

Venture investment and its effects on the demand and supply of local economies

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Abstract

It is a study that proposes to solve the problem identified in the city of Macas, province of Morona Santiago, Ecuador, where popular economy businesses are established based on the experience of people linked by affinity or familiarity with the entrepreneurs, transforming this type of business into empirical in its operation, since they do not have technical studies, directly affecting the local economy with effects on the market such as oversupply. Therefore, qualitative and quantitative research at an exploratory, descriptive, analytical and prospective level is established as a study methodology for the analysis of the investment of entrepreneurship projects and their effects on the demand and supply of the local economy, which allows the determination of their permanence in the market and time. For the understanding of results, computer and statistical tools are used, the verification of hypotheses is carried out through the Chi-squaring test, determining a direct dependence between the variables and showing that only 42.58% of the enterprises know in some way the needs of the market and 65.63% of the businesses have carried out some previous study to implement their project. Given this evidence, a strategy for the efficient management of the local economy is proposed that starts with inventory and market monitoring to provide technical advice on entrepreneurship projects with an emphasis on implementing a culture of innovation with joint work between the public and private sectors.

Keywords: Projects, entrepreneurship, economy, supply, demand, market

I. Introduction

In the city of Macas it has been evidenced that the businesses of local economies are established based on the experience that people linked by affinity or familiarity with the entrepreneurs have

had, transforming this type of business into empirical businesses in its operation because the investments in entrepreneurship projects do not have a serious study of demand or supply, which allows to carry out the investment or creation of this initiative in an assured way, and with a more

than rigorous analysis of the local demand, causing an unsatisfied demand in the local market, and together with it as a consequence a high rate of indebtedness, an increase of the state of unemployment in the city, and why not to say it increase in the problems of social indexes: delinquency, violence, mistreatment, alcoholism among others, being one of the most affected standards the decline in the performance margins of local economies.

1.1 Justification

The Territorial Development Plans (PDyOT) have mostly focused on the macro analysis of social problems, leaving in the background the most common problem of the people, the lack of employment and more rigorous control of informality in which the administration should focus on correcting the problems from the grassroots level.

This deficiency in the information can be evidenced in the following diagram obtained from the PDOT Macas in 2018, a source from which it can be evidenced the lack of data on the informal sectors, which are named as Other sectors or service activities with a total percentage of 58.94% of the overall total, to which a large part of the population of this eastern canton is dedicated.

The Eastern region is one of the poorest populations of Ecuador despite having the greatest natural wealth. Nevertheless, it is considered part of the mission not to be indifferent to this reality. People can see that local people invest their little money in poorly planned ventures and without a future perspective saturating the market with business uniformity without meeting the diversity of demand, leaving aside a conscious and efficient exploitation of natural resources allowing multinationals to exploit them and not their population.

1.2 Background

To give us a full horizon of what we will discuss in this chapter, we have chosen to start by defining the concept of entrepreneurship, which for many people is considered a new theory, born of globalization and the need of human beings in a

constantly changing world; however, this human peculiarity has been present throughout its history.

The origin of entrepreneurship is born as the capacity of the human being to adapt in different phases of his life, to adapt to his needs and even to his abilities and from this, to take the necessary advantage; to be an entrepreneur requires not only individual skills but also collective skills.

One of the main reasons this term has become in vogue in the last decade is how man is facing increasingly difficult economic situations, but especially how these are being overcome with new ideas and with a very own ingenuity. Although the word comes from the French “entrepreneur” which means pioneer, referring to the additional effort of the individual to achieve a goal, in the beginning, this term was coined for people who innovated or added value to a product already conceived previously.

An enterprising person can take advantage of unfortunate situations, moments of economic recession or of little work and personal growth and turn them in his favor, considering certain ways and strategies put within his reach, as well as basing himself on other people’s experiences from which to take advantage of his own.

Let us now consider the following scientific analyses of entrepreneurship, which we will use in the study in question

Previous studies that have been done on entrepreneurship:

Entrepreneurship is of vital importance for the development of countries within Latin America and the world in general.

Since 1997, in Latin America, through several types of research carried out by Babson College and London Business School, entrepreneurship has been based on the Global Entrepreneurship Monitor (GEM) model, which is based on the support of the Global Competitiveness Report (GCR), obtained from the World Economic Forum.

This forum seeks to mark the development trend of the regions from the economic measurement based on resources, efficiency and innovation.

Still, it does not allow measuring the behavior of individuals within an enterprise.

Another model is the intra sectorial extra territorial, this model allows to promote of relationships and cooperation ties within a territory as a competitive unit, but it is also affected by several factors, such as social, cultural, political and economic, to resist these factors companies must seek mechanisms capable of allowing to function and promote these development processes seeking to reach the success of the same.

The model's success is based on three axes: the socioeconomic actors, the mayor's office and the social groups or leaders, and finally, the local development technicians.

Entrepreneurs play an essential role in the economy since their companies and enterprises generate sources of income for families and pay taxes for imports and exports, among others; they move the local economy. Although therefore, the current economy depends on investments and private companies, but current and future entrepreneurs are the basis of a country's economic growth and development.

It should be considered for the present study, that the human being as such needs to expand his knowledge not only in his intellect but also in his skills and endowments to fit in a world not only changing but also in constant growth, for which it will be based on the information that exists in his environment, basing his competence not only in the generation of greater resources but rather in the growth of his knowledge, making it his basis of development as the knowledge economy.

According to (Sanz, 2014), this relationship needs the renewal of economic policies that go oriented to a real development of the territory, together with the realization of entrepreneurship projects to develop cooperation strategies between different economic sectors, so that in this way, integral and social economic development is evidenced sustainably; as a result of various works and analyses carried out, it is desired that this conjunction of needs, put in evidence the need for operation of these policies so necessary for the community, exploiting its capabilities and optimizing its resources.

For (Flor, 2016) makes a critical analysis of theoretical and empirical works about the relationship between venture capital and economic growth, making a critical analysis of entrepreneurship between 2004 and 2014, from a critical analysis of entrepreneurship and its influence on economic growth, but especially on the operationalization of the entrepreneur's capital. Concluding that it has a more than positive impact on the economic growth of a country, sensitive to the diversity, ambiguity and non-existence of ways to operate them.

2. Objectives

2.1 General Objective

Analyze the investment of entrepreneurial projects and their effects on the demand and supply of the local economy, allowing the determination of their permanence in the market and over time.

2.2 Specific objectives

- Evaluate the technical support made in popular investments for entrepreneurial projects, identifying their permanence in time and the market.
- To analyze the effects of popular investments on demand and supply to determine the market's current state in the city of Macas.
- To propose a technical tool for realizing popular investments that efficiently manage the local economy.

3. Hypothesis

Is it the deficiency of knowledge of the dynamics of supply and demand in the local economy that causes the investment of entrepreneurship projects to have poor permanence in the market and over time?

