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MICROENTERPRISE PERSPECTIVE: COMPETITIVENESS AND FINANCING

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Abstract

The competitiveness of companies is a factor that is related to management, rationality and access opportunities to leverage resources in such a way that it allows the organization to face its competitors with better quality production costs in support of optimal financing. A recognition is then made of the different elements that allow generating a context on competitiveness and the relationship it has with financing. This is a chapter developed from the review and critical reading of specialized documentation, an exercise that provided a business perspective, especially microenterprises in a globalized competitive context. It is a product that serves as a reference for microentrepreneurs, teachers and students who want to explore the concept of enterprise, as well as elements that are part of competitiveness. It provides a generalized product on the context to which companies belong, regardless of their size and the economic sector to which they belong.

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1.Introduction

The general concept of enterprise has been and continues to be worked on in academia, but its variation is not representative, so in context it is understood as the economic activity organized for the production of a good or service. From this definition, the business segment in Colombia is classified into micro, small, medium and large companies, classification regulated in the well-known Mipymes law, in force Law 590 of 2000, modified by Law 905 of 2004, which determines its size by the value in current legal minimum wages of its assets: Up to 500 ($368.858.500) SMLV, above 500 and up to 5,000 ($3,688,585,000) SMLV, above 5,000 and up to 30,000 ($22,131,510,000) SMLV and above 30,000 ($22,131,510,000) SMLV respectively.

Regardless of size, companies are at all times in an environment that demands competitiveness, a theme that will be present throughout the document, since the company is understood as the center of competitiveness, "it is integrated into a network of links that includes its suppliers of goods and services, the financial system, the educational system, and the technological, energy, transportation, telecommunications, among others" (Benavides et al. (2004, p. 123), actors that at different times are found in the document.

Based on the above, aspects related to public policies on competitiveness are presented, as in the last two decades the Colombian government and the district administrations have been working on the subject. Subsequently, the aspect of credit as a tool allied to competitiveness is taken into account, with emphasis on microenterprises. The proposal of microcredit, considered a tool for the financing of microenterprises, is then reported, Maxime who, due to their scarce capital backing, have fewer options compared to the ordinary financial system, thus leaving a task for microcredit.

Thirdly, the importance of knowledge and management of corporate finances as a factor that supports decision making and connectivity is addressed, taking into account that this is where the different resources for the analysis of the performance of companies in general would be found, in an environment that goes through maximizing profit, maximizing size and maximizing the value of the company. The three aspects mentioned above are the objectives of the study of finance throughout time. Regarding the third one, it should be noted that this is based on the competitiveness that companies develop, in exchange for being compensated with the demand for their products and their corresponding revenues and profits (Buenaventura, 2017).

2. Methodology

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This is a descriptive study with which different aspects were identified to provide a context of competitiveness and the importance of credit in approaching it. For Hernández et al. (2014), these types of study take aspects of the same nature and study them separately, which allows going to the detail of the subject to be known, this in function of achieving the proposed objective.
The information obtained for the illustration of the document is the result of a review of specialized literature in different databases, including DOAJ (Directory of open access journals), Redalyc scientific information system, Institute of Education Sciences ERIC, among others that generated information specific to the topic of study, focused on demonstrating the perspective of the microenterprise and the elements that accompany competitiveness.

It is a broad documentary review, which provided knowledge for an interpretation that allowed the construction of a document that feeds the diagnosis and perspective on microenterprises, finances and possible sources of financing. It was found that it is a topic that has been worked on by a significant number of authors and that it has also been approached from the perspective of public policies.

3.Results

Overview of business competitiveness.
Competitiveness and its conceptualization have different approaches. It has been taken from the global context, country, region, as well as company. Table 1 presents three different approaches to competitiveness.

Table 1. *Competitiveness approaches.*

Approaches	Concept	Source
Systemic competitivenes s approach	In this regard, "It is assumed that in today's world not only companies compete, but also systems, since, although the company is the crucial node of competitiveness and innovation, it is integrated into a network of linkages that includes its suppliers of goods and services, the financial system, the educational, technological, energy, transportation and telecommunications systems, among others, as well as the infrastructure and the quality of the public sector and the relationships within the company itself. Thus, competitiveness is the product of the complex and dynamic interaction between four economic and social levels of a system" (Benavides et al. (2004, p 123).	Benavides, Muños and Parada (2004)

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Porter's competitive advantage approach	This approach takes into account that the competitive strategy develops offensive or defensive actions to take a defensible position in an industry, in order to face competitive forces that lead to the generation of a return on investment. "The basis of above-average performance within an industry is sustainable competitive advantage" (Michael Porter, s, f).	Garay (2004)
Global competitiveness approach	From this approach, he reflects on the implications of increasing the relationship between countries. "On the demand side, there is the need for the capacity to meet international requirements on technical standards, product differentiation and adaptation to cultural norms and particular consumer demands. On the supply side, it is essential to acquire sufficient capacity to adapt and develop new technical changes, both in the product and in the process" Garay (2004).	Garay (2004) Benavides, et al. (2004).

Source: Own elaboration based on Garay (2004). Colombia: industrial structure and internationalization 1967-1996 and from Benavides et al. (2004).

