

RESEARCH ARTICLE

Cundinamarca Millennium Municipalities, Colombia, Can Become Competitive

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Abstract

In 2011, the Business Administration program at the Universidad Piloto of Colombia promoted the research project entitled "Business Creation, Development, and Modernization Model for the Transfer of Soft Technologies in the Capital Region", within the framework of the Latin American Regional Studies Research Group (GERL). The objective of this initiative was to design and structure an Entrepreneurship Center in the so-called Millennium Municipalities of Cundinamarca, Colombia, starting with those located in the provinces of Lower Magdalena and Gualivá. This will generate six different and relevant undergraduate graduation projects aimed at addressing the problems and proposing solutions regarding the dynamics of the sugar cane production chain, tourism, diversification of products, reforestation for commercial purposes, entrepreneurship, and education. These initiatives will provide inputs for a book of case studies.

Keywords: *Millennium, Municipalities, Development, Colombia, Cundinamarca.*

JEL classification: R3, M2, M3, Q13, Q21

Introduction

This research project was based on a conception of competitiveness as the articulation of a number of factors that energize the sectors (primary or agricultural, secondary or manufacturing, and tertiary or services) of an economy in pursuit of their internationalization, which is a national, regional and local necessity in Colombia in order to generate employment and improve the distribution of wealth and the quality of life. This objective has been established in different regions of the country. In the case of the department of Cundinamarca, in the central part of the country, the City–Bogotá Region - Cundinamarca 2004 - 2014, currently the Capital Region 2010 - 2014 project was structured in order to increase productivity on the basis of association and increase export levels up to 10 million dollars a year as of 2014.

The Capital Region project seeks to improve competitiveness through institutional and business strengthening in aspects ranging from industrial restructuring, training and business formalization, cooperation and associativity, traceability and materials management, research, development and innovation (R + D + I), and design of products and services, among others. In view of these issues, entrepreneurship as a

proactive and prospective attitude becomes a driver, a catalyst, and a facilitator; however, this has not yet been fully promoted in a sustainable and strategic direction in Cundinamarca, despite the efforts of the Chamber of Commerce and the newly institutionalized University - Company – State Alliance called Connect Bogotá, with its Capital Region program.

Context

The word “entrepreneurship” comes from French “entrepreneur” (pioneer), which refers to the ability of a person to make an extra effort to reach a goal or objective or to the person who starts a new company or project. The term was then used to refer to innovative employers who added value to an existing product or process. Entrepreneurship is what makes people dissatisfied with what they are or have accomplished, and, consequently leads them to strive for greater achievements. Entrepreneurship thus appears to be a true savior for many families, as it enables them to undertake productive projects, generate their own resources, and improve their quality of life.

But, paradoxically, existing employment discourages entrepreneurship, since the greater



Fig. 1: Source: Government of Cundinamarca

the stable employability the lower the interest in creating new businesses. The creation of new businesses is currently seen more as additional to employment or as an alternative in the face of the loss of employment. The tendency is to analyze an opportunity, whether empirically, professionally or technically, or to see how savings or a loan can be put to good use, going beyond what seemed to be sheer necessity. However, because these processes are carried out spontaneously, with little knowledge of administration, management, marketing or finance, the need for formalization emerges.

These efforts are taking place in the context of the Millennium Declaration of 2000, when Colombia, together with 188 other countries, took on the ambitious challenge of eradicating global poverty by 2015. Colombia promised to meet the Millennium Development Goals (MDGs), and therefore established eight goals outlining the specific objectives for poverty reduction, education, health, gender equality, environmental sustainability and partnerships for development.

“Cundinamarca joined this crusade and made a firm commitment to fight poverty, for which purpose it designed and is advancing in its policy of war against poverty and exclusion, an inter-sector strategy that seeks to eradicate poverty by attacking several fronts such as health, education, nutrition, and housing, among others, all designed to promote a decent quality of life.”

Cundinamarca is a department in the Andean region of central Colombia, organized into fifteen (15) provinces which were taken into account to design five tourist corridors (See Figure No. 1). It has 116 municipalities; accounts for 32% of the Gross Domestic Product (GDP); and has sought the social transformation of the region and its

municipalities, as well as the development of agribusiness, tourism, and manufacturing.

