ricardo, 1972).

Foreign trade theories focus on the analysis of differences between countries and the ability to specialize, affecting the sustainable development of each country. According to Adam Smith, cited by Ashraf (2005), each nation can specialize in the production of goods and services with absolute advantage, and import products or goods with disadvantages. Like David Ricardo, who later developed the theory of comparative advantage, he points out that each country generates greater wealth when it specializes in producing a good. In this way it is better to trade between different countries, obtaining those products with greater difficulty of access. However, economists Heckscher - Ohlin, developed a model for the efficient management of production, technology, resources and labor, representing the source of comparative advantage (Leamer, 1995).

González (2011), in his study on theories of international trade, classifies them by various categories:

- A. **Traditional theory:** includes models that support the causes of trade based on differences between countries in technological and resources areas which form the main comparative advantages in the framework of perfect competition.
- B. **The New International Trade Theory:** indicates alternative causes and benefits of trade that are not related to differences between countries. It states that they trade in order to achieve economies of scale in the field of production, or with the purpose of accessing a wide variety of goods.
- C. **The "latest" international trade models:** recent theories that incorporate differences between business organizations.

1.1.1 Traditional theory of International Trade

➤ Absolut Advantage Theory by Adam Smith and Comparative Advantage Theory by David Ricardo

In the nineteenth century, Adam Smith and David Ricardo analyzed the causes of Foreign Trade in order to demonstrate its benefits. In the first instance, Smith argued that through free trade countries had the possibility to specialize in the production of those goods in which they had absolute advantage and import goods that were produced less efficiently, which leads to international specialization and an increase in world production. However, this theory does not respond to the event where in which a country does not have absolute advantage. The reason defined by D. Ricardo is that if a country has a disadvantage in the manufacture of goods in relation to another country, and, if the relative costs are different, the exchange is possible and beneficial for both since the less efficient nation should specialize in the production and export of the inferior absolute disadvantage good, known as comparative advantage (González R., 2011).

Ricardo developed the principle of the theory of comparative advantage, based on the following:

- a) Existence of two countries and two products.
- b) Compliance with the labor value theory, this being the only productive factor.
- c) Constant unit costs; and
- d) No transport costs or obstacles to international trade (Carrillo M., 2016).

Based on these, a country would export the merchandise it produces at a lower relative cost. In conclusion, traditional theories explain trade exchanges based on differences in resources and technology, which are sources of comparative advantages.

1.1.2 The new theory of International Trade

This theory is separated from the classic version of Smith and D. Ricardo, who postulated that, through comparative advantage, nations should produce goods that enjoy relative advantage and through exchange the countries would complement each other, taking advantage of the differences. Thus, the differences in resources, labor force capabilities and characteristics of the capital factor among nations were the patterns that characterized

foreign trade. On the other hand, the new theory presents the world economy as a set of competitive markets and with constant returns to scale (García M., 2009).

Unlike the traditional approach to international trade, the new theory is based on two premises: international trade and industrial organizations. Its authors, Brander Spencer, Paul Krugman and A. Dixit, developed the approach in the late 1970s, based on the existence of market failures, analyzing essential variables such as: economies of scale, intra-industrial trade, external economies, imperfect competition, and others. According to Jiménez and Lahura (2016), NTCI refers to the fact that countries trade to take advantage of the presence of economies of scale in production (the country that produces a limited number of goods, can produce them better and in greater volume). In addition, the so-called New International Trade Theory indicates that INTERNATIONAL TRADE can not only originate from the existence of comparative advantages, but also by the presence of economies of scale in production, providing greater advantages and benefits to the exporting company.

1.1.3 Latest International Trade Models

In the mid-nineties, empirical studies were made with the proposal to explain that companies in a given industry are not identical among themselves, reaching the conclusion that most companies are not exporters, just a low percentage of the exporting entities concentrated most of the exports made, and that in all industries there is at least one exporting company that is larger, productive, qualified and capital and technology intensive. With this background, new hypotheses of EXTERNAL TRADE were developed, which are known as the latest international trade models (González R., 2011).

According to Sastre (2014), this theory states that International Trade occur because of the following causes:

- a) Irregular distribution of economic resources.
- b) Price difference, due to the possibility of producing goods according to customer's needs and tastes.

With trade liberalization, those organizations that have a lower level of productivity, have the probability of failing more, compared to those of higher productive level which also have the possibility of growing faster. In this way, resources move towards the high

productive companies and their relative growth increases the overall productivity of the industry, which will be greater in those sectors with comparative advantages (ASTURIAS, 2019).

➤ **Eclectic theory**

Within the latest international trade models, this theory asserts that the main reason that leads companies to internationalization is cost analysis; as well as the advantages of producing abroad. Under this context, Carrillo (2016), states that a company may exploit its competitive advantages abroad, transforming itself into a multinational company and complying with the following conditions:

- a) Have competitive advantages over other companies in the environment, such as: intangible assets, like "know-how" or organizational capabilities.
- b) Exploit these advantages by itself, thanks to the expansion of activities in the market or the reduction of transaction costs.
- c) The company must locate, at least, one of the production plants abroad, deciding the destination that it considers most appropriate according to its characteristics.
- d) Make direct investment abroad when its long-term strategy is not contradictory (Carrillo M., 2016).

These conditions allow to observe that the advantages of a company to produce abroad, are due to the benefits of property, localization and nationalization.

1.1.4 Theoretical model by Porter

The theoretical model of Michael Porter refers to the theory of competitiveness, emphasizing that competitive advantage is created and maintained through a localized process, where differences in a nation such as its culture, values, economic structure, among others, contribute to the competitive success of a company. Under this context, he proposes the diamond theory as a model that is based on four main axes and two additional variables.

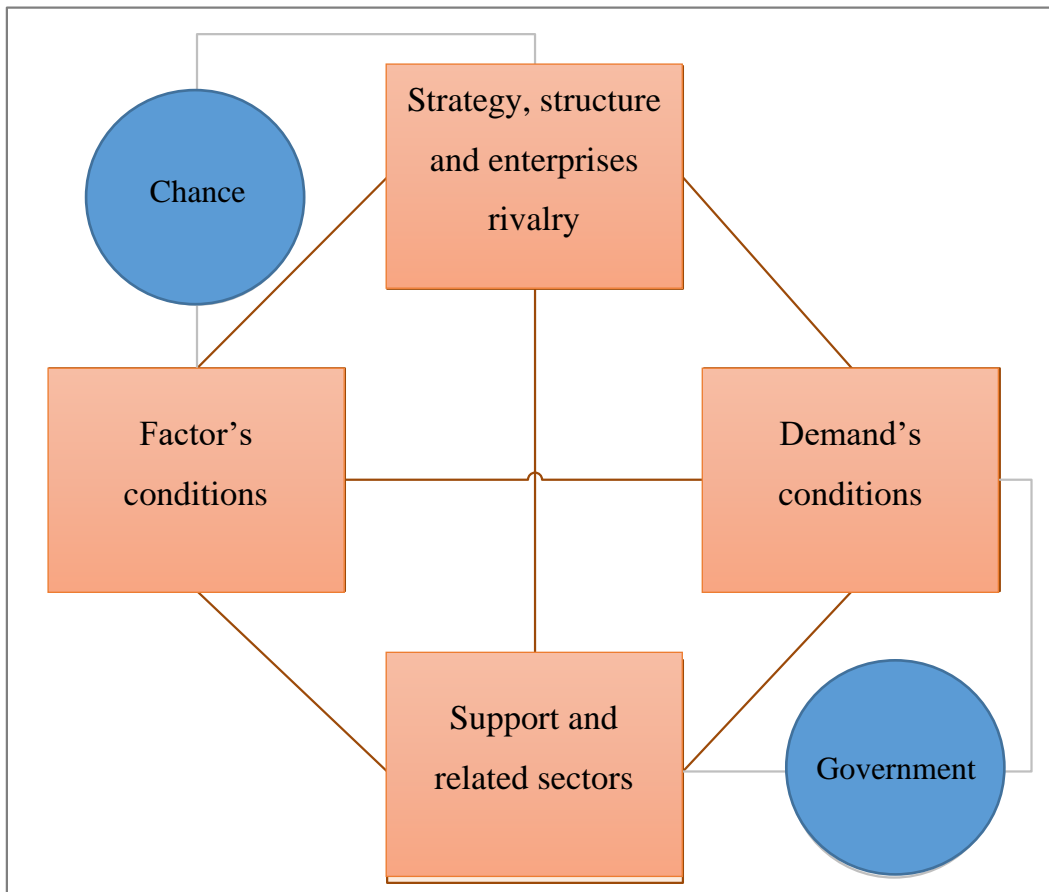


Illustration 1. Porter's diamond

Font: Kaplan, González, y Cruz (2009)

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General variables:

- **Factor conditions:** refers to the state of a nation according to the factors of production, such as specialized labor or infrastructure that is required to compete in a specific sector (Porter, 1990).
- **Demand conditions:** corresponds to the nature of the demand for the product or service of a particular sector in the internal market (Porter, 1990).
- **Related and support sectors:** contemplates the presence or absence in the nation of highly competitive suppliers internationally (Porter, 1990).
- **Strategy, structure and rivalry of companies:** it constitutes those conditions that companies require in a nation for its creation, organization and management (Porter, 1990).

Additional variables:

- **Chance:** refers to casual events that are difficult to predict and control, which can originate both at the government and business level, having a relevant impact on the creation of competitive advantages (Villarreal, 2006).
- **The role of government:** an additional factor that has the capacity to influence the general variables, such as the establishment of policies can substantially modify the endowment of factors in a country (Villarreal, 2006).

1.2 Benchmarking theory analysis

Benchmarking is understood as the method and process used in the strategic management of an organization, which consists of a thorough analysis of other entities, institutions and/or sectors, in order to learn from them the best actions that they carried out and determined their success. For this, the process consists of comparing a series of factors in the studied company (López & Peña, 2015).

Mostly, this tool is used for the study of companies with the same production line or commercial area, however, some entities use benchmarking in companies from other industries, but these must be leaders in the market. In the early 1980s, a large number of developed organizations began using this tool without worrying about its name, which was used by other consulting companies to offer referral services to companies that were attracted to implement the idea, but did not put it into practice. According to López and Peña (2015), the processes of this theory include the following parameters:

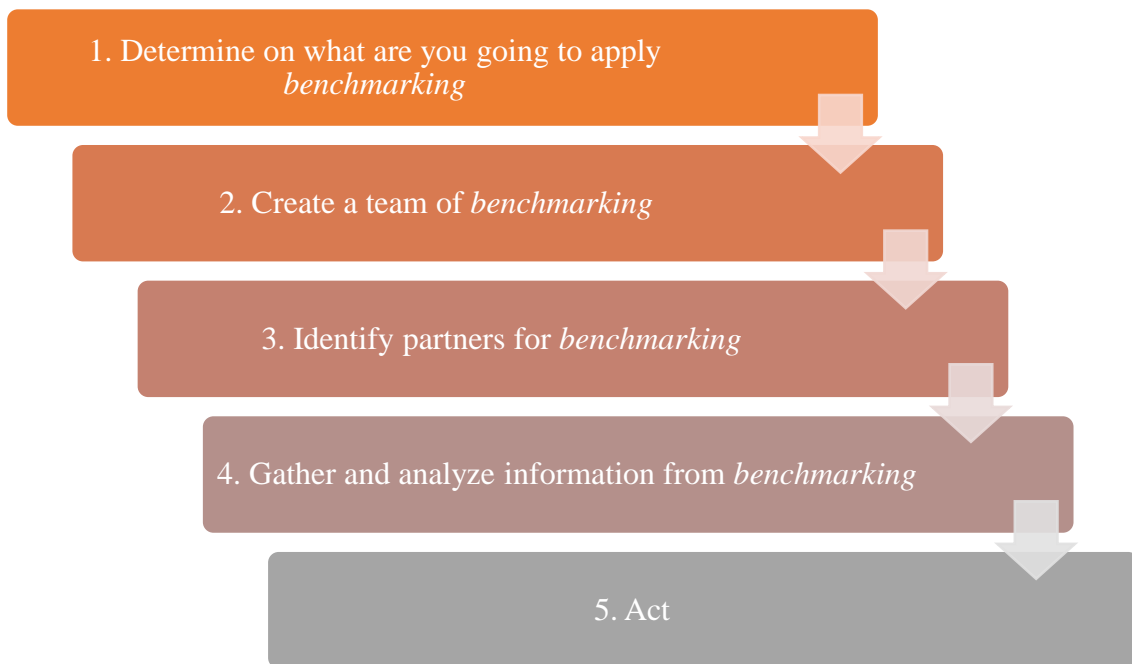


Illustration 2. Spendolini's benchmarking

Font: López y Peña (2015).

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1.2.1 Definition

According to the definition of Vazquez (2009) "benchmarking is learning from others, identifying them, studying them and improving based on what has been learned". Therefore, it includes a process that can be used to understand both the competition and any large or small organization, public or private, national or international, by comparing the practice of your own business with those of other leader or innovator organizations.

On the other hand, David Kearns, manager of an internationally recognized company, defines it as those continuous actions that allow measuring and comparing goods, services and practices against the competition with greater positioning or companies recognized as leaders of the sector (Kearns, 2007).

Finally, the concept of Llorente (2016), refers to the continuous process of comparing processes, products and services, to competitors or those companies recognized as leaders, allowing the identification and adoption of successful practices. In short, the concepts identified allow us to conclude that benchmarking consists in the development of competitive advantages, by studying the best practices of any industry, comparing the

performance of the competition to achieve an improvement in the organization and/or production.

1.2.2 Objectives

The application of benchmarking in companies, pursues various purposes, classified in a general and specific way:

General objectives:

- Analyze the results of other companies that have been successful in the sector.
- Define how the same results can be achieved.
- Determine a database with goals and strategies to achieve the results (Gómez & González, 2013).

Specific objectives:

- Establish the strategic planning phase.
- Discover the best practices to achieve the desired results.
- Analyze the economic situation and market position of the company.
- Compare with competitors or leading organizations in the sector.
- Define the product or processes with better results.
- Determine performance objectives based on cutting-edge practices (Vázquez, 2009).

1.2.3 Benefits

Cantonnet and Gurutze (2008), mention that, the benefits of applying this tool depend on the objectives pursued by the company, therefore, if a benchmarking is sought through diagnosis, the company has the advantage of know information regarding the strengths and weaknesses of the company against the competition, which benefits for the establishment of strategic planning, this represents the second axis that serves the company and is known as benchmarking extensively, since, once the comparative

situation has been analyzed, this tool helps to define objectives, deriving a competitive improvement and innovation.

In this context, the illustration presented below represents the benefits that a company obtains by applying the benchmarking comparison tool.

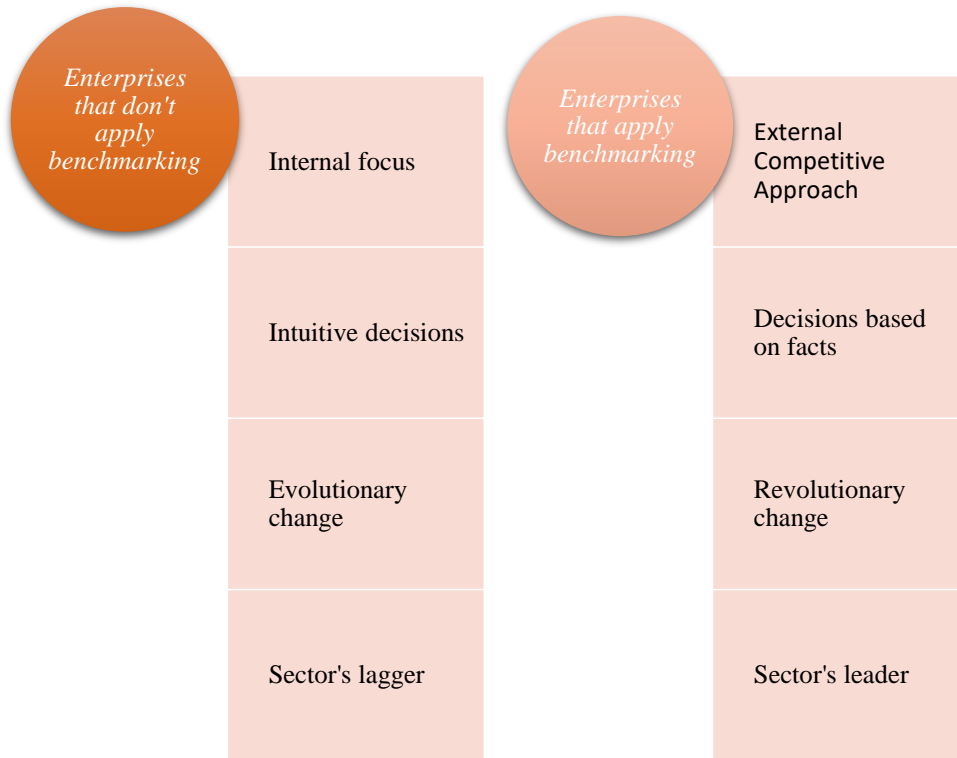


Illustration 3. Benefits of *benchmarking* application

Font: Vázquez (2009).

Made by: Belén Maldonado

It is observed that benchmarking is a management tool that promotes one of the most valued activities in a competitive framework. In strategic planning, the tool offers the advantage of helping establishing objectives, based on positive results obtained by leading companies. Additionally, it does not focus solely on results, but on processes, generating benefits to improve competitiveness (Gurutze & Ochoa, 2005).

1.2.4 *Benchmarking* types

According to Gisbert and Raissouni (2014) there are different types of benchmarking, including:

Internal *Benchmarking*

It refers to the comparison of departmental or operational units. This type of methodology is applied in those organizations with multiple divisions; and requires easy access to data and information in order to avoid confidentiality problems.

Competitive *Benchmarking*

The direct competitors represent the main organizations in which the referencing is carried out, in order to indicate the advantages and disadvantages of the company compared to the competition. However, one of the limitations in this type of investigation is the difficult access to confidential information.

Functional *Benchmarking*

Unlike competitive benchmarking, the functional one is to identify and analyze the functional competitors or leaders in the same industry where the company is located or in a different industry. Making this comparison is productive for the company, since it encourages interest in research and comparative data.

Generic *Benchmarking*

This type of research is classified into three types: strategic, functional and operational.

- ✓ Strategic: it consists of improving the critical success factors, which are key points for customer satisfaction.
- ✓ Functional: related to the internal processes of an organization that are closest to the clients, this aims to achieve a better perception and optimize factors that increase the level of their satisfaction.
- ✓ Operational: linked to operational processes, its purpose is to efficiently and efficiently optimize specific parameters such as the time of production of the goods, the number of labors involved in the same activity or the duplication of tasks.

1.2.5 *Benchmarking from the best practice approach*

Considered an improvement tool based on the continuous learning of the best practices of leading and recognized companies in the market, benchmarking is an effective strategy to generate greater competitiveness among organizations where knowledge and capacity for management are intangible variables that provide sustainable and sustainable competitive advantages. The reason why, is that it not only represents a valid instrument

for the self-evaluation of a company, but for the comparative evaluation of performance and for the scope of best practices (or processes) of entities recognized for their performance in any of their areas (Cantonnet & Gurutze, 2008).

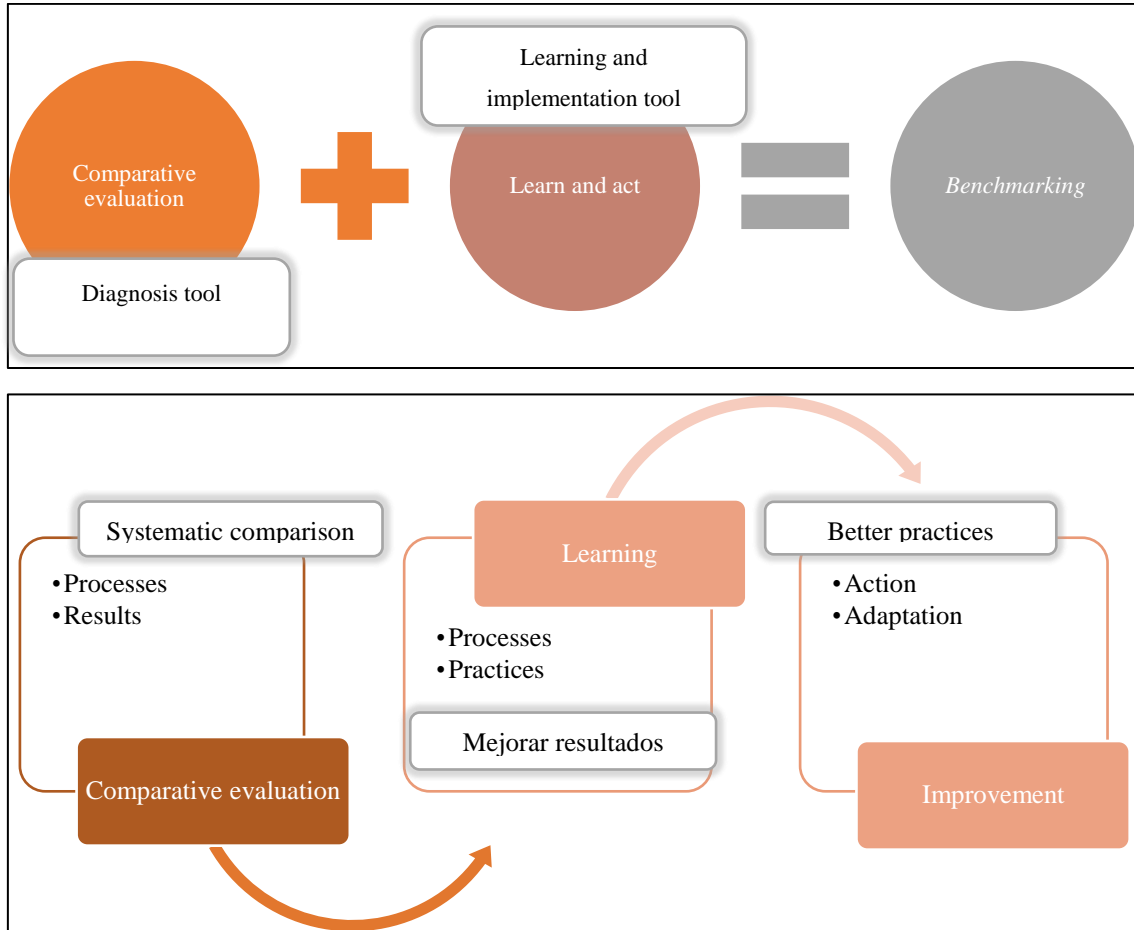


Illustration 4. Better practices._ *Benchmarking*

Font: Martínez (2017)

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The comparative analysis of best practices in benchmarking as a management tool, allows the achievement of high levels of performance, which requires an approach related to personal and organizational learning, which includes the consideration of recurring factors and adaptation to change. In this environment, best practices or successful practices represent that form of work that under the context of a process leads to the scope of effectiveness and quality in the good or service provided by the entity (Vélez & Velásquez, 2015).

Because of these, it should be noted that in this study functional benchmarking is applied in order to identify and analyze the functional competitors or leaders of the food sector where the local MSMES are.

1.3 Ecuador's MSMES background

The term MSME refers to: micro, small and medium enterprises, because, in Ecuador, companies are classified according to the volume of sales, share capital, number of workers and their level of production (Muñoz, 2011).

According to Barrera (2001) and the Superintendence of Companies, Securities and Insurance (SUPERCIAS, 2018), each one of the components that make an Enterprise part of the MSMEs classification are:

➤ Micro enterprises

Personal or family business in the area of commerce, has less than 10 employees, operated by an individual, family or a group of individuals of relatively low income.

➤ Small enterprises

Are a type of independent entity, where growth is more accelerated than a micro enterprise having about 10 to 50 workers, and its fixed capital (discounted buildings and land) can go up to twenty thousand dollars.

➤ Medium enterprises

Present two sub-classifications, according to the management and control of public entities such as the SRI (Internal Revenue Service). This classification is detailed in medium-sized companies "A" and medium-sized companies "B". The medium-sized company "A" has a sales volume of \$ 1,000,001 to \$ 2,000,000, with a range of 50 to 99 employees. On the other hand, the medium-sized company "B" manages a sales volume of \$ 2,000,001 to \$ 5,000,000 with a range of 100 to 199 employees. Its participation in the market is small comparing to bigger organizations with greater solidity.

