

Business Support as Ongoing Policy to Help Companies in Permanency in the State of Colima

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Abstract

The objective of this paper is to propose the implementation of a plan of continuous support from the government of the State of Colima to start-ups and micro-enterprises classified as belonging to the trade and services sector (Mexico, 2009), policy public, to increase the economic units that manage to stay beyond three years and thereby derive social benefits such as employment generation, greater wealth and improving the quality of life of the population of the state. This proposal is given based on the sequential design procedure policies. The method used is the analysis of the national situation.

Keywords: Entrepreneurs; Economic politics; Public policy

Introduction

According to an analysis in the majority of countries micro, small and medium enterprises account for the bulk of their business in some cases over 90%, and is also producing more than 50% of gross domestic product (GDP) and 60% of jobs [1]. This makes it the focus of attention, or at least should be, of governments, specifically in Mexico have implemented hundreds of programs to support enterprises in particular to micro small and medium programs ranging from economic subsidies training, consulting, special studies, to the equipment and infrastructure projects for new investment or expansion, and financing at preferential rates.

The point is that despite these programs mortality of companies indicators remain unanswered, this is where the convenience of the government to implement a public policy that contributes to business development during the first 3 years of life arises.

In Mexico, excluding those that are classified as large companies represent 99.8% of economic units they are producing 34.7% of Gross Total Production and generate 7 out of 10 jobs, accounting for 21.7 million jobs. The theme of the development of micro, small and medium enterprises is a topic that of course has become important to uncover these statistics, however what moves this proposal are the statistics of business mortality because of the 200,000 businesses that open in Mexico each year, only 70,000 survived after two years [2]. This is suggesting that there is still much to be done and in the case of policies by creating adequate ones.

According to the above information it is supposed an economic potential in Mexico by raising the percentage of live companies after the third year of operation through a public policy that allows companies to access by competitiveness to support the government in its various levels and uninterrupted, accompaniment to seek the formation of corporate culture or ratified it through subsidies to hire advisory services, consulting, training and assistance in administrative,

legal, finance, human resources, production and sales and support for its equipment and infrastructure, all in a framework of technical, administrative and financial feasibility.

The units newly created competing for this support are those that have previously been hatched in a form approved by the Ministry of Economy in which processes have been qualified with high probability of success parameter that would be in the hands of the incubator determination.

Analysis of the Problem

A public issue is one that affects a large number of people and has broad effects, including consequences to people who are not directly related to the problem (Table1) [3].

Private-social problematic situation	Social problem	Public problem	
Entrepreneurs frustrated by not getting care and facilities to remain at least 3 years operating	Insufficient supply of formal jobs for the population	High rate (90%) of mortality of companies in the first three years	Public Policy
Source: Own elaboration			

Table 1: Definition of the problem.

Based on the process of identifying a problem that leads to public policy or that suggest or demand, it is found a situation from which information about the activity of economic units are made and considering only the opening and closing as analysis, there is no growth that is increasing and that can be attributed to the effectiveness of entrepreneurs or ease of government in regards to the creation and retention of businesses. Hence, there is some frustration perceived by the entrepreneurs by no longer receiving support but no facilities to undertake. It becomes a social problem because the jobs are

insufficient to create employment that meets the minimum conditions of the economically active population.

From the above it can be identified the public problem is not government intervention because certainly there are, for example in the secretary of economy at least 24 calls [4] to support businesses, but rather in instrumentation that is having from government intervention in this public problem, which can be identified as the high death rate of companies in the first three years of operations.

According to the official data from INEGI census in 2003 there were 3 million 005 157 economic units in Mexico. According to the census of 2009 economic units in the country totaled 5 million 144 056. These figures represent an increase in 6 years of more than 356 thousand units per year. However, in 2014 recorded 4, 410 198 economic units, which means that from 2003 to then registered in 2014 alone there was an increase at the rate of 127,000 economic units, according to the 2009 census that year began activities 419 164 units, not considering initiatives of entrepreneurs who were not registered. Drawing on these data it is clear that there is a considerable mortality rate companies.