The average GDP growth in Cundinamarca between 2001 and 2007 was 5.8%, slightly higher than the national average of 5.3%. That same year, the GDP per capita was USD \$ 5,981, also above the national average of approximately USD \$ 4,730. The most representative sectors of the Department of Cundinamarca are manufacturing and agriculture, which account for 29.1% and 20.3% of the department's GDP, respectively.

Millennium Municipalities-Diagnosis

Despite the above, the region has failed to achieve a more equitable economic and social development aimed at targeting actions to the neediest populations. For this reason, the 25 municipalities with the highest levels of poverty were identified and called "Millennium Municipalities (MM)". These are: Cabrera, Caparrapí, Chaguaní, El Peñón, Fosca, Guataquí, Guayabetal, Gutierrez, Jerusalem, La Palma, La Peña, Medina, Nariño, Paime, Paratebueno, Pulí, Quebrada Negra, Quipile, Topaipí, Ubalá, Útica, Venice, Vergara, Viotá, and Yacopí.

The Millennium Municipalities feature a high rate of failure in the field of exploitation of the different natural resources, as well as a deep lack of knowledge regarding the agribusiness sector in the region, since the region has the potential to develop companies such as family enterprises, micro and small enterprises, and small and medium enterprises (FAMI, MIPES, and PYMES, according to their acronyms in Spanish) in sectors such as tourism and agriculture.

The above-cited document of the Government of Cundinamarca also states that "Colombia, like

other countries with a medium human development index, seems to be on the right track to achieve the MDGs. However, detailed observation shows that inequality jeopardizes the achievement of the MDGs in some regions and population segments that show social indicators below national averages". Overall, Cundinamarca shows positive indicators with respect to the MDGs.

That is why the current government of President Juan Manuel Santos has identified 16 world-class prosperity sectors, including health tourism, agribusiness, ICT, automotive parts, and Business Process Outsourcing (BPO), among others, which require an entrepreneurial mindset in Colombia, the most enterprising country in the world according to the Global Entrepreneurship Monitor (GEM, 2010).

Different policies and instruments have been adopted to promote entrepreneurship, such as the enactment of the Law for the Promotion of a Culture of Entrepreneurship (Law 1014 of 2006) and the MIPYME Law (Law 590 of 2000) that includes incentives for entrepreneurs who want to create new companies with the benefit of reduction of parafiscal payments (SENA, ICBF and compensation funds) during the first three years of operation of the company (Article 43). In addition, the National Council for Economic and Social Policy defined the National Policy (CONPES 3484) for the productive transformation of micro, small, and medium enterprises through programs aimed at capacity building, promoting associations, formation of business clusters, and formalization of entrepreneurial activity.

Additionally, with respect to the country's advances and results regarding the Millennium Goals, 53 indicators have been structured for application in municipalities and departments, but nothing specific has been done yet from the research point of view. Strategic planning interventions have only been established through programs like Productive and Modern Cundinamarca, and sub-programs such as Rural Cundinamarca, without providing industrial, artisanal, and services support to the region.

Given the current situation of the country and the world, entrepreneurship becomes necessary to face economic, social, and environmental challenges, a context in which higher education, through innovation and participation in research,

carries out new projects and processes in order to improve the environmental quality of life. Meanwhile, a number of studies have been developed in Bogota and Cundinamarca regarding the situation of entrepreneurship, but practical solutions in line with current knowledge have not been achieved to date despite the fact that the Gross Domestic Product (GDP) of this region accounted for 31.68% of the national GDP in 2007. For example, in order to promote further development, Cundinamarca's current Development Plan contemplates "supporting the incubation of 300 entrepreneurial initiatives and submitting projects to co-financing funds; carrying out a territorial marketing program; granting 30,000 new agricultural loans; developing and strengthening 19 promising agricultural chains with export potential; supporting the modernization of 100 production and processing businesses, 100 more from the industrial, services, and artisanal sectors, and 400 other companies through the use of ICT; creating an internship program aimed at strengthening business training; promoting tourism; and strengthening four business clusters".

