

An Associative Entrepreneurship Productive Plan.

The Contribution of Women Entrepreneurs to local Economic Development: A Costa Rican Case Study.

Un plan de emprendimiento productivo. La contribución de las mujeres empresarias al desarrollo económico local: un caso en Costa Rica

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ABSTRACT

In today's world, there is a dynamic behavior that becomes a constant feature in order to reach market expansion; it requires a lot of effort to change the way of government thinking with the social policies and enterprises that have been engaged with strategies for a long time. Productivity is the answer but in a broader point of view, productivity is a state of mind. It fosters continuous improvement and represents the key to succeed competing in today's globalized world. In formulating specific measures for productivity improvement we also took into consideration the social responsibility and human welfare implications which have become a matter of growing

Keywords: Productivity, cluster, SME, industrial districts, entrepreneurship.

RESUMEN

En el mundo de hoy, existe un comportamiento dinámico que se ha convertido en una característica permanente para obtener la expansión de los mercados, que requiere de mucho esfuerzo para cambiar el pensamiento gubernamental con políticas sociales y emprendimientos que durante mucho tiempo han unido con su estrategia. La productividad es la respuesta, pero en el sentido más amplio de una actitud mental. La productividad fomenta el mejoramiento continuo y representa la clave para competir exitosamente en el mundo globalizado de hoy. Al formular opciones específicas para incrementar la productividad, hemos tomado en consideración la responsabilidad social y el

Palabras clave: Productividad, agrupación, pyme, distritos industriales, emprendimiento.

concern. Also with the productivity movement, a region ensures economic growth, fostering entrepreneurship and SMEs capabilities and therefore increasing employment opportunities. In this regard, an action research was made for the deployment of a structure called Local Productivity Arrangements and it was applied in Frailes, a Costa Rican region, historically based on coffee growing. In this respect, an alternative for the region was made by entrepreneurial housewives and a key role was played by them in the domestic economic development through the creation of new SMEs.

bienestar humano que recientemente han aumentado de importancia. Con el movimiento hacia la productividad, una región se garantiza el crecimiento económico, fomenta el emprendedurismo y las capacidades de las PYMEs, y por tanto aumenta las posibilidades de empleo. Con este fin se ejecutó una investigación con participación activa, para el desarrollo de una estructura denominada Arreglos de Producción Local que se aplicó en Frailes, una región costarricense basada históricamente en la producción cafetalera. Al respecto, fue desarrollada una alternativa económica para la región por parte de amas de casa que jugaron un papel predominante en el desarrollo de las economías domésticas mediante la creación de PYMEs.

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>> INTRODUCCIÓN

In a globalized world, the challenges faced by countries, regions and organizations to remain competitive are growing; this raises new opportunities but also new threats due to the proliferation of competitors. This dynamic behavior becomes a constant feature so that in order to reach a market expansion, it requires a lot of effort from them to change their way of thinking: governments with the same social policies and enterprises that have been engaged in the same line of strategies for a long time, tend to be trapped in old ways of doing things, which prevents them from thinking of continuous improvement.

Every government must fulfill development strategies to foster local SMEs that bring with them the potential to better distribute generated wealth, thus providing fair economic growth for all communities. In order to do so, a Productivity Movement, such as the Japanese one, represents a key element that makes a difference. Only through productivity movement the local companies and the SMEs will reach competitiveness in the national and international levels, because it is the key factor that determines a better standard of life for the people, the survival of the business, and the prosperity of Nations.

In this regard, an Action Research was carried by the Business Administration School of the Instituto Tecnológico de Costa Rica, for the deployment of a structure called Local Productivity Arrangements, and also for spreading the results and to get feedback. The case study was applied in the Costa Rican region called the Candelaria River Basin, a zone historically based only on coffee growing. Besides this matter, the only other choice left for the region was the contribution of the farmer's housewives. The key role made by these women entrepreneurs into domestic economic development was an important achievement to attain throughout the creation of new SMEs.