MSMEs are present in all sectors of economic activity, prevailing in the economic sector. As mentioned by Zúñiga, Espinoza, Campos, Tapia and Muñoz (2016), MSMEs in Ecuador constitute a potential source in employment generation and offer a great diversity of goods and services to smaller markets. Their participation is growing, because, in

Latin America, jobs exceeds 50%, thus constituting a fundamental sector for the economy. On the other hand, in Ecuador MSMEs generate around 90% of the Jobs (Leaders, 2018).

In this context, the Ministry of Industries and Productivity (MIPRO, 2018), an entity responsible for promoting the development of national industry through policies that boost investment, internal and external trade, highlighted the importance of generating productive supply to markets in the national environment, which comes from intensive productive chains in the participation of MSMEs, guiding the strategic substitution of imports and the boost of exports.

According to the statistical data of the National Institute of Statistics and Census, it indicates that in the country, 99 of 100 types of organizations belong to the MSME sector. Regarding the importance of MSMEs within the Ecuadorian economy, it can be mentioned that by 2015 these companies contributed with 90% of the productive units, generating 70% of labor rates. In 2018, 70% of the entities registered by the Superintendence of Companies contributed with more than 25% of the non-oil GDP of Ecuador, according to Ekos (2018).

Table 1. *Enterprises in Ecuador*

Enterprises size	Annual sales	Employees
Micro enterprises	Sales below \$100,000.00	1 to 9
Small	Sales from \$100,000.01 to \$1'000,000.00	10 to 49
Medium	Sales from \$1'000,000.01 to \$2'000,000.00	50 to 99
	Sales from \$2'000,000.01 to \$5'000,000.00	100 to 199
Big	Sales from \$5'000,000.01 and more	more than 200

Font: (Camacho, 2018)

In Table 1, depending on the size of the companies in Ecuador, they are distributed on micro, small, medium and large enterprises, according to annual sales and the number of

employees by which this type of companies must be constituted according to the sector that belong in the MSMEs.

The structure of companies is presented according to their size that have been registered until 2016:

Table 2. Structure of Ecuador's enterprises, according to size

Enterprise size	N° of enterprises	Percentage
Micro enterprise	763.636	90,51%
Small enterprise	63.400	7,51%
Medium "A"	7.703	0,91%
Medium "B"	5.143	0,61%
Big enterprise	3.863	0,46%
Total	843.745	100%

Font: Instituto Nacional de Estadística y Censos (2018)

Made by: Belén Maldonado

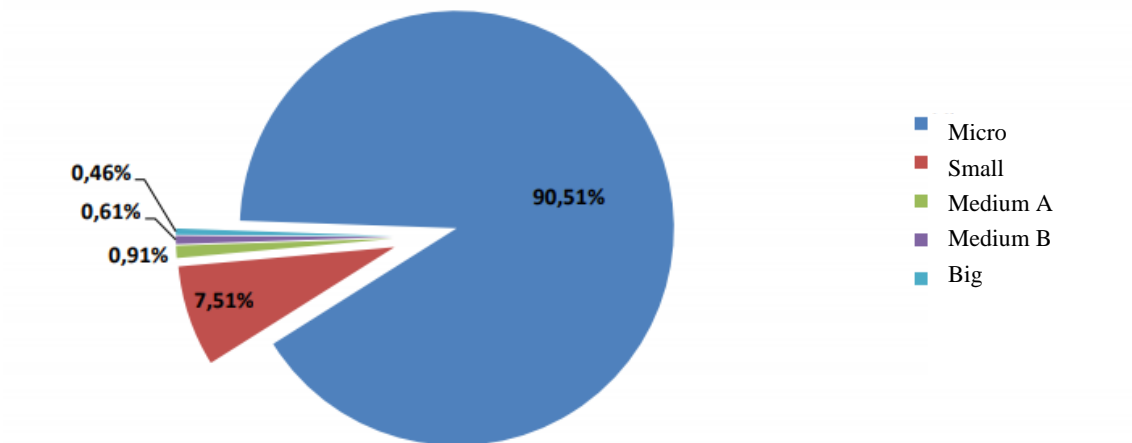


Illustration 5. Enterprise structure based on size

Font: Instituto Nacional de Estadística y Censos (2018).

As can be seen in Illustration 5, in Ecuador there is a greater number of companies in the MSME segment, with microenterprises having the highest position in the national market with a 90.51% share in relation to small, medium and large companies.

Knowing the type of company, the organizational structure by economic sectors is presented, with the purpose of knowing the main economic activities carried out by MSMEs.

Table 3. *Enterprise structure, according to economic sector*

Main economic activities	Production in million USD
Manufacturing industries	28.024
Wholesale and retail trade, repair of motor vehicles and motorcycles	11.721
Mine exploitation	8.630
Construction	5.030
Information and communication	4.735
Total	843.745

Font: Instituto Nacional de Estadística y Censos (INEC, 2018)

Made by: Belén Maldonado

As can be seen in Table 3, the economic sector with the highest participation is manufacturing industries, followed by wholesale and retail trade, mining, construction and information and communication.

The highest concentration of economic activities is categorized into 5 types: trade; agriculture and livestock; transport and storage; manufactures; and, accommodation and food. This shows that the food sector is one of the main activities in which MSMEs have a high incidence. However, these data are at the national level, so it is considered imperative to know the concentration of companies at the local level, that is, in Azuay province, since, this research has its main focus on the study of internationalization of MSMEs in Paute, Guachapala, El Pan and Sevilla de Oro.

The following illustration shows the participation of the structure of companies analyzed above, with emphasis on the province where its economic activity takes place.

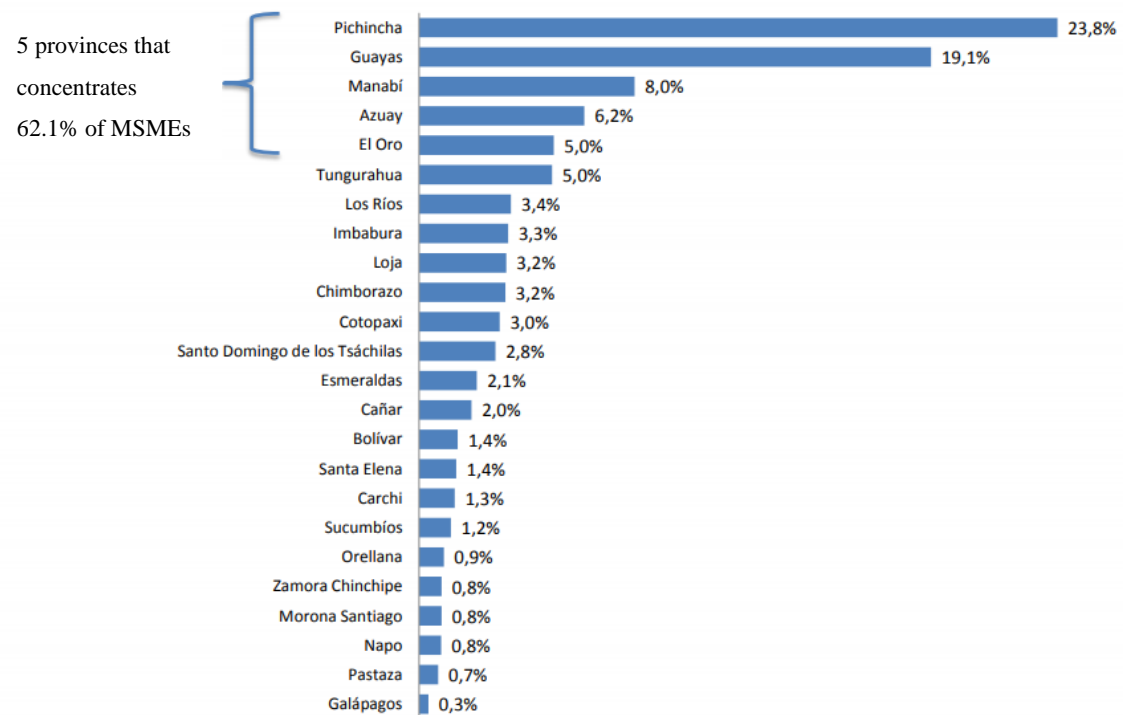


Illustration 6. Enterprises structure by province

Font: Instituto Nacional de Estadística y Censos (2018).

In fact, Figure 6, shows that Azuay is the fourth province with the highest concentration of companies in the MSMEs segments, representing 6.2%, after Pichincha (23.8%), Guayas (19.1%) and Manabí (8%).

1.4 Internationalization process

The internationalization of companies is the process by which an entity participates in globalization or the way in which it projects its activities to an external (international) environment, generating flows in: commercial, financial and knowledge areas, between different countries. According to Araya (2009), four types of international companies are distinguished: exporting, multinational, global and transnational. There are five steps in internationalization, mentioned below:

- Start of export activities irregularly;
- Employment of independent agents;
- Implementation of commercial subsidiaries; and,
- Start-up of productive subsidiaries.

Among the characteristics that differentiate the types of international organizations, there are:

Table 4. *Characteristics of internationalized companies*

Characteristic	Export	Multinational	Global	Transnational
Concentration	The main activities are centralized; while, the distribution process is decentralized.	There is decentralization and independence of national units.	Centralization on a global scale.	Dispersion and interdependence of tasks. They handle a high degree of specialization.
Adaptation	Adaptation of the powers of the parent company.	Sensitive to local opportunities.	Implement corporate strategies of the main unit or parent.	Differential contributions of national entities to global operations.
Learning	It develops knowledge and transfers it to its subsidiaries in other countries.	Develop knowledge and exploit them in each of the units.	Develop and exploit knowledge in the parent company.	Joint development and exploitation globally.

Font: Araya (2009).

Made by: Belén Maldonado

1.4.1 Uppsala model

Among the pioneering theories of internationalization for MSMEs, the Uppsala (U-Model) model is located and considered the most suitable model that explains the internationalization of MSMEs, since it offers an interpretation of the processes that companies go through which, due to their small size, are in very early stages of their international development (González & Moralejo, 2008).

According to the authors Johanson and Wiedersheim-Paul (cited by Cardozo, Chavarro, and Ramírez, 2006), the model indicates that the company successively increases the

resources committed in a country as it acquires greater experience of the activities carried out in that market, and that the activity in the foreign market will take place through a series of successive stages that will constitute an increasing degree of involvement in its international operations. Therefore, the internationalization process is largely determined by the conditions of the operating environment or the structure of the industry.

According to Trujillo, Rodríguez; Guzmán and Becerra (2006), in this theory it is considered that the drivers of the internationalization of an MSME are the competences of the company, technology, innovation capacity, international experience and entrepreneurship. This theory proposes four different stages:

1. Sporadic or non-regular export activities;
2. Export through independent representatives;
3. Establishment of a commercial branch in the foreign country; and,
4. Establishment of productive units in the foreign country (Trujillo, Rodríguez, Guzmán, & Becerra, 2006).

1.4.2 Born Global

In the beginning, the processes of internationalization have been the sole competence and exclusive adoption of multinationals and large consolidated companies worldwide. In the 70's and 80's, those entities classified as small and medium enterprises that managed to enter the international market were considered an exception. However, the internationalization of MSMEs from the 90s has been characterized by high growth and insertion into the international market from a very early age and even from the birth or creation of a MSME company. This characteristic is described by various authors as born global or new international companies (Brenes & León, 2008).

Born global or new international companies are those that from their foundation or shortly thereafter develop international business from the context of foreign trade or carrying out international operations exercising activities of high added value beyond their national borders. These types of companies seek to obtain resources or clients abroad very early, focusing on obtaining competitive advantages on an international scale (Rialp, Rialp, & Knight, 2010).

The growing number of born global companies, especially in developed countries such as the United States, Canada, France, among others, is due to the following factors:

- Globalization of the economy, use of information technologies (ICT), technological developments in the area of production and logistics, and reduction of transportation costs.
- Presence of global born companies in various industries and countries worldwide.
- Human resources with a high potential for knowledge, experience and skills to manage the company in an international context.
- Strategic alliances between companies.

Table 5. Comparison between normal model enterprises and born global with an accelerated growth

Atributtes	Companies that have adopted <i>born global</i> enterprises the traditional model	
Motivation to achieve internationalization	Reactive	Pro-active
	Adverse conditions in the domestic market.	Global Market Niche
	Sporadic customer orders.	Committed Administration
	Administration with low interest	International approach since its creation
	Production costs encourage export	Active search engines for new market segments
International Goals	Survival and growth	Taking advantage of competitive advantages
	Concentration in sales growth.	Customer Concentration
	Win bigger market	Fast penetration into global niches or segments
	Expand the product life cycle	Take advantage of being the first in the new market
	Take advantage of economies of scale	

International Expansion Pattern	Domestic expansion first	Simultaneous expansion of the domestic and international markets.
	Focus on culturally close markets	Focus on lead markets
	Less sophisticated or low-tech target markets	Evidence of being customer followers and strong evidence in the use of networks.

Font: Brenes y León (2008).

Made by: Belén Maldonado

According to the differences found in the comparison of companies that have adopted the traditional internationalization model versus the accelerated model of ‘global born’, it is worth mentioning that global born companies have less tangible, financial and human resources than large companies; however, they have a high entrepreneurial potential with an organization and management vision that perceives the international environment as a single market. This type of company does not conceive the foreign market as a simple complement to their domestic activity, but they have a clear focus of the global market segment in their activity sector (Rialp, Rialp, & Knight, 2010).

1.4.3 Phases of the internationalization process

According to Rueda (2008), the phases of the internationalization process on companies, follow four stages, considering that this process depends largely on market conditions, which may vary according to the sector in which the company operates.

- **Phase 1. Searching a destination country:** it is the most common way to start internationalizing a company; and it is possible since the entity that has this purpose investigates foreign markets in which its product is attractive to international demand, the income is feasible thus initiating the export process. One of the characteristics in this phase is that the company that wishes to position

itself in an external market has the necessary installed capacity to supply its potential demand or with the aim of being able to reach higher levels of competitiveness, seeking commercial horizons. There is also the possibility that the local market in which the company operates has a saturated demand, therefore, the good could be used in markets where the consumption of the product is not yet exploited.

- **Phase 2. Business opportunity:** it is generated from special conditions in a foreign market like lower taxes or tariffs, incentives, etc. In addition, the foreign market segment is not satisfied with the good demanded in that country, and, therefore, the company that intends to do so acts by redesigning a product that meets the needs of customers. Generally, the supply of raw material and production of the good are carried out locally and sent to the destination country as finished products for later distribution and commercialization.

- **Phase 3. Industry installation abroad:** the company considers the benefits or advantages of buying or developing its own facilities in the foreign country, associated with the reduction of manufacturing costs, such as: labor cost, raw material or to take advantage of comparative advantages offered by the international environment.

- **Phase 4. Industry transfer and partially or totally processes:** it is related to the fact that companies wish to eliminate some or all of their manufacturing processes in the national environment, in order to obtain highly representative benefits based on the reduction of costs and expenses in comparison to the local environment. Additionally, this condition can be associated with countries with economic or political instability, where the opportunities of the company in the local market is affected.

1.5 Conclusion

The main conclusion identifies is that international trade has been present for decades, due to the need of countries to exchange goods and services that were not able to produce. Through the creation and implementation of many theories, the internationalization of large, medium and small companies has been strengthened. These theories focus on the ability of each nation to specialize in the production of a good or service with absolute advantage, comparative advantage, use of economies of scale, among others.

Regarding benchmarking analysis for the internationalization of MSMEs, it should be noted that this method regularly used in strategic management represents a very useful tool in which industries can learn from others through a comparative process of their situation against another that has managed to internationalize in order to improve based on the adoption of successful practices. In such a context, companies classified as MSMEs could apply the benchmarking method from the best practices approach in order to perform a comparative evaluation against companies that have managed to internationalize and obtain great advantages, such as learn and act by implementing changes for continuous improvement.

Finally, it is imperative to conclude that the presence of companies classified as MSMEs in Ecuador have a high weight within the national economy, this due to the jobs they have generated and their contribution to GDP. According to the analysis made, 70% of this type of entities contributed with more than 25% of Ecuador's GDP, which is why these companies are still prominent agents in the economy. However, due to the high competitiveness, it is necessary to apply strategies for both local and foreign markets growth.

CHAPTER 2: SUCCESSFUL CRITICAL FACTORS OF MSMES WITH GREATER INTERNATIONALIZATION POTENTIAL WITHIN THE PROVINCE OF AZUAY

The internationalization of MSMEs is closely related to the globalization of the economy. Companies that have managed to position themselves in the foreign market, according to many studies, achieve it due to the indicators that have contributed to the success of the internationalization strategies of the companies. This section addresses a study of local MSMEs with the potential to internationalize in order to identify the critical success factors they have. One of these strategies is the application of fair trade, which aims to achieve the sustainable development of all the actors involved in the commercial operations of an organization: producers, workers, exporters, importers, etc. In this sense, the chapter begins with many theories that deal with fair trade.

2.1 Fair Trade

Under the conceptual framework, it is a commercial relationship based on practices that seek to improve equity in international trade (World Fair Trade Organization, 2016). This term has taken many definitions, which result in fair trade practices trying to convince consumers to acquire goods produced under labor, environmental and social parameters that represent an improvement over the export production chain. Therefore, it guarantees a series of criteria designed with the aim that the original producers of a certain product obtain more income (Hudson & Hudson, 2015). This trade means better opportunities for small producers and can be an alternative to conventional trade that brings the producer closer to the consumer through associations of small producers for significant export success.

1.5.1 Definition

Derived from different trade alternatives, this term refers to a type of association whose purpose is to seek sustainable development for excluded or disadvantaged producers, an

objective that it aims to achieve by proposing better commercial conditions to producers and provide guidance to consumers (García A., 2011).

The World Fair Trade Organization (WFTO) (2006), an international network of fair trade organizations and partners, which represents the supply chain from producer to retailer, conceptualizes it as a commercial system based on dialogue, transparency and respect, which seeks greater equity in international trade, emphasizing its attention on social and environmental areas. Therefore, it is an alternative for the marketing of goods or services, based on sustainable development that offers attractive commercial conditions, ensuring the rights of disadvantaged producers and workers.

1.5.2 Objectives

- Improve the quality of life of producers through growth in the market, strengthening producer organizations, paying a fair price and providing continuity in trade relations.
- Provide the development opportunity for disadvantaged producers, and protect children from the exploitation to which they are forced into the production process.
- Introduce an example of a business relationship based on dialogue, transparency and respect.
- Promote human rights through social justice, healthy environmental practices and economic security (EMAÚS, 2011).

1.5.3 Principles

WFTO (2006) determined a set of principles based on the development of fair trade, which must be complied with by organizations that carry out:

- Principle 1. Creation of opportunities for disadvantaged producers in the economic context.
- Principle 2. Accountability with transparency and responsibility.
- Principle 3. Fair business practices.
- Principle 4. Fair price payment
- Principle 5. Elimination of child and forced labor.

- Principle 6. Non-discrimination of gender, ethnicity and freedom of association.
- Principle 7. Guarantee adequate working conditions.
- Principle 8. Capacity development.
- Principle 9. Promotion of fair trade.
- Principle 10. Respect for the environment.

1.5.4 Fair trade in Ecuador

In Ecuador, fair trade has two fundamental axes: the first is to support producers nationwide, and the second is to promote in the short and medium term the commercialization of products manufactured in the local market, complying with the global value chain. However, one of the limitations in the country is consumer inconsistency and poor support from the local government, which is why national production within fair trade is directly related to exports (Ekos Negocios, 2018).

Under the regulatory framework, Ecuador, through the Ministerial Agreement, established the Ecuadorian fair trade strategy in 2017, through the Ministry of Foreign Trade (MCE). Since, the National Constitution (Art. 336) indicates that, within Ecuador's relational principles with the international community, a new system of trade and investment in the states, based on justice, solidarity, complementarity, must be promoted between others. This makes it possible to show that the Fair Trade issue is positioned in the Constitution from several articles (Constitution of Ecuador, 2008).

Therefore, Art. 1 of the agreement states: “Establish the Ecuadorian Fair Trade Strategy as a State Policy...” From the exposed article, the Inter-Institutional Committee for the Promotion of Fair Trade in Ecuador (Art. 2) is created, whose purpose is the coordination and monitoring of this strategy, supervised by the MCE. This strategy is created taking as background that in the country since the seventies, several producer organizations in association with solidarity marketers, generated productive and commercial practices that allowed them to trade their products under fair trade criteria, since then, it becomes a form of commercialization, which is later regulated by the existence of entities such as the Ecuadorian Fair Trade Coordinator in 2003, National Union of Small Agricultural Associations Certified in Fair Trade, in 2010. There are a total of 21 certified organizations and a 6400 beneficiaries that have their production line in products such as:

cocoa, coffee, bananas, cereals, aromatic and jams in the provinces of Esmeraldas, Manabí, Los Ríos, El Oro, Loja, Sucumbíos and Zamora Chinchipe, mainly (Ministry of Foreign Trade, 2017).

2.2 Analysis of MSMEs with the greatest internationalization potential

According to the Center for the Study of Exporter Development (2013), although companies classified as MSMEs, have a high participation in economic activity, a large part does not actively intervene in international trade, having as main disadvantages the lack of access to financing, technology and human resources development. International trade has been associated with large multinational companies, whose products are identified in different parts of the world. However, MSMEs contribute and benefit from fair trade in different aspects such as:

- Integration of an important part in the value chain of large exporting companies.
- Export of goods and services for specific market segments.
- Import and distribution of products to foreign MSMEs.
- Distribution of support services in the international trade transaction chain (Pablo Orlandi, 2013).

The growth of companies in Ecuador classified as MSMEs in exports from 2009 to 2014 is:

Table 6. *MSMEs participation on national exports*

Enterprise size	2009	2010	2011	2012	2013	2014	Average
Medium	20,3%	47,0%	27,4%	-6,0%	-0,2%	-2,2%	4,8%
Small	29,5%	12,8%	7,7%	6,6%	-3,9%	2,2%	3,2%
Micro	9,9%	11,8%	8,7%	-4,3%	-11,3%	0,3%	1,0%

Font: Banco Central del Ecuador (2018).

Made by: Belén Maldonado

Table 6 identifies that the companies belonging to MSMEs have had a negative change in the periods from 2009 to 2014, which deduces the lack of actions promoted, their growth and participation in the foreign market. However, in 2017 there was a growth rate

of 4.5% of MSMEs in general. Under this context, the number of MSMEs exporters is expected to grow from 3,078 in 2015 to 3,170 in 2018, as shown in the following table:

Table 7. *Exporter's growth, MSMEs*

Enterprise size	2015	2016	2017	2018
Medium	519	529	539	549
Small	885	899	914	929
Micro	1.674	1.680	1.686	1.692
TOTAL	3.078	3.108	3.139	3.170

Font: (Banco Central, 2018)

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According to data from the Central Bank of Ecuador (2018), the concentration of exports by product is to a greater extent: bananas, shrimp and canned fish, integrating more than 50% of the country's export weight; On the other hand, the destination countries that mainly import these products are: Germany, Holland, Spain, Italy, USA, Colombia and Russia, making up 67% of the total destinations for export of non-oil products. Finally, the information shows that 88% of exports are executed by large companies, while the remaining 12% is attended by MSMEs.

The Ministry of Foreign Trade aimed to promote the creation of new exporters and the consolidation of Micro, Small and Medium Enterprises by developing a management model that promotes the creation, development of exports and promotion in foreign markets. The applied management model generated 40% of microenterprises and 30% of small and medium enterprises, respectively (Banco Central del Ecuador, 2018).

According to data from the Central Bank, the following table shows the current situation (2018) of total exports, main primary and industrialized products, denoting that currently the export of bananas and shrimp prevails, while in products industrialized petroleum products have a greater exportation.