When turning to differentiate the reference with data from the Ministry of Economy [4], it is talking about a dimension of 90% mortality in the first 3 years of operations, noting that new businesses, 50% will close operations first year. Before the second year 65% will be gone and in the second 30% disappears leaving only 20% which will remain only in the period of the third to the tenth year of its creation and only 10% survive.

Within the efforts of the government through the Ministry of Economy [4] created in this year, The National Entrepreneur Fund which merges into previous instrument called Fondo PYME (SME Fund). Among the benefits of merging the two funds are the following [5].

- A single computer system will be taken;
- General public image of only one fund representing a comprehensive policy to support micro, small and medium enterprises;
- Uniform rules and procedures will be taken, and will have one single council and evaluation system.

About 9 thousand 377 million pesos are used in an attempt to increase the rate of companies that make their stay beyond three years. This is a social cost right now to have unsuccessful results and keep the figure of death as shown by INEGI data on the number of economic units. Analyzing the causes of this problem serving us public Ishikawa diagram designed by Japanese engineer Dr. Kauro Ishikawa also known as cause and effect diagram or fishbone have the categories or factors that contribute to creating an atmosphere of non-development SMEs are the entrepreneur, project, government facilities, financing, incubation process within these categories are ideas for possible causes of public problem being these shown in the following diagram (Figure 1).