4. Methodology

As a methodology for the study, qualitative, quantitative, correlational and descriptive research is considered, applying field tools that will evaluate how investments are made in

entrepreneurship projects and assess their permanence over time. Field instruments such as the survey with pre-structured questionnaires and computer programs will be used to analyze the dynamics of supply and demand in the local economy. In the verification of the thesis, the use of the Chi-square method will be considered for the determination of the dependence of the variables.

The following chapter is the methodology that establishes the types, modalities, techniques and research instruments applied, together with identifying and determining the population and sample under study.

The chapter on results will present the analysis of the data obtained in the field study with their respective partial interpretations, a discussion of them correlating them with the objectives pursued, which allows presenting an alternative solution that contributes to improving the management of the local economy.

Finally, the conclusions of the research conducted are presented.

4.1 Research modality

The work is field research that relies on information from interviews, questionnaires, surveys and observations, with a non-experimental method, using bibliographic and field techniques at an exploratory, descriptive, analytical and prospective level.

4.2 Type of research

The qualitative and quantitative research analyzes the investments in entrepreneurship projects and their impact on the dynamics of supply and demand in the city of Macas to develop management tools to optimize the local economy. Theoretical, economic, technological, social and statistical questions were studied for these premises.

It starts with the analysis of each of the variables identified with the primary collection of information obtained through surveys applied

randomly to a certain sample to process the data through computer and statistical tools to correlate the information obtained that allows a broader reading of the problem for the verification of the hypothesis raised, which will use the Chi-square methodology to determine the possible dependence between Investments in entrepreneurship projects with the dynamics of supply and demand in the local economy.

The initial study of the variables is determined as follows:

1. Investments in entrepreneurship projects are analyzed through the following areas:

- Feasibility study, with the following aspects

Pre-feasibility Study

Experience-based investment

Preliminary market study

Preliminary technical study

Preliminary administrative planning

Study of requirements in machinery, equipment, etc., previous

- Financial study, based on the sections:

Prior knowledge of the demand

Knowledge of unsatisfied demand

2. Dynamics of supply and demand, through its essential components:

- The offer:

Prior knowledge of the offer

Number of businesses offering your product or service

Prior knowledge of unmet supply

Knowledge of the competition

- The lawsuit:

Prior knowledge of the demand

Knowledge of unsatisfied demand

4.3 Population and sample

According to the Internal Revenue System SRI, in Ecuador, the Ecuadorian Institute of Social Security- IESS, the Ministry of Education, the Superintendence of Banks and Internal Surveys of the National Institute of Standardization, Statistics and Census - INEC, the Companies and establishments nationwide registered in the SRI in 2016 at the national level is 843.745 companies and 978,490 establishments, data with a provincial, cantonal and rural parish geographic coverage, of which the micro-enterprise at national level represents 90.51%, (763,636 establishments), the province of Morona Santiago congregates participation in sales according to province, the year 2016 of 0.1% (764 micro-enterprises).

$$n = \frac{Z^2 p \cdot q \cdot N}{Ne^2 + Z^2 p \cdot q}$$

$$(1,96)^2(0,5)(0,5)(764)$$

$$n = \text{-----}$$

$$764(0,05)^2 + (1,96)^2(0,5)(0,5)$$

$$N = 256$$

Therefore, 256 surveys were carried out, taking as a random group the grocery stores and small stores in the city of Macas, province of Morona Santiago, Ecuador.

5. Results

This section describes the analysis carried out with the data obtained from the field study, presenting partial and correlated interpretations for the study discussion that will allow the design of an alternative solution to the problem posed.

The survey was applied to 256 surveys, taking as a random group the grocery stores and small businesses in the city of Macas, province of Morona Santiago, Ecuador.

5.1 Analysis of variables

5.1.1 Independent variable: Investments in entrepreneurship projects

The variable is analyzed in two areas:

5.1.1.1 Feasibility studies carried out before the start-up of the venture

a. Frequencies

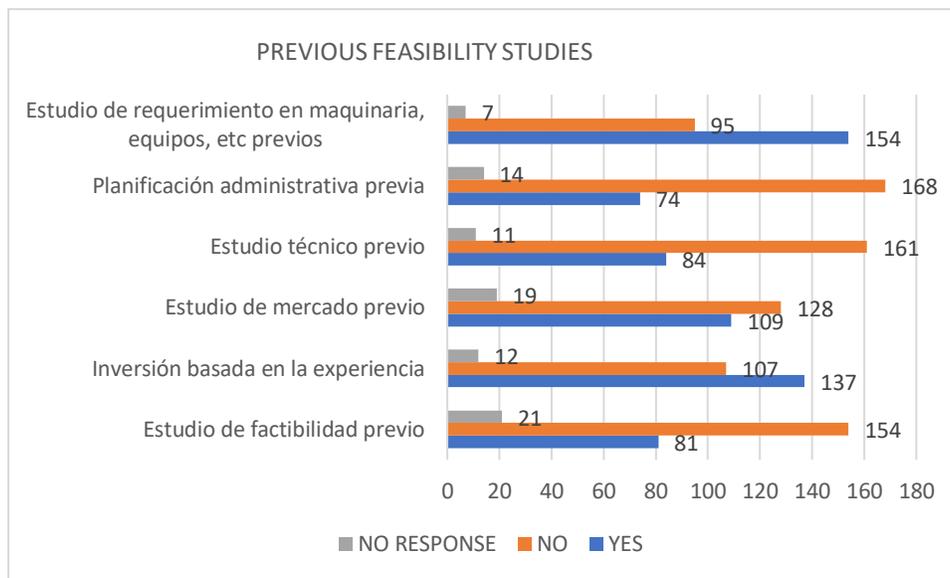
Table 1. Feasibility study

FEASIBILITY ASPECTS OF STUDY	FREQUENCY			
	YES	NO	NO RESPONSE	TOTAL
Pre-feasibility Study	81	154	21	256
Experience-based investment	137	107	12	256
Preliminary market study	109	128	19	256
Preliminary technical Study	84	161	11	256
Preliminary administrative planning	74	168	14	256

Study of previous requirements in machinery, equipment, etc.	154	95	7	256
TOTAL	639	813	84	1536

Source: The researcher

Figure 1. Feasibility Study Interpretation



Source: The researcher

Analysis. From the surveys applied, as shown in Table 1, 154 businesses state that they have not conducted a previous Feasibility Study, 81 businesses report having done so, 21 respondents do not answer; for the aspect of investment based on experience, 137 people respond that they have done so, 107 have not and 12 do not answer; for the realization of a previous Market Study 109 if they have done some study, 128 have not and do not respond 19; in the previous Technical Study 84 respondents if they have done it, 161 no and do not respond 11, as for the realization of some study of previous Administrative Planning 74 if they have considered it, 168 No and 14 do not respond, finally in the study of requirement in machinery, equipment, etc. Finally, regarding the study of requirements for machinery, equipment, etc., 154 have considered it, 95 have not, and 7 do not respond.