Table 8. *Current exports, Ecuador 2018*

Ecuador						
External sector						
	(Millions of USD)				Variation	
INTERNATIONAL TRADE	2016	2017	2017 Jan-Jul	2018 Jan-Jul	2017- 2016	2018 Jan- Jul 2017 Jan - Jul
Total	16.797,7	19.122,5	10.996,0	12.580,4	13,8%	14,4%
Oil exports	5.459,2	6.913,6	3.817,9	5.124,6	26,6%	34,2%
Non-oil exports	11.338,5	12.208,9	7.178,1	7.455,8	7,7%	3,9%
Traditional Exports	6.457,3	7.123,3	4.213,3	4.364,8	10,3%	3,6%
Non-traditional exports	4.881,2	5.085,6	2.964,8	3.091,0	4,2%	4,3%
Primary	12.876,7	14.785,3	8.545,5	9.828,4	14,8%	15,0%
Raw oil	5.053,9	6.189,8	3.466,1	4.549,7	22,5%	31,3%
Banana and Banana	2.734,2	3.034,5	1.889,8	1.887,4	11,0%	-0,1%
Shrimp	2.580,2	3.037,9	1.764,0	1.891,4	17,7%	7,2%
natural flowers	802,5	881,5	566,0	543,2	9,8%	-4,0%
Cocoa	621,4	588,4	355,5	339,3	-5,3%	-4,5%
Other primary	1.084,6	1.053,2	504,2	617,4	-2,9%	22,5%
Industrialized	3.921,0	4.337,2	2.450,4	2.752,1	10,6%	12,3%
Oil derivatives	405,2	723,8	351,8	574,9	78,6%	63,4%
Other prod. elaborate sea	951,3	1.207,2	708,9	755,2	26,9%	6,5%
Metal manufactures	402,1	440,1	237,6	292,1	9,4%	22,9%
Chemists and drugs	149,6	139,8	81,7	85,4	-6,6%	4,5%
Textile manufactures	81,3	72,2	40,9	45,3	-11,2%	10,8%
Brewed coffee	130,7	102,5	57,7	40,6	-21,6%	-29,6%

Font: Banco Central del Ecuador (2018).

Made by: Belén Maldonado

2.3 Determination of Critical Success Factors

At present, companies must face markets in a globalized and competitive environment, which generates a continuous dependence on information regarding innovative organizational methodologies, which allow them to adapt to technological and strategic changes. In this environment, large, medium or small companies must overcome their critical points and reach a better position against the competition. From this background, benchmarking practices become a substantial tool that allows diagnosing and applying efficient processes to obtain productive and profitable results (Hernández & Cano, 2017).

According to Cantonnet and Gurutze (2008), the critical success factors of an organization with a focus on the application of benchmarking best practices, are internal or endogenous to the company. These relate to the ability to define cooperation links, learning capacity and application of innovative strategies, based on excellent practices learned.

There is a high export potential of the MSMEs of Ecuador in the international market, since, according to a report made by Pro Ecuador (PRO ECUADOR, 2018). It was found that the majority of companies are composed of young entrepreneurs that have created their own companies, highlighting that all companies operate under the principles of fair trade and community development (social responsibility) by which many of the food companies have obtained national or international certifications, contributing significantly to make export process successfully.

This shows that, in Ecuador, small and medium-sized companies have a high potential to reach the international market, if it is considered to improve those critical factors such as: skilled labor, better product quality, social responsibility, and care for environment. Gómez (2018), for example, a MSME company dedicated to export frozen fruit, which employs more than 60 people to carry out its operational processes (cutting, drying and packaging fruits). Most of the staff (80%) is represented by women who are part of an association for the care of frozen pulp production. From this study, the author highlights the importance that MSMEs in the country use as added value Fair Trade and social responsibility, since many food companies have already obtained national and international certifications, such as Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), Organic Certification allowing improvement with great success of export possibilities.

2.4 Construction of field research

2.4.1 Methodology

In the present construction of the field research, the companies with the greatest potential for internationalization will be determined taking as reference the field study obtained in the first phase of the project where they had support from institutions such as PRO ECUADOR, the Ministry of Industries and Productivity (MIPRO), the Chamber of Small Industry of Azuay (CAPIA) and the Municipal Public Enterprise of Economic Development of Cuenca (EDEC). Meetings were held and contributed to a database for the location of the companies and in the same way the acceptance of them obtaining in this way 17 companies in total that agreed with the field study of the food sector of the Canton Cuenca, on the other hand the selected MSMEs of the cantons Paute and Guachapala were 22. The field study was conducted through interviews with companies, taking as reference the tables of Export Audit where the system is analyzed administratively, financially, productively and the sales. With this data, 3 groups were determined according to their percentage; the 1st group of 100% to 80% companies that have the greatest potential for internationalization, 2nd group of 80% to 75% companies that have a medium internationalization potential and finally the 3rd group of all companies that do not enter within these ranges that have no potential for internationalization. First, we will take into account the companies of Cuenca's food sector, then companies of Paute and Guachapala, and finally El Pan and Sevilla de Oro.

2.4.1.1 Cuenca's food sector.

Table 9. Cuenca's enterprises division

GROUPS	PERCENTAGE	POTENTIAL
1 GROUP 100% - 80%		
Golosinas Dikaty	85%	High
2 GROUP 79% - 75%		
Fideos Paraíso	79%	Medium
3 GROUP 74% - 0%		
PROJASA	73%	Low
Tía Lucca	67%	
DELMEX delicias mexicanas	65%	
Buen año Caicedo Compañía S.A.	63%	
Helados la tienda Helatienda CIA. Ltda.	57%	
FRUVECA	55%	
MOPALEX Molino y Pastificio	54%	
El horno panadería y pastelería	51%	
Centro de Insumos Alimenticios (CIAL)	50%	
PASTIFICIO NILO	45%	
Ecuacofit	44%	
Frulitados	42%	
Flamingo	40%	
El imperio del pan	27%	
Panadería y Pastelería Royal	26%	

Font: Estudio de campo, primera fase del proyecto

Made by: Belén Maldonado

1st Group of 100% to 80% we find a company that has 85% represents, within the Export Audit, a high potential for internationalization. The administrative, financial, productive and sales environment was analyzed. It was observed that the company Dikaty Candies has a good administrative system since it has mission, vision, values and objectives both in the medium and long term. It was also found that the company differs from the others by its high competitive potential within the market, due to the high quality of the product for which they have quality certification for the raw material that enters their company and they have product quality control. The company also manages an established organizational chart, marketing and sales department. For production the

company has procedure manuals: SOPs (Standard Operating Procedures), general and maintenance processes, it also has a manual of functions that help them to train new staff. The company is in continuous improvement and training to compete in the foreign market. Finally, the company has an annual financing system that helps them for continuous improvement and the proper functioning of the establishment.

2nd Group of 79% - 75% we found that Noodles Paradise company obtains 75% which means that it has a medium potential for internalization, however, the company is already exporting. The food production and distribution company has a good strategic plan, thanks to its mission, vision, values and objectives that serve to export. It differs from the other MSMEs since they have a catalog where they offer their products and services to final consumer. They also have an organizational chart, their products have a good design and packaging, the production flowcharts that the company has are efficient. On the other hand, the company already has patents and registered industrial designs, provides constant training to its employees, however, the percentage obtained from this entity is because the market to which they export is only to the United States, because they do not have the necessary infrastructure to increase their machinery, they lack a vast knowledge of INCOTERMS and do not have a certain staff for marketing and sales.

3rd Group of 74% - 0%, 15 companies with no potential for internationalization are observed, therefore, an analysis was made for aspects such as administrative, financial, productivity and sales of the companies and which of these aspects have a lower score and that, in this case, is a limitation for the internationalization of companies. First of all, we have the production system where we find that companies, Aunt Lucca Products, Good Year Caicedo Company S. A, and Bakery Oven and Pastry, are MSMEs that do not have patents and industrial designs and they do not have the appropriate infrastructure to expand the business. On the other hand, the product packaging is important for export and companies do not have it. Both the company's product and the raw material, do not have any type of certification.

In the financial aspect it was found that the companies PROJASA, DELMEX Mexican Delights, FRUVECA, MOPALEX (Molino and Pastificio Alexandra Mopalex), and Flamingo, do not have any strategic financial planning, that is, they do not have a

financing system, since most of these organizations are financed through their assets. Therefore, they do not possess any type of bank credit, limiting the implementation of machinery to increase their production as well as to apply packaging systems required for the exportation.

Finally, in the aspect of sales we have the Ice cream companies: Helatienda CIA store. Ltda, Food Supply Center (CIAL), Pastificio Nilo, Ecuacofit, Frutilado, Empire of Bread and Royal Bakery and Pastry. They do not have a strategic export plan, do not have a marketing and sales department, and do not have knowledge about its product abroad, losing competitiveness. On the other hand, MSMEs do not have adequate logistics limiting the improvement in their production.

2.4.1.2 Paute and Guachapala's food sector

In the first phase of the study, a field analysis of Paute and Guachapala's food sector was carried out, from which the following information was collected:

Table 10. *Paute and Guachapala's Enterprise division*

GROUPS	PERCENTAGE	POTENTIAL
1 GROUP 100% - 80%		
Mestiza (Productos cerámicos para la industria del jardín y mesa)	86%	HIGH
2 GROUP 70% - 75%		
3 GROUP 74% - 0%		
Plantas y Plantas (plantas) (plants)	48%	LOW
Asociación de Artesanos San Pedro de Guarainag (horchata)	40%	
Asociación de pequeños tenedores de ganado lechero San Pedro de Naste (leche y papa) (Milk and potatoes)	36%	
Ing. Galo Yupangui (tomate de invernadero) (Greenhouse tomato)	33%	
Viveros Flowers Garden (plantas) (Plants)	32%	
Comité Red de mujeres de Dugdug (tomate de invernadero y criadero de cuyes) (Greenhouse tomato and guineapig)	30%	
Asociación de pequeños tenedores de ganado lechero San Antonio de Bulán (leche y otros productos derivados) (Milk and products derived from milk)	29%	
Asociación de pequeños productores agrícolas y ganaderos de Chaullayaco (tomate de invernadero, hortalizas) (Greenhouse tomato and vegetables)	28%	
Sr. Rene Barrera (durazno, manzana, reina claudia) (fruits)	27%	
Asociación de pequeños productores agropecuarios de Gullancay (frutales, hortalizas) (Fruits and vegetables)	27%	
Sra. Yalanda Abad (tomate de Guyán) (Guyan tomato)	26%	
Sr. Juan Abad (tomate de invernadero) (Greenhouse tomato)	26%	
Asociación Agropecuaria Santa Teresita (tomate de árbol, granadilla) (Tree tomato, passion fruit)	26%	
Asociación sustentable de productores agrícolas de Guachapala (tomate de invernadero y abono orgánico) (Greenhouse tomato and organic fertilizer)	26%	
Asociación de desarrollo social y comunitario de Parig (frutales y hortalizas) (Fruits and vegetables)	26%	
Desarrollo comunitario Ñuñurco (tomate de invernadero y abono orgánico) (Greenhouse tomato and organic fertilizer)	25%	
Asociación de pequeños productores agrícolas de Guasag (tomate de invernadero, hortalizas) (Greenhouse tomato and vegetables)	24%	
Asociación campesina la Merced de Uzhiroloma (ganadería, cultivo de papas, melloco e invernadero de tomates) (Greenhouse tomato, cattle raising, potatoes and vegetables)	23%	
Asociación de desarrollo comunitario San Vicente de Ferrer (Granos Andinos) (Andean grains)	22%	
Sr. Carlos Delgado (frutales y tomate de invernadero) (Fruits)	19%	
Sr. Tomas Delgado (durazno, manzana) (Apple, apricot)	16%	

Font: Estudio de campo, primera fase del proyecto

Made by: Belén Maldonado

1st Group of 100% to 80% it was observed that there is only one company that has a high level for its internationalization, with 86% the Mestiza company, of 4 partners, of ceramic products for the garden industry. Additionally, the company is already exporting to Peru, Chile and they are close to entering the Colombian market, however, the critical factors of this company to be able to internationalize were that they have a good administrative system, they have mission, vision, values and objectives in the short and long term, it has its functional organization chart, they have a strategic plan established, the company enjoys a vast knowledge of their product in the international market, for this reason they are constantly trained for the continuous improvement of their product. They have all the certifications required for export and they also have the appropriate infrastructure to mass produce.

3rd Group of 74% - 0% in this group there are MSMEs that do not have the sufficient level to internationalize since they are range from 48% to 16%. The reasons why companies are not able to export are because of marketing and sales areas. Unfortunately, all previously analyzed MSMEs lack advertising material, promotion of their product, budget for the marketing department and they do not have adequate logistics for the management of companies. The majority of MSMEs are associations that have a very ambiguous and traditional production system. The second negative aspect of MSMEs is the administrative system, they do not have a strategic plan, mission, vision, values or objectives in the short, medium and long term; It also does not have certifications.

CHAPTER 3: INTERNATIONALIZED MSMEs' BETTER PRACTICES INVESTIGATION AND ANALYSIS

In this chapter is presented a study of the best practices of MSMEs, in which their macro and micro economic environments are analyzed in relation to the main indicators, emphasizing companies in the food sector. The methodology applied consists of the collection and analysis of information through secondary sources like documents, portals and publications of government entities in addition to the written research that allows to know the conceptual framework of the economic variables that are studied.

3.1 Macro-economic analysis

According to Troncoso (2005) economics is the science that studies the production, distribution and consumption of goods and services. The wide range of the field of study of this science leads to viewing it from two perspectives: microeconomic and macroeconomic. Macroeconomic analysis is a branch of economic science that addresses the behavior of variables as a whole: expansions and recessions, total production, inflation and unemployment rates, balance of payments and exchange rates (Astudillo, 2012).

In this regard, Llorca, Ureta, Rodríguez and Cano (2018) argue that there is an important weight in the participation of the MSMEs sector in the development of the economy, as well as in the employment it generates. Therefore, the need to improve the sector in order to internationalize its produced goods is imminent.

3.1.1 Gross domestic product (GDP)

The GDP represents the value of the final production of goods and services in a given period and allows to know the level of activity of a country (Gregorio, 2007).

In the macroeconomic field, some indicators such as the Gross Domestic Product were analyzed, considered as one of the most important ratios to evaluate the development of the economic activity of a country. This indicator shows the total monetary value of all

goods and services produced in a given period (Casares & Tezanos, 2009). Under this context, the GDP of 2017 of some countries is shown below:

Table 11. *GDP*

2017 GDP	
GDP	Thousands of millions \$
United States	\$ 19.390.604,00
China	\$ 12.237.700,48
Germany	\$ 3.677.439,13
Colombia	\$ 309.191,38
Ecuador	\$ 103.056,62
Peru	\$ 211.389,27

Font: Banco Mundial (2018)

The GDP is the main index to analyze the economic growth of a country, which is why, according to World Bank data, this indicator is related to highly developed countries with potential economies, such as: United States, China and Germany. On the other hand, the GDP of countries in the region such as Colombia, Peru and Ecuador is analyzed, where they have similar economic models, which are in the process of being developed. It was identified that, within the large countries, the US stands out, with a GDP of \$ 19,390,604.00 thousand dollars, which compared to countries with the same magnitude evidences a constant economic growth. In Latin America, Ecuador has the lowest participation with a value of \$ 103,056.62 after Colombia and Peru.

In this regard, according to the Vice Presidency of Economic Development and Competitiveness (2018), The United States is positioned first in relation to other countries whereby markets maintain confidence in the strength of the US economy. In addition the security of businesses and consumers are booming, business investment has increased and the residential housing market is also picking up.

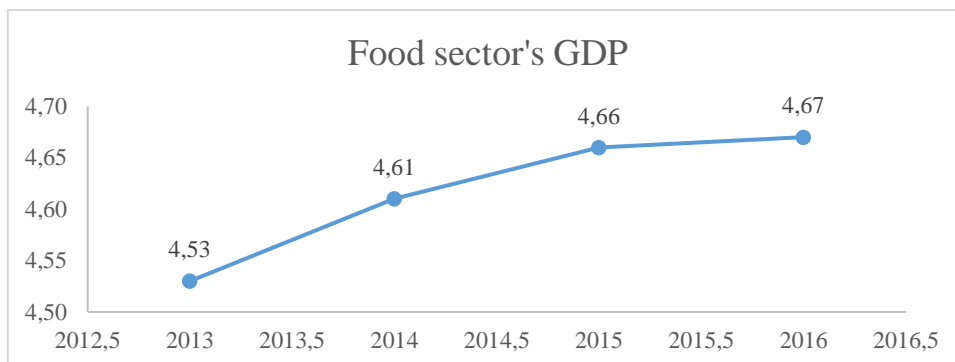


Figure 1. Ecuador's food sector's GDP

Font: Corporación Financiera Nacional (2017)

According to the participation of the food sector in Ecuador's GDP, Figure 1 indicates that in the preparation of food and beverages in 2016, it associates a link with the total GDP of 4.67%; observing a growth whose percentage variation is 0.14% compared between 2013 and 2016.

Table 12. Manufacturing sector's GDP

Year	Manufacturing of other food products	Total GDP (millions USD 2007)	Participation
2013	287	67.546	0.42%
2014	295	70.243	0.42%
2015	305	70.354	0.43%
2016	310	69.321	0.45%

Font: Corporación Nacional Financiera (2018)

Based on the elaboration of other food products in Ecuador, it is observed in the table above that in 2016 it added a total of \$ 310 million, with a participation in the total GDP of 0.45%; and increased with on 2015 by 2%.

Quispe (2014), states that the contribution of the food and beverage sector in the manufacturing and commerce industry are the ones that contribute most to the Gross Domestic Product of Ecuador; with 14% that have been constantly growing due to the direct foreign investment that the country has received.

Ekos Magazine (2018), points out that the axes of food trade carry the greatest weight in manufacturing, 38% motivated that Ecuador generates a variety of foods and has developed a promising industry in this branch, evidenced in the increase in GDP, which

increased from 4.7% in 2008 to 6.1% in 2016. The largest food production focuses on the processing and conservation of fish, shrimp and other aquatic species.

3.1.2 Employment

According to a report issued by the IDB, 2018 showed a positive scenario regarding the economic growth of different regions worldwide. For example, countries such as the United States and China grew by 2.7% and 6.6%, respectively. Compared to countries in Latin America that grew 2.2%, this is largely attributed to the volume of workers in the economy. 2017 showed a considerable increase in the unemployment rate in the region, from 7.9% to 8.4% at the end of the period (IDB, 2018), which is worrying, since, participation of MSMEs has a great impact on the generation of jobs, and the decrease in these evidences a recession for the development of this type of companies and the presence in the international market.

According to Olmedo (2018), employment generation is crucial for the development of a region, which must face social challenges to reduce income inequities. In the countries of the Latin American and Caribbean region, the characteristics of the labor market mainly influence the transition of individuals to conditions of poverty and non-poverty. Under this context, the labor market trends are detailed below according to some countries in the region:

Table 13. *Total employment by enterprise size in Latin America*

Employment by enterprise size				
Countries	Micro	Small	Medium	Big
Argentina	12.7	19.1	19.9	48.5
Brazil	18.8	21.6	12.2	47.4
Chile	25.0	24.0	14.0	37.0
Colombia	50.6	17.5	12.8	19.1
Ecuador	44.0	17.0	14.0	25.0
El Salvador	66.6	8.6	6.2	18.6
Mexico	45.6	23.8	9.1	21.5
Peru	77.7	10.5	6.4	5.4

Font: (Cooperación Económica y Técnica, 2018)

In Table 13, there is a high rate of employment growth in micro enterprises such as El Salvador with 66.6%, Colombia 50.6% and Ecuador 44%. However, in the small

companies Colombia and Ecuador have lower growth, while in medium-sized companies the one with the highest participation is Argentina with 19.9%. Finally in large companies the one with the highest growth is Argentina with 48.5% and Ecuador 25%.

According to Ekos Magazine, the manufacturing industry is the main sector in the generation of added value in the Ecuadorian economy, among the main activities, there is the food and beverage industry, generating 10.7% of total employment, which 49% is full employment (Ekos, 2019).

Therefore, the food and beverage industry represents a great source of employment mainly for workers, because 72.8% of the employees in the sector belong to this category and 68.4% are male.

Table 14. *Manufacturing of animals' food*

Manufacturing of animals food	Enterprises 2016 – 2017	Employees 2016 - 2017
Big	17	2220
Medium	20	354
Micro	14	39
Small	13	77
Total	64	2690

Font: Corporación Financiera Nacional (2018)

According to the National Financial Corporation (2018), and Ekos magazine an analysis of the years 2016 – 2017 was made: in 2016, 64 companies dedicated to the preparation of animal food were registered, the greatest concentration of these is in Pichincha, Guayas and Tungurahua provinces. In that year 2,690 employees were hired within this sector to manufacture these products.

Ekos magazine (2018), indicates that manufacturing is one of the most important sectors for a country, and allows the production of goods with a higher level of added value, in which there is a good capacity for differentiation and, above all, a lower level of price volatility. The development of this sector strengthens the country, because it also generates qualified and formal sources of employment. According to INEC, on September 2017, this activity generated 11% of the country's total employment. In 2016 the production with the highest participation was the manufacture of food and beverages represented by 38%.

Ron and Sacoto (2017) mention that employment generating companies in Latin America are small and medium-sized ones, that produce jobs in approximately 67% of the total workforce, while in Ecuador 39% of jobs are generated by Microenterprises, 17% by small and 14% by medium (Sacoto, 2017).

It is concluded that the food and beverage manufacturing sector is one of the most important industries both at Latin American and national level, since it has had a positive contribution in the generation of jobs in MSMEs, seeking to improve the economic stability of the people who work within this sector. However, actions, policies and strategies that enhance the growth of these types of companies must be established, contributing as a competitive advantage for the internationalization of MSMEs. These strategic actions may be framed under the adoption of the benchmarking theory as a means to host the best practices of entities classified as SMEs in other countries, where there is evidence of a greater contribution of these entities to GDP, exports and imports.

3.1.3 Exports and imports

The food sector shows an important presence within the country's exports and imports, an important aspect of this research topic, since economic indicators (export and import) that affect the situation of companies with the potential to internationalization are analyzed.

Cermeño and Rivera (2016) state that imports are perceived as goods found together with domestic goods, in the consumer basket of national agents; on the other hand, exports integrate the basket of consumption of agents abroad.

According to the Ministry of Foreign Trade and Investments (2018), exports made by Ecuador grew by 10% in 2018 compared to 2017. Where, the United States was the main destination of these exports, followed by the European Union and China. The main products of non-oil sales were bananas, shrimp, natural and canned flowers of fish and cocoa.

The data shown in the following table correspond to the main exports according to the country and the product made by Ecuador in 2018.

Table 15. *Main food products exported from Ecuador to the United States 2015 - 2018*

PRODUCTS	Participation % 2018	2015	2016	2017	2018	Var. 2017-2018		
						%	USD	
Natural flowers	25%	73	100	91	141	↑	55%	50
Banana	20%	81	91	91	108	↑	19%	17
Shrimp	18%	102	80	81	100	↑	23%	19
Fish	7%	27	20	14	36	↑	162%	22
Canned fish	4%	18	13	19	23	↑	23%	4
Gold	4%	139	44	20	21	↑	3%	1
Tuna	2%	7	10	11	14	↑	27%	3
Green banana	2%	9	9	10	12	↑	22%	2
Banana products	2%	8	7	8	12	↑	53%	4
Cacao	2%	71	36	29	12	↓	-60%	-18
Main products	86%	535	411	375	479	↑	28%	105
Rest of products	14%	63	65	73	75	↑	4%	3
No petroleum exports	100%	598	476	447	555	↑	24%	107

Font: Ministerio de comercio exterior e inversiones (2018)

Made by: Belén Maldonado

As stated earlier, the US was the main country to which products from Ecuador's food sector were exported. Therefore, in Table 15 it was identified that the greatest participation within these products is occupied by: natural flowers (25%), banana (20%) and shrimp (18%), mainly. Similarly, there is a growth in exports in the 2018 of most of these products, only in cocoa a decrease in exports is reflected with a negative variation of -60%.