In the last few years, the National Government, through the Ministry of Agriculture and Rural Development, has been promoting the policy of competitiveness agreements as a strategy for the analysis of competitiveness, commitment, and action in order to strengthen and plan the activities of the agribusiness, fishing, forestry, and livestock chains in the face of the country's increasing business opening and integration with the rest of the world. Such agreements are made between different private actors involved in

production, processing and marketing and the National Government, and will now be the scenario for the study and approval of projects and subprojects to justify the distribution of royalties.

To date competitiveness agreements have been signed involving the following chains: potatoes; dairy products; tuna; poultry; rice; oilseeds and fats; shrimp farming; cotton and textiles; forestry, veneers, and wood; paper; bananas; citrus fruits; cocoa; and tobacco. A strategy is also being implemented to implement the competitiveness agreements in the regions and business conglomerates, through the signing of regional agreements at the cluster and chain levels, thus promoting the "regional agribusiness centers", 30 of which are already underway in different regions of the country.

The description of the production chains not only provides knowledge regarding the classification of each of the existing networks to date, but also shows the various business opportunities arising from the grouping of the various productive sectors of the Cundinamarca area in order to improve their competitive level, which will be reflected in better product quality and production capacity to meet demand.

Unipiloto Business Center

Business management centers, business consulting centers, or business development centers were created within the universities given the need to support the community in processes aimed at the promotion of entrepreneurship and the development of creative and innovative business ideas and in order to achieve the creation and launching of new companies as a contribution to the development of the community and the country.

The objective is to mainstream entrepreneurship across all of the courses making up the professionalization area of the Business Administration Program (BAP) at the Universidad Piloto, in order to generate clear goals for the comprehensive training of our professionals. Because entrepreneurship had not been incorporated as fundamental part of professionalization, the BAP must align itself with the new guidelines established by the Government in order to boost the economy and provide more job opportunities for the country's professionals. Therefore, legal provisions now allow institutions of higher education to provide assistance and launch business plans that are sustainable in the long term. Consequently, entities such as Fondo Emprender (SENA-National Learning Service Center) and Bogotá Empeñe (Chamber of Commerce) have been created and funds have been allocated for the promotion of entrepreneurship. However, the cornerstone of our university's decision to foster entrepreneurship also has an academic purpose consistent with the guidelines established in the Program's Educational Project (PEP).

The process of making entrepreneurship a cross-course academic process requires that the methodologies and didactic tools be sustainable and applicable to every subject in the BAP. Consequently and in conformity with the educational objectives established in both the PEP and the PEI (Institutional Educational Project, the following didactic strategies were established for evaluation and adoption at the different academic levels:

Business Fair: The objective of this activity organized by seventh-level students in the Project Management course is to unify evaluation criteria and provide a practical assessment opportunity for different courses, in conformity with the skills acquired by the students.

Participation in entrepreneurship and social responsibility incubators in order to acquire exposure to the practical processes of entrepreneurship in the fields of:

Business Entrepreneurship
Social Entrepreneurship
Intrapreneurship

Professors will be able to accept and evaluate projects generated in the research groups as part of the process of promotion of research and entrepreneurship.

Visits and business conferences aimed at exposing students to different examples of entrepreneurship and to the entire business process, from its conception to the consolidation of companies.

Business consulting In order to train students as business consultants with assertive criteria and training in the conceptual development of innovation in management, advisory services will be provided to the university community and external entrepreneurs in order to consolidate consulting experience.

Participation in entrepreneurship networks: Because entrepreneurship is not something every individual learns or acquires in the same way, it is necessary to put students interested in learning about entrepreneurship in contact with entrepreneurship groups that will share their experiences with them, in order to foster a business mindset through participation in entrepreneurship and research networks.

Entrepreneurship Laboratories: Because Business administration is an empirical science, it is essential to put the students into contact with real life cases through situational roles that allow them to put what they have learned into practice. Thus, by creating academic/work spaces, they will be able to test their ability to handle actual situations.

Social Entrepreneurship Clinic: As part of the social projection aspect, the BAP students will have the opportunity to advise micro and small entrepreneurs, guide them through the different processes aimed at the consolidation of their businesses, help them access development loans, and orient them regarding recruitment of personnel, working together with foundations that offer this type of assistance [1-17].