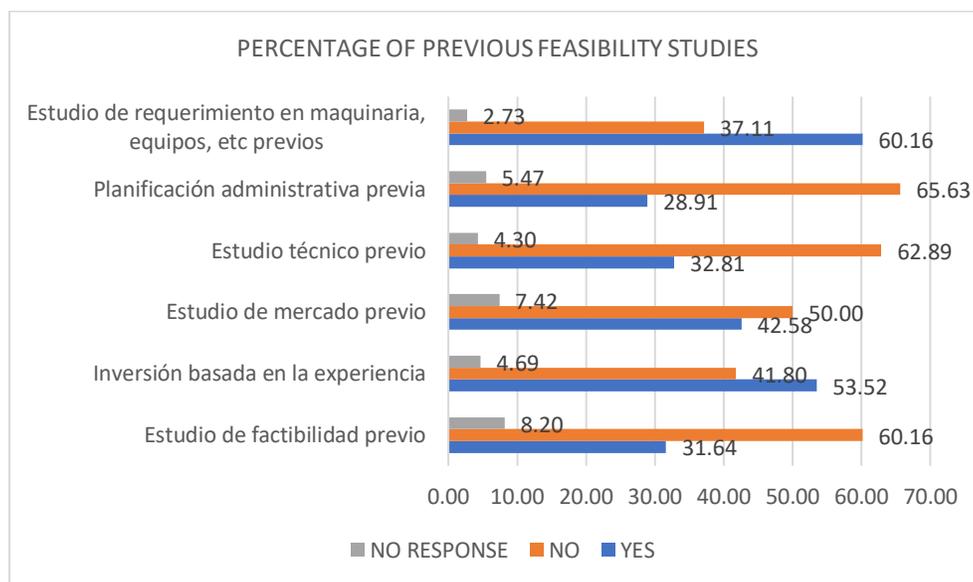
Interpretation: The greatest number of companies have not previously carried out any study to start their business; there is a difference when it comes to consulting if the business has been established through the experience of other people, which has a greater number of affirmative answers and when considering a study of machinery and equipment for the start-up of the business, which allows us to observe that “The experience of another businessman” is more important when considering starting a business, this analysis is established in percentages below.

b. Percentages

Table 2. Feasibility Study Study Aspects

FEASIBILITY ASPECTS OF STUDY	FREQUENCY			TOTAL
	YES	NO	NO RESPONSE	
Pre-feasibility Study	31,64	60,16	8,20	100
Experience-based investment	53,52	41,80	4,69	100
Preliminary market study	42,58	50,00	7,42	100
Preliminary technical Study	32,81	62,89	4,30	100
Preliminary administrative planning	28,91	65,63	5,47	100
Study of previous requirements in machinery, equipment, etc.	60,16	37,11	2,73	100
TOTAL	249,61	317,58	32,81	

Source: The researcher

**Figure 2.** Percentage and Preliminary feasibility study

Source: The researcher

Analysis. From the surveys applied, 60.4% of businesses state that they have not carried out a previous Feasibility Study, 31.64% of businesses report having done so, 8.20% do not respond 21 respondents; for the aspect of investment based on experience, 53.52 people respond that they have

done so, 41.80% have not and 5.47% do not respond; for the realization of a previous Market Study 42.58% if they have done some study, 50% have not done so and do not respond 7.42%; in the previous Technical Study 62.89% of the respondents if they have done it, 32.81% have not

and do not answer 4.30%, as for the realization of some study of previous administrative Planning 28.91% if they have considered it, 65.63% No and 5.47% do not answer, finally in the study of requirement in machinery, equipment, etc., 60.16% have carried it out, 37.11% have not and 2.73% do not answer.

previously conducted any study to start their venture, plus 53.52% have considered having a venture based on other people's experience.

5.1.1.2 Financial studies carried out before the start-up of the venture

Interpretation. - Illustration 1 shows that the highest percentage of companies have not

a. Frequencies:

Table 3. Financial Study

FINANCIAL STUDY		FREQUENCIES		
ASPECTS OF STUDY	YES	NO	NO RESPONSE	TOTAL
Analysis of previous financial statements	34	194	28	256
Evaluation of the previous project	6	223	27	256
TOTAL	40	417	55	512

Source: The researcher

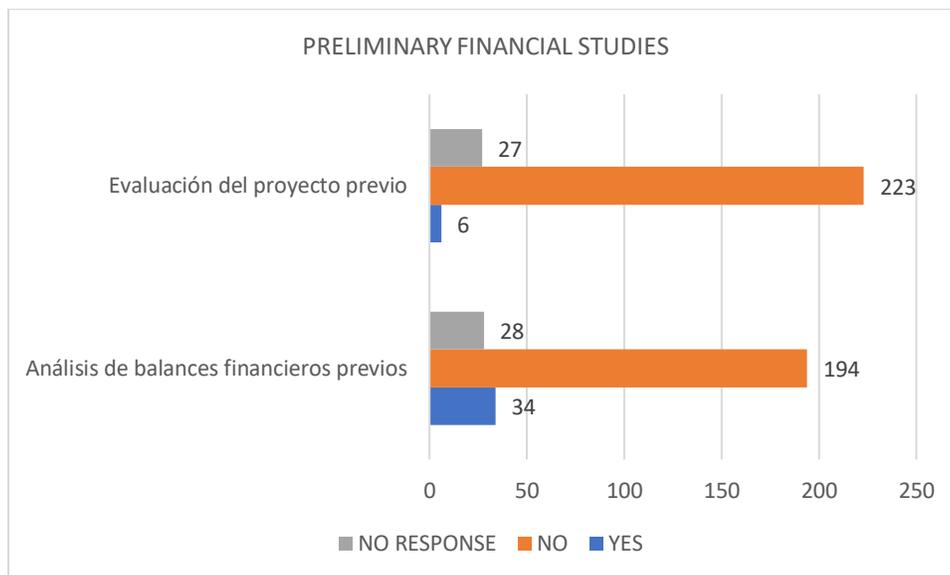


Figure 3. Interpretation of financial study frequencies

Source: The researcher

Analysis. - Regarding the realization of previous financial studies, 194 businesses have not carried them out, 34 have done so, and 28 did not answer. Regarding the project evaluation, 223 have not done it, 6 have done it and 27 respondents did not answer, according to Table 3.