The term is one of the most constantly studied and at the same time most controversial in academic, business, governmental and media research fields (Hamel, 1994, cited in Banrepública, 2017), competitiveness is defined according to the context, and focus of interest, and arouses curiosity in politicians, legislators, media, consultants and academics, especially, economists try to explain and measure it.

According to Benavides et al. (2004), the first difficulty in defining competitiveness is that there is no single concept, and the definition depends on the theoretical framework that composes it, as well as on the measurement approach to be used. In response to the neoclassical theory, which conceives that "competitiveness is a problem to be solved by the company through an efficient allocation of the factors of production that allows it to control a certain market niche. In turn, it is up to the State to design and apply a macroeconomic policy that provides the right signals to entrepreneurs" (p. 120), it seems that competitiveness is the result of more variables, which makes it more complex, so it should be approached from a broader perspective that takes into account the economic, social and political environment of companies.

From a global viewpoint, competitiveness is the product of the complex and dynamic interaction between economic and social levels of a national system. Specifically, the author names four levels: micro, meso, macro and meta, which according to Esser makes competitiveness systemic. Likewise, competitiveness, from the country's point of view, is related to a general framework of macroeconomic equilibrium, capable of sustaining and increasing participation in different world markets. With regard to the microeconomic perspective, it is established that companies are competitive if they are guaranteed

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to remain in the market, once the barriers to international competition have been lowered, as well as the incentives to promote their productivity (Esser, 1996).

According to Porter (1990) and Krugman (1994) in Saavedra (2017), companies are the ones that compete, not nations. Those that make a country competitive are the competitive companies that produce within it, thus, only companies are the basis of a nation's competitiveness. For Rubio and Aragón (2006), business competitiveness is the ability of these companies to compete with others, where it reaches a favorable position of superior performance to the companies with which it competes. Meanwhile, for Lall et al. (2005), companies compete and measure their competitiveness according to their participation and profitability obtained in the market, then, competitiveness is the basis of the organization's strategy that should be used to improve its performance. On the other hand, it is stated that business competitiveness is based on the competitive advantage that the company has, achieved through production processes that compare it with its competitors (Abdel and Romo, 2004).

According to Cervantes (2005), the competitiveness of companies depends on general factors such as three levels: the first one is related to the country's competitiveness, determined by variables such as macroeconomic stability, trade and capital openness, and various regulations for the business sector; the second level refers to regional infrastructure; and the third level is the business level, which explains the competitiveness of companies and is related to what happens within the entity itself. These factors lead companies to develop the capacity to increase or maintain their market share in a permanent development of business strategies that allow them to participate in negotiations with different organizations in an environment of policies and alliances built by national governments and regional economic alliances (Solleiro and Castañón 2005).

Business competitiveness is disaggregated from the competitive advantage(s) it may have due to its strategies and methods of production, administration and organization itself, aspects that reflect the quality and relevance of its products in its competitive environment. Taking into account these elements, it can be inferred that the competitiveness of a company is a result of productivity, participation in the internal and external market, profitability, relations with the business sector and regional infrastructure (Abdel and Romo, 2004). In conclusion, it is useful to comment on Porter's (1990) reflection that comparative advantages are inherited while competitive advantages are created, there are few times when permanent growth is generated purely based on comparative advantage; factors and activities such as business strategies and the industrial structure of the business environment are required. Thus, competitiveness at the company level is related to the capacity to grow in the different aspects mentioned above: human resources, research and development, technology upgrading, adaptation to market changes, flexible management, sustained profitability, financial leverage, among others that guarantee sustainability and permanence in the market.

Competitiveness policies in Colombia.

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Since the last decade of the twentieth century, policies, programs, laws and CONPES documents have been implemented for the development of productivity and competitiveness of companies, sectors, at regional and national level with initiatives coming from different sources and different topics (Fedesarrollo, 2015). There have been initiatives with science and development programs with the aim of generating innovation from higher education institutions and value chains that promote the use of "international integration to import knowledge. From green roads to the dredging of large ports, and from the initiatives of a private company to presidential directives on formality and labor productivity" (Fedesarrollo, 2015, p. 19).

In the last 20 years, public policy initiatives have been presented to improve the country's competitiveness. Table 2 presents a summary of the initiatives proposed by the different governments since 1990.

Table 2. *Government Competitiveness Policies since 1990.*

Period	Progress in competitiveness policies
1990 -1994	The Foreign Trade Bank -Bancoldex- was created, the Science and Technology Law, the Export Promotion Trust -Proexport- was created, and the National Learning Service -SENA- was restructured.
1994- 1998	First National Competitiveness Strategy, Presidential Directive for the National Competitiveness Council is issued
1998- 2002	Development of National Productivity and Competitiveness Policy, Colombia Competes Network (cross-cutting, regional and sectoral policies), 32 CARCES and 41 production chains.
2002-2006	National Competitiveness System and National Competitiveness Commission Private Competitiveness Council Optimization of Business Development instruments High Council for Competitiveness Internal Agenda.
2006-2010	Continuity for the National Competitiveness Commission Private Competitiveness Council Sectoral Incentives Cluster support Regional competitiveness plans.
2010-2014	New objectives for the SNC Boosts Expansion of Sectors in PTP Sectoral Tariff Benefits Pacific Alliance Locomotives and PIPE Royalties Restructuring of SENA.