Table 16. Ecuador's exports to other countries 2013 – 2017

Countries	2013	2014	2015	2016	2017	Total
Peru	7,89	10,57	19,88	21,92	30,53	90,79
Colombia	4,72	5,60	5,2	7,21	8,66	31,39
Saudi Arabia	0,00	0,00	0,00	0,00	7,50	7,5
Panama	1,61	2,63	1,04	1,82	7,02	14,12
United States	0,20	0,44	3,4	6,15	2,73	12,92
Honduras	11,16	2,28	0,78	0,82	1,48	16,52
Costa Rica	1,43	1,81	1,44	1,49	1,15	7,32
The rest	9,02	9,12	9,09	8,95	3,68	39,86
Total	36,03	32,45	40,83	48,36	62,75	220,42

Font: (Banco Central del Ecuador, 2018)(millones USD FOB)

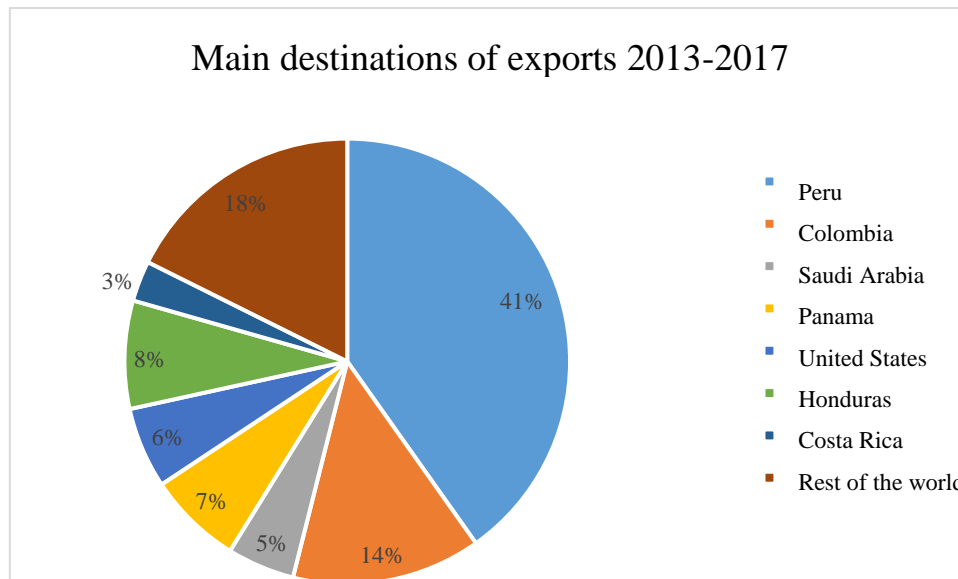


Figure 2. Ecuador's exports to other countries (Millions – USD FOB)
Font: (Banco Central del Ecuador, 2018)

As can be seen in Figure 2 in relation to the exports made by Ecuador to other countries such as Peru, Colombia, Saudi Arabia, Panama, United States, Honduras, Costa Rica and the rest of the world, the one with the highest participation in relation to the rest of the countries is Peru with 41% and Colombia with 14%, while the low percentage of products is sent to Costa Rica with a 3%.

In this regard, Loor (2018) states that among the products exported by Ecuadorian MSMEs, the food and beverage segment stands out, since around 60% of exports sent to the European Union (EU) belong to the segment of fruits, legumes and plants; 19% cocoa, coffee and tea; 15% fish and its derivatives, among others (most of them from the non-food sector, among these are textile articles, wood and paper products, spirits and tobacco, agricultural products, leather products, etc.). If the agreement with USA had not been given, the effects could have fallen especially on employment, taking into account that these types of companies are intensive in the generation of occupational rates in Ecuador.

▪ **National Imports**

According to the Central Bank of Ecuador, the food and beverage sector represents a total of USD 5,575 million of imports in the 2013-2016 period, constituting 4.8% of the total imported products nationwide. The variation between exports and imports, is mainly due to the fact that Ecuador is one of the countries with great export potential for preparations and drinks (pasta, sauces, preserves, condiments, juices, etc.), while imports are minimal . The data shown in the following figure reflect that the activity with the greatest participation in this segment is food preparations with 46.4%, followed by cereal-based preparations with 23.9%

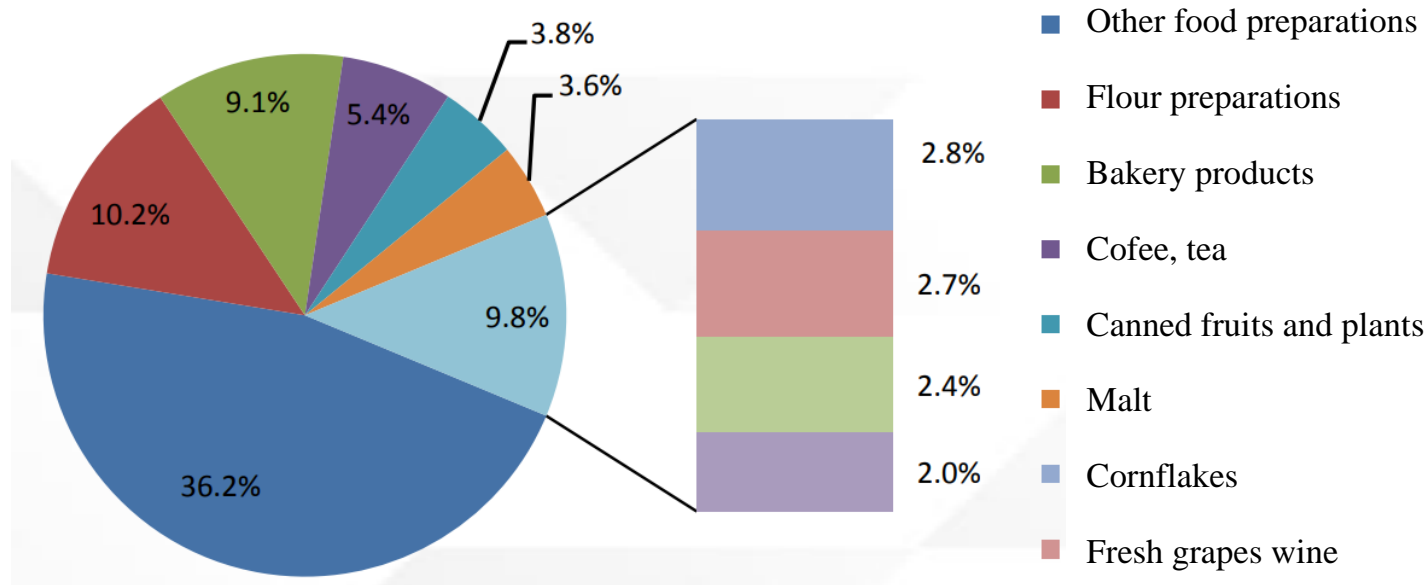


Figure 3. National imports

Font: Corporación Financiera Nacional (2017)

Table 17. National imports by country (2013-2017) FOB millions USD

Designated economic area	2013	2014	2015	2016	2017	Total
Peru	80,98	110,89	104,52	128,18	191,77	616,34
United States	14	18,72	20,93	22,5	32,12	108,27
Colombia	12,15	14,79	11,27	9,89	12,69	60,79
Spain	1,81	4,15	3,99	4,08	7,35	21,38
Brazil	4,89	6,68	5,59	5,03	6,88	29,07
Holland	0,57	1,11	1,06	2,17	6,45	11,36
Guatemala	0	2,27	3,22	3,65	6,01	15,15
The rest	11,94	13,07	9,71	15,15	21,67	71,54
Total	126,34	171,68	160,29	190,65	284,94	933,9

Font: (Banco Central del Ecuador, 2018)

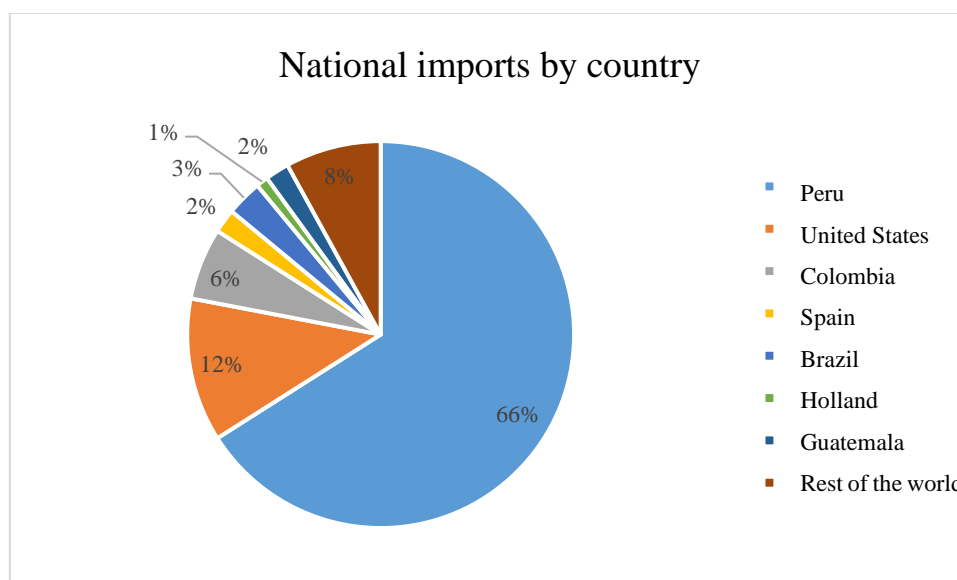


Figure 4. Imports by country (millions USD FOB)

Font: (Banco Central del Ecuador, 2018)

In Table 18 is the analysis from 2013 to 2017, Ecuador imports products from countries such as Peru, the United States, Colombia, Spain, Brazil, the Netherlands and Guatemala, this sector mainly imports 66% from Peru and 12% from the United States.

3.1.4 Balance of trade

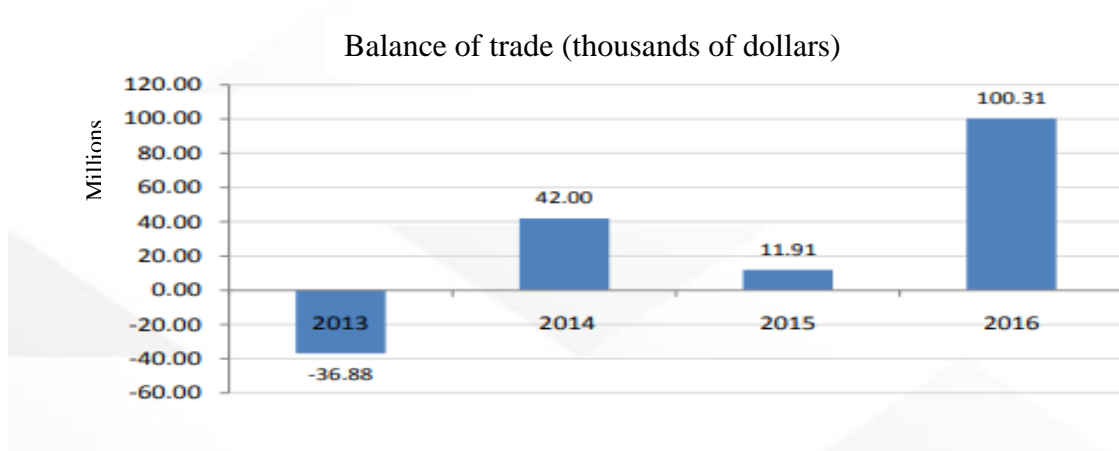


Figure 5. Trade Balance evolution of Ecuador, food sector 2013 - 2016

Font: (Banco Central del Ecuador, 2017)

The behavior of the trade balance is a key point for the economic, financial and social decisions of nations. Figure 6 in relation to the Trade Balance of Ecuador in the analysis period 2013 to 2016 shows that many food preparations are presented as positive in the period in 2016, despite the fact that in 2013 there has been a deficit in this indicator, this is due to the fact that imports increased with respect to previous years.

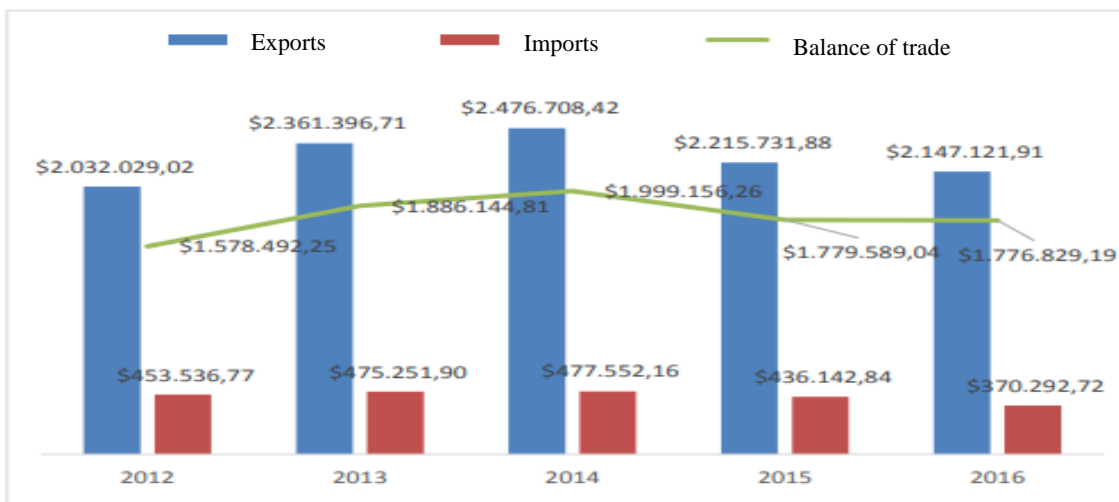


Figure 6. Exports, imports and balance of trade

Font: Banco Central del Ecuador, quoted by (Elena, 2018)

The Balance of Trade (BC) of the Ecuadorian food industry in 2012, closed with a surplus of \$ 1,578,492.25 when compared to the year 2016 which was \$ 1,776,829.19, there was a growth of \$ 198,336.94, during the 5 years analyzed. On the other hand, in the total exports of processed foods, a sustained growth, although moderate, was identified in 2014 of \$ 1,999,156.26, which later falls in subsequent years. This notorious increase in 2014 responds to the benefits of negotiations with the European Union that closed in mid-2014 and that encouraged the national industry. While imports on average remained at \$ 442,555 which was sufficient to achieve a surplus BC during the period of years analyzed.

The information presented allows us to know that companies classified as MSMEs dedicated to the commercialization of food products, although they have a presence in the international market. This is in a decreasing scenario, since due to political or economic factors there is a setback in the development of these organizations, affecting exports.

On the other hand, the following figure shows the trade balance of Colombia, since this study aims to analyze the successful practices of MSMEs in that country to apply them through a strategic plan to the national context.

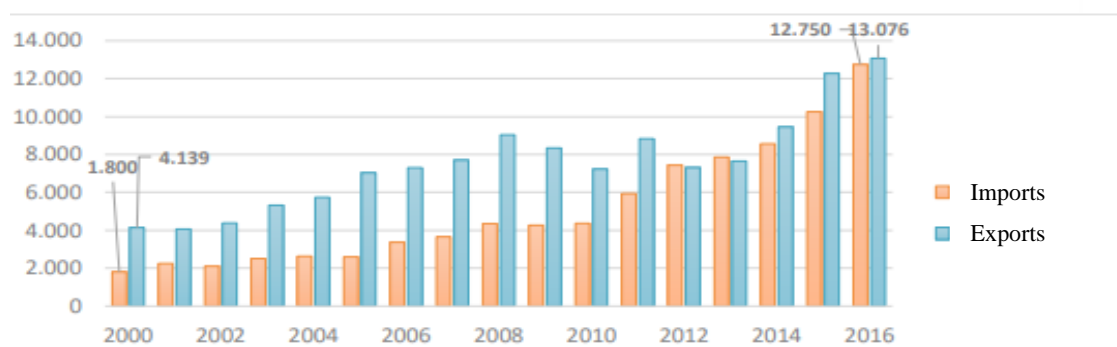


Figure 7. Balance of trade of food and beverage sector of Colombia

Font: (Castrillón, Análisis de la situación y recomendaciones de política de bioeconomía, 2018)

In Figure 7, in Colombia the Trade Balance of the food and beverage sector in 2016, has a positive growth in relation to exports of \$ 13,076 pesos (\$ 54.9192 billion US dollars), while in imports for a monetary value of \$ 12,750 pesos (\$ 52,275 billion US), for which foreign trade shows a growth at a historical level in favor of Colombian exports; only in the years 2012 and 2013 the food and beverage sector presented a deficit. The rest of the years, between the periods from 2000 to 2016 had been characterized by trade surpluses. However, the percentage variation in imports has been very strong for 2015 and 2016.

Arévalo and Vanegas (2016) state that in relation to Colombia, the food sector is developed in urban areas, where large industries are located. Companies engaged in food processing in Colombia are made up of large-scale multinationals, small and medium-sized enterprises and artisanal manufacturers, where the food industry is one of the largest, potential and most fundamental sectors of the economy, this represents the 28% of industrial production and 22% of the total source of employment.

3.2 Micro-economic analysis

It focuses on the study of the behavior of individual economic sectors, of the choices between scarce resources, made by individuals and companies (Astudillo, 2012). The microeconomic analysis is developed with the purpose of analyzing consumer preferences and decisions, business behavior and pricing.

3.2.1 Socio-economic context

Loor (2018) mentions the socio-economic context of the MSME which in the new global approach faces new challenges under a globalized and competitive environment, forcing the incorporation of technology and innovation as competitive and value-creating mechanisms for the consumer of its products or services. In addition each of the changes that society must adapt by the growth of the business sector determines an improvement in society, directly as is employment through the dependence of products or raw materials between sectors that contribute to a sector and indirectly increase taxes.

On the other hand, Estupiñán (2015) states that in the current situation of MSMEs at the Latin American and global level, there is consensus in recognizing the importance of these companies for their significant contribution to the generation of employment, economic growth and development of the country, which at the same time, supports poverty reduction, better income distribution, and a better social union.

MSMEs in Ecuador have little access to productive credit, banks provide financing to those companies that can grant higher and even mortgage guarantees, which is why the disadvantage is that 50% of MSMEs associated with the Chamber of Small and Medium Business, are marginalized from bank credit, also considered as the most expensive credit

for these types of activities of these small entrepreneurs. Faced with this situation, it is difficult to improve their production systems, their technification, resigning themselves to positions that are far behind in competitiveness.

3.2.2 SMEs support policies

Economic and Technical Cooperation (2018), refers to a set of policies to support SMEs, which are:

- Promote the growth of the most dynamic companies
- Promote the creation of technology-based firms
- Creation of companies
- Access to financing
- Technical assistance and training
- Innovation and management improvements
- Support for SMEs based on business cooperation and inter-institutional collaboration, in order to improve the productive and competitive performance of companies and create a thriving, innovative and dynamic business environment.

On the other hand, Arévalo y Vanegas (2016), states that Colombia has other support policies for SMEs:

- Reduction of interest rates for the microcredit and SME segments
- Constitution of an alternative market for trading SME shares
- Reduction of subsidized rates
- Support for smaller companies through government organizations that promote trade through access to financing.
- Promotion to small and medium businesses through web portals, international fairs, among others.

SMEs in Ecuador are also companies that are measured or formed according to the volume of sales, share capital, number of workers, their level of production or any characteristic of this type of economy.

3.2.3 Number of SMEs

In order to make a comparison of the companies classified as MSMEs belonging to Ecuador and Colombia, the size of these entities was established, considering that in this research work the best practices of leading companies in the food segment of the international market will be analyzed, specifically Colombia.

Table 18. Colombia's enterprises size2008

Size	Number of enterprises
Micro	596.100
Small	21.249
Medium	5.365
Big	6.083

Font: (Ministerio de Comercio, Industrias y Turismo, 2018)

As can be seen in the previous table, in Colombia there is a large volume of companies dedicated to the commercialization of goods or services, of which, microenterprise is the most prevalent, representing a total of 596,100 entities, followed by small businesses with 2,249, large and medium sized companies with 6,083 and 5,365 respectively.

Table 19. Number of MSMEs, ECUADOR

	Establishments	%
Sale in non-specialized stores with a predominance of the sale of food, beverages and tobacco.	87,244	17.4%
Restaurant and mobile food service activities	44,722	8.9%
Retail sale of clothing, footwear and articles	25,432	5.1%
Maintenance and repair of automobiles	20,437	4.1%
Other telecommunications activities	17,528	3.5%
Retail sale of food, beverages and tobacco in stalls	15,627	3.1%
Other retail activities in non-specialized stores	15,474	3.1%
Retail sale of food in specialized stores	14,634	2.9%
Hairdressing activities and other beauty treatments	14,426	2.9%
Retail sale of pharmaceutical medicinal products	10,884	2.2%
The remaining 229 sectors	233,809	46.7%

Font: (Universidad Andina, 2018)

On the other hand, the previous table allows to know in detail the number of companies in Ecuador according to the type of activity that it carries out, showing that the food sector is the one with the greatest participation compared to other activities. In Ecuador there are 87,244 organizations that sell food.

3.2.4 SMEs size related to Ecuador

Table 20. Total assets, SMES in Colombia

Size	Total assets
Micro	To \$230.750.000
Small	From \$230.750.000 to \$230.750.000
Medium	From \$230.750.000 to \$13.845.000.000
Big	Above \$13.845.000.000

Font: (Ministerio de Comercio, Industrias y Turismo, 2018)

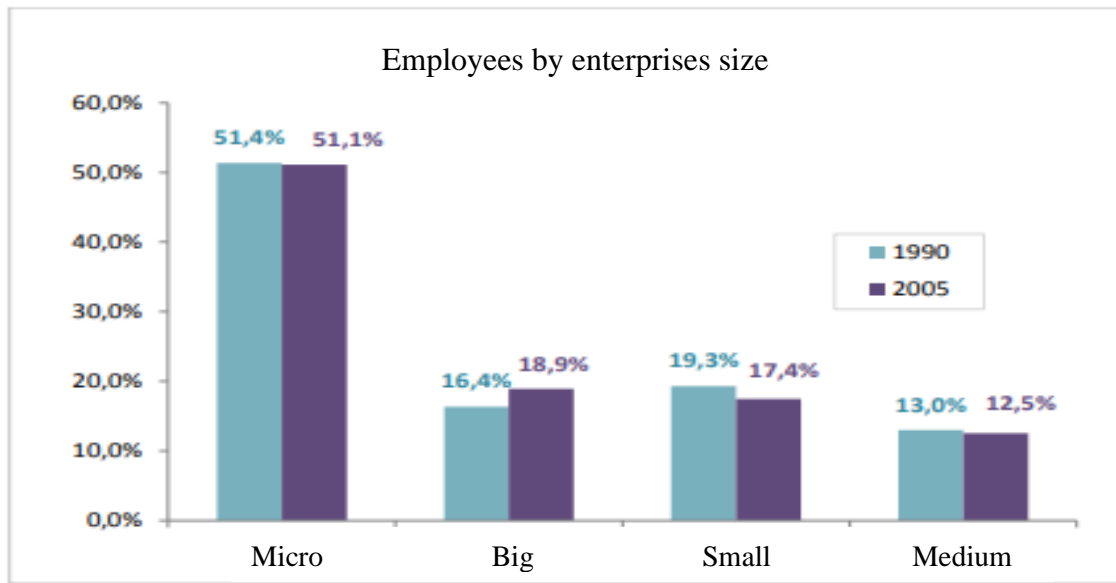


Figure 8. Employees by enterprise size, Colombia

Font: (Departamento Nacional de Planeación, 2019)

With Colombia and Ecuador, in relation to total sales or assets in the contribution to SMEs, it was observed that the largest income is large companies due to the volume of employees and employment they generate. However, in Ecuador, the volume of employees is more than 200 workers with a sales amount of \$ 5,000,000.01 onwards, while in Colombia the participation of personnel employed by company size their growth is implemented in the micro companies with 51.1%.

That is why the issue of internationalization is of high relevance, since considering the existence of companies that intend to carry out trade activities in the foreign market, there are many reasons that can be found as limiting, for example, one of them is the lack of information and knowledge of the entities about the opportunities that arise in foreign markets, as well as the lack of support from the government to promote the development of MSMEs and bring them closer to the foreign market. Regarding this last factor, there have been enhanced trade restrictive measures imposing a series of obstacles and processes that hinder international trade.

CHAPTER 4: STRATEGIC PLAN WITH THE BEST PRACTICES FOR THE INTERNATIONALIZATION OF AZUAY MSMES

4.1 Determination of the gaps between the critical success factors of local MSMEs versus international best practices

In order to establish the gaps between the critical success factors of the local MSMEs against the best international practices, companies from the same segment of the Colombian food sector were taken as an example. In order to know the variables that contribute to the study of the best international practices, a survey was applied to three Colombian companies belonging to the food segment, in contrast to the written research regarding these companies; subsequently to compare with the local companies that are part of this study, as shown in Annex 1.

The structured questionnaire has closed and open questions to determine certain variables, inquired about the following aspects: general information of the companies, administrative area, research and development, quality, commercialization, human resources, environment and financial area. The interview was applied to 10 companies classified as Colombian MSMEs, considered as a focus group, since these companies were willing to collaborate with the study. The interview was sent through the virtual application of Google Forms, a platform that provides the facility to carry out this type of study and obtain statistical results according to the response. Subsequently, after sending the form via email, a response was obtained from three entities. The results obtained from the interview in order to collect qualitative information can be observed in Annex 2.

Accordingly, the analysis of Colombian companies is presented with the main results obtained in the interview and the theoretical review of these entities, according to secondary studies and sources of information.

4.1.1 Analysis of the food sector MSMEs in Colombia

4.1.1.1 General Information

The food and beverage industry maintains the largest distribution of industries and the highest share of GDP (Cuevas and Acevedo, 2017). According to Confecámaras data (cited by Rosero, 2007) in Colombia 96% of the companies are MSMEs while Bogotá has a largest number.