Interpretation. - Financial studies are unknown to the entrepreneurs as illustration 3 shows, a very small number have carried out some kind of study that can be counted as one of the balance sheets or technical evaluations.

b. Percentages

Table 4. Interpretation of financial study percentages

FINANCIAL STUDY		FREQUENCIES		
ASPECTS OF STUDY	YES	NO	NO RESPONSE	TOTAL
Analysis of previous financial statements	13,28	75,78	10,94	100
Evaluation of the previous project	2,34	87,11	10,55	100
TOTAL	15,63	162,89	21,48	

Source: The researcher

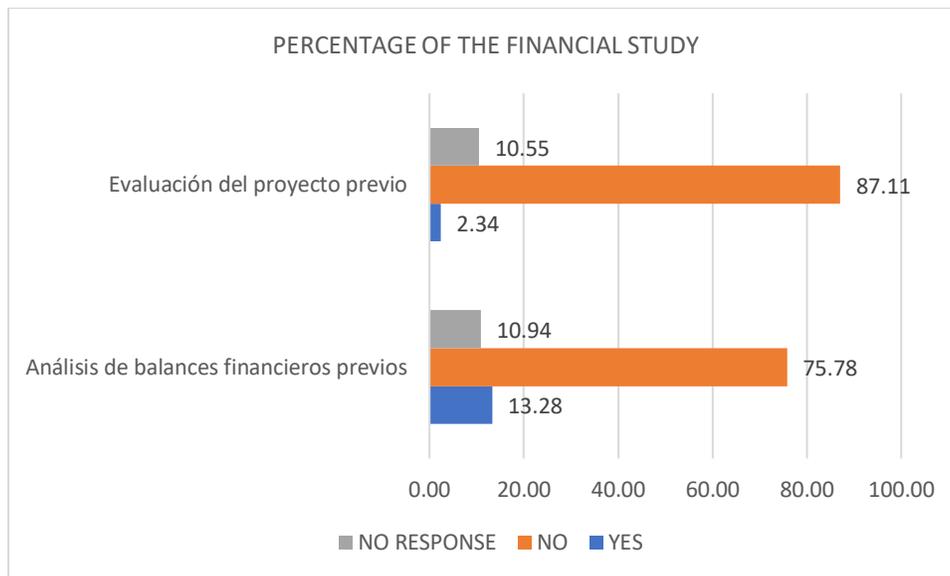


Figure 4. Interpretation of financial studies percentages

Source: The researcher

Analysis. - For the previous financial studies, 75.78% of businesses have not carried them out, 13.28% have done so and 10.94% do not answer, according to table 4. As for the project evaluation, 87.11% have not done it, 2.34% have done it, and 10.55% of respondents did not answer.

Interpretation. - Illustration 4 shows that financial studies are unknown to more than 75% of the entrepreneurs; a very small number have carried

out some study that can be counted as one of the balance sheets or technical evaluations.

5.1.2 Independent Variable: Supply and demand dynamics in the local economy.

5.1.2.1 Demand

a. Frequencies:

Table 5. Demand by frequency of companies or businesses

109	131	16	256	
88	140	28	256	TOTAL
197	109	131	16	256
Knowledge of unsatisfied demand	88	140	28	256
TOTAL	197	271	44	512

Source: The researcher

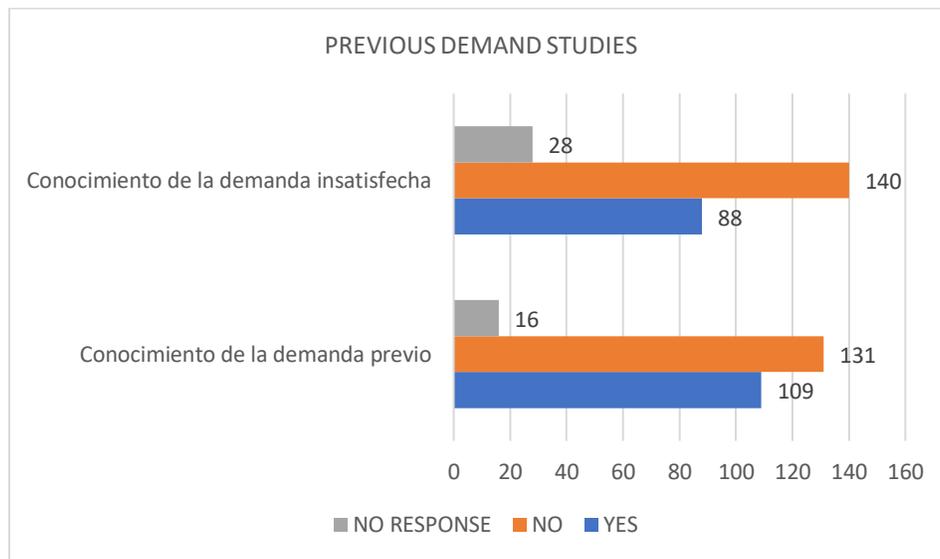


Figure 5. Interpretation of demand by frequencies

Source: The researcher

Analysis. - Knowledge of unsatisfied demand, according to Table 5, is affirmative in 88

respondents, 140 do not identify it, and 28 do not respond. On the other hand, regarding knowledge

of demand, 109 do know it, 131 do not, and 16 businesses do not respond.

companies, according to Figure 5, and their percentages are reviewed below.

Interpretation. - The market knowledge through demand is lower than half of the surveyed

b. Percentages

Table 6. Demand by frequency percentages

DEMAND		FREQUENCIES		
ASPECTS OF STUDY	YES	NO	NO RESPONSE	TOTAL
Prior knowledge of the demand	42,58	51,17	6,25	100
Knowledge of unsatisfied demand	34,38	54,69	10,94	100
TOTAL	76,95	105,86	17,19	

Source: The Researcher

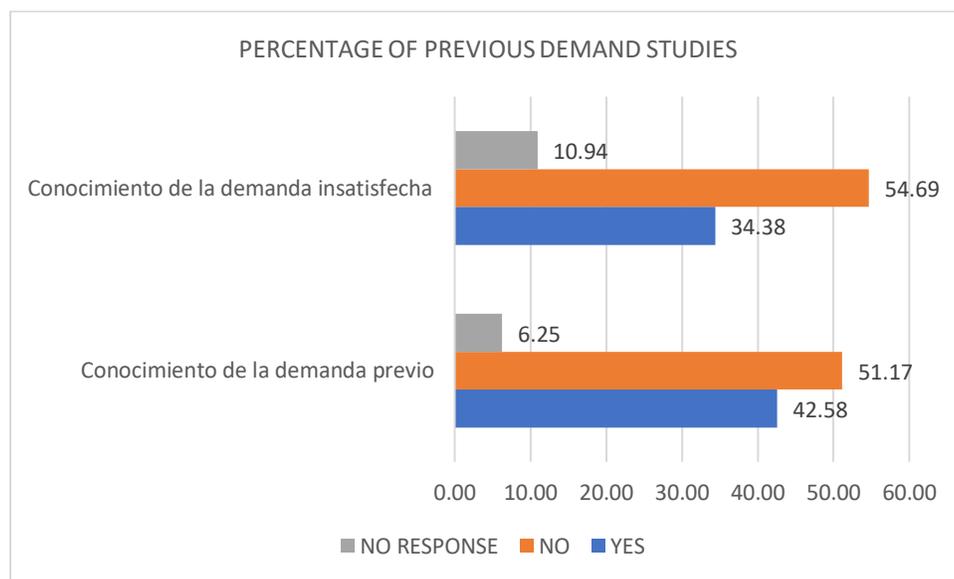


Figure 6. Percentage interpretation by frequencies

Source: The Researcher

Analysis. - The knowledge of unsatisfied demand is affirmative in 34.38% of respondents, 54.64% do not identify it, and 10.94% do not respond, as shown in Figure 10. Regarding knowledge of demand, 42.58% know it, 51.17% do not, and 6.25% of the businesses surveyed do not respond.