Source: Prepared from (Fedesarrollo, 2015, p.19).

The table allows inferring that in the last 20 years the intention of the governments to strengthen the country's competitiveness has been maintained. The result of these intentions from the respective governments, according to the DNP in the Global Competitiveness Report 2015 is that "the Global Competitiveness Index (GCI) improved from 4.19 to 4.23. Ranking 66th out of 144 economies, while the previous year the country had ranked 69th out of 148 countries" (p. 2).

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Competitiveness policies in Bogotá.

The national government's commitment to strengthen the integration of urban and rural areas is known as the "Bogotá Cundinamarca construction process". The commitment was set forth in CONPES 3256 issued in 2003, where it is recognized that:

Integration between urban and rural areas seeks to establish agreements and alliances around the following central aspects for competitiveness and territorial governance: (a) the creation of favorable conditions for investment and productive employment, within a framework of sustainable endogenous development; (b) the generation of an environment conducive to innovation and technological development; (c) the opening of the city region in terms of foreign trade and in the definition of foreign policy in order to integrate it into international circuits of business and opportunities; d) the integration of policies and actions in terms of infrastructure and regional, national and international connectivity; and e) the generation of planning and management capacity for matters of supramunicipal interest and the expansion of opportunities to strengthen social inclusion and cohesion (Compes Document 3256, p. 3).

This opens a space for agreements on aspects of competitiveness and governance strengthened in the creation of favorable contexts for investment, innovation, technological development, trade and international integration, among others that lead to the improvement of the quality of life of the capital's population.

The Chamber of Commerce of Bogotá, in 2003, approved and set out the bases of the Regional Competitiveness Plan 2004 - 2014, which formulates the view from some premises, considered basic as they are: firstly, to provide greater autonomy and room for maneuver to the region to manage its own affairs and thus assume competitiveness as a purpose, both of the region and of the companies that make up its productive sector. The second refers to understanding competitiveness through multiple forms of cooperation and inter-institutional coordination between local, provincial, metropolitan areas and special regions. The third one is public and private cooperation in order to work towards the construction of an integrated region that addresses the economic and institutional aspects, while respecting the identity of each territorial entity.

In keeping with the proposed vision that by 2015, Bogota and Cundinamarca will be the most institutionally, territorially and economically integrated region in the country, the following strategic objectives are proposed:

Increase exports from Bogotá and Cundinamarca, position Bogotá and Cundinamarca as one of the best investment destinations in Latin America, strengthen the regional economy through its companies in chains and clusters in agribusiness and specialized services, raise the productivity of small and medium-sized enterprises, convert human resources and science and technology into the main factors generating the development of the regional economy, build institutional capacity to manage the territory and the regional economy (p. 30).

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Following the development of the policies of the Regional Competitiveness Plan 2004-2014 in 2008, an update of the competitiveness plan is presented with a vision for 2019, but guided by the concept of the vision formulated in 2003: "In 2019, Bogotá and Cundinamarca will be the most integrated region of Colombia in institutional, territorial and economic aspects, with a diversified productive base, but focused on specialized services and agro-industry, articulated to the world market, to be one of the top five regions in Latin America for its quality of life" (p. 40) accompanied by objectives that will guide it: "to increase regional exports, position as the best investment destination in Latin America, raise the productivity of SMEs, convert human resources into factors that generate development and increase the number of companies in the region" (p. 40). 40) accompanied by objectives that will guide it: "to increase regional exports, position ourselves as the best investment destination in Latin America, raise the productivity of SMEs, convert human resources into factors that generate development, and build institutional capacity to manage the territory and the regional economy" (p. 41), accompanied by a general goal of achieving a 7% annual GDP increase in a sustained manner over the next 10 years.

The policies surrounding competitiveness in the city of Bogota are permanent and seek to guarantee a scenario for companies, as stated in the document Regional Competitiveness Plan Bogota and Cundinamarca 2010-2019, to have "competitiveness determinants" conditions, or a group of interrelated variables that a company takes into account when establishing itself in a territory.

Microcredits as a tool for business competitiveness

The equation that constitutes microenterprise and microcredit can be established by the maxim agreed upon by the several thousand delegates at the first microcredit summit held in 1997 in Washington D.C. It is in this scenario where the commitment to promote actions for the development of sustainable and permanent institutions over time that take into account the very poor women and their families to get out of poverty with dignity. The request for such purpose is oriented from the interests of the assembly, at that time, to promote "a global campaign to bring credit for self-employment and other financial and commercial services to 100 million of the world's poorest families, especially the women of those families, by the year 2005" (Daley-Harris, 2007, p. 3).