In relation to the critical success factors and the best international practices, in Colombia there are several MSMEs with a strong business culture, so the severe structure of Colombian legal regulations leads to organizations belonging to the food sector to have certifications that qualify the facilities as appropriate to produce their agricultural goods. The food industry is characterized by a broad connection with livestock activities, primarily with poultry, pig and livestock. It is worth mentioning that small businesses have been in most of the economies that provide basic products and services for the benefit of the consumer. In Colombia there are several sectors, but the most representative are: meat products, dairy products, livestock products and balanced food (Botero, López, Carlos Posada, & García, 2015).

According to the results of the interviews, the main activity is related to the production of cocoa, meat products and panela production. On the other hand, counteracting the bibliographic review, according to Castrillón (2018), it mentions that the food and beverage sector is integrated by the following economic activities:

Table 21. *Food sector economical activities*

Food and beverage sector
Meat and fish
Animal and vegetable oils and fats
Dairy products
Milling products, starches and their products
Coffee and threshing products
Sugar and panela

Font: (Castrillón, 2018)

On the other hand, the number of employees within this sector of MSMEs, are mentioned below:

Table 22. *MSMES size*

Enterprise size	Employees
Medium	50 to 200
Small	11 to 50
Microenterprise	Not below 10

Font: (Reina, 2009).

According to the analysis of qualitative information, most entities have more than 30 employees, being located within the small and medium-sized business segment according to the number of workers.

4.1.1.2 Administrative area

For the analysis of the administrative area, the results of the interview applied to Colombian companies and the written studies were considered.

Colombia is a country that has a wide range regarding food sector, where most of the entities belonging to this industry are classified as MSMEs. Government support has been booming in order to help companies to internationalize; consequently, agreements have been signed for MSMEs from many industries, including exporting to different destinations in Europe (PROCOLOMBIA, 2019).

The agreement made from 2013 was to begin the process of adapting the exportable offer through the “Export Coaching Programs (ECP)”. In fact, at the end of the period, MSMEs brought their products and services to customers in 100 countries, including Monaco, Finland, Slovenia, Croatia, Tanzania, Senegal, among others. In this way, micro, small and medium enterprises are allowed to conquer more markets (PROCOLOMBIA, 2019).

In 2014, training was conducted for Colombian MSMEs with the mission of learning in terms of internationalization on consumer trends, where the axes of the conferences held were on quality, technology and marketing chains. On the other hand, in 2016 the strategic pillar of support for the internationalization of companies in this segment was electronic

commerce or e-commerce, due to fast growth of online sales, which had an increase of 27% in the last year.

According to PROCOLOMBIA (2016), to start e-commerce as a practice for exporting, you must start by having a differentiating product or service, own a shopping platform (information and website customer advice), payment system, adequate logistics to deliver the product to the final consumer in optimal conditions, and provide warranty or after sales service.

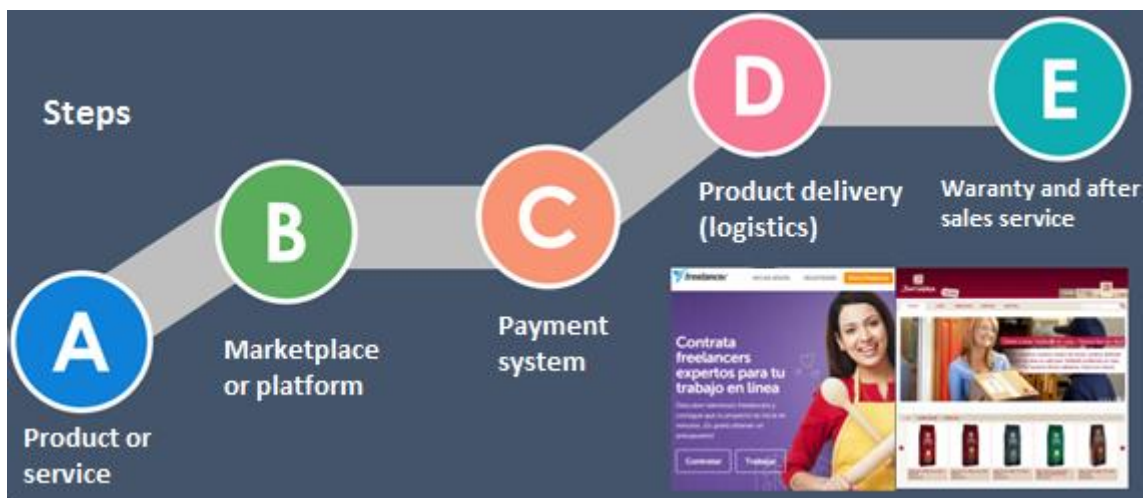


Illustration 7. Different product as a base for international trade
Font: (PROCOLOMBIA, 2016)

Summing up, the success of Colombia's businesses that have achieved internationalization is due to:

- Use of new technologies
- Value-added products and services
- Differentiation
- Product image according to standards
- Sufficient product information
- Respond on time to customer concerns
- Ability to export and replenish on time

4.1.1.3 Production area

Like the previous item, the production area is analyzed within the interview providing the results on the subject, which was contrasted with the theory and secondary information.

90% of Colombian exports are made by micro, small and medium enterprises, representing 96% of the national industry, 63% of employment, 45% of manufacturing production, 40% of wages and 37 % of added value. Due to its high relevance for the country's economy, it is observed that internationalization is not only for large companies, but for MSMEs, who have a high potential to internationalize by marketing their goods or services to foreign markets.

Depending on the production and logistics component with respect to the analysis of MSMEs in Colombia, there are certain critical factors that could affect the internationalization process, for example, there is an underutilization of equipment, since there is a tendency to work on orders, what evidences an inefficiency in the production derived from the lack of an economy of scale (Zapata, 2004). Additionally, according to the results of the interviews, the inexistence of an updated production cost structure that prevents quick and correct quotations was identified. In terms of logistics, deficiencies in production processes and facilities that are not adequate due to their location or small size. There is, on the other hand, inadequate management of inventories of both raw materials and finished products. Raw materials are bought to take advantage of special prices or avoid the lack of these in the future, but there are no defined segments or market niches and their respective demand.

According to a study by Montoya, Montoya and Castellanos (2010), one of the difficulties of SMEs in Colombia is the low sophistication and added value in production processes. These results are consistent with a MSMEs report issued by the Ministry of Commerce, Industry and Tourism of Colombia (2018) in terms of productivity, it was identified that in the industry, services and commerce, the productivity of the MSME segment is low. In this regard, according to the interviews applied, for companies in the food and beverage sector there are difficulties linked to the high cost of production, as well as packaging and machinery.

A report by the Chamber of Commerce of Barranquilla (2016) which analyzes the profile of a sample of 188 MSMEs companies, located in the department of Atlántico in Colombia shows that one of the main results is that very few companies don't plan their

production processes. There is a planning practice, however, the results show that certain aspects are not taken into account, such as the management of inventories and costs attributed to production.

Accordingly, critical factors were observed that could affect the adequate internationalization process according to the results found in the surveys as in the literature review, as shown in the following table:

Logistics and production	Critical success factors	Note
Established, organized and documented production process	✓	Certifications that guarantee adequate production instalations
Costs structure of defined production	✗	Lack of an actualized costs structure
Logistics	✗	Locations and reduced size
Raw material	✗	Bad inventory management of raw material and final products
Productive processes	✗	Low sofistications and added value on production

Illustration 8. Critical factors, production and logistics

Made by: Belén Maldonado

4.1.1.4 Financial area

An investigation carried out by Hernández, Bustamante, Porto and José de la Ossa (2014), with the purpose of evaluating SMEs in the dairy sector, shows that the finance and marketing areas have lower scores, reaching degrees close to the average, and therefore distant from the ideal degrees of competitiveness. The following table shows the evaluation of MSMEs companies in the dairy sector investigation various areas of study, such as: administration, production, finance and marketing.

Table 23. *Competitiveness by subarea ranking, MSMEs Colombia*

Area	Sub-area	Grade
Administration and human talent	Planning and organization	2,4
Administration and human talent	Development and contracting	2,1
Production	Productivity	2,0
Administration and human talent	Direction and control	1,9
Production	Technology	1,8
Finance	Financial planning	1,7
Production	Innovation	1,7
Marketing	Marketing plan	1,7
Finance	Financial control	1,6
Administration and human talent	Recruitment and selection	1,6
Finance	Economic value added	1,4
Marketing	Market research	1,4
Finance	Financial management	1,3
Marketing	Segmentation	1,3
Marketing	Relational Marketing	1,2

Font: (Hernández, Bustamante, Porto, & Ossa, 2014)

According to the Ministry of Commerce, Industry and Tourism (2018), one of the existing barriers for entrepreneurs is access to financing schemes, derived from the requirements for risk control that prevails in the Colombian financing. In this regard, according to the results of the surveys, there has been an important advance of SMEs, since they have chosen to improve their management areas through the implementation of business development programs that allow them to improve them. Due to this, the placement of bank credit had a great advance since approximately 90% of financial institutions have created sections focused on SMEs.

However, among the limitations that small and medium-sized companies in the food and beverage sector must face, are the high barriers to entry into capital, either in infrastructure or in human resources.

In the financial field, companies registered \$ 553,214 million in sales in 2016, with medium-sized units having the highest participation in them with 44%, then, there are large companies with 40%, small 15% and micro with 1%. Therefore, SMEs have global assets for \$ 327,708 million, which represents 59% (Barranquilla Chamber of Commerce, 2016).

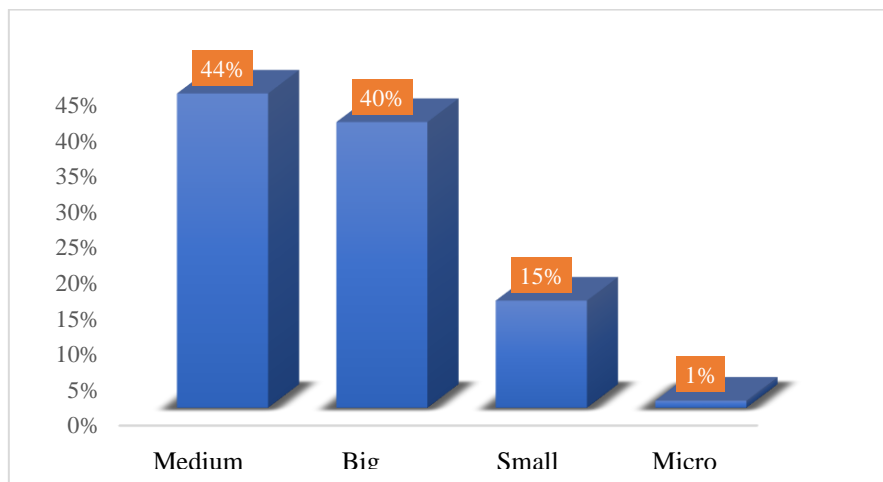


Figure 9. Assets participations by enterprise size
Font: (Cámara de Comercio de Barranquilla, 2016)

4.1.1.5 Commercial area

The marketing chain is the process where a product is mobilized from the producer to the customer. Although there are value chains where one or more actors are involved who buy and sell without adding value, the system excludes them, leaving only those that add value, in the Colombian commercialization chain there are two structures:

- The basic structure: its structure is similar to that of an hourglass, it starts with the participation of the producers who daily sell their products to collectors who are in charge of transporting the products to the different cities (Bogotá Chamber of Commerce, 2016).
- The direct structure: it stands out because the producer sells its production to the final consumer without the need for intermediaries. In this structure the price is better and it acquires a greater degree of certainty in the sale of its products and

establishes a direct relationship with customers (Chamber of Commerce of Bogotá, 2016).

These structures are used in the food marketing chain, the traditional structure being the one that predominates in Colombia due to the number of small producers.

Several critical factors that become uncontrollable and link to the entire value chain and finally the commercialization of the product must be considered. In the case of Colombia, these factors are related to climate behavior, its irregularities and the difficulty for its prediction that cause an adverse effect on agricultural productivity and that consequently affects the volatility of food prices.

A key success factor of MSMEs is that despite the informal activity, there is a high level of legalization, especially of microenterprises, this has allowed them to obtain a more accelerated development making it possible to link to internationalization (Reina, 2009).

4.1.1.6 Export and imports

The Chamber of Commerce of Barranquilla (2016), analyzed the external sector of MSMEs of one of the departments of Colombia, where exports showed an increasing trend in the 2015-2016 period of 6.8%. The United States was the main destination market with a 29% share, followed by Brazil, Venezuela and Ecuador. Of the exported products, 7% is represented by food and beverages. Regarding imports, there was a decrease in the same period of 20% in 2016 compared to 2015. Likewise, the origin of purchases abroad mostly come from the United States, China, France, Germany and Brazil. To a greater extent, the level of purchases abroad corresponded to the acquisition of raw materials and intermediate products for industry and agriculture.

On the other hand, according to the results obtained in the questionnaire, all the companies show a high interest when exporting, which is why, all the companies that answered the questionnaire have an area focused on the internationalization of the product, being, in the last two years, the external markets where their products were placed (United States, countries in South America and Europe).

In this context, the potential market for food exports is the United States, which has gained importance for Colombian companies dedicated to the production and sale of processed foods. The products with the highest demand are dairy products (US \$ 2 billion in production) and fruits and vegetables (US \$ 2.05 billion in production).

In accordance with the results found in the present investigation, a study carried out by Rosero (2007) regarding the participation of SMEs in exports indicated that within this sector, smaller companies registered the greatest export growth. Below is a chart of exporting SMEs:

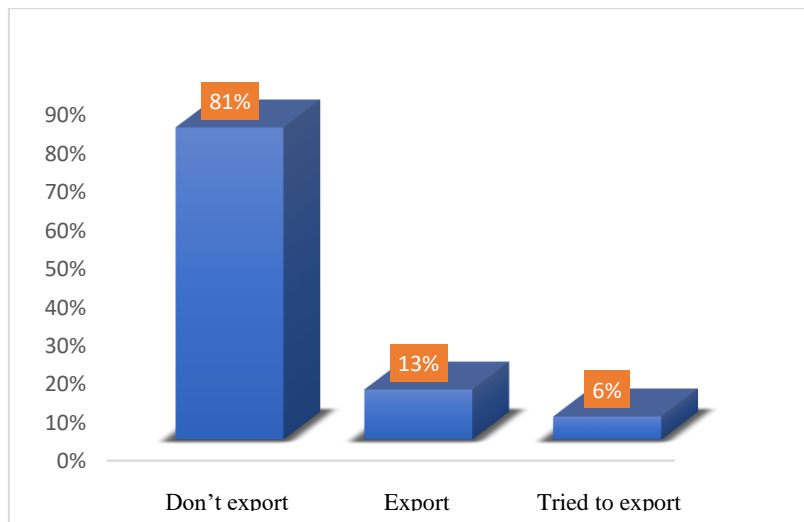


Figure 10. Exporting SMEs
Font: (Rosero, 2007)

Under such context, once the contrast between the field study and theoretical review regarding the best practices and critical factors of MSMEs in Colombia is made, then an analysis of the main findings found is presented in the following table.

Table 24. MSMEs Colombia analysis

MSMES Colombia		
	Better practices	Critical Factors
Administrative area	Certifications that guarantee optimal and adequate facilities	Lack of follow-up on information they can use as resources to position themselves as market leaders
	Support from government entities to internationalize (Export Coaching Programs)	

	Synergies between MSMEs with international entities (Chambers of Commerce)	
	Support and promotion of e-commerce as a practice to export	
	Use of new technologies	
	Value-added products and services	
	Differentiation	
	Product image according to standards	
	Sufficient product information	
	Timely response to customer concerns	
	Ability to export and replenish on time	
	Planning and organization	
Production area	Production process planning	Equipment underutilization
	Innovation	Tendency to work on orders
	Technology	Lack of an economy of scale
	certifications that guarantee optimal and adequate facilities	Absence of a cost structure that allows for quick quotes
	Support from government entities to internationalize (Export Coaching Programs)	Improper handling of inventories of raw materials and finished products
	Synergies between MSMEs with international entities (Chambers of Commerce)	Low sophistication and added value in production processes
	Support and promotion of e-commerce as a practice to export	High cost of production, packaging and machinery
Financial area	Use of new technologies	Barriers to entering capital in infrastructure and / or human resources
	Value-added products and services	
	Differentiation	Economic value added, refers to the result obtained after covering all expenses and satisfied the expected return by the shareholder.

	Product image according to standards	Financial management
	Sufficient product information	
Commercial area	Timely response to customer concerns	Climate behavior, its irregularities and the difficulties for its prediction
	Ability to export and replenish on time	Import Decrease
	Planning and organization	Difficulties in exporting: paperwork, high costs to export, insufficient market information
	Production process planning	
	Innovation	

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Better practices and critical factors are independent factors.

4.1.2 Analysis of local MSMEs against international best practices

For the analysis of the local MSMEs, food sector companies of Cuenca, Paute and Guachapala from Azuay province with potential for internationalization were taken as a base. The sample of companies in Cuenca represented 17 entities under study, the results of the field research allowed us to identify that only one of the companies analyzed (Dikaty Sweets) shows a high potential for internationalization prior to the analysis of the administrative, financial, productive and sales environment.

Subsequently, with a score of 79% (See Table 8) with medium potential is the company Noodles Paradise. Finally, with greater participation in the group classified as a “potential medium”, where most of the companies are due to the lack of opportunities to internationalize in the analyzed variables, since the companies have administrative, financial, productive and inefficient sale.

MSMEs in Paute and Guachapala, the scenario presents similar conditions, since only one company in the total sample (22) has a high potential; however, in the category of “potential medium” there is no entity. Finally, most companies show low potential (See Table 9).

A comparison is made between the MSMEs of Colombia against the local companies described above.

Table 25. Comparison between Colombian and Ecuadorian MSMES.

	Colombian MSMES	MSMEs with low internationalization potential
Administrative area	certifications that guarantee optimal and adequate facilities	There are no product and raw material certifications
	Support from government entities to internationalize (Export Coaching Programs)	Lack of advertising material
	Synergies between MSMES with international entities (Chambers of Commerce)	Lack of product promotion
	Support and promotion of e-commerce as a practice to export	Poor budget for marketing activities
	Use of new technologies	They do not have a strategic organizational plan
	Value-added products and services	Lack of short, medium and long term objectives
	Differentiation	Lack of training in strategic areas
	Product image according to standards	
	Sufficient product information	
	Timely response to customer concerns	
	Ability to export and replenish on time	
	Planning and organization	
Production area	Production process planning	Lack of patents and industrial designs
	Innovation	Lack of systems for product packaging necessary for export processes
	Technology	Financing through its assets
		They do not have bank credit to improve their production processes or acquire cutting-edge machinery.

		There is no adequate logistics, which limits the improvement in production
		Ambiguous and traditional production system
Financial area	Financial planning	Lack of strategic planning on financing systems.
	Financial control	
	Implementation of business development programs	
	Bank Credit Placement	
	High participation in assets	
Commercial area	Direct structure marketing chain	
	Legalization of MSMEs	There is no strategic export plan
	Growth of exports made by MSMEs	There is no marketing and sales department
	Potential foreign market is the United States	
	Export levies	

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As can be seen in Table 26, the gaps between the best practices that Colombian companies in the food sector have applied to internationalize against the entities analyzed at the local level are really wide. This is why it becomes imperative to structure a benchmarking model based on the adaptation of the best practices for the internationalization of MSMEs in Azuay. Among the reasons that affect this wide gap is the competition of international brands that, due to their capital, have productive plants with state-of-the-art technology, more efficient processes, large promotional and advertising campaigns and the ability to be at the forefront of technological processes.

4.2 Adaptation of best practices in an internationalization model for MSMEs in Azuay

As previously identified, MSMEs constitute fundamental actors for the economy of a country. These organizations must take into account the constant acceleration of globalization, due to the challenges that these companies must face, caused by new opportunities and threats present in the environment competitive. As such, knowledge about internationalization processes, as well as the application of a suitable model for the expansion of its operations in foreign markets, become fundamental pillars to grow and increase the profitability of the organization.

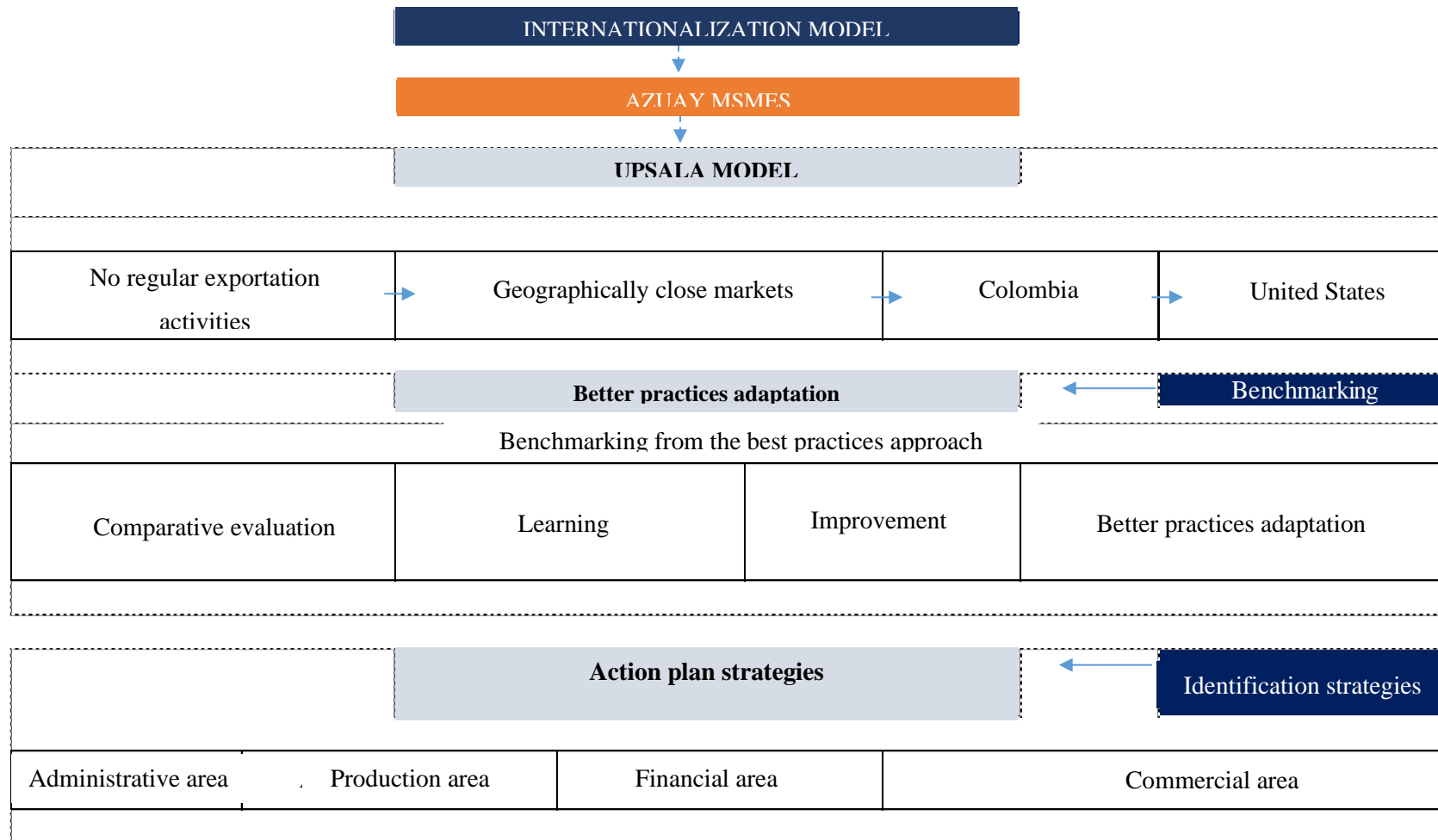


Illustration 9. Internationalization process
Made by: Belén Maldonado

4.2.1 Uppsala model

The Uppsala model is one of the first to approach the theory of internationalization, which states that the company will gradually increase its resources in a specific country to the measures in which it acquires experience of the activities carried out in the foreign market. The stages of the model are 4: sporadic exports or non-regular export activities; exports through independent representatives, wholesalers, imports or an international marketer; entering directly via a commercial branch in the foreign country through licenses or franchises; and, establishment of productive units in the foreign country.

Considering the characteristics of low level of internationalization of local MSMEs, it is proposed to implement or host the first stage established by the model which is that the local MSME company must begin its internationalization process through sporadic exports to geographically close markets in order to minimize possible marketing risks, in such a way that entities are expected to acquire resources and experience in the activity of foreign trade to subsequently apply the next stage of the Uppsala model.