Interpretation. - The knowledge of the market through demand is lower than 43% of the surveyed companies since this type of study becomes a private investment since the public sector

institutions do not collect information of this type that is accessible to the public and the existing information is deficient.

5.1.2.2 The offer

a. Frequency

Table 7. Supply by company frequencies

OFFER	FREQUENCIES			
	ASPECTS OF STUDY	YES	NO	NO RESPONSE
Prior knowledge of the offer	109	120	27	256
Number of businesses offering your product or service	92	136	28	256
Prior knowledge of unmet supply	75	152	29	256
Knowledge of the competition	87	140	29	256
TOTAL	363	548	113	1024

Source: The Researcher

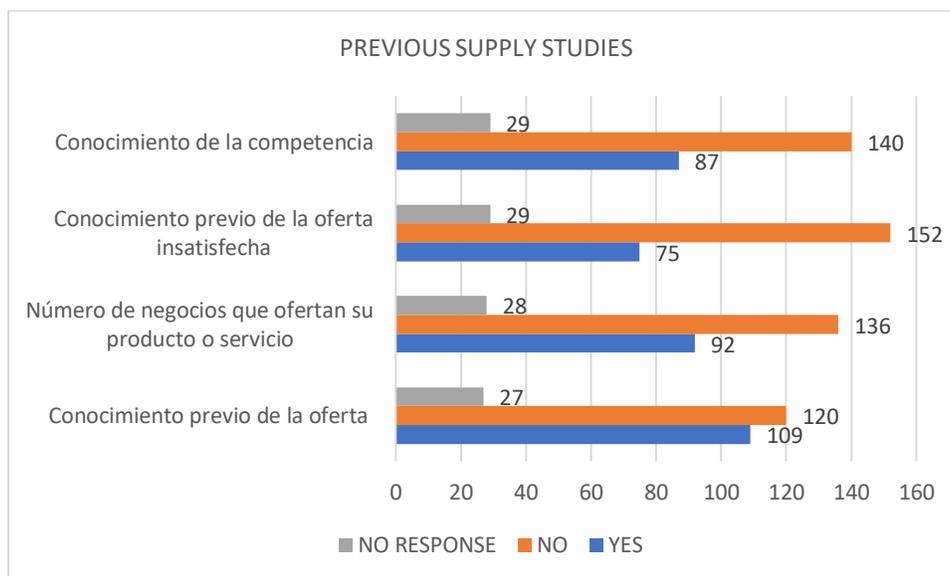


Figure 7. Interpretation of the Offer by companies

Source: The Researcher

Analysis.- The Study of the knowledge of the offer through the competition according to table 7 shows that 87 companies do know it, 140 do not and 29 do not respond; the previous knowledge of

the unsatisfied offer indicates that 152 businesses do not know it, 75 do and 29 do not respond; the knowledge of businesses that offer the same product and/or service indicates that 92 do know

it, 136 do not and 28 do not respond; finally a previous knowledge of the offer if 109 companies have it, 120 do not and 27 do not respond.

of the companies surveyed; the percentages are presented below.

b. Percentages

Interpretation. - Knowledge of the offer is generally considered affirmative in less than half

Table 8. Supply by percentages

OFFER	FREQUENCIES			
ASPECTS OF STUDY	YES	NO	NO RESPONSE	TOTAL
Prior knowledge of the offer	10	46,88	10,55	100
Number of businesses offering your product or service	35,94	53,13	10,94	100
Prior knowledge of unsatisfied supply	29,30	59,38	11,33	100
Knowledge of the competition	33,98	54,69	11,33	100
TOTAL	141,80	214,06	44,14	

Source: The Researcher

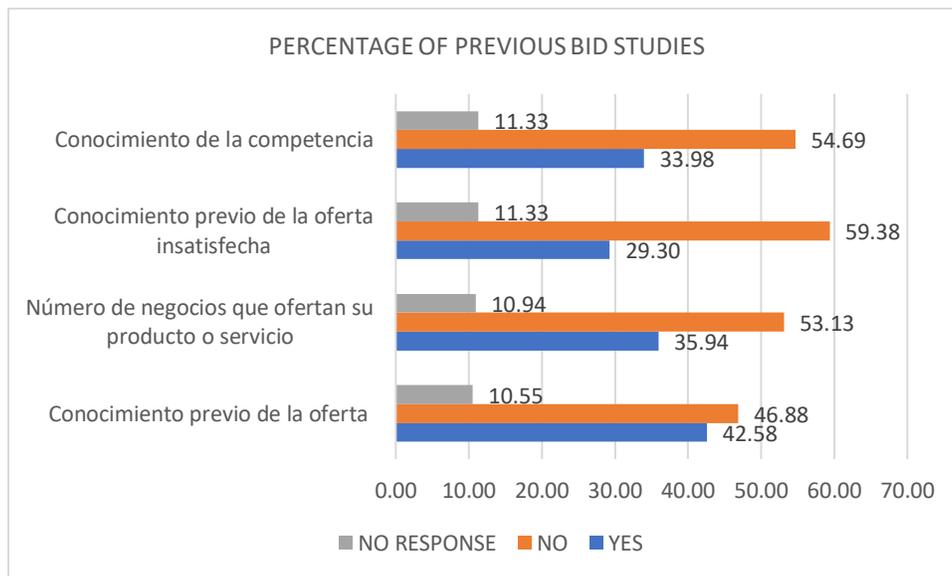


Figure 8. Interpretation of Offer Percentage Offering

Source: The Researcher

Analysis. 33.98% of businesses do know about their competition, 54.69% do not and 11.33% do not respond; prior knowledge of the unsatisfied offer is affirmative for 29.30% of businesses, 59.38% do not know, and 11.33% do not respond; knowledge of businesses offering the same product and service is answered by 35.94% yes, 53.13% no and 10.94% do not respond; finally, prior knowledge of the offer is yes for 42.58% of businesses, no for 46.88% and no for 10.55%.

Interpretation. - It is possible to identify, according to illustration 8 that the knowledge of the offer is barely 30%, also due to a deficient public work to identify or diagnose its territory correctly.