Despite the campaign's barriers to impact for the benefit of people excluded from the financial system, within 30 years of its pronouncement, "microcredit practitioners around the world have revolutionized the banking system, which has succeeded in turning the field upside down. Their innovations have opened doors that previously denied financial services to the poor" (Daley-Harris, 2007, p. 5). These decades of microcredit revolution show two areas for reflection, for example, says the source, that it is evident that traditional banks lend to the rich and men by providing large loans, while microcredit pioneers lend to the poor and women by providing small disbursements. While the former demanded guarantees, developed cumbersome procedures and expected their clients to go to the bank, the latter were practical, marginalized guarantees and went to their users.

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The world, from this social innovation that microcredit is developing, expects that this 20% of the population that is marginalized from adequate health services, enjoy decent housing, training in educational institutions and excluded from opportunities to ensure their own economic sustainability because they do not have access to credit with which "small entrepreneurs" live this possibility of having productive units that require low financial muscle (Salvia and Blaistein, 2011). The reality experienced by these approximately 1.2 billion inhabitants in the world, to whom these intentions were directed from the aforementioned microcredit summit, has had obstacles represented in these deep-rooted myths such as:

1.microfinance institutions cannot serve the very poor because it costs too much to identify and motivate them, if an institution can reach the very poor, 2. it cannot achieve financial self-sufficiency because the added cost of identifying and motivating the very poor and handling very small loans is too much and 3. an institution that somehow manages to reach the very poor and be financially self-sufficient will only be adding to the debt burden on those families" (Daley-Harris, 2007, p. 8).

These myths, according to the referent, have to do with the fact that the 20% of the population that lives on less than one dollar a day does not guarantee the sustainability of the institutions, therefore, it is not advisable to use this tool.

Rodriguez (2010) corroborates the above, interpreting the behavior of Microfinance Institutions as a response, simply from a realistic assessment of the associated risks. The particularity is that these microfinance institutions "play an important role in the development process given that it is not the explicit function of the Commercial Banking System to have development priorities in mind when granting loans, unless they are directed by the Government" (p. 6). Similarly, Rodriguez (2010) reflects that the objective of commercial banks is focused on guaranteeing profits to their partners, an aspect that marginalizes them from ethical banking, which seeks to articulate the needs, without any exclusion, of those who need sources of leverage as are the Microcredit institutions whose duty is related to promoting the growth of small businesses, where potential "small entrepreneurs" are excluded from the ordinary system because of their poor condition and therefore insufficient guarantees.

The seriousness with which the commitment made at the summit was taken, led multilateral institutions, such as the United States Agency for International Development (USAID), which leveraged the possibilities of lending to the poorest sectors of society in order to achieve the goal of guaranteeing that 100 million families would be covered by microcredit, to pressure their financial intermediaries in different countries to report the number of new clients they covered who have incomes of less than US$1 a day. The aim was that at least 50% of the funds granted by donors should go to productive processes of the poorest members of society. In this regard, Daley-Harris (2007) states one of the requests made: "We ask them to substantially increase the proportion of loans and grants from their institutions to be granted to microenterprises and that they actually reach the clients" (p. 10).

The work route in terms of conceiving microcredit as a tool to leverage the intentions of small entrepreneurs has been built with solid steps. In the Colombian case, at the installation of the regional

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microcredit summit held in Cartagena, the president of the state for the period 2006-2010, stated that the situation is easier with respect to the requests of the owners of new productive projects in need of capital resources. In this sense, the president said: "the government has reached 3,900,000 Colombians with microcredit and 1,190,000,000 have entered this type of financing for the first time". Fernández (2013) states that microfinance institutions in Colombia have adopted to accompany microcredit with technical assistance to the client, which articulates formal credit with human capital. Thus, microcredit in this equation that seeks better management of resources and financing "can be an escape from poverty, since it allows reaching the minimum level of capital needed to expand or start a productive project, while providing the tools to take advantage of the financed resources" (p. 2).

Traditional microcredit borrowers are small business units that require small amounts for their operation, and are considered high risk since, as has been reiterated in the document, their credit history is scarce, they do not support their cash flow, among other factors that make them high risk clients, but despite this, they are acquiring increasing financial leverage through this tool, a phenomenon not only for Colombia, but also at the international level. Table 3 presents the dynamics and coverage of microcredit at the regional level. It shows the number of users, represented as debtors, of microcredit in the world in 2011. It is noteworthy that 44% of the total resources placed in the market, equivalent to U$ 413,000,000, are in Latin America and the Caribbean and U$ 7,000,000 corresponding to 2% are in the Middle East and North Africa. In second place, with 36% of the resources are for East Asia and the Pacific.

Table 3. *Number of borrowers and Microfinance Institutions by region as of December 2011.*

Region	**No. debtors**	**NO. OF MFIS***	**Part. debtors / MFIs**
Africa	53.000.000	714	13 %
East Asia and Pacific	149.000.000	401	36 %
Eastern Europe and Central Asia	23.000.000	447	6 %
Latin America and the Caribbean	181.000.000	520	44 %
Middle East and North Africa	7.000.000	85	2 %
Total	413.000.000	2.167	100 %

Source: Own elaboration based on data from Fernández (2013).

The table shows that the region with the most MFIs is Africa and the least is the Middle East and North Africa with 714 and 85 respectively.