STATE OF THE ART

¿What is productivity? For a long time, productivity has been considered as a ratio of output and input. It commonly refers to the relationship between output (products and services) and the inputs (all the resources required to produce them), or as just a scientific measure of the efficiency of a production process. However, we must struggle to become detached into a relatively new paradigm, which defines it as follows:

"Productivity is, above all, an attitude of the mind. It seeks to continually improve what already exists. It is based on the belief that one

can do things today better than yesterday, and better tomorrow than today. Furthermore, it requires constant efforts to adapt economic activities to ever-changing conditions and the application of new theories and methods. It is a firm belief in the progress of humanity". (European Productivity Agency, 1958, taken from Graham Hutton, 1953) "

This assertion was an extraction taken from the Graham Hutton's (1953) report named "We Too Can Prosper. The Promise of Productivity"; which the Japan Productivity Center for Socioeconomic Development (JPC-SED) (1955), defines as a concept of the mind and a march to perfection. In this holistic and broader approach, it must contemplate the following objectives:

- **Socially/Mentally:** to make thing tomorrow better than today and increase morale
- **Economically:** to generate more value added to products and services and fair distribution of profits,
- **Technically:** better quality of products and services, it is a relationship between outputs and inputs.

Another important issue is the "Three Guiding Principles" promulgated by the JPC-SED, in the First Liaison Conference, held in May 1955, those are:

- 1) *In the long run, improvement of productivity will increase employment.*
- 2) *In the developing concrete measures to increase productivity, labor and management must cooperate in discussing, studying and deliberating such measures.*
- 3) *The fruits of productivity must, in correspondence with the condition of the national economy, be distributed fairly among management, labor and consumer.*

Those 3 elements (definition, objectives and principles) originated the Productivity Movement that became the most important factor that determines better living standards for the people, business survival and prosperity of nations (Fukuda and Sase 1994). Applying entrepreneurship, the creation of new SMEs and the establishment of local productive arrangements is one of the paths to improve productivity and consequently an economic growth in a region.

Entrepreneurship is the process whereby an individual or group of individuals contribute their efforts in search of opportunities that meet their wants and needs, ensuring innovation and doing things

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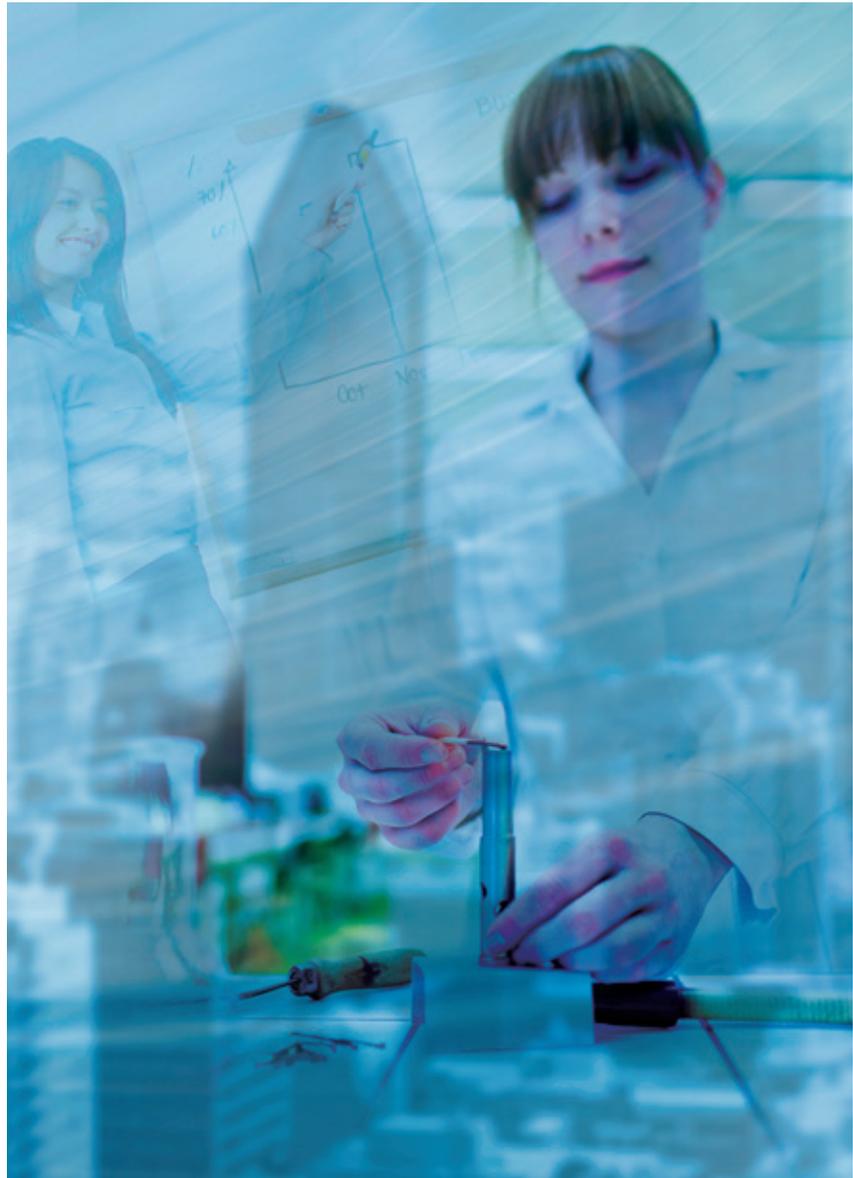
differently regardless which resources they have at that time. **In other words, is to identify the opportunities and resources to exploit them.** (Robbins and Coulter 2005); also entrepreneurs are constantly pursuing opportunities and have the ability to take information from abroad and combine it in such a way to conceive ideas and business opportunities where nobody has seen anything before. Another characteristic, is the innovation which aims to change, revolutionize, transform, or introduce new products/services or new ways of doing business. In brief, (Alcaraz, 2001) **“Being an entrepreneur is a lifestyle based on a constant struggle to transform our dreams into reality.”**