Regarding the first stage of the model, according to the analysis of the macro environment carried out in the present study, it was determined that in the food sector the main countries to which they are exported are: China, Colombia, United States, Russia and South Korea. Under this context, it is observed that the relatively nearby countries with high export potential are Colombia and the United States, which is why in the following model presented it is proposed to look for clients strategically located in these locations.

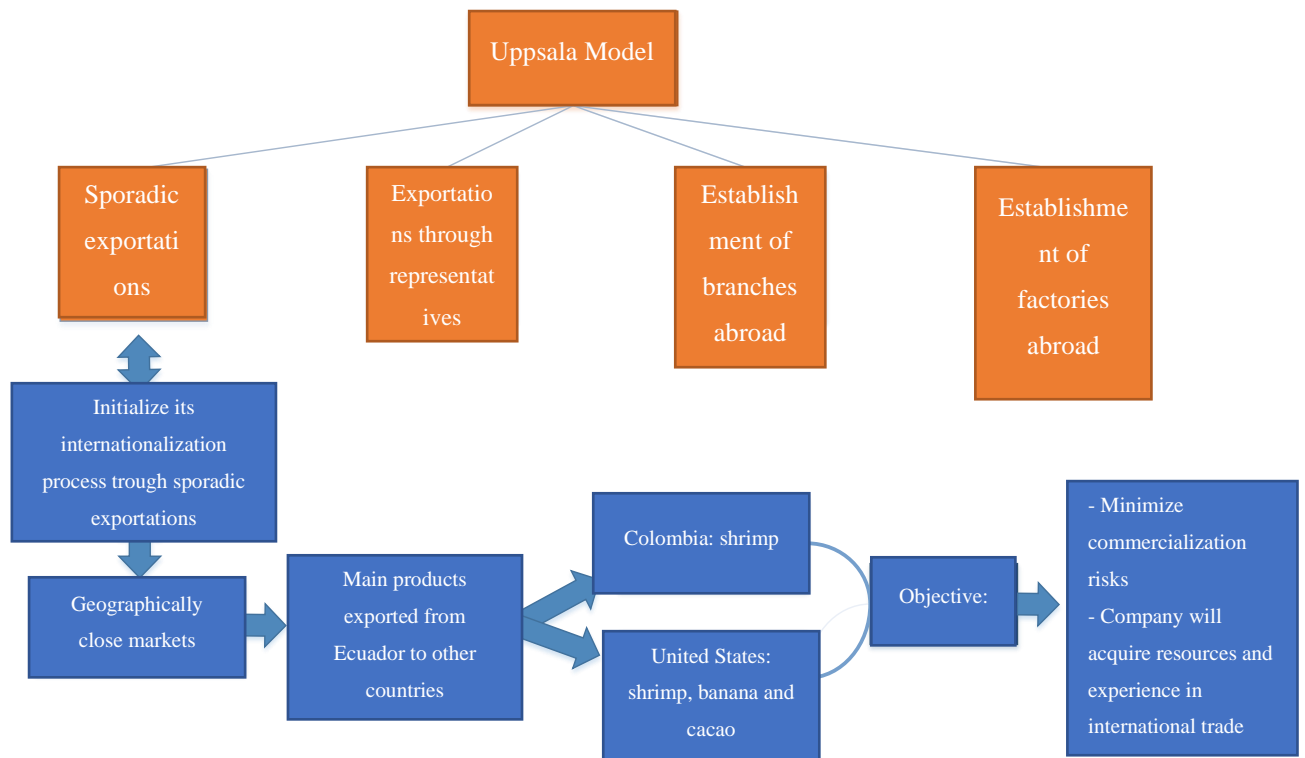


Illustration 10. Uppsala Model design
Made by: Belén Maldonado

4.2.2 Better practices adaptation – Benchmarking

The common stages of benchmarking techniques consist in the first place of a comparative evaluation with the leading company in the industry or the most competitive in the sector. In this case, the companies of the international food segment, specifically from Colombia, were identified, considering that it is one of the countries where the participation of MSMEs in exports is high.

Once the company or sector to which it is to be analyzed is identified, the second stage is learning through the identification of the best practices applied by these companies and comparison of the results obtained against the local company. According to the results obtained in this research, it was diagnosed that Colombian entities have a high potential for internationalization since in most of the variables analyzed (administrative, financial, production and commercialization) they have more advantages than disadvantages. In addition, most of the local companies of Cuenca, Paute and Guachapala have a low potential for internationalization, so it becomes important to apply the strategic benchmarking tool.

Finally, the third stage culminates with the improvement process, in which, through the analysis of best practices against the local company, an action plan with strategies is developed.

Table 26. Application of benchmarking tool to internationalize

Objective:	Identify the best practices that have led to internationalization of companies in the MSME segment of the food sector located in Colombia.		
Stages	1. Comparative evaluation	Identify the most competitive companies Identify the most competitive companies in the foreign market	MSMEs food sector Colombia
		Comparison of the results and processes of the company with one of the competitors	Analysis of critical success factors of companies
	2. Learning	Identification of best practices	Certifications that need optimal and adequate facilities
			Support from government entities to internationalize (Export Coaching Programs)
			Support and promotion of electronic commerce electronic commerce as a practice to export
			Use of new technologies
			Value-added products and services
			Differentiation
			Product image according to problems
			Sufficient product information
Timely response to customer inquiries			
Ability to export and replenish time			
Financial planning			
Strategic Export Plan			

3. Improvement	Analysis of the results obtained among international MSMEs against the local organization	Key and specific stage of Benchmarking
	Improvement plan	Development, implementation and monitoring of the action plan.
		The action plan must be clearly expressed in time and resources
	Your implementation of being flexible	

Made by: Belén Maldonado

Based on the stages mentioned in Table 27, the processes of evaluation and identification of best practices were diagnosed by means of the field study and review of the theoretical research, therefore, to complement the analysis carried out, it is presented the development of the strategic action plan based on the application of the critical success factors.

Action plan strategies

	Strategic areas	Strategies based on Better practices
Administrative area	Enterprise infrastructure	Obtain certifications that guarantee optimal facilities for the correct development of internal activities, as well as the certification of the product according to quality standards
	Administrative management	<ul style="list-style-type: none"> - Join international entities and chambers of commerce - Undertake marketing processes through the use of electronic commerce - Improve product image by investing in better quality packaging - Provide sufficient information on the product offered by the company through a corporate website and use of social networks.
	Technology development	<ul style="list-style-type: none"> - Take advantage of new technologies to establish trade relations with foreign clients - Implement software for the design of product prototypes for the best appreciation of the customer, promoting and motivating the purchase
Production area	Logistics and production operations	<ul style="list-style-type: none"> - Obtain patents and industrial designs, as well as train personnel in the production area - Implement a product packaging and packaging system for export processes - Improve raw material procurement processes through the use of inventories
Financial area	Financial planning	Perform strategic planning on possible external financing systems, which assesses the one that presents the best conditions to acquire credit and allocate it to the improvement of the company for the acquisition of new machinery and product improvement
Commercial area	Marketing and sales	<ul style="list-style-type: none"> - Design a corporate website and have a presence in the main social networks that allow interacting with the client, making the purchase selection possible. - Design a digital catalog of the product/s to appreciate its characteristics and specifications. - Have different payment systems for customer comfort and reliability.
	After sales service	<ul style="list-style-type: none"> - Adapt online customer service through the company's web platform that has the option of a user-company chat - Provide the option on the website of the company where the client can make complaints and suggestions

Illustration 11. Strategies design, according to international better practices

Table 27. Action plan

Strategic subarea	Strategy	Tactics	Responsible
Company Infrastructure	et certifications	ISO 9001	Administrative director
Administrative management	Join international entities and Chambers of Commerce	Join the Chamber of Commerce of Cuenca	
	Undertake marketing processes through the use of electronic commerce	E-commerce: purchase or sale of products or services through electronic means	
	Improve the product image	Better packaging presentation	
	Provide sufficient product information	Design of a web page	
Technology development	Take advantage of new technologies to establish trade relations with foreign clients.	Implement software for product prototype design	
Logistics and production operations	Improve production processes	Obtain patents and industrial designs	Production manager
	Implement a product packaging and packaging system		
	Improve raw material acquisition processes	Inventory system management	
Financial planning	Perform strategic planning	Get bank credit	Administrative boss
Marketing and sales	Design a digital catalog of the product / s that allows to appreciate its characteristics and specifications.	Digital catalog and product data sheets	Sales Manager
	Have different payment systems for customer comfort and reliability	PayPal payment system	
After Sales Service	Online customer service	Online chat and digital suggestion box	

Made by: Belén Maldonado

Conclusions

Once this research was developed, the following conclusions are presented:

- Foreign trade and internationalization processes have arisen because of the need to exchange goods and services that could not be produced in a country due to lack of resources or inequalities between countries. The first theories of foreign trade focused on analyzing these differences to determine the ability to specialize in goods or services with an absolute advantage. On the other hand, the new theories or models of internationalization focus on incorporating differences between business organizations. Also, benchmarking theory proposes to welcome the best practices of leading industries in the analysis segment and achieve internationalization.
- According to field research, it was determined that the majority of MSMEs in the food sector, in Cuenca, Paute and Guachapala, have a low potential to internationalize. The analyzed variables allowed us to know that these entities have deficient administrative, productive, financial and commercial processes, which causes a disadvantage to undertake international trade operations.
- According to the data of the study based on the main critical success factors for the internationalization of MSMEs, it is concluded that, in Ecuador, there is a high potential of companies to enter the foreign market due to factors such as skilled labor, better product quality, corporate social responsibility and care for the environment. However, at the local level in Cuenca, Paute and Guachapala there are very few companies in the food sector with a high percentage of internationalization, the majority being qualified with low potential due to the lack of strategic planning and specialized employees in organizational management.
- Counteracting these results with the best practices of Colombian MSMEs, it was obtained that these entities maintain certifications and support from government entities that promote electronic commerce to internationalize. Faced with this

scenario, the opportunity and ease for local companies to adopt these strategies and position themselves in the foreign market is evident.

- Based on the investigation, it was determined that it is essential to make known to MSMEs entrepreneurs the best practices used by the companies that have succeeded in internationalization. Therefore, the strategic model proposed was based on the application of sporadic or non-regular export activities proposed in the Uppsala model; as well as the adaptation of the best practices proposed in the benchmarking tool.

Recommendations

- The benchmarking model and the adoption of best practices, according to its definition should be a systematic and continuous process. The application of the model and its proper management is recommended to allow the respective monitoring of the results and objectives achieved.
- For the implementation of the strategic action plan, it is suggested to implement indicators according to the objectives attainable, measurable and framed over time, specific to each company, which allow the quantitative identification of the current situation in order to know the progress and effectiveness of the strategies and best practices adopted.
- It is recommended that government institutions increase the support granted to MSMEs in the food sector in order for companies to internationalize, which in turn will improve the image of the national economy. For example, Colombia has supported the MSMEs segment through international programs promoting export.
- Companies classified as MSMEs should know the importance of applying business development models based on the critical success factors that other companies have had, which that are a benchmark in the food sector, taking those most viable strategies and evaluating the errors that exist in the internal processes of each company that generates difficulty in entering the international market and not fulfilling its objectives in the long term.
- It is also advisable that companies that have a low potential for internationalization specialize in the goods they sell, looking for competitive advantages and incorporating added value either in the product or in the service. Improve the investment in the presentation of the final product, to cause greater impact in the foreign market, complying with the necessary regulations and certifications that guarantee its consumption and loyalty of the customer.

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ANEXOS

Anexo 1. Modelo de encuesta

Benchmarking

Cuestionario

1. Información general

Nombre de la empresa:

Ubicación:

Actividad principal:

Número de empleados formales que laboran en la empresa:

- Menos de 10 _____
- De 10 a 20 _____
- De 21 a 30 _____
- Más de 30 _____

1.2 Complete la siguiente información relativa al producto principal de mayor representatividad de su planta:

Nombre:

Precio promedio unitario:

- Menos de 1 dólar _____
- De 1 a 5 dólares _____
- De 6 a 10 dólares _____
- De 11 a 15 dólares _____
- Más de 15 dólares _____

1.3 ¿Hace cuantos años inició las operaciones de la planta?

- Menos de 5 años _____
- De 5 a 10 años _____
- De 11 a 20 años _____
- Más de 20 años _____

1.4 Aproximadamente ¿Qué porcentaje de la producción (unidades) se realiza considerando las siguientes modalidades de colocación de productos?

- Basada en los propios pronósticos de demanda _____%
- Realizada bajo pedido específico _____%
- Diseño y construcción bajo pedido _____%

Total 100%

1.5 Durante el año pasado ¿cómo se distribuyeron las ventas?

- Consumidores finales e institucionales _____%
- Otros fabricantes _____%
- Mayoristas/Distribuidores _____%

Total 100%

1.6 Señale dónde colocó principalmente las ventas netas en los últimos dos años:

- Mercado local _____%
- Mercado internacional _____%
- **Total 100%**

1.7 Señale cuáles fueron durante los dos últimos años los mercados externos donde colocó los productos:

- Estados Unidos de América _____
- Canadá _____
- Centroamérica y el Caribe _____
- América del Sur _____
- Europa _____
- Asia y Pacífico Sur _____
- África _____
- Otros _____

1.8 Si las ventas internas se destinan a otra(s) empresa(s) que exportan de manera significativa (exportación indirecta), ¿qué porcentaje de sus ventas netas coloca a dicho(s) cliente(s)?

_____ %

1.9 ¿Se encuentra implantando procesos formales y sistemáticos de mejoramiento continuo en la planta?

- Ningún proceso en curso _____
- Algunos procesos en implantación _____
- Proceso formal implantado para toda la planta _____
- No aplica/desconoce _____

1.10 Ordene del 1 al 8 los siguientes factores según lo que Ud. considera importante a la hora de incursionar en el mercado internacional; siendo 1 el más importante y 8 el menos importante.

Área Administrativa	Valor 1 al 8
Interés en exportar	
Considerar las necesidades de los mercados de Exportación	
Cumplir con sus objetivos, de acuerdo a sus indicadores de gestión	
Considerar las necesidades de los mercados locales	
Contar con manuales de procedimientos – o procesos	
Contar con descripciones de cada trabajo	
Nivel de instrucción mínimo para las jefaturas en las áreas de la empresa	
Crecimiento constante de la empresa	

1.11 Señale cuáles de estas filosofías y prácticas ha implantado en la planta

	No adaptadas	Alguna Adopción	Adopción generalizada	No aplica/no sabe
Prácticas de reingeniería de procesos de producción				
Prácticas de delegación de poder de decisión a grupos de trabajadores				
Operación de grupos de trabajo multifuncionales o que corresponden a diferentes áreas de la empresa				
Reducción de los ciclos de tiempo en los procesos de producción				
Optimización en el programa de mantenimiento de la maquinaria y equipo				
Nuevas tecnologías de proceso y equipo				
Nuevas tecnologías de información				
Racionalización del número de proveedores				
Sistemas de planeación y programación de la producción				
Prácticas de subcontratación de procesos y/o componentes específicos (Outsourcing estratégico)				
Optimización en el uso de los servicios (energía, agua, teléfono y otros.				
Estrategias de manufactura ágil				
Programas de calidad total				

1.12 Determine el grado de afectación que implican los siguientes factores competitivos en el éxito del desempeño de la planta.

	Ningún obstáculo	Algún obstáculo	Obstáculo importante
Competencia externa			
Regulación gubernamental excesiva			
Mercado deprimido			
Relaciones Laborales			
Niveles de capacitación de la mano de obra			
Necesidad de modernización			
Acceso a capital o recursos financieros			
Costos de los insumos			
Costos internos			

Calidad			
Ciclos de tiempo para la producción			
Atención y satisfacción al cliente			

1.13 Comparando con los dos años anteriores ¿qué espera de la tasa de inversión de capital para la planta en los siguientes dos años?

- Incrementarla _____ Disminuirla _____
- Mantenerla igual _____ No aplica/no sabe _____

1.14 Complete la siguiente información (introducir la cantidad sin comas, símbolos o espacios intermedios)

	2017	2018
Ventas netas		
Compras de materias primas y partes		
Sueldos/salarios, prestaciones sociales y adicionales		
Contratos adicionales de personal con terceros		
Pagos por energía (electricidad, gas, petróleo y otros)		
Servicios auxiliares (agua, teléfono y otros)		
Otros pagos por servicios a terceros y gastos de administración		

2. Producción y logística

2.1 ¿Marque con una x si la empresa ya cumplía con los siguientes factores a la hora de incursionar en un mercado internacional?

- Patente de productos _____
- Registro de marca _____
- Permisos de funcionamiento _____
- Registro de la empresa _____
- Instalaciones adecuadas _____

2.2 En un rango del 1 al 5 ¿cuán competitivo considera el producto con base a la competencia internacional?, siendo 1 nada competitivo y 5 altamente competitivo

- Precio _____
- Calidad _____
- Costos de producción _____

2.3 ¿Cuáles de las siguientes prácticas para la manufactura son adoptadas en su planta?

	No adoptadas	Alguna adopción	Adopción generalizada	No aplica/no sabe
Aplicación de técnicas sistemáticas que permiten reducir los tiempos de cambio de modelos /tiempos de arranque de las máquinas, mejorando la flexibilidad de la planta, reduciendo el tamaño de lotes y los ciclos de tiempo para la manufactura.				

Configuración y estructura de la organización en la cual el personal y el equipo es agrupado para crear pequeños negocios independientes, cada cual con una línea de productos o grupos de clientes.				
Busca eliminar actividades que no generan valor agregado a sus productos, tales como inspección, movimientos innecesarios del material, inventarios, esperas, retrabajos y personal innecesarios.				
Mantenimiento preventivo de la maquinaria y equipo.				
Administración de la calidad total				
Proceso asistido por computadora para la medición de a variabilidad del proceso de producción.				
Programas formales que comparan las prácticas y resultados de desempeño de la planta con los mejores competidores o con los que realizan operaciones similares (Benchmarking competitivo)				
Programas de mejoramiento de la seguridad incluyendo, entre otros, capacitación especializada, el establecimiento de metas de seguridad, premio por bajo número de accidentes (<i>Safety-improvement programs</i>).				
Políticas proactivas respecto al medio ambiente con independencia o previas a las que establezca la autoridad regulatoria (<i>Proactive environmental compliance</i>).				

2.4 Valore del 1 al 10 los siguientes factores según lo que Ud. considera importante a la hora de incursionar en el mercado internacional; 10 muy importante y 1 sin importancia.

Área de Producción	Valor 1 al 10
Criterio técnico para la compra de materia prima	
Patentar productos	
Registrar marca	
Poseer permisos y registros	
Procedimiento para el control de calidad en todos sus procesos	
Poseer instalaciones adecuadas	
Empaque o envase con un correcto etiquetado	
Llevar un registro de calificación de los proveedores para los diferentes insumos y servicios requeridos por la empresa	
Cumplir los requerimientos de manejo ambiental para su industria	
Contar con programas para reutilizar y reducir los desperdicios	
Nivel tecnológico avanzado de su maquinaria	
Innovación en los procesos	
Innovación en el producto	

2.5 ¿Cuál es el rango de tiempo para el proceso de producción se haya reducido en los pasados cinco años?

- Ninguna reducción _____
- 1 -10% _____
- 11 – 20% _____
- 21 – 50% _____
- 51 – 75% _____
- Más del 75% _____

2.6 Respecto de la utilización de la maquinaria y equipo:

Señale las horas máquina utilizadas para la producción durante el año calendario anterior. Considere los elementos anotados para la pregunta anterior.

2.7 Señale cuáles de las siguientes prácticas de vinculación / relación con los proveedores son realizadas en la planta:

	No	Alguna	Adopción	No aplica / No sabe
a. Proveedores clave o principales entregan sus productos a la planta conforme al esquema justo a tiempo				
b. Proveedores clave o principales surten o completan inventarios de la planta sobre una base continua				
c. Proveedores son evaluados sobre costos totales y no sobre precios unitarios				
d. Proveedores se encuentran involucrados en el desarrollo de nuevos productos de la planta				
e. Se contratan anualmente con los proveedores reducciones de costos				
f. Se ha implementado un programa de racionalización del número de proveedores				
g. Existe un criterio o programa de certificación de proveedores				
h. Existen programas de desarrollo de proveedores donde estos se encuentran integrados al negocio				

2.8 ¿En los dos años usted ha adquirido algún programa (software) para programar la producción, control de inventarios o para compras?

- Si _____
- No _____
- No aplica/no sabe _____

3. Investigación y desarrollo

3.1 ¿Cuáles de las siguientes tecnologías y de las tecnologías basadas en sistemas son utilizadas intensivamente en la planta?

	No	Sí	No aplica
a. Cálculo sistemático de costos para cada operación (<i>Activity-based costing</i>)			
b. Planeación de recursos (<i>ERA: enterprise resource planning</i>)			
c. Manufactura integrada por computadora (<i>CIM: Computer-integrated manufacturing</i>)			
d. Simulación de procesos asistida por computadora (<i>Computerized process</i>)			
e. Intercambio electrónico de datos con los clientes (<i>EDI links customers</i>)			
f. Programas de estimaciones/administración de la demanda			
g. Conexiones Intranet			
h. Recepción de órdenes en línea (<i>Online order entry</i>)			
i. Conexiones Extranet			
j. Integración con proveedores (<i>Supply chain/logistic systems</i>)			
k. Planeación avanzada de procesos para la manufactura (<i>MRP II avanzado</i>)			
l. Diseño y manufactura asistido por computadora (<i>computer-aided design and manufacturing CAD/CAM</i>)			

m. Administración del mantenimiento asistido por computadora (<i>Computerized maintenance management</i>)			
n. Control estadístico de procesos asistido por computadora en tiempo real			
o. Intercambio electrónico de datos con los proveedores (<i>EDI links a proveedores</i>)			

3.2 Señale el número total de personas ocupadas de la planta que se dedican actualmente al desarrollo, innovación, adquisición, asimilación o transferencia tecnológica:

3.3 Señale el número total de patentes registradas o en proceso de registro que tiene la planta:

4. Calidad

4.1 Señale qué porcentaje de los trabajadores que intervienen en la producción han recibido capacitación o entrenamiento sobre conceptos estadísticos de calidad durante los últimos tres años.

- Trabajadores directos _%

4.2 ¿Qué certificado(s), ISO 9000 y/o QS 9000 ha recibido o tiene en proceso la planta?

- ISO 9000 _____
- QS 9000 _____
- Otros _____
- Se encuentra en proceso _____
- Ninguno _____

4.3 ¿Cuál es su percepción de cómo ha evolucionado la calidad de sus productos finales respecto de hace cinco años?

- Mejorado significativamente _____
- Mejorado relativamente _____
- Permanece igual _____
- Declinación relativa _____
- Declinación significativa _____

5. Comercialización

5.1 ¿Actualmente la empresa está en miras de un nuevo mercado internacional?

- Si _____
- No _____

5.2 ¿Cuál es el método de distribución logística de su producto?

- Intermediarios _____
- Venta directa _____
- Distribuidores grandes _____

5.3 ¿Realiza publicidad de su producto estrella en el mercado internacional?

- Si _____
- No _____

5.4 ¿Existe un área de especialidad enfocada en el área de internacionalizar su producto?

- Si _____
- No _____

5.5 Valore del 1 al 10 los siguientes Factores según lo que Ud. considera importante a la hora de incursionar en el mercado internacional; 10 muy importante y 1 sin importancia.

Área Comercial	Valor 1 al 10
Contar con una persona enfocada en el área de marketing y ventas	
Mercado meta claramente definido	
Producto con un claro valor agregado	
Logística para la distribución de los productos	
Explorar oportunidades de mercado para aumentar las ventas	

6. Recursos humanos y capacitación

6.1 ¿Cuál fue el promedio anual de capacitación y entrenamiento formal por trabajador en la planta?

- Menos de 8 horas
- De 8 a 20 horas
- De 21 a 40 horas
- Más de 40 horas

6.2 ¿Cuál fue la rotación de trabajadores (cociente del personal que dejó de laborar en la planta y el total del personal ocupado por cien) en el año anterior?

- Menos del 3%
- 3-5%
- 6-10%
- 11-15%
- 16-20%
- Más del 20%

6.3 ¿Cuál es el porcentaje aproximado del total del personal ocupado que se encuentra participando en equipos de trabajo y que cuentan con capacidades de decisión o de autodirección?

