

Chapter 20


Increasing the Competitiveness of SMEs: Lagging Indigenous Territory of Chile

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ABSTRACT

This chapter explores a private law corporation and a body dependent of the Ministry of Economy, Development, and Tourism of Chile located in a lag zone. It contributes to increasing the competitiveness of entrepreneurship and of small and medium-sized companies in Chile. The main conclusions document the experiences of entrepreneurs and micro-companies regarding services to access training, consultancies, and application to finance lines.

INTRODUCTION

The competitive advantage, according to Porter (1985), grows mainly because of the value that a company is capable to generate. thus, the concept of added value represents what buyers are willing to pay and the growth of that values is product of the ability to offer lower prices in relation with competitors for equivalent benefits to the consumer, or an increased price for a product or service highly valued by consumers. As for the deployment areas of competitiveness, these are grouped in four levels: industrial, regional and national, with business or micro economic competitiveness being the cornerstone to the nation's development. (Romo & Abdel, 2005).

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Increasing the Competitiveness of SMEs

In particular, there is an interest to study competitiveness in SMEs, as in the examines cases about competitive potential of companies in the agro industrial sector of Ubaté in Colombia (Melo-Perdomo et al., 2018), the SMEs of Quevedo in Ecuador (Flores-Ruiz, 2018) or the identification of gerencial decisions patterns in the MSMEs in front of competitive forces in Santa Marta markets in Colombia (Donawa & Morales, 2018).

Additionally, Memili et al (2015) notes that among the theories of economic growth it is recognized that small and medium-sized enterprises (SMEs) of recent creation are important drivers of such growth, as they create jobs, generate competition and promote Innovation and knowledge, and all these achievements stimulate economic growth in a society. In turn, the growth of SMEs depends basically on access to commercial credit (Canto-Cuevas, Palacín-Sánchez, di Pietro, 2016), as well as the implementation of information technologies to manage their knowledge. (Valdez-Juárez, García-Pérez-de-Lema, Maldonado-Guzmán, 2017).

Given this, and with the intention of stimulating the economic growth is that in Chile identified six zones that have significant inequalities in their level of socio-economic development with respect to the other territorial administrative units of their region and the Country. They are being delimited functionally as lagging territories, those that are strategically oriented to promote intersectoral public intervention, with focus on: productive development, the increase of the autonomous income of the families, the transfer of competences, and the generation of social and human capital. Seeking to expand the capacities of local actors for the realization of productive, social and cultural initiatives, of public and/or private origin, on the basis of the sustainable use of the resources of the territory. (Ministry of Home and Public Security, 2017).

Some of these territories lagging behind, are also territories with a high concentration of indigenous population, as is the case of the Lafkenche territory, the Ranco province and the Arauco province. Having in the case of the latter with a business development center, which focuses on contributing to the increase in productivity and sustainability of companies (Technical cooperation Service, 2018). Therefore, with the implementation of a business development center, the government seeks to contribute to the competitiveness of SMEs in this locality.

While the fundamental contribution is driven by a government initiative, a quadruple-helix action is needed that is effectively achieved to overcome current conditions. (Saiz-Álvarez & González, 2013, Saiz-Álvarez, 2019), from there, the concurrence in the Cañete-Cañete Small Business of the province of Arauco of public organisms (Technical cooperation Service, 2018b), the third sector (Advancement and Development Corporation of the Arauco Province and Los Angeles Chamber of Commerce, Tourism and Services), higher Education (Catholic University of the Most Holy Conception) and the private role of the beneficiaries (Technical cooperation Service, 2018c).

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