Castro (2009) defines Local Productive Arrangements as small business networks (clusters) located in the same territory, which have specialized and maintain some bond of connection, interaction, cooperation and learning among themselves and with other stakeholders such as government, credit institutions, teaching and research. A common feature of this type of clusters in developing countries is the prominent role that SMEs have in strengthening growth and competitiveness.

Albuquerque (2006) defines another type of cluster, the business district that is a model that integrates the productive and socio-economic development with the dynamics of relationships between companies, institutions and the local community. It emphasizes local development and the strategic role assigned to the agglomeration of businesses and the community of people. For purposes of this action research, we adapted the principles of the business district to the particular conditions and characteristics particular to a region, so we called it “local productive arrangements”.

PROBLEM DESCRIPTION

According to Pages (2010), economies of Latin America and the Caribbean suffer from a disease of slow growth caused by low productivity; nevertheless the countries of the region are paying dearly by not assigning it the highest priority. Also, they say that rising productivity means finding better ways to apply total productivity fac-



tors and one of the ways to achieve this goal is through strengthening and innovating new ways of partnership, promotion and exchange of ideas and experiences encouraging an entrepreneurial culture. From the economic standpoint, productivity has three levels: national/regional, sectorial and individual enterprises. The core of the study is centered on the local or regional level; in this regard productivity enhancement ensures an economic growth through fostering entrepreneurship and SMEs capabilities by productivity arrangements and therefore increasing employment opportunities.

Fukuda and Sase (1994) said that in formulating specific measures for productivity improvement, it should be taken into basic consideration its social responsibility and the human welfare >>

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>> implications which have become a matter of increasing concern. The present work is an action research that resulted from the linkage between public universities and communities in order to support local economic development needs.

Within this framework of competitiveness, it is undeniable the catalytic role played by the SMEs. In Costa Rica, between 2005 and 2007, the medium size companies had the highest growth rate of all sectors with 23%, thus contributing more to the generation of wealth, followed by small businesses with 19%, and large companies that contributed 2% of the total. At the same time, the Costa Rican business park grew 15%, exceeding micro-enterprises that grew only 12%. (Brenes and Govaere, 2009)

Considering the statement by the National Women's Institute, Costa Rica, (Gayle, 2010) "Not all human rights are exercised in a comprehensive manner, as expressed in the Universal Declaration of Human Rights, but there are some economic rights less exercised by women because of their gender". For this reason and combined with a region based mostly on coffee growing, it was decided to conduct this action research with 50 housewives to help the need for extra revenue.