According to the report by Fernández (2013), the country with the highest use of microcredit is Bolivia, while the country with the lowest is Mexico. Among the 17 countries observed, Colombia ranks eighth and of these 520 MFIs, 113 are located in Colombia, 25 of which are in Bogota. See Figure 1 with a graph showing the average use of microcredit by country in Latin America. However, according

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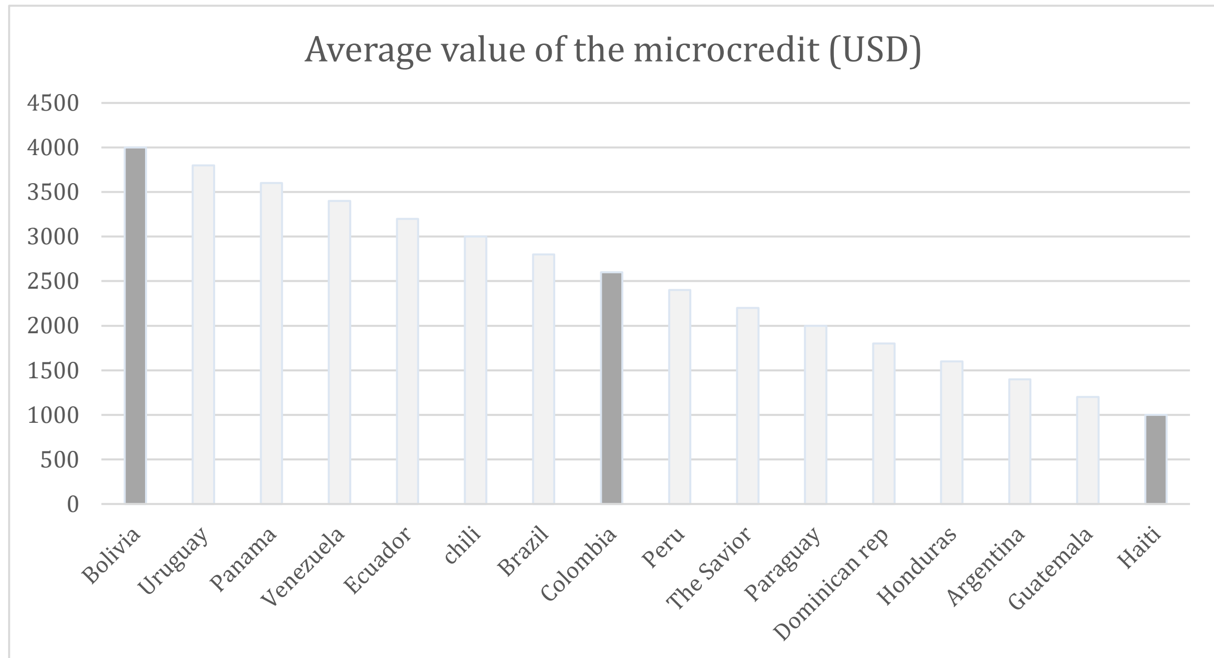
to the Colombian national newspaper, El Tiempo, on August 17, 2016, in its personal finance section, it publishes that in the last five years microcredit has grown 37%, data that, according to the source, puts Colombia in an important position with an average of 2 million users among which an average of 13 billion pesos have been placed.

Figure 1. *Average use of microcredit in Latin America and the Caribbean, as of December 2011.*



Source: Own elaboration based on Fernández (2013, p. 4).

Finance and its impact on business competitiveness.

Productive projects, regardless of their size, require resources for their realization (Prabhakar, 2009), from this imaginary the context of the object of study of finance has been built, which is in the company, and in itself, the subject refers to the financial management that indicates, in turn, the course of input or output of money that the company has, which leads to study their behavior and construction of analysis in terms of decision making that promote their maximization (Buenaventura, 2017). Most organizations have their finances as the subject of their main attention, since no matter how successful they are, their need for funds is permanent and they obtain them from external sources: financial institutions, a traditional source, which captures resources and places them according to the needs and prices or interest rates in the market, another source is the financial markets and the third is private placement. Whatever the use of external sources or financial leverage is, it contributes to the company's interests as long as its use is strategic (Gitman and Zutter, 2014).

In itself, according to Buenaventura (2017), finance in its object of study has an ultimate goal, to support optimal decision making, preceded by instances of information and analysis, which makes it necessary to take into account the complex knowledge that develops in this corporate financial context.

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The author presents a set of fields containing topics to be addressed in financial decision making in an organization.

This is the context where the different resources for the analysis of the performance of companies in general would be found, in an environment that goes through maximizing utility, maximizing size and maximizing the value of the company. The three aspects mentioned are the objectives of study of finance over time, for which Buenaventura (2017) emphasizes that the last mentioned is based on the competitiveness that companies develop, in exchange for being compensated with the demand for their products and their corresponding revenues and profits.