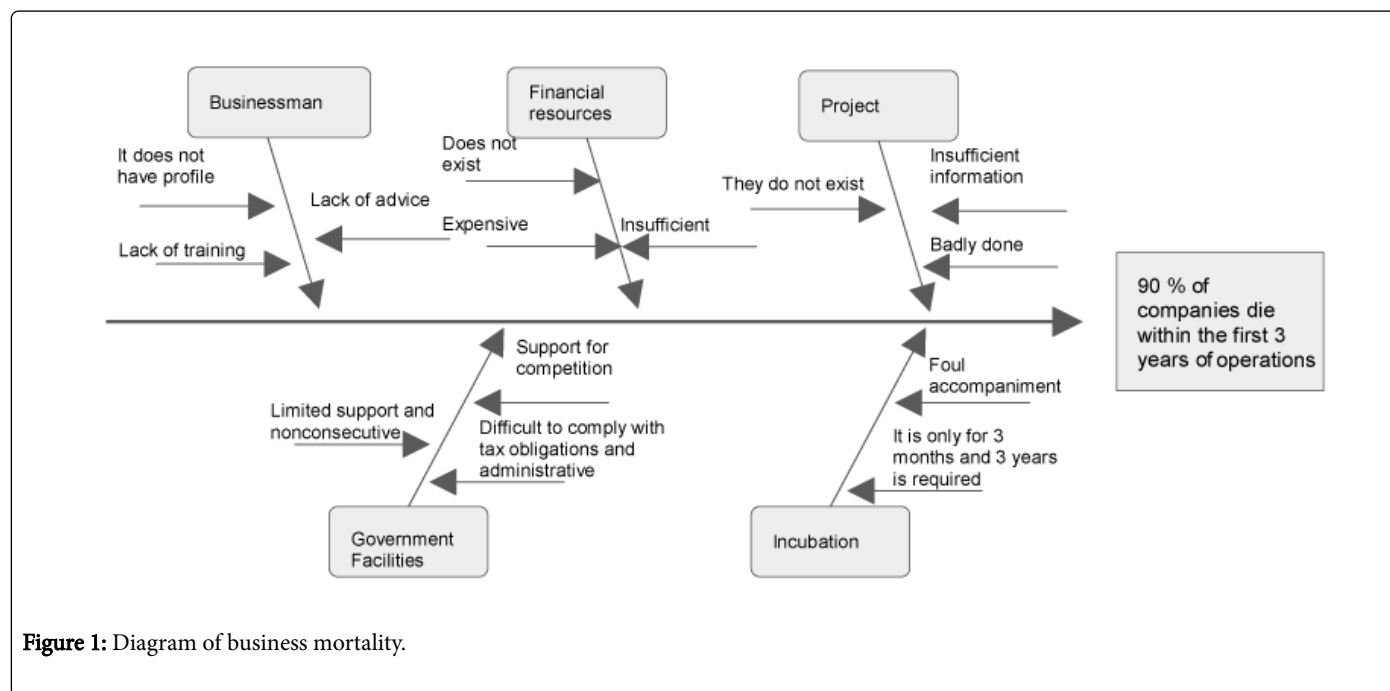


Figure 1: Diagram of business mortality.

According to an interview with Mr. Victor Jaramillo -Current chief link with the productive environment of the University of Colima, entrepreneur, former municipal President and local MP of the municipality of Armería, State of Colima, 20% of this issue focuses on that there is a comprehensive support to the employer, accompaniment is not subject to compete for subsidies or permanence of the programs which are moved by the turbulence of a power shift even made whether to improve but with the consequent impairment of the entrepreneur .

Using an analogy, it is necessary to give a corporate parent to the economic unit newly created, matrix whose umbilical cord is the employer-government binomial and placenta are consultants, advisers and master trainers in each of the functional areas, programs are support and encouragement for the equipment and infrastructure of companies are the access to finance. But this pregnancy may not be less than three years at the beginning because then the fetus dies.

Analysis of the Solutions

The solutions are alternative courses of action to mitigate the causes of a public problem as Corso [6], coinciding with other renowned authors who say that a policy is in a double way of a course of action, on one hand is the course of action deliberately designed and on the other hand, is the effective course of followed action [7]. In this sense to establish this course of action we start to analyze potential solutions that lead us to solve or alleviate the problem, both the target and potential population will be: to achieve a 10-point decrease in the percentage of companies in our country that close operations in the first three years.

To that end, a business tool called brainstorming with which ideas spring or fall in the figurative sense was used. This session was held inviting participation to a businessman whose business had to close, an entrepreneur with his business age 6 months, a businessman with 5 years in the market, an official of the university of Colima and former public official, so based on a diagnosis made to 30 businesses of different antiques trade sector. The following diagram shows which in the light of this research practice and study arise see Figure 2 below.

It is noteworthy that the government already has programs implemented to support economic units. Such programs are involved mainly in the Secretaría de Economía (Ministries of Economy, SE) and

Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food, SAGARPA). Efforts are underway and too much but do not have effective, at least not desired by the affected population. SAGARPA has implemented nine programs this year. The question, the cornerstone to this problem is "continuity". Not follow is given to supports exercised supports to companies, a track involving time horizon for new companies, tracking to identify the supports in subsequent years, to carry on hand the company until its competitiveness will allow permanence in the markets, guaranteeing at least the first three years.

From analysis of possible solutions and taking it to a synthesis gives as results in the following alternative: Comprehensive and integral plan support uninterrupted by the government to start-ups, during which facilities should be provided for access to advisory services, consulting, training and assistance in administrative, legal, financial, human resources, production and sales as well as its equipment and infrastructure and financing, in the period ranging from incubation and up to 3 years of permanence. The target population is the initiatives of entrepreneurs, start-ups that have had an incubation process in incubators approved by the Ministry of Economy (Secretaria de Economía, SE) model