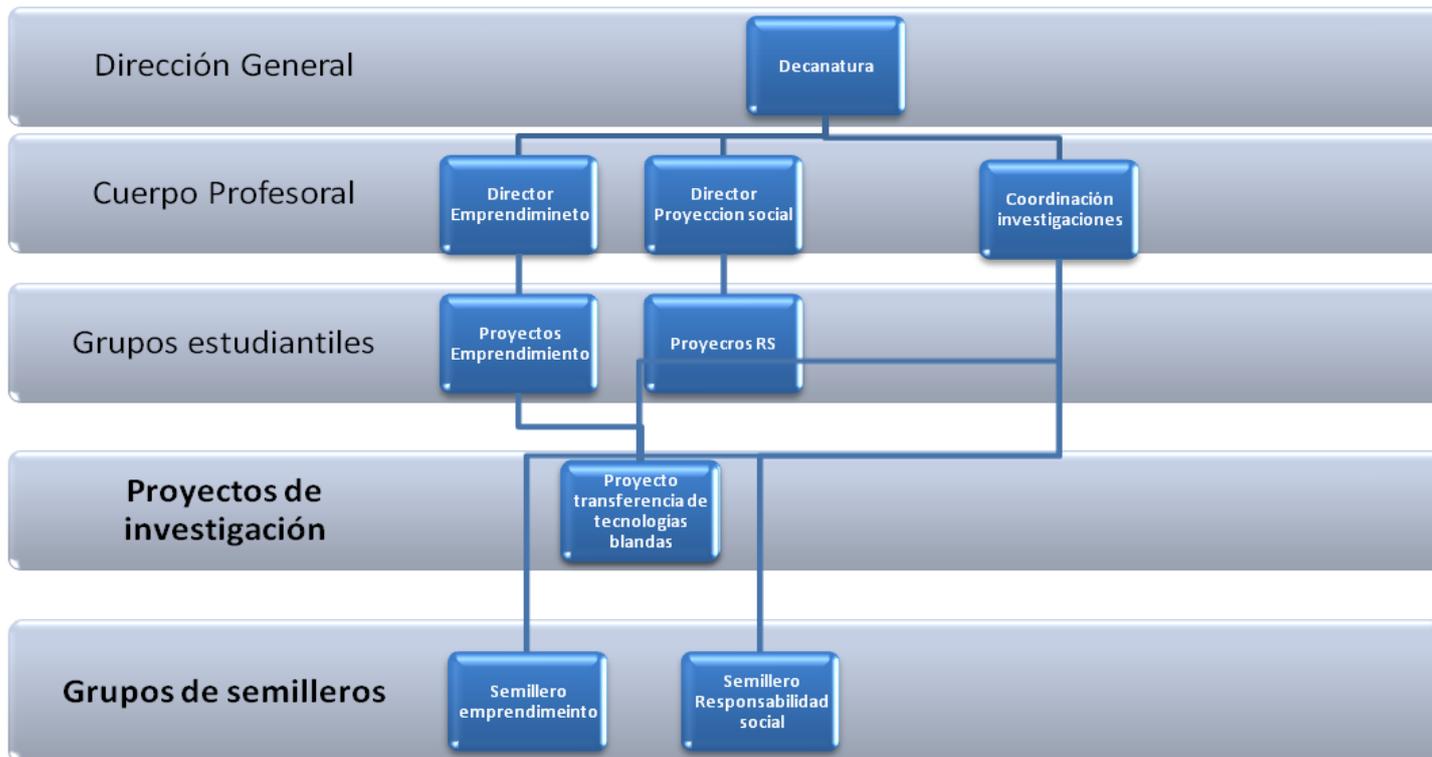


Fig. 2: UNIPILOTO business center management organization

Conclusion

- The proposal for the Universidad Piloto de Colombia Business Center set forth by the Business Administration Program as a result of this first stage of research is targeted at the university's academic community, entrepreneurs from sectors defined as world-class by the National Government, and productive endeavors in Cundinamarca.
- The proposal's objective is to support businessmen and entrepreneurs from the perspective of corporate social responsibility

(CSR), by promoting new productive and associative initiatives in the Millennium Municipalities (MM).

- Despite the extreme poverty that prevails in these Millennium municipalities, there is a great productive potential that requires the social commitment of government authorities and entrepreneurs in order to make diversification possible in order to access domestic and international markets.
- Given the region's proximity to the country's capital, the production, distribution, and marketing of these diversified products at low cost, freight, and insurance rates.

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