As has been mentioned, regardless of the size of the company, finances are a permanent focus of attention and concern; on the other hand, it cannot be overlooked that they enable the development of a society, since, in their environment is employment which brings income and ultimately the possibility of a decent life. So, it is worth thinking that if there is sustainability of the business sector, there is transformation of the country. In this regard, the Colombian Confederation of Chambers of Commerce - Confecámaras - in its report on the Colombian business dynamics presented in 2017 reports a growing behavior of the formalization of productive units in the country, especially that it shows an increase for 2016 compared to 2015 of 21.7%. Thus, the president of this association, states in the specialized magazine Dinero for the month of April, "that it can be established that, in the country, according to the constituted companies and their classification, micro-enterprises are fundamental for the Colombian productive system, so in the country 94.7% of the registered companies are micro-enterprises and 4.9% are small and medium-sized".

The context built in front of the company as a basic unit of the economy with the determining role in the generation of wealth and employment, its sustainability and socioeconomic implications, makes the issue of finance an important factor in the sustainability and survival of an organization. In this regard, Confecámaras presented a study based on the concepts that formalize the business fragility of Colombian companies. The study is developed from the notion that business failure may occur as a result of difficulties in the demand for products or services in the market and/or when it loses payment capacity and does not meet the payments agreed in its financial negotiations, "Research that studies the determinants of business fragility have identified that indicators such as liquidity, profitability and indebtedness are key to identify and predict a difficult financial situation or detect the prelude to bankruptcy" (Martinez, 2003 cited in Confecámaras, 2015, p. 5).

Based on a sample of 22,224 companies that had updated financial information as of December 2013, it was found that 149 were in a situation of insolvency, of which 46% are medium-sized, 28% are large, 25% are small and only 1% are micro-enterprises. Contrasting the data with the statistical information presented above, in relation to the fact that 94.7% of the registered companies in the country are micro-enterprises, it is noteworthy that being the least, historically speaking, endowed with resources, they manage to maintain themselves in comparison with those of greater economic capacity. Figure 2 shows the results reported by the study regarding this phenomenon.

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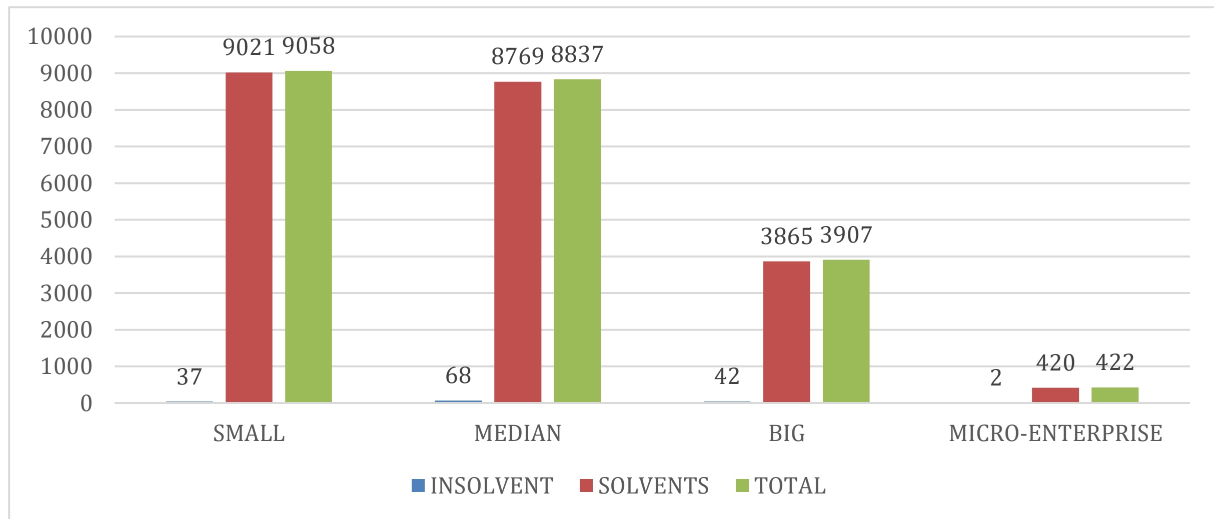
Figure 2. *Solvent and insolvent companies by size.*



Source: Own elaboration based on Confecámaras (2015).

Figure 2 shows that 24.5% of the total sample studied are micro-enterprises and that they are the ones with proportionally fewer units in a situation of insolvency. This confirms the importance of this issue, taking into account that these companies, which are in the group of SMEs, due to their size, are the ones that have been characterized by having to face, as the study states, "problems of financing, productivity and competitiveness. Weaknesses have also been identified regarding their financial management and diagnostic capacity to improve decision-making and the adoption of preventive measures in the face of difficult situations" (Confecámaras, May 6, 2015, p. 3).

Despite the performance of microenterprises in the market compared to their defense against the vicissitudes of the market and their propensity to fall into situations of business fragility and recognize their financial flows as a factor of competitiveness, it is necessary to increase the diagnosis and what this compromises the participation of credit in their performance.

Microenterprise finance and financial credit.

The variety of programs implemented to address the financing needs of microenterprises is a sign of concern about the issue. The existence or not of credit for these business units can determine obstacles to investment, development of productive cycles and sometimes even their closure, which ultimately impacts the dynamics of the economy (Ferraro et al., 2011). However, despite the existence of credits and their impact on the business sector, the correspondence between demand and supply for microenterprises is not so clear. There are reasons that do not allow financial institutions to meet the needs of these small business units, for example, "The lack of information on the projects of the companies, their sales, growth potential and the inexistence or lack of transparency of the balance sheets, make it difficult for financial institutions to measure the risk of uncollectibility" (Ferraro, et al., 2011, p. 11).