According to Altamirano and Mojica (2009), some important local statistics included an overall population of 9754 people of whom 49% are women, mostly housewives; also 55% of households earn low wages. The employment ratio was 34%, moreover a good part of them work at the capital city in stores, manufacturing, surveillance, transportation and domestic services due to a lack of local employment. They depend primarily on manual agricultural production of a coffee internationally recognized for its quality; the demand for seasonal workforce is met largely by immigrants from Nicaragua and indigenous natives. Furthermore, the strong presence of middlemen, earning higher profits at the expense of the local producers, results in a slow growth of the region's economy.

Based on the above, the general objective of this action research was:

- To improve productivity of the region's economy through the creation of new SMEs by gathering 50 housewives working associatively as a pilot group.

RESEARCH WORK

It began with an open call to the community but only 50 housewives chose to be part of the process. The methodological approach of the plan was based on the following phases:

Awareness (idea conception and Business Plan):

(Varela, 2001), the invention concerns the development and the realization of a new universally creative idea into a prototype, a model, a concept, an idea. Is to make the creative act a reality, to materialize it. To this end, the starting point is to develop a business plan. Alcaraz (2001) defined it as a tool that allows the entrepreneur to make a planning process that contributes to select the right path to achieving your goals and objectives.

Despite that sometimes people attempt to devise new things, our brain refuses to provide us with a "magical formula" due to two basic reasons: firstly, daily life doesn't require a high creativity level because everything is designed to facilitate human existence, and secondly, the traditional standards that molded us have created mental limitations that inhibit our thinking. Therefore, a first step is to train people in topics like Creativity, Kaizen or Business Ideas in order to start their awareness. It was carried out via case studies, practices and simulations of daily life experiences. The objectives behind were that the participants had to find out about their skills and abilities, develop their creativity through the generation of business ideas, help as economic support to their families, be motivated to reach their own goals, and to eventually tie these ideas into a basic business idea.

Once the business idea has been obtained, the next step was to support it with a Business Plan. Fukuda and Suse (1994) said that the core function of business activities is adding value to input; productivity reflects the effects of the business activities; it is a mirror of the business quality and it can be used, therefore, as a parameter which simulates business plans.

At this stage the entrepreneurs captured in a written document a series of steps to start a business idea thus materializing the new company; then training was provided on key aspects concerning the structure of their business plan for that specific idea, in order for them to have a roadmap that led the way of the project.

Implementation plan (assay and birth of micro-entrepreneurial projects):

According to Filion, Cisneros and Mejia (2011), a real business opportunity can only be seen, discovered and eventually formed after a confrontation between the business idea and the socioeconomic reality within, and about which resources should be mobilized to realize the best idea. Subsequently, the second step is to start with the implementation activities mentioned in the business plan; this will lead towards a better understanding and a first experience as businesswomen, while simultaneously performing the early activities required for launching their business idea. For example, the search for suppliers, market research, development of products or services in the early stages and all the necessary resources such as capital, machines and materials. Moreover, the entrepreneurs can check if the product or service designed is suitable to meet their dreams and capabilities, based on the market. This stage was carried out during 6 months of weekly follow up, supported by lectures in different areas of administration by scholars from our business school.

Associative entrepreneurship:

At this point the objective was to encourage the creation of organized groups among entrepreneurs to achieve the joint benefits of support and mutual cooperation in legal aspects, financial support from credit institutions, joint purchasing and training, consulting or serving customers together. Another objective to achieve here was to let them be aware of the different types of alliances and their goals such as

cooperatives, associations, chambers, corporations among others, and then decide what type was better suited to them. The follow up was carried out through two months training with weekly visits to those who continued with their business, and also technical assistance on the Productivity Movement, specifically from the Business Administration School of our university.

Local productive arrangements (industrial districts):

The last stage of the plan was to build local productive arrangements (industrial districts); in other words to look towards mutual benefit through buying products or delivering services among enterprises from the association in order to strengthen their business, especially at the beginning. With this, they can expand the size of the market range, share consumers and also suppliers and clients from each other.