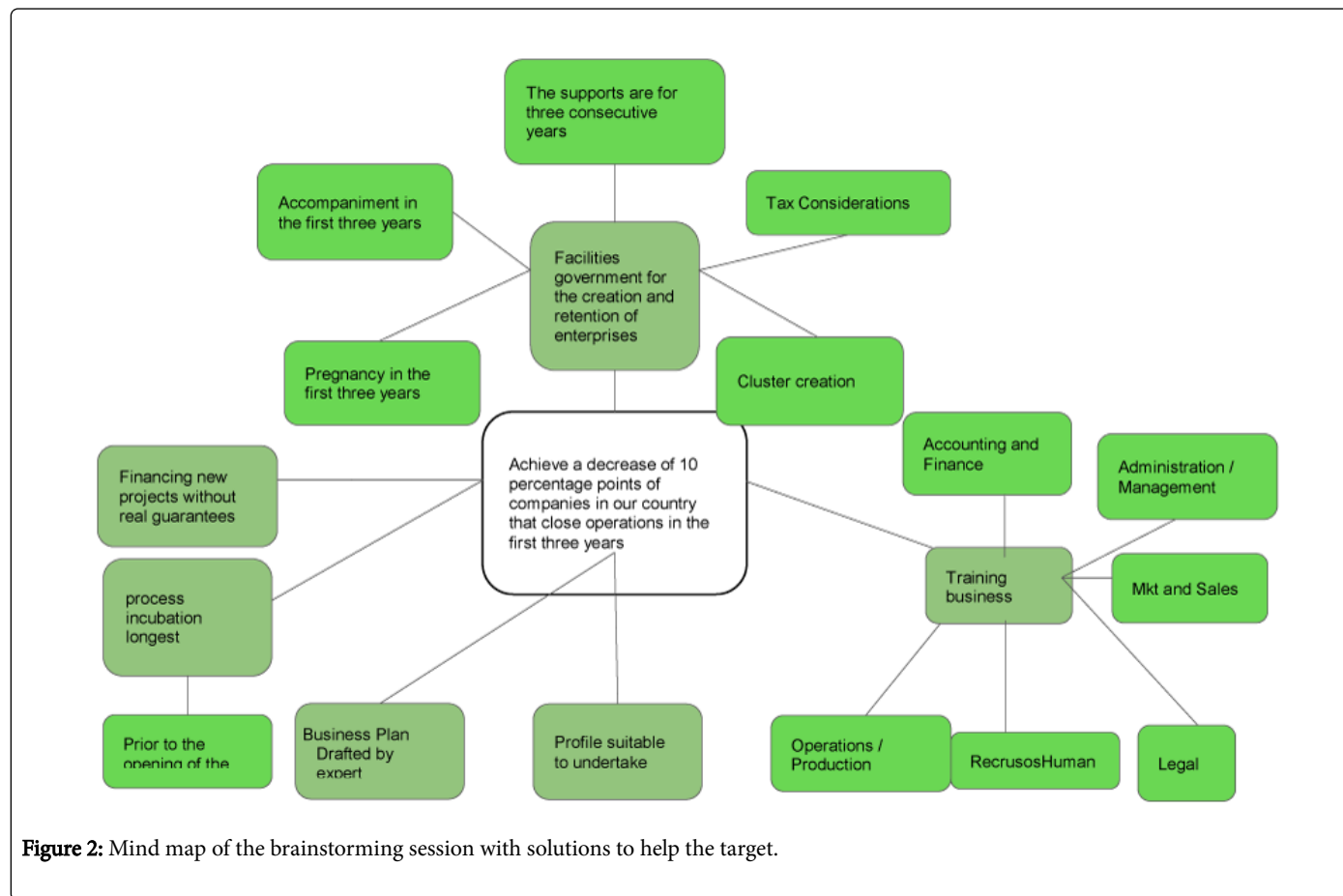


Figure 2: Mind map of the brainstorming session with solutions to help the target.

Feasibility Analysis

As for the analysis of budgetary feasibility, considering that the resource already exists and that the proposal be made in the way it is exercised and not to increase the budget, it is assumed that if there is

budgetary feasibility, could even reduce it year after year to do more efficient when verifying the effectiveness of the implementation of this policy. In the socio-economic aspect, the policy will generate more benefits than costs based on the fact the policy is aimed at supporting

and encouraging the entrepreneur. It is not to make the company but support creating inductors that create his/her company and achieve permanence beyond time. This is that the entrepreneur is aware of the costs of entrepreneurship.