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In their study on the main obstacles to the development of SME, Sánchez et al. (2007) state that a fundamental one is the restriction that small companies have to credit. The study affirms that in different latitudes a common denominator is that new, small companies with family capital are the ones that face the greatest credit restrictions due to non-compliance with requirements, which become barriers for entrepreneurs or those with entrepreneurial initiatives. So, the crossroads experienced by those who require financial leverage are permanently facing "the lack of guarantees or limited guarantees, not having a credit history, nor studies of financial projections, market or business plans, in some cases they are informal companies, among others" (Sanchez et al., 2007, p. 322).

The study confirms that the established small enterprises are not clear about the way they handle financial and accounting information, the absence of adequate accounting records is constant, they show a precarious knowledge of financial management, they do not know how to structure financial projects conveniently when requesting a loan. All these are elements that condition financing from financial entities, thus forcing micro-enterprises and entrepreneurs to turn to the informal market, acquiring such resources at very high costs. On the other hand, it should be noted that another problem is the insufficient knowledge that financial entities have of these business units, as well as the lack of knowledge that microentrepreneurs have of the different options offered by the world of finance, creating a mutual distrust between suppliers and demanders of financial resources (Sánchez, et al., 2007).

Administration of finances.

The perspective of financial management in organizations is framed in policies oriented to dynamize, evaluate and analyze the financial performance presented in times proposed for study in the light of the resources allocated. This means that the complexity contained in the daily work of the financial management exposes some results that show, after some time, the success or failure, as indicators that impact on each action or social contribution of the organization and finally in its permanence in the market.

Table 4. *Compiled: approach to the concept of financial management, from the point of view of experts.*

Financial management	Author
Systemic procedure aimed at systematizing and evaluating, based on results, the movements developed by the organization in the generation of value.	Cibran, Prado, Crespo and Huarte (2013).
A series of elements and actions that make it possible to outline an appropriate methodology for the organization to plan, control and evaluate the use and achievement of excellent financial resources.	Cardozo (2007)

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It is a part of the organization's management that is concerned with contributing to the best harmonization of financial flows for the successful achievement of performance in the obligations and commitments that will be evidenced in the maintenance of excellent labor, commercial and financial relations.	Ortiz (2005)
Financial planning	Author
According to experience, it is proposed as the achievement of results that will affect the diversity of financial variables of the company.	Cibran, Prado, Crespo and Huarte (2013).
Different planning parameters and strategies aimed at the efficient use of existing and future resources.	Amat (2009)
"Method that has a series of systems, tools, purposes with the purpose of implementing in the organizations predictions, economic and financial goals to be achieved, taking into account the available means required to achieve it"	(Gitman, 2007) in Berrio, Pérez, and Brito, 2017).
A forecasting exercise that allows the company, on the one hand, to budget financing over a certain period of time, mediated by profitability and risk correlation analysis processes.	Moyer, McGuiban and Kretlow (2005),
Projection of a short-, medium- and long-term financial structure that considers a year-to-year behavior, accompanied by an adequate forecast of sources of resources.	Duarte and Fernandez (2011),

Source: Own elaboration based on Berrio, Pérez and Brito (2017).

It is not in vain to say that the purpose of financial management is to conceive a coherence between financial flows, so that their income and their use contribute to a better survival of the organization (Ortiz, 2005).

The Finance Management has important functions for the maintenance of the company, since its main occupation is the acquisition, financing and administration of goods in order to achieve goals. This leads to decision making in three important aspects: investment decisions, financing and asset management. In this context, the financial manager focuses on two key aspects of resources: profitability and liquidity, so that based on these objectives he can promote the financial resources to be profitable and liquid (Van Horne and Wachowisz, 2010).

Financial planning, management and its impact on the organization and society has led to the exposure of multiple concepts, by scholars on the subject. Table 4 reports some of them, which are exposed by Berrio et al. (2017).

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The different tools that are used for the development and knowledge of the progress and effectiveness of what each one suggests are not different from each other. Even more so since they are the majority of the financial indicators that this document has been dealing with. Therefore, they become guidelines to take into account at the moment of giving reason of some findings, at the moment of wanting to know about the financial performance of an organization from what Gitman (2003) calls productive cycle, conceptualizing this as that time that elapses from the beginning of the productive process until the effective collection of the sold of the same one.

Indicators that contextualize corporate finance

Financial indicators and their interpretation are the source of data that allows the development of an accumulation of knowledge that organizations rely on for decision making. These indicators lead to diagnoses with which to evaluate their cycle of operations and the projection of solutions, specifically, those that concern and afflict companies, such as: profitability, financial and administrative expenses, working capital, accounts payable, among others that account for their performance before economic agents related to business activities as customers, suppliers, administrators (Arias, 2009). Some indicators that serve to give context and understanding to the performance of microenterprise finances are listed.