5.2 Contrasted analysis of variables

5.2.1 Independent Variable: Investments in

Entrepreneurship Projects

Table 9: Contrasted Variables Analysis

VARIABLE ANALYSIS				
ASPECTS OF STUDY	YES	NO	DOES NOT KNOW	TOTAL
Previous feasibility studies	41,60	52,93	5,47	100,00
Previous financial studies	7,81	81,45	10,74	100,00

Source: The Researcher

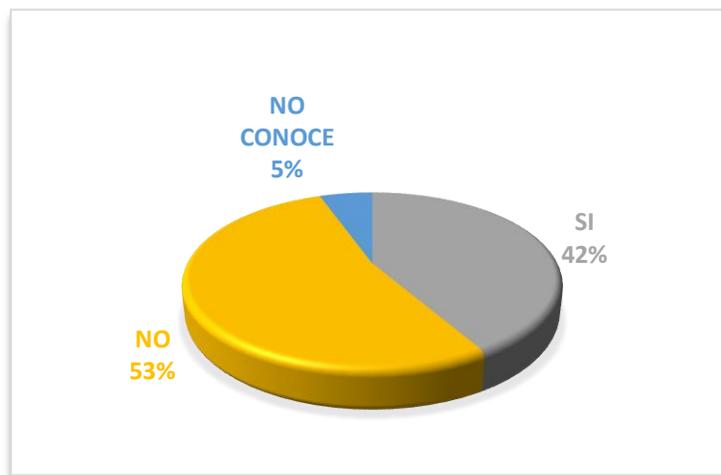


Figure 9. Contrasted analysis of variables Interpretation

Source: The Researcher

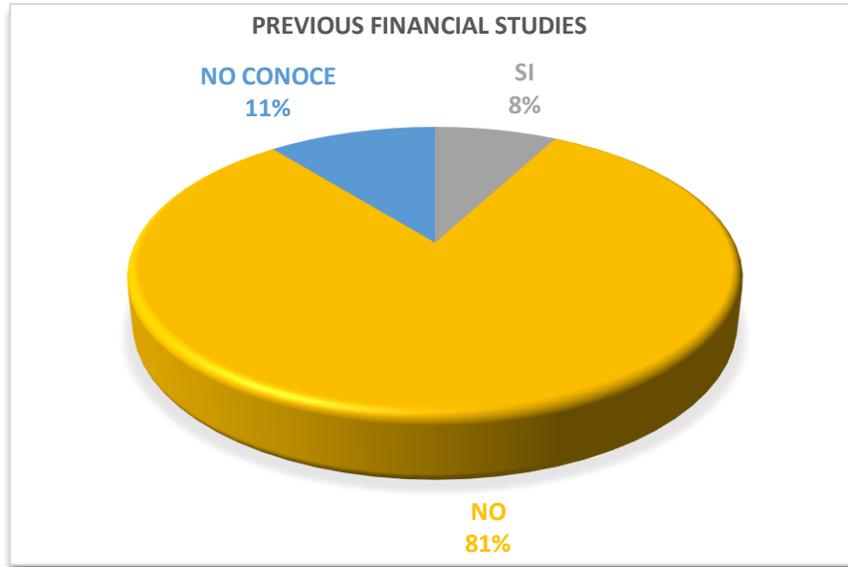


Figure 10. Previous Financial Studies

Source: The Researcher

Analysis. - According to Illustrations 13 and 14, feasibility studies for ventures were applied by only 24% of the businesses surveyed, 53% did not know about them, and 5% did not answer. In the case of financial studies, 8% of respondents have applied for one, 81% have not, and 11% do not know.

Interpretation - As illustrations 9 and 10 show, only 24% of surveyed businesses have applied any feasibility studies before the start-up of ventures and 8% in the case of financial studies.

5.2.2 Independent Variable: Supply and demand dynamics in the local economy.

Table 11. Variable Analysis

VARIABLE ANALYSIS				
ASPECTS OF STUDY	YES	NO	DOES NOT KNOW	TOTAL
Previous demand studies	38,48	52,93	8,59	100
Preliminary offer studies	35,45	53,52	11,04	100

Source: The Researcher

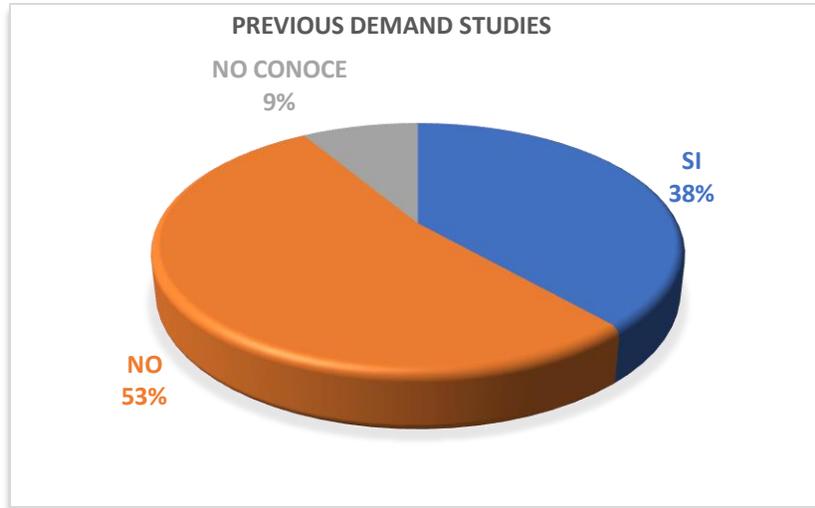


Figure 11. Previous Demand Studies

Source: The Researcher

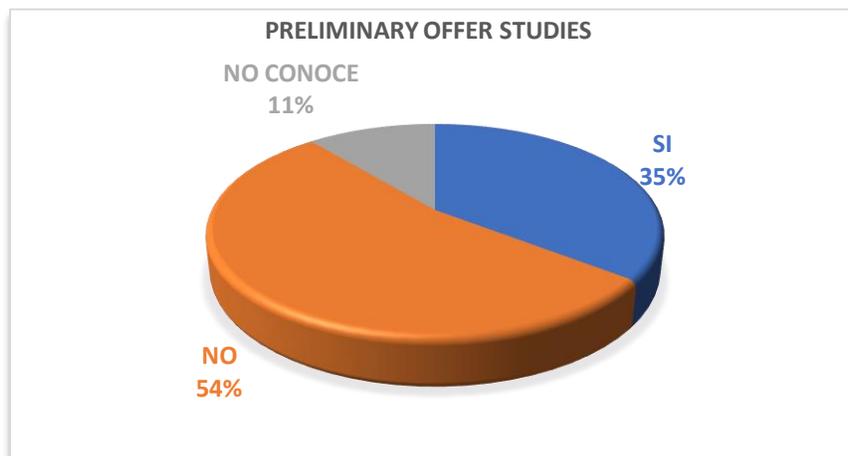


Figure 12. Preliminary Bid Studies

Source: The Researcher

Interpretation - The market analyzed from the supply and demand side is deficient, as can be seen in illustrations 11 and 12; in the case of demand, 38% is known and supply 35%. This is more acute when the greater knowledge of market dynamics is through information gathered privately since

public efforts do not coordinate comprehensive efforts for the efficient development of the local economy.