On the legal side there is the premise in the Mexican government in terms of exercising the budget, it cannot commit resources of subsequent years so it is meant to implement this policy, it could not be guaranteed in the first year the continuity of support in year 2 and 3 as proposed. However, administratively it is possible to observe both the provisions of the law of expenditures and what is proposed here orchestrating the standard of privilege in subsequent years those companies that were attached to politics and have a plan accompanying. To give political feasibility of this policy proposal, it is suggested to have ignited the national development plan as well as state and municipal plans which consider within their axes economic development through support to economic units, giving priority to micro and small enterprises that they constitute the main engine of the economy.

For example, according to the state development plan 2009-2015 Colima State in which are citing data from the Economic Census 2009 National Institute of Statistics and Geography [5] This Census cited in Colima there are 26 thousand 171 economic units, of which 99 percent are MSME's that generate about 80 percent of the work. The same

document mentions that Colima has installed a system for rapid opening of companies (SARE) in 6 of its 10 municipalities. This document mentions that MSME's colimenses reflect important weaknesses in its administration noting that need to improve their business management methods. It attempts to determine the object of these research key features of this management.

In the State Development Plan mentions an analysis of the problems afflicting the MSME's of Colima, highlighting its little specialization, the almost exclusive performance in local markets and therefore its low commercial diversification into foreign markets and poor integration with large state enterprises as providers of products or services with high added value (first tier suppliers) See Table 2 [8] below. Additionally, they have difficulty obtaining financial resources for its operation.

There are some elements to be considered in the model definition. As seen governments are already concerned about improving public problem although they are not defined as such, so it is assume it has political viability. On the administrative side to give viability, it must consider organizational elements in this proposal, such as to consider using the same existing infrastructure; resources needed then have to be implemented which include: physical, human, technological infrastructure and ancillary services.

Evaluation of alternative						
Options	Feasibility					
	Budgetary	Socio-economics	Legal	Politics	Environmental	Administrative
Status Quo	High 9377 mop	Feasible	Feasible	High	N/A	High
comprehensive uninterrupted support	High 9377 mop	Feasible	Feasible	High	N/A	High

Table 2: Matrix alternatives.

The alternative based on the analysis performed is comparable with the status quo that is having feasibility. It is expected since contributes not to replace what already exists. The policy proposes rather targeting businesses, by merging the cluster of support with each company that is aligned to a comprehensive support plan for a period of three years. It will be evaluated every year that needs to support them in the topics that develop and contribute to their permanence and their operational continuity [9].

Conclusions

It can be concluded from this practice in the design process of public policy that is proposed, and from the matrix of policy alternatives, that continuity and permanence of the companies will be positively impacted in the current rates of survival if companies born have the support of the government. This will be uninterrupted and planned in a horizon of three years, in which they are provided facilities and deserve attention and follow up on each initiative that has been subjected to a process in incubators whose incubation model is approved by the Ministry of Economy (Secretaría de Economía, SE).

Even when it seems utopian to think that it is for each company, it is required to be so, although it is true that currently cannot be mandatory but by the will and conscience of the entrepreneur. It is also true that if there is a policy, the entrepreneurs will find themselves in

government an ally to consolidate and remain in those critical years when 90% of companies disappear.

It is therefore in the possibility of this recommendation through the memorandum of public policy. The intention of this research even when performed with national data is narrow it as the first author's work to the state of Colima and propose it to the Secretary of Economic Development of the State of Colima and Senator Mely Romero Celis who have shown interest in giving greater effect to support programs and to give impetus to economic development of Colima, to transcend it could be extrapolated to other states and develop a national policy.

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