- 0%
- 1-25%
- 26-50%
- 51-75%
- 76-99%
- No aplica/no sabe

7. Contribución a la calidad ambiental

7.1 Señale si realiza las siguientes prácticas en su planta:

Existe un procedimiento establecido para identificar los impactos de la operación de la planta sobre el medio ambiente:

- Existe
- Podría mejorarse
- No existe
- No aplica/no sabe

El programa de control y administración ambiental incluye la definición de responsables y medios para alcanzar los objetivos y metas preestablecidas:

- Si
- No
- Parcialmente
- No aplica/no sabe

7.2 Señale si realiza las siguientes prácticas en su planta:

	No	Si	No aplica
¿Tiene metas cuantitativas preestablecidas para la reducción de emisiones al aire?			
¿Tiene metas cuantitativas preestablecidas para la reducción de descargas de agua residual o de desperdicio?			
¿Tiene metas cuantitativas preestablecidas para la reducción en el uso de productos químicos?			
¿Tiene metas cuantitativas preestablecidas para la reducción en el consumo de energéticos?:			
¿Tiene metas cuantitativas preestablecidas de reducción en el consumo de agua?			
¿Tiene metas cuantitativas preestablecidas para la reducción de desechos peligrosos?			
¿Tiene metas cuantitativas preestablecidas para la reducción del ruido?			

8. Finanzas y negocios

8.1 ¿Considera Ud. que las fuentes de financiamiento externo juegan un rol importante en el éxito de su empresa?

- Si
- No
- Parcialmente

8.2 ¿De dónde obtiene los recursos para financiar la inversión?

- Recursos propios/utilidades

- Socios accionistas
- Entidades financieras

8.3 ¿El dinero adquirido en préstamos o utilidades se invierte para?

- Publicidad
- Marketing
- Innovación
- Nueva maquinaria
- Tecnología
- Capacitaciones al personal
- Otros

8.4 Para finalizar valore del 1 al 10 los siguientes factores según lo que Ud. considera importante a la hora de incursionar en el mercado internacional; 10 muy importante y 1 sin importancia.

Área Financiera	Valor 1 al 10
Poseer fuentes de financiamiento externo	
Capacidad para adquirir maquinaria e insumos para la mejora continua	
Invertir con el objetivo de innovar	
Planificar los gastos futuros	
Presupuesto definido para las Actividades de Marketing y Ventas	

Anexo 2. Resultados de la encuesta

Nombre de la empresa

3 respuestas

Industrias Alimenticias Valenpa S.a.s

Industrias Alimenticias Dumbo Ltda

INDUSTRIAS ALIMENTICIAS EL TREBOL S A

Ubicación

3 respuestas

CL 51 9 21 , SOACHA, CUNDINAMARCA, COLOMBIA

CALLE 21 82 A 153, MEDELLIN, ANTIOQUIA

LUGAR CORREGIMIENTO DE SANJON DE PIEDRA, ANDALUCIA, VALLE

Actividad principal

3 respuestas

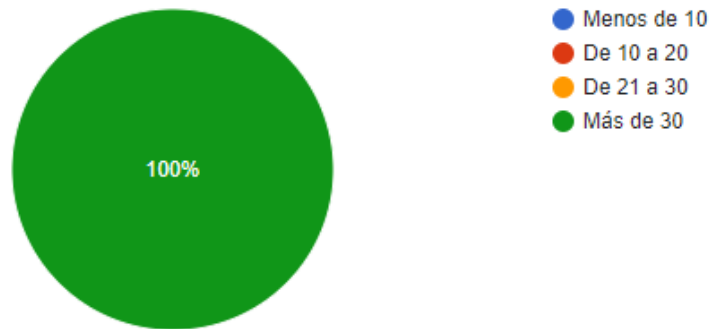
Elaboración de cacao, chocolate y productos de confitería

Procesamiento y conservación de carne y productos carnicos

Elaboracion de panela

Número de empleados formales que laboran en la empresa

3 respuestas



Nombre del producto principal de mayor representatividad de la planta

3 respuestas

Café
Carne
Panela

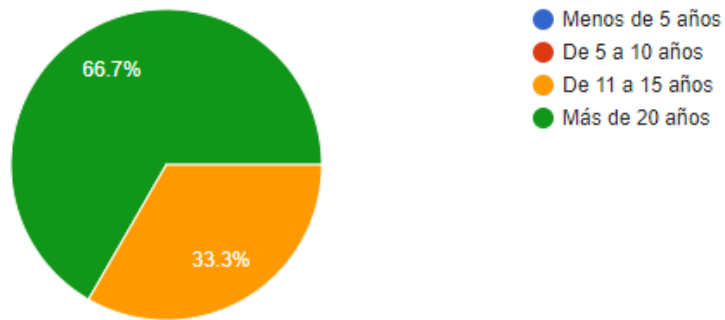
Precio promedio unitario producto principal de mayor representatividad de la planta

3 respuestas



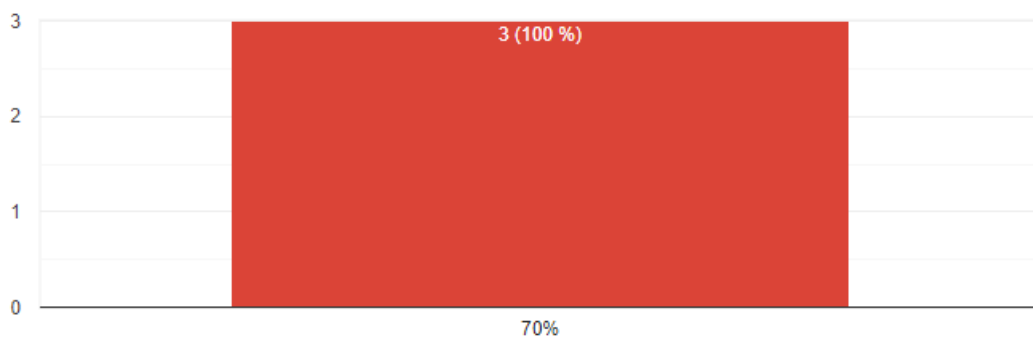
Hace cuantos años inició la operación de la planta

3 respuestas



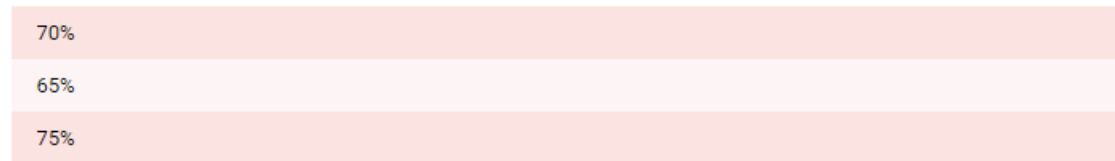
Aproximadamente qué porcentaje de la producción (unidades) se realiza basada en los propios pronósticos de demanda

3 respuestas



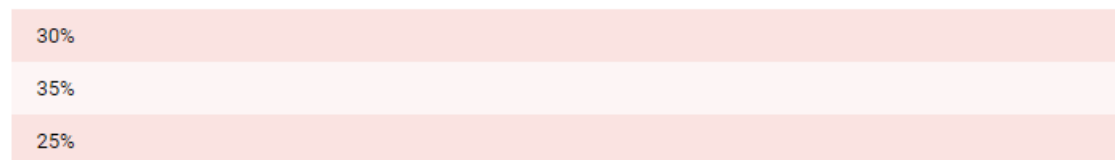
Aproximadamente qué porcentaje de la producción (unidades) se realiza bajo pedido específico

3 respuestas



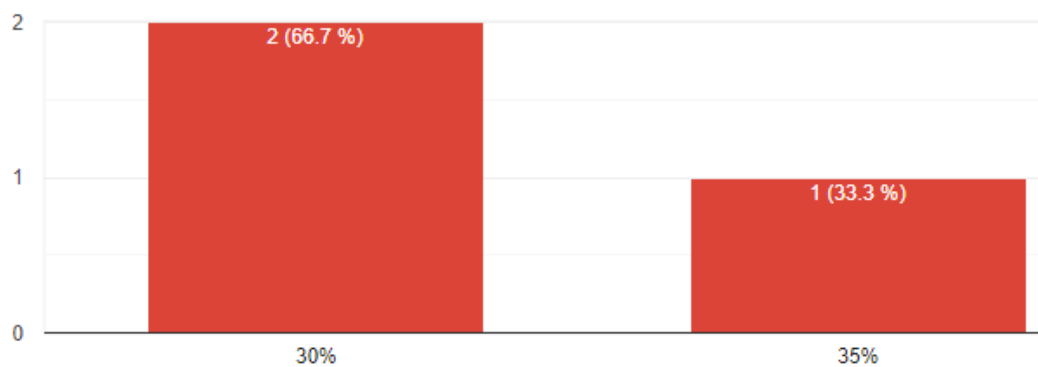
Aproximadamente qué porcentaje de la producción (unidades) se realiza considerando el diseño y construcción bajo pedido

3 respuestas



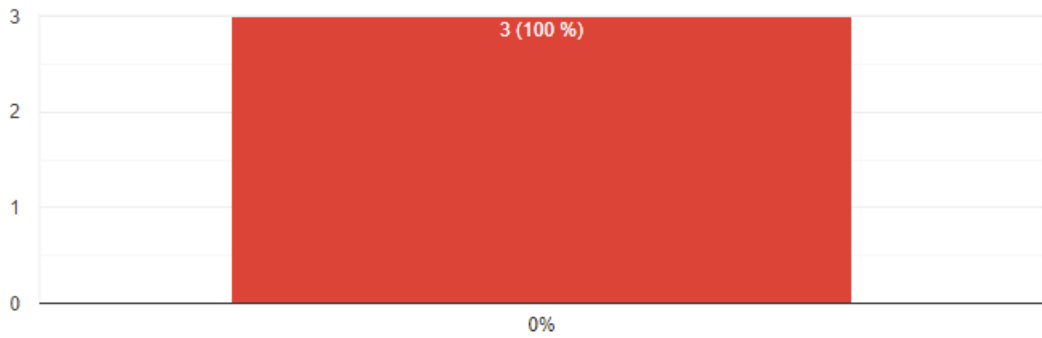
Durante el año pasado qué porcentaje de las ventas se distribuyeron a consumidores finales e institucionales

3 respuestas



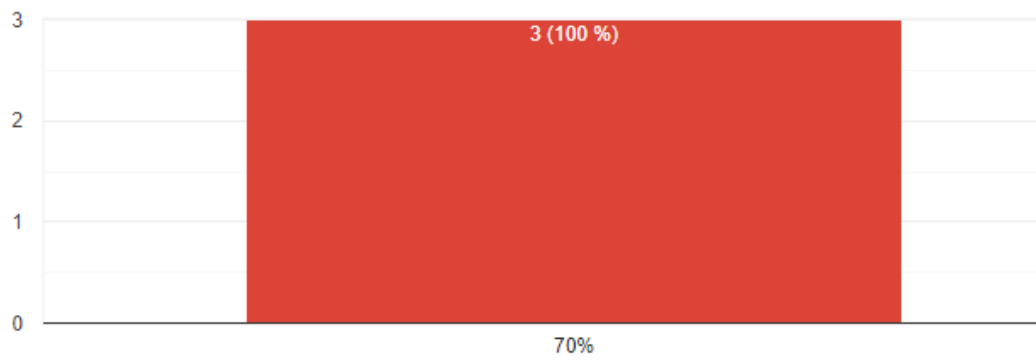
Durante el año pasado que porcentaje de las ventas se distribuyeron a otros fabricantes

3 respuestas



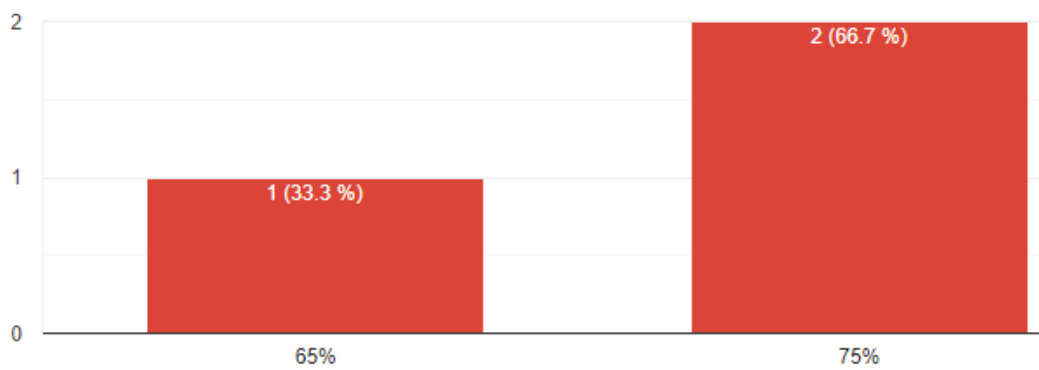
Durante el año pasado que porcentaje de las ventas se distribuyeron a mayoristas/distribuidores

3 respuestas



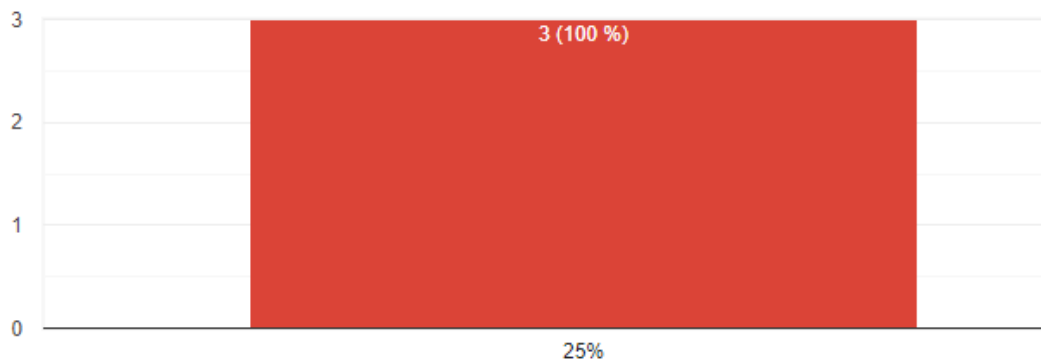
Que porcentaje de ventas netas se colocó en el mercado local

3 respuestas



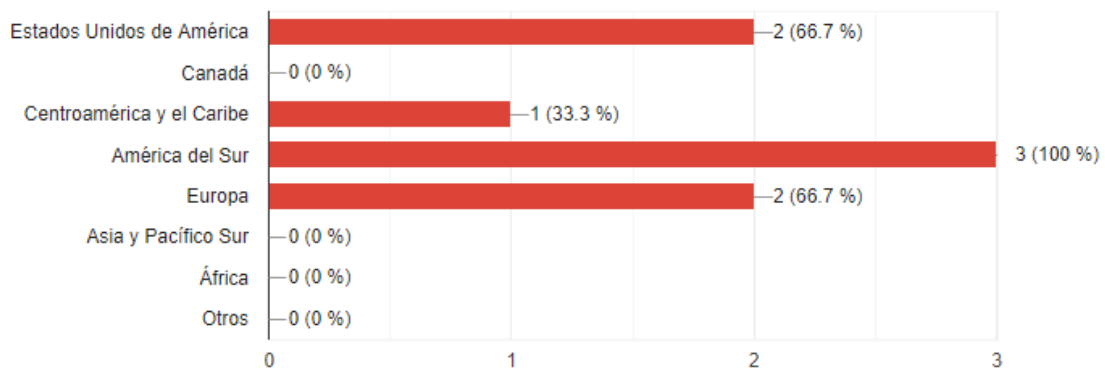
Que porcentaje de ventas netas se colocó en el mercado internacional

3 respuestas



Señale cuáles fueron durante los dos últimos años los mercados externos donde colocó los productos

3 respuestas



Si las ventas internas se destinan a otra(s) empresa(s) que exportan de manera significativa (exportación indirecta), ¿qué porcentaje de sus ventas netas coloca a dicho(s) cliente(s)

3 respuestas

No se realiza exportación directa
No se realiza exportación

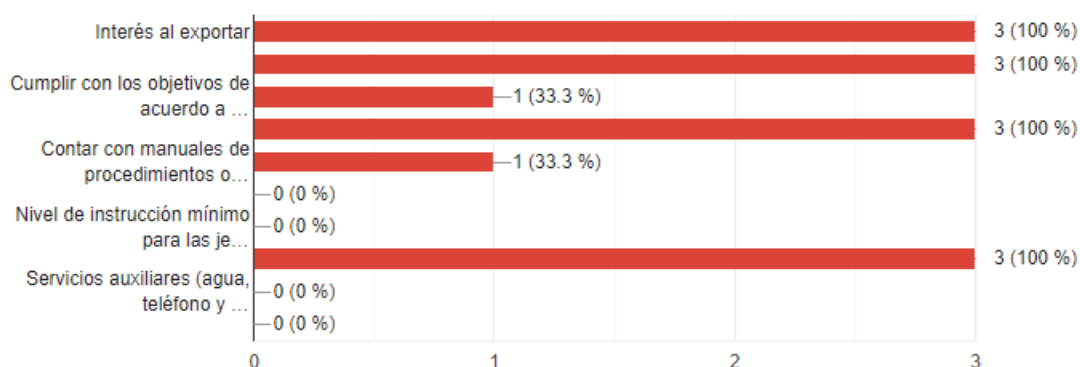
Se encuentra implantando procesos formales y sistemáticos de mejoramiento continuo en la planta


3 respuestas

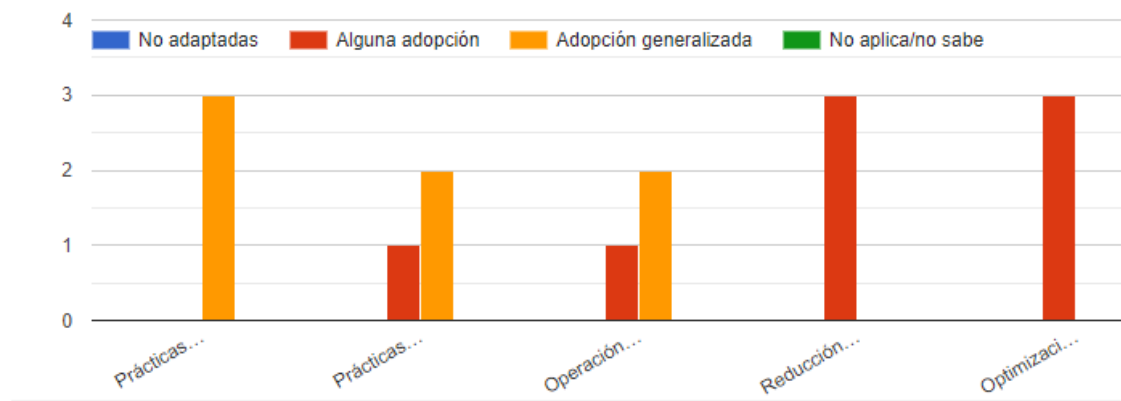


Qué factores considera importante a la hora de incursionar en el mercado internacional

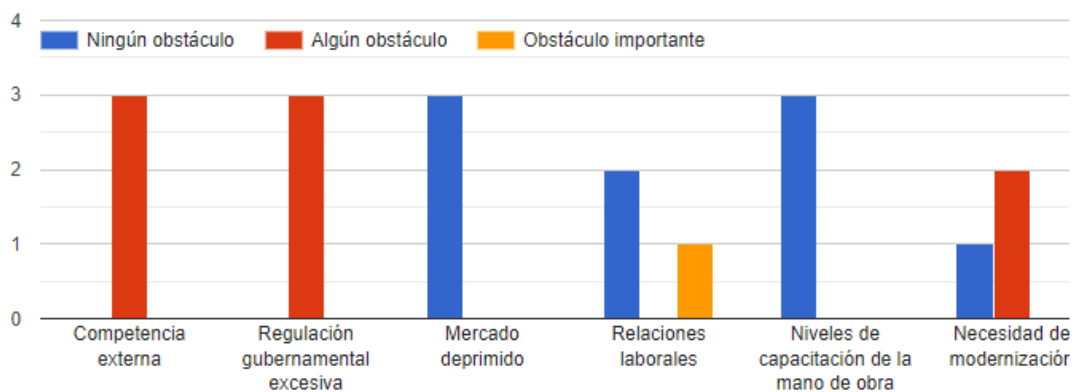
3 respuestas



Señale cuáles de estas filosofías y prácticas ha implantado en la planta 



Determine el grado de afectación que implican los siguientes factores competitivos en el éxito del desempeño de la planta



Comparando con los dos años anteriores ¿qué espera de la tasa de inversión de capital para la planta en los siguientes dos años?

3 respuestas



Indique el valor de las ventas netas para los años 2017 y 2018

3 respuestas

1786694
1886695
1300000

Indique el valor de las compras de materias primas y partes en los años 2017 y 2018.

3 respuestas

500.000,00

700.00,00

200.000,00

Indique el valor de sueldos /salarios, prestaciones sociales y adicionales en los años 2017 y 2018

3 respuestas

140.000,00

903.600,00

662.640,00

Indique el valor de los contratos adicionales de personal con terceros para los años 2017 y 2018.

3 respuestas

0,00

Indique el valor por energía (electricidad, gas, petróleo y otros) para los años 2017 y 2018.

3 respuestas

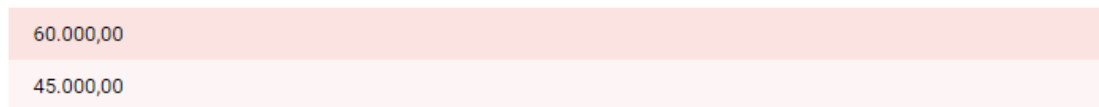
40.000,00

50.000,00

35.000,00

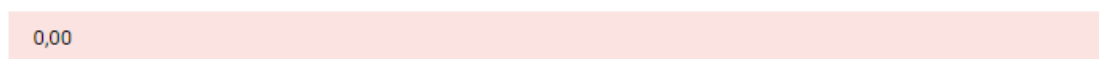
Indique el valor por servicios auxiliares (agua, teléfono y otros) para los años 2017 y 2018.


3 respuestas



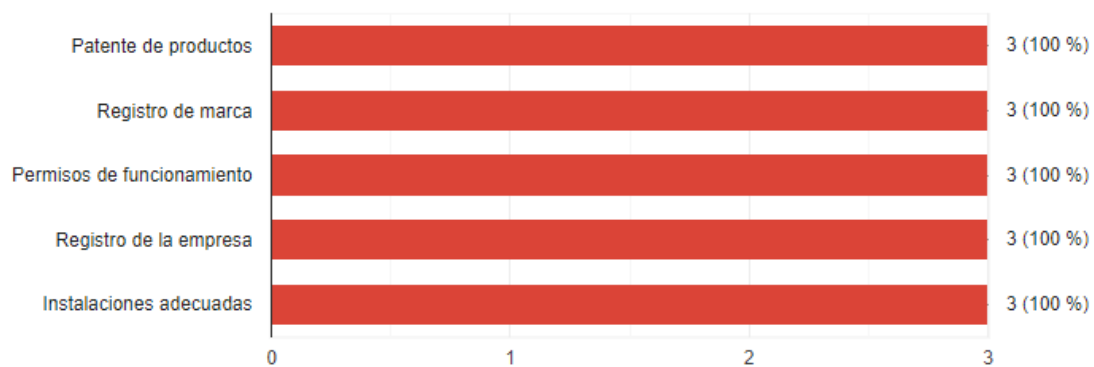
Indique el valor por otros pagos por servicios a terceros y gastos de administración para los años 2017 y 2018

3 respuestas



¿Marque con una x si la empresa ya cumplía con los siguientes factores a la hora de incursionar en un mercado internacional? 