5.2.3 Independent variable VS dependent variable

Table 12. Numerical analysis Technical Support

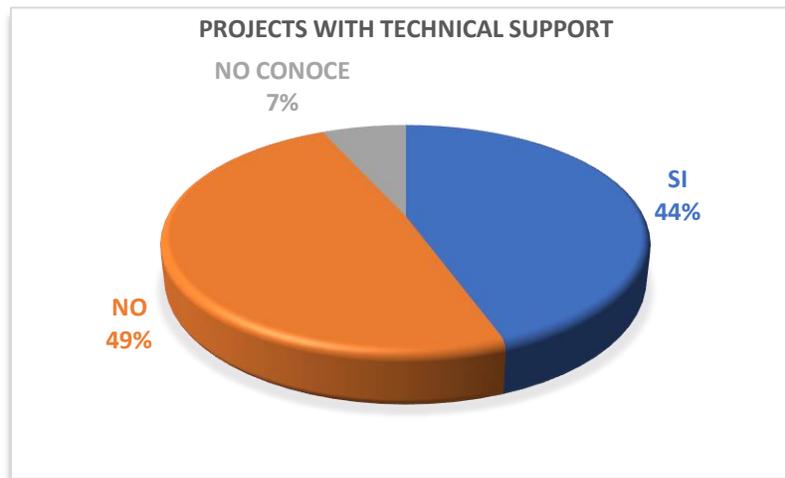
VARIABLE	YES	NO	DOES NOT KNOW	TOTAL
Projects with technical support	910	999		2048
Projects with market knowledge	560	819	157	1536

Source: The Researcher

Table 13. Percentage analysis Technical Support

VARIABLE	YES	NO	DOES NOT KNOW	TOTAL
Projects with technical support	44,43	48,78	6,79	100,00
Projects with market knowledge	36,46	53,32	10,22	100,00

Source: The Researcher

**Figure 13.** Project with Technical Substantiation

Source: The Researcher

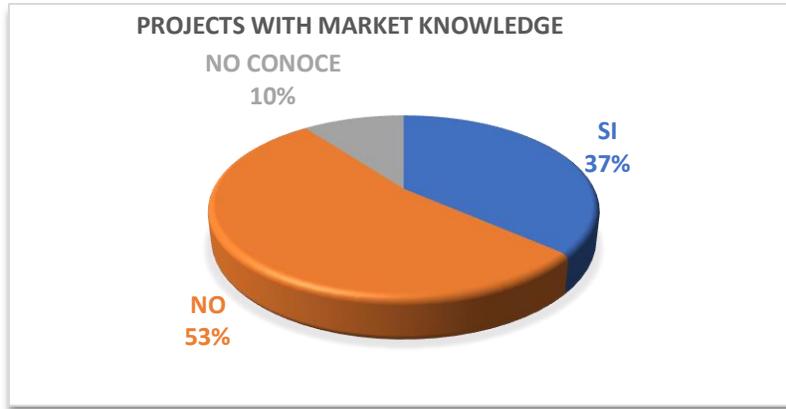


Figure 14. Projects with Market Knowledge

Source: The Researcher

Analysis - The projects developed with technical support are affirmative in 44%, no in 49% and not known in 7%, while the projects with knowledge of the market have a yes answer in 37%, no in 53% and no in 10%.

these technical tools that minimize investment risks and the deficient or isolated work of the public sector to have data that provide entrepreneurs with a correct diagnosis of the market, its needs and projections.

Interpretation: As shown in Figure 14, only 44% of the entrepreneurial projects in Macas are developed with technical support and 37% with previous market studies, which directly affects the development of the local economy for different reasons, among them: the lack of knowledge of

5.3 Hypothesis testing

As established in the previous section, the Chi-square methodology is used to test the hypothesis, for which Tables 14 and 15 of data and contingency analysis are presented:

Table 14. Market Supply and Demand Analysis

MARKET DEMAND AND SUPPLY					
TECHNICAL SUPPORT OF INVESTMENTS			high 5-6	medium 3 -4	low less than 3
	high 7 - 8			10	8
average 5 - 6			13	25	21
drop of less than 5			22	28	92

Source: The Researcher

Table 15. Market Supply and Demand Analysis percentages

MARKET DEMAND AND SUPPLY							
TECHNICAL SUPPORT OF INVESTMENTS	high 5-6		medium 3 -4		under less than 3		
high 7 - 8	10	6,01	8	8,15	13	16,84	31
average 5 - 6	13	11,44	25	15,51	21	32,04	59
drop of less than 5	22	27,54	28	37,34	92	56,31	142
	45		61		126		232

Source: The Researcher

Hypothesis testing:

$$X^2_{\alpha} = (r - 1)(c - 1)$$

$$X^2_{\alpha} = 0.78$$

X^2_0

Technically sound popular investments are independent of market supply and demand.

Based on the results obtained, it is determined that popular investments with technical support are dependent on market supply and demand.

X^2_{α}

Technically supported popular investments are NOT independent of market supply and demand.

5.4 Discussion

The investment in entrepreneurial projects is hindered, as shown in Figure 18, by the deficient knowledge of the market, identifying the following effects on the market, according to the previous analyses presented:

X^2_0

$$= \sum_{i=1}^k \left(\frac{(O_i - E_i)(O_i - E_i)}{E_i} \right)$$

$$\sum_{i=1}^k \left(\frac{(10 - 45)(10 - 45) \dots}{4} \right)$$

- Over-supply or under-consumption or the vicious circle: over-production, unemployment, under-consumption, over-production.
- Unmet market needs
- Ephemeral ventures in time

$$X^2_0 = 39.4$$

Isolated studies are evidenced; most from the private sector and those of public origin do not find articulation with the private sector. Because of this, a tool is proposed as a strategy that can minimize the market effects mentioned, as shown in Figure 19, allowing the enterprises to be more efficient and remain on time.

Critical value of $\alpha = 0.05$

GESTIÓN DE MERCADO PARA ECONOMÍAS LOCALES EFICIENTES



Figure 15. Market management for local economies

Source: The Researcher

Local economies can be better managed based on a knowledge of the market that allows setting the path to be followed by the other members of the market, making investments in entrepreneurship more efficient and sustainable over time by combining the following elements:

1. MARKET INVENTORY. - Although the term inventory is applied at the company level, it is one of the essential tools for the market so that the conditions in which the elements of the local market are found are known at the level of public management.

Ponsont (2008) mentions in his indexed journal that “the inventory problem has always been present in human history, and it is clear that if the man had certainty about the future, he could wrongly establish the number of goods he should store” (p.84).

“Marketing research is the function that connects the consumer, the customer, and the public to the marketer through information, which is used to identify and define marketing opportunities and problems; to generate refine and evaluate marketing actions; to monitor marketing performance and improve its understanding as a process. Marketing research specifies the information required to analyze those issues, designs the techniques for collecting the information, directs and applies the data collection process, analyzes the results, and communicates the findings and their implications” (Naresh, 2008)

5.4.1 Monitoring market dynamics

Once we know what we have, what the needs are and where our locality is projected to be according to its resources and social dynamics, one must monitor the changes in time that the basic

elements of the market, such as supply and demand, have, designing for this purpose the mechanisms and variables to be measured so that, through computer and statistical models, future changes can be foreseen, minimizing risks.

Malhotra (1997) states that the task of marketing research is to satisfy information needs and provide management with up-to-date, relevant, accurate, reliable and valid information. The ever-increasing costs attributed to ineffective decision-making in today's competitive marketing environment require marketing research to contribute meaningful information. Appropriate decisions are not based on the sixth sense.