Gomez (2005) mentioned that the business districts have four main characteristics; first, the SMEs are set up in the same geographic space that belongs to a certain productive sector. Second, the “back” and “forward” established bonds are based on exchanges of goods, people and services by market share. Third, these companies were characterized by common cultural and social backgrounds that encouraged the formation of codes of conduct. Finally, they were characterized by the presence of a local network of both public and private organizations supported by economic agents within the cluster.

For the purposes of this plan, it was not yet taken into account the inclusion of other entities like local government, banks, pub- >>



>> lic institutions, etc. due to the initial aim of building synergies among the SMEs before establishing a cluster or business district itself, therefore we called it local productive arrangements.

FINAL THOUGHTS

After two years of hard work with fifty housewives in a rural region of Costa Rica, the objective has been achieved; it established 18 business projects currently operating as an example of the associative plan of entrepreneurship for productivity improvement and economic development through the creation of new SMEs. Some achievements for each phase of the plan are shown as follows:

Awareness, idea conception and Business Plan:

The community's initial target was to acquire another source of income without affecting family values and bonding. Under this

premise, 50 housewives were trained at this stage on the design of their business idea, as well as in defining their business plan in order to outline the required steps for their idea to become a reality.

Among the ideas generated by their business plans were, among others: rabbit breeding, poultry breeding, a traditional sugar cane mill, agro ecotourism centers, ice cream shops, a coffee based soap, dance schools, restaurants, sauce and jelly manufacturing, bakery products, catering services, a beauty salon, clothing manufacturing, rag doll manufacturing, hand crafts, underwear manufacture, tourist cabin rental and trail hiking, bottled water, coffee liqueur, plant nurseries, trout fishing.

Implementation plan (assay and birth of micro-entrepreneurial projects):

Phase two started with 11 micro productive projects, after settling several difficulties such as the market launch of their products and services, contacting customers and suppliers, business registration procedures and other. Those were: "El Guacal" sugar cane mill, "Los Cedros" Agro Ecotourism Center, "Aquamía" bottled water, "Carmiel" catering service, "Delicias del Sur" bakery, "Mirador El Cafetal" Restaurant, "Monte Sol" Jellies, "Mary" Ice cream shop, "Café y Aroma" Coffee liqueur, "Las Cañitas" Trout fishing. At the end of this phase, 50 participation certificates were handed.

Associative entrepreneurship:

It was shown here that mutual cooperation is extremely important for the survival of a SME and it was warranted by setting up the first Micro Business Tourist Association of the Upper Basin of the Candelaria River (CANDETUR) with 18 active members. In addition, the same members designed and built the association website.

http://www.munidesamp.go.cr/index.php?option=com_content&view=category&layout=blog&id=51&Itemid=95&limitstart=5

They also received technical assistance based on the Business Productivity course with the participation of both professors and students from the Business School, where they developed the strategic plan of their business; they were taught how to manage costs, to design promotion and advertising, and verified that production processes were environmentally friendly. As can be seen, public universities played a key role since they are the source of knowledge that supports the economic growth process.

Local productive arrangements

Finally, once this association is consolidated, it will allow the organizational base to strengthen the continuation of these micro enterprises through the promotion of pro-



ductive chains. To this end, CANDETUR associates encouraged tourism productive arrangements by hosting activities in the region such as: the International Coffee Trade Fair; receiving national and international tourists (including students from some Mexican universities), etc. This resulted in the creation of 42 new direct jobs. In summary, with the arrival of tourism to the area, the SMEs offer integrated services resulting in local productivity arrangements and therefore the Association gradually obtained shared profits, ensuring socio-economic growth for their region.

LESSONS LEARNED

To continue with this plan, the aid of international partners, such as NGOs or other organizations that can financially support the replication of this effort is required.

This process of productivity movement also needs to be applied to other Costa Rican regions in order to validate it as a model to be replicated.

The difference between this plan and other types of clusters is that we are accompanying the entrepreneurs from the very early stages of the creation of a business idea until they are working together as a team.

The support drive by public universities such as ours to the communities is very important in order to initiate the productive movement for their socioeconomic growth.

The enrollment of people and organizations such as the local priest and the local government to call for willing participants in the project is also very important for the development of the plan.

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