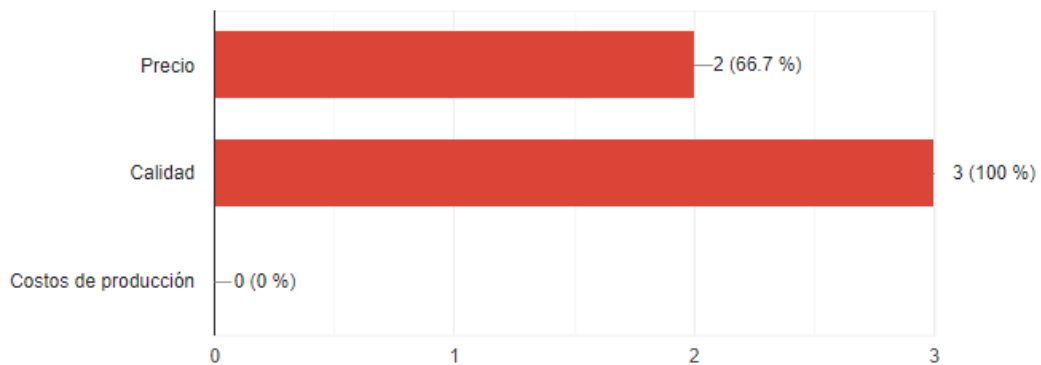
3 respuestas



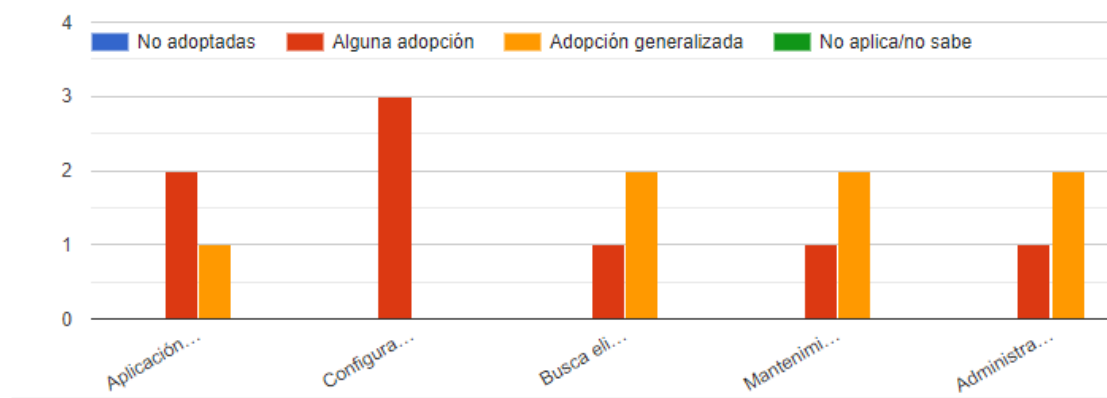
Cual de los siguientes factores del producto considera importante con base a la competencia internacional.



3 respuestas



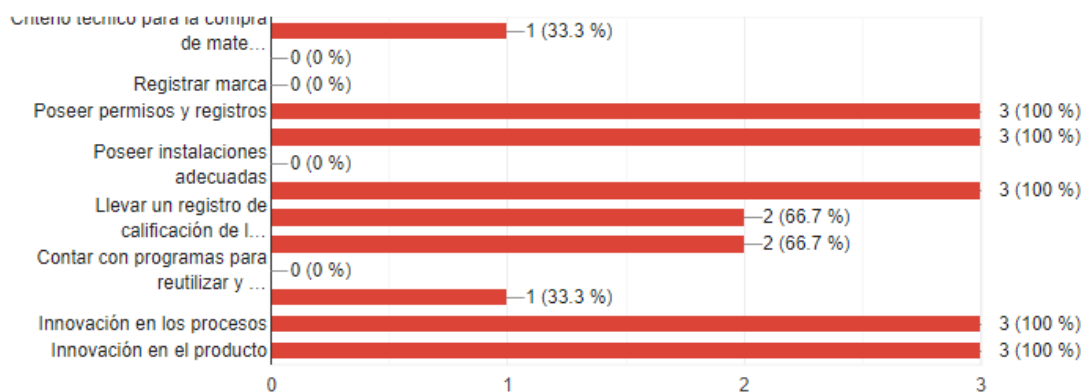
¿Cuáles de las siguientes prácticas para la manufactura son adoptadas en su planta?



¿Qué factores considera importante a la hora de incursionar en el mercado internacional?



3 respuestas



¿Cuál es el rango de tiempo para el proceso de producción se haya reducido en los pasados cinco años?

3 respuestas

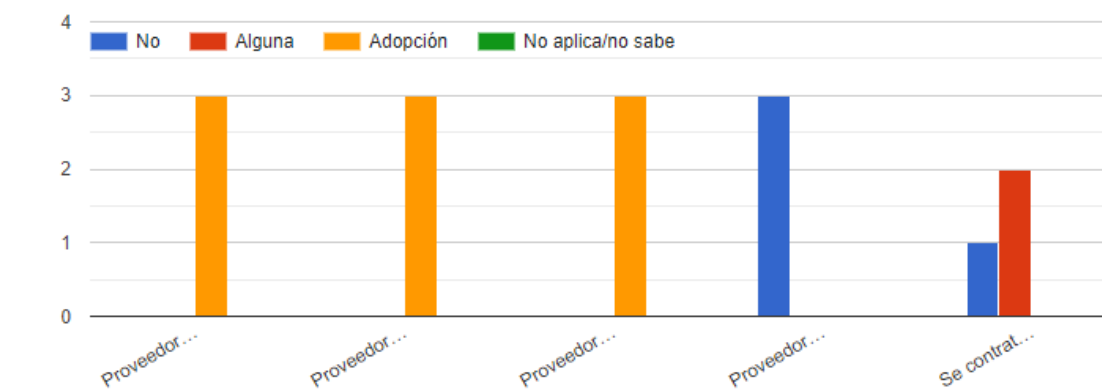


Señale las horas máquina utilizadas para la producción durante el año calendario anterior. Considere los elementos anotados para la pregunta anterior.

3 respuestas

1924
1920

Señale cuáles de las siguientes prácticas de vinculación / relación con los proveedores son realizadas en la planta

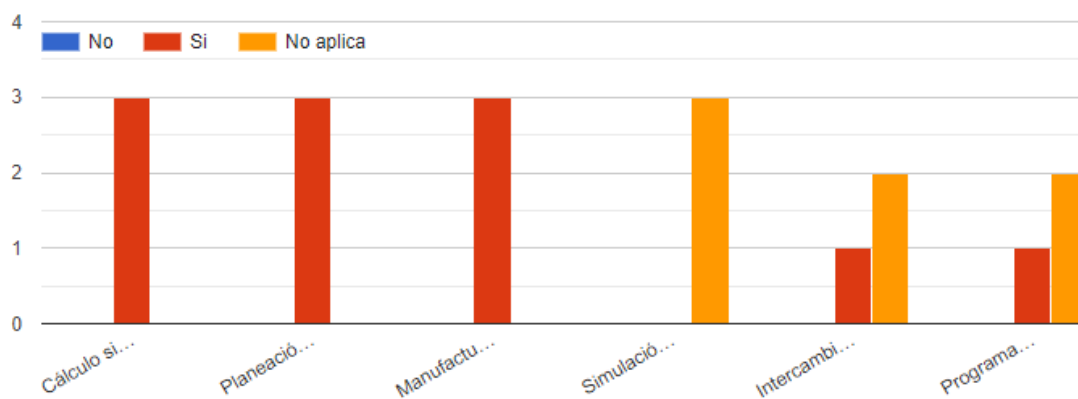


¿En los dos años usted ha adquirido algún programa (software) para programar la producción, control de inventarios o para compras?

3 respuestas

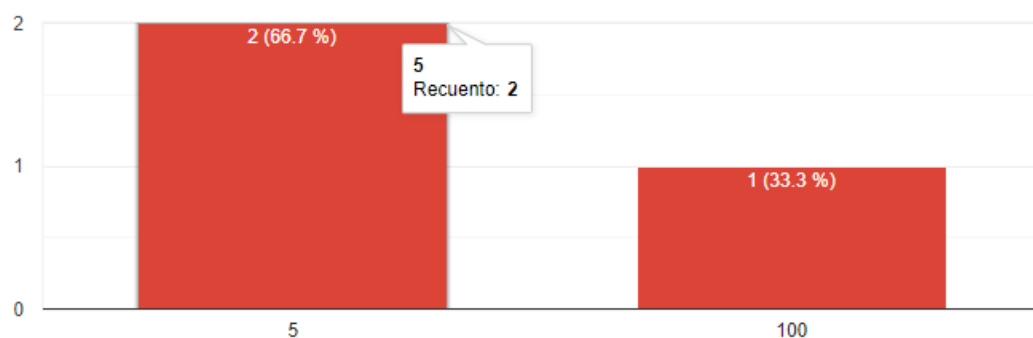


¿Cuáles de las siguientes tecnologías y de las tecnologías basadas en sistemas son utilizadas intensivamente en la planta?



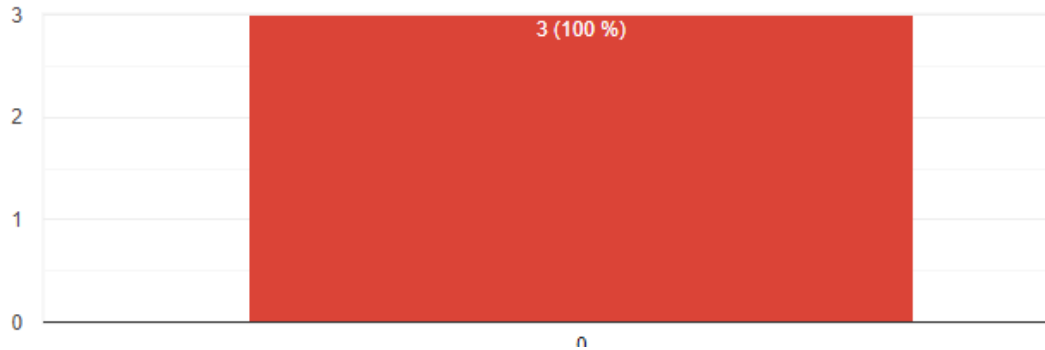
Señale el número total de personas ocupadas de la planta que se dedican actualmente al desarrollo, innovación, adquisición, asimilación o transferencia tecnológica

3 respuestas



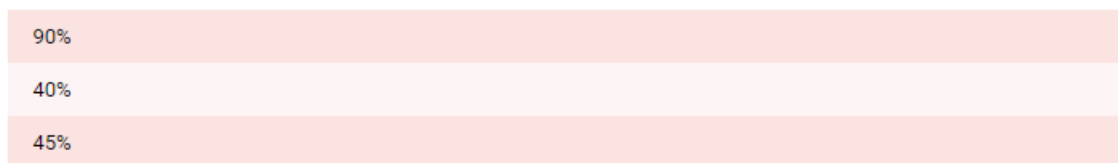
Señale el número total de patentes registradas o en proceso de registro que tiene la planta

3 respuestas



Señale qué porcentaje de los trabajadores que intervienen en la producción han recibido capacitación o entrenamiento sobre conceptos estadísticos de calidad durante los últimos tres años

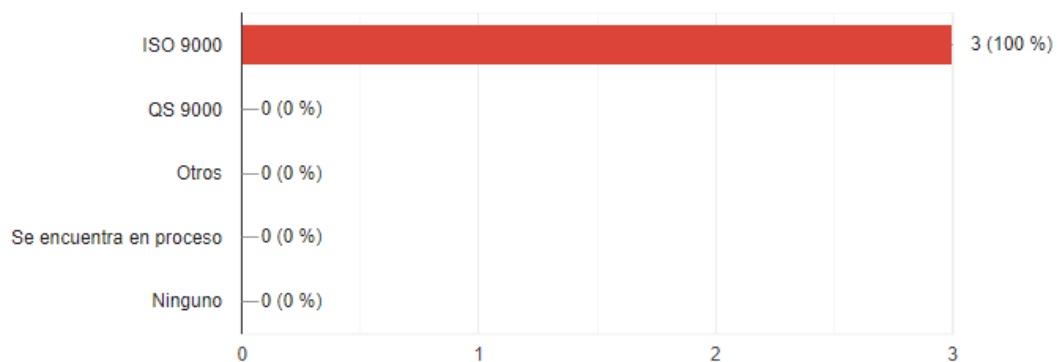
3 respuestas



¿Qué certificado(s), ISO 9000 y/o QS 9000 ha recibido o tiene en proceso la planta?

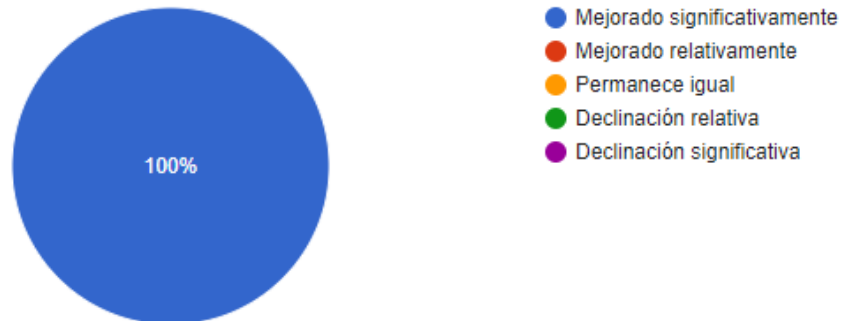


3 respuestas



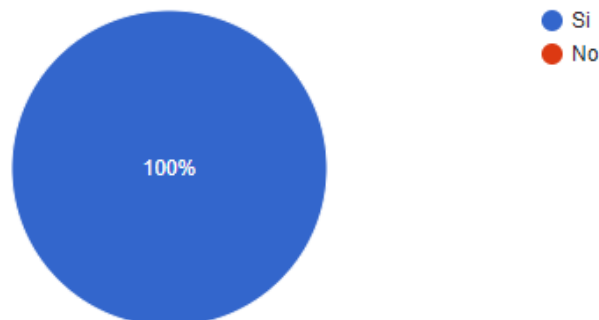
¿Cuál es su percepción de cómo ha evolucionado la calidad de sus productos finales respecto de hace cinco años?

3 respuestas



¿Actualmente la empresa está en miras de un nuevo mercado internacional?

3 respuestas



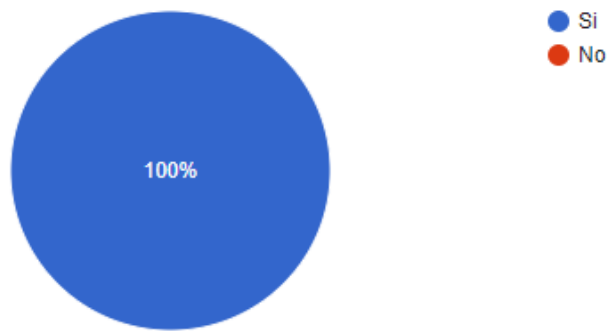
¿Cuál es el método de distribución logística de su producto?

3 respuestas



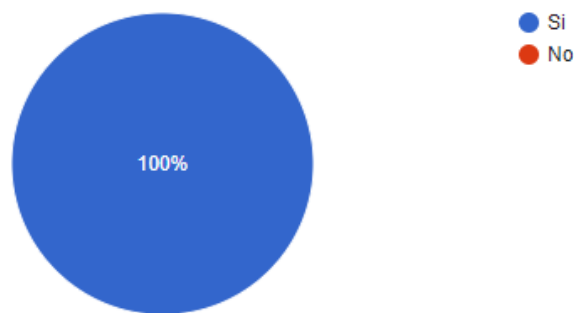
¿Realiza publicidad de su producto estrella en el mercado internacional?

3 respuestas



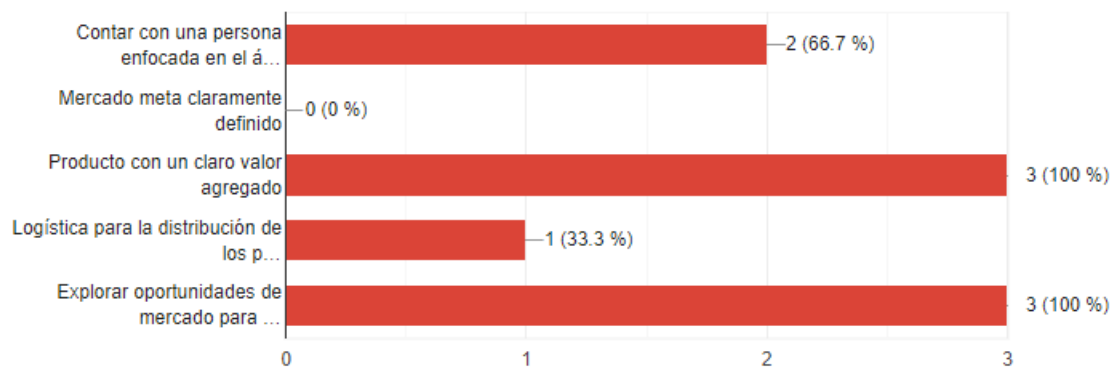
¿Existe un área de especialidad enfocada en el área de internacionalizar su producto?

3 respuestas



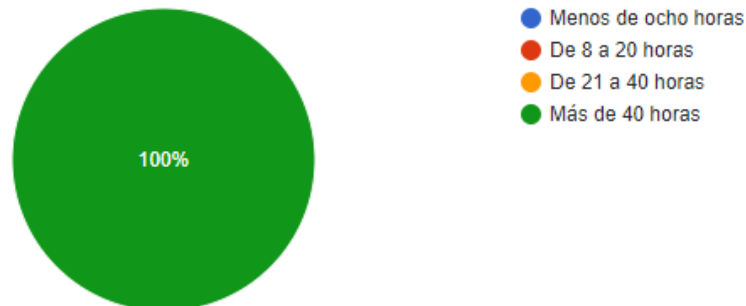
Qué factores considera importante a la hora de incursionar en el mercado internacional

3 respuestas



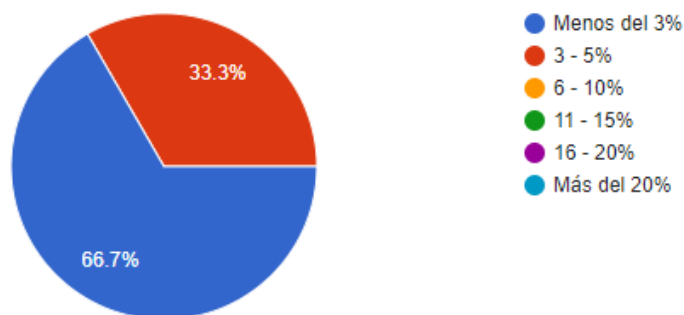
¿Cuál fue el promedio anual de capacitación y entrenamiento formal por trabajador en la planta?

3 respuestas



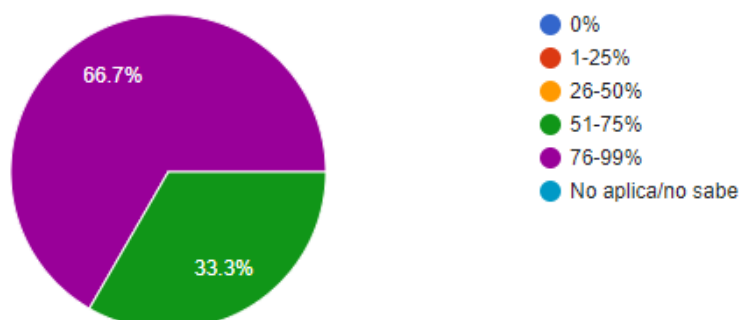
¿Cuál fue la rotación de trabajadores (cociente del personal que dejó de laborar en la planta y el total del personal ocupado por cien) en el año anterior?

3 respuestas



¿Cuál es el porcentaje aproximado del total del personal ocupado que se encuentra participando en equipos de trabajo y que cuentan con capacidades de decisión o de autodirección?

3 respuestas



Existe un procedimiento establecido para identificar los impactos de la operación de la planta sobre el medio ambiente

3 respuestas

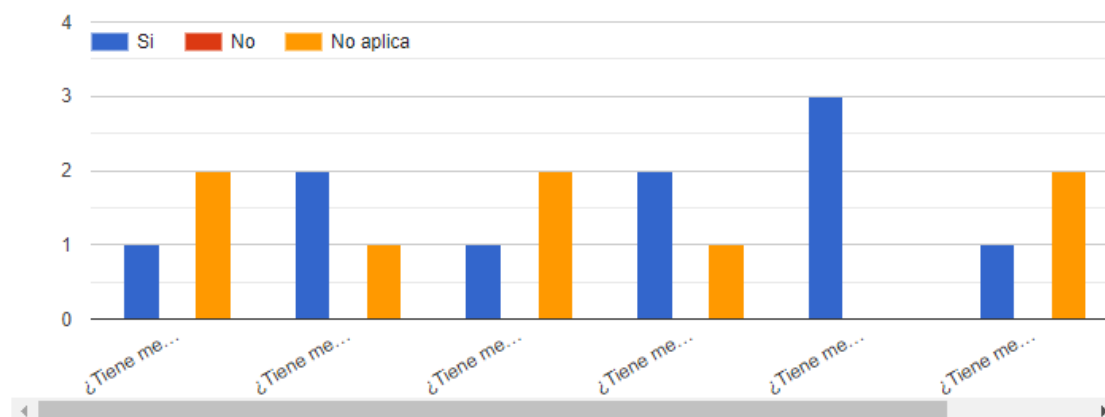


El programa de control y administración ambiental incluye la definición de responsables y medios para alcanzar los objetivos y metas preestablecidas

3 respuestas

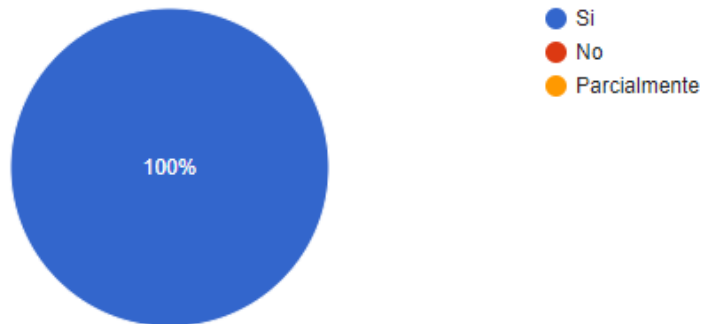


Señale si realiza las siguientes prácticas en su planta



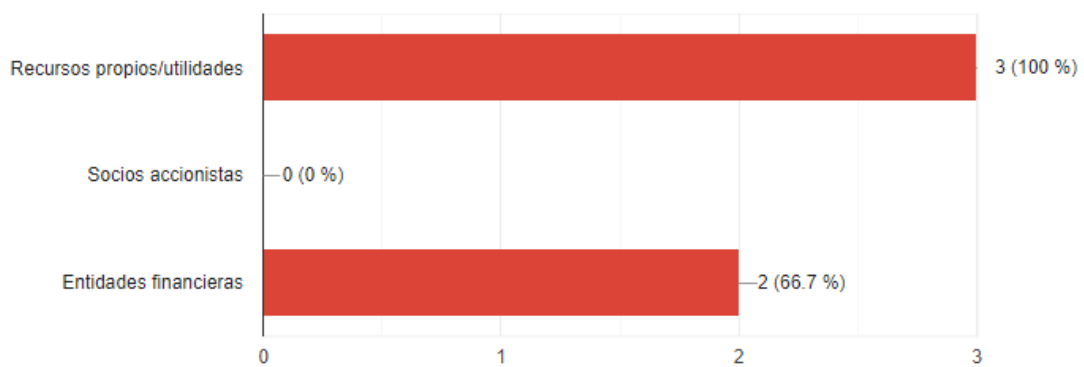
¿Considera Ud. que las fuentes de financiamiento externo juegan un rol importante en el éxito de su empresa?

3 respuestas



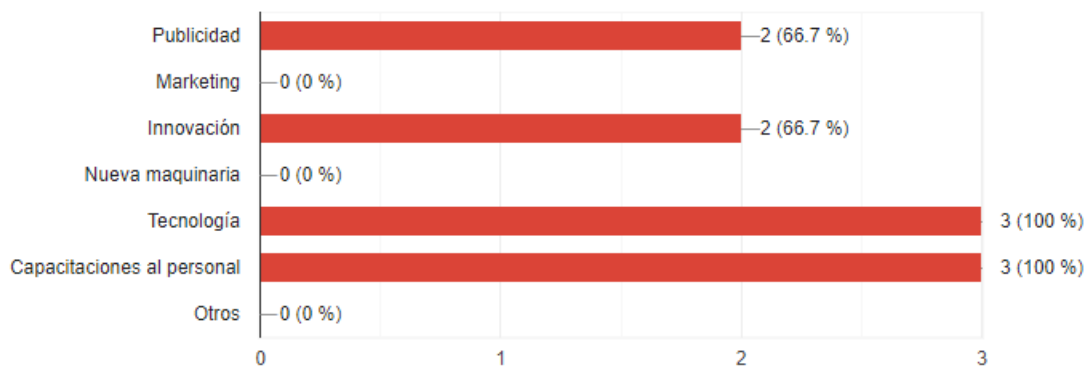
¿De dónde obtiene los recursos para financiar la inversión?

3 respuestas



¿El dinero adquirido en préstamos o utilidades se invierte para?

3 respuestas



¿Qué factores considera importante a la hora de incursionar en el mercado internacional?

3 respuestas