Generally, consumers have several buying options, so entrepreneurs must study their markets carefully and search for their buyers. For this reason, market research becomes an asset of the company that avoids expenses and risks by pointing out the market and sales potentials, being part of the commercial culture of a business. Market research is a technology that increases sales and contributes to productivity and profit improvement. When it establishes itself as a strategic and supporting element for the company's director, its contribution to profitability increases geometrically for its budget (Alfredo, 2001).

5.4.2 Efficient consulting for entrepreneurship

The information provided in the previous sections will make it possible to develop more efficient projects with the necessary technical studies to minimize risks.

It is known that the scientific-technological preparation and the innovative capacity of human beings will make a difference in the new era, that there are rapid developments in hard and soft technology, that knowledge is growing at a pace never seen before, that there are no longer closed markets, that products, services and even companies have short life cycles and that the society of traditional employees is in its final stages (Varela, 2014). In short, the performance environment of citizens has changed (Varela, 2014).

It is proposed that the public sector is in charge of providing the new entrepreneur with a guide based on the basic studies that a project must have, such as market, technical, financial and evaluation studies to minimize investment risk and achieve a more harmonious and efficient development of local economies.

5.4.3 Innovation for entrepreneurship

Innovation in the company consists of bringing to the surface and gathering the ideas that arise in the organization, exploring them in-depth and putting into practice viable ones. Ideas not only come from within the organization itself but can also originate in the surrounding environment. Therefore, managers must develop a culture in which employees, customers and suppliers feel that they are part of a dynamic organization in which innovation is encouraged.

This arises spontaneously, but only with the right culture can we achieve the regularity of innovation that characterizes an innovative company (Bankinter, 2010).

The local society needs to promote a culture of innovation and the creation of new alternatives to meet market needs; innovation ranges from the creation of new products and services to new ways of doing things more efficiently.

5.4.4 Enterprises with longer market permanence

The success of a venture and its permanence over time is based on the right combination of efforts to implement a culture of teamwork to raise the studies that support the new ideas from the private to the public.

Governments face uncertainty intrinsic to the innovative activity when defining their agenda. The success of a properly developed and marketed business idea is not assured. Likewise, a well-thought-out innovation agenda may not yield the expected results. However, there is no other option. Both companies and governments have to take risks. Innovation does not ensure success, but lack of innovation does ensure failure.

For this reason, the following is a look at the pieces that the Future Trends Forum experts consider necessary (but not sufficient!) to build the innovation puzzle. Unlike a traditional puzzle, these pieces do not have a predefined mold, and it is up to the public and private sectors to give the size and shape. This requires a comprehensive approach that encompasses them all at once so that every one of them fits into the region's puzzle. (Bankinter, 2010).

5.4.5 Efficient local economy

“Process in which a local society, while maintaining its own identity and territory, generates and strengthens its economic, social and cultural dynamics, facilitating the articulation of each of these subsystems, achieving greater intervention and control among them. To carry out this process, the participation of the agents, sectors and forces that interact within the limits of a given territory is fundamental, which must have a common project that combines: the generation of economic growth, equity, social and cultural change, ecological sustainability, gender focus, quality and spatial and territorial balance, to raise the quality of life and well-being of its inhabitant” (CASANOVA, 2004).

A more modern, effective and efficient state must be able to promote state-of-the-art social policies such as “an effective decentralization of the State; the formation of strategic alliances between government and civil society; the development of the potential and capabilities of small and medium-sized enterprises; and the promotion of social responsibility” (ESPINOZA Arenas & GATICA Villarroel, 2008).

6. Conclusions

Local economies are efficient when they can know and manage their resources, allowing them to be used by entrepreneurial projects sustainably while monitoring the dynamics of the markets to align public planning and private strategies; it is understood that this is a joint work between the public and private sectors, The Study allowed determining that project investments in the city of

Macas are marked by the experience of other people who have implemented their ventures. 154 businesses have conducted a feasibility study out of a total of 256 businesses studied, which corresponds to 53.52%, resulting in an oversupply of products and services in the local economy that affects the profitability of the ventures, making them ephemeral in time and an increase in unsatisfied needs for consumers.

The popular investments are based on previous feasibility studies in 65.63%, as the highest percentage of the 6 aspects considered within the methodology to solve the variable corresponds to previous administrative planning. In contrast, studies such as the same feasibility and technical analysis are maintained at 30% and the market study at 42.58%. Previous financial studies are also considered, which reach much lower percentages; the financial balances obtain 13.28%, while the investment evaluation has only been carried out by 2.34% of the enterprises. It has been observed that businesses do not last long in the market. It is now understood that due to this deficiency or lack of technical support, the enterprises are ephemeral, since the investment is not recovered in the first years. They close conditions that are aggravated by the deficient analysis of the market reality from the private and public efforts analyzed in the illustration¹⁸ and following conclusion, the state of the current businesses does not consider innovation as part of their development and monitoring the market dynamics requires resources that are not available or are not considered within the entrepreneurship projects.

The methodology applied on the basis of the basic components of a venture project, especially the market, generated effective information allowing to identify that popular investments have a poor prior knowledge of the market in terms of supply (38.48%) and demand (35.45%), only 42.58% of ventures know in some way the needs of the market and 34.38% of which are unsatisfied with the current dynamics of the market, 58% of ventures know in some way the needs of the market and 34.38% which of these are unsatisfied with the current market dynamics, there is no inventory of the market in the city of Macas making the task of proposing strategies for a

venture to be successful more difficult. The effects of an oversupply of services or products in the city can be found due to the fact that only 42.58% know about the suppliers, and 35.94% know the number of suppliers in the area of services or products they offer, keeping in a percentage equal to or less than 30% the identification of their competition and unsatisfied supply, which makes the current state of the market uncompetitive and negative for entrepreneurship projects to be developed, the management of the local economy is deficient due to a disarticulation between public and private work.

It can be evidenced according to the statistical tools that the deficiency of knowledge of the dynamics of supply and demand in the local economy makes the investment of entrepreneurship projects have a deficient permanence in the market and time determining that: popular investments with technical support are NOT independent of market supply and demand, setting the tone for designing tools to understand and monitor market dynamics as well as to apply and socialize the different studies that minimize the risks of venture investments, so that the management of the local economy can be efficient, understanding that according to economic theories it is up to the entrepreneurs or companies to apply tools such as technical studies, administration, innovation as a socioeconomic contribution, but that is fed by information on market dynamics that must be raised and managed from the public and its sectional governments, allowing the free development of supply and demand with a sustainable basis and vision.

The proposed strategy: Market Management for Efficient Local Economies, is based on 6 aspects that begin with the inventory and monitoring of the dynamics of the local market to achieve efficient advice for entrepreneurship that includes a simple guide where basic studies of projects that minimize the risk of investment are met so that new businesses have information that allows them to project into the future by implementing a culture of innovation at all levels that allows them to remain in the market, thus achieving a more efficient local economy, which delivers the efforts between the public and the private.

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