Table 5. *Definitions of indicators that determine a company's liquidity.*

Liquidity indicator	Concept
Current ratio	Indicates the company's capacity to meet its financial obligations, debts or liabilities in the short term. To know how many current assets the company has to cover or back up these short-term liabilities. The higher the ratio, the more likely the company will be able to make its short-term payments.
Acid test	It shows the company's capacity to pay its current obligations, but only with its cash balances, the proceeds of its accounts receivable, its temporary investments. In itself: excluding the sale of its inventories.

Source: Own elaboration based on Gitman and Zutter (2015), Rosillo (2002), Blanco and del Toro (2017) and Pascale (2015).

Table 5 shows the components of the liquidity indicator, which is used to establish how easy or difficult it is for a company to pay its current liabilities when converting its current assets to cash. They are indicators that allow establishing what can happen if the company is required to pay all its obligations immediately in less than one year (Gitman and Zutter, 2015). Thus, leaving evidence of its liquidity status.

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Table 6. *Definitions of indicators that determine the solvency of a company.*

Solvency indicator	Concept
Debt to Assets	It is an index that allows determining the level of financial autonomy. If its result is considerably high, it shows that the company is highly dependent on its creditors and that it has a limited debt capacity, a fact that is striking because it indicates that the company is decapitalizing and its financial structure is operating in a riskier way. The opposite will happen if its ratio is low.
Equity Indebtedness	It allows to know how much the equity is committed to the company's creditors. It shows whether the main financiers of the company are the creditors or the owners.
Fixed Assets Indebtedness	The result of the coefficient informs whether the borrowing decisions would have been better if they had been financed with the company's equity. If the indicator shows a ratio equal to or greater than 1, all the fixed assets could have been financed with equity without borrowing from third parties.
Leverage	It allows knowing the number of monetary units of assets that have been obtained for each monetary unit of equity.
Financial Leverage	It shows the pros and cons of indebtedness with third parties and how it contributes to the company's profitability. It is important, however, because it allows understanding the effects of financial expenses on profits. In fact, the higher the interest rates of the debt, the more complicated it is for the company to leverage financially.

Source: Own elaboration based on Gitman and Zutter (2015), Rosillo (2002), Blanco and del Toro (2017) and Pascale (2015).

Another indicator contemplated to inquire about the financial performance supported by credits is the solvency indicator (see Table 6). It allows inferring the degree and manner in which creditors participate in the organization's financing.

Table 7. *Definitions of indicators that determine the efficiency of a company.*

Efficiency indicator	Concept
Gross profit margin	It reports how much of each monetary unit sold is generated to cover the company's operating and non-operating expenses.
Return on sales	Dividing the gross profit result by the total amount of sales gives the company's capacity to produce profitability on sales.
Return on assets	It reports the profitability of the company's assets in a productive year.

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Return on equity	It shows the return on both contributions and accumulated surplus, which should be compared with the opportunity rate that each shareholder has to evaluate his investment.

Source: Own elaboration based on Gitman and Zutter (2015), Rosillo (2002), Blanco and del Toro (2017) and Pascale (2015).

According to the results, it is possible to establish, among other things, the risk run by both these creditors and the owners of the entity, and determine whether or not it is advisable to take on debt (Gitman and Zutter, 2015). The management of indebtedness is of care for the achievement of its optimization, since variables such as the financial situation of the company in particular, its profitability margins and the interest rates in the market must be taken into account. The latter in particular, especially if one wants to work under the slogan that it is only good to work with borrowed resources, only if the net profitability generated by the productive process is higher than the interest to be paid for that loan (Stowe et al., 2004).

Table 8. *Compiled: Definitions of indicators that determine the indebtedness of a company.*

Indebtedness indicator	**Concept**
Indebtedness	It allows knowing how much of each monetary unit invested in assets, how much is financed by third parties.
Autonomy	It measures how committed the associates' equity is with respect to that of the creditors. It is associated with the degree of risk of both the entrepreneur and the party financing the operations.

Source: Own elaboration based on Gitman and Zutter (2015), Rosillo (2002), Blanco and del Toro (2017) and Pascale (2015).

4.Conclusions

A country's competitiveness is the sum of its business competitiveness. Each company, regardless of its size, is an important part of the system composed of, among others, suppliers of goods and services, the financial system, the educational, technological, energy, transportation, telecommunications, infrastructure and public policies systems. Thus, competitiveness is the product of complex and dynamic interaction (Benavides et al., 2004). This complexity makes its definition complicated, as well as who among the actors presented in the context is the most responsible for its achievement.

It is important to take into account that public policies, national and with great particularity in the capital city, have been defined based on the ecosystem of business competitiveness, taking into account the reasoning of authors, facing that companies are the ones that compete, not nations. Those

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who make a country competitive are the competitive companies that produce within the country, facing the day-to-day demands of the market through the creation and strengthening of competitive advantages in aspects related to human resources, research and development, updating of technologies, adaptation to market changes, flexible management, sustained profitability, financial leverage, among others.

The support offered by microcredit, especially to microenterprises, has become one of the main leverage tools for the sustainability of these business units which, due to their economic support conditions, typical of their condition, have not been taken into account by the ordinary financial sector. The impact of this tool is so important in the world that it has been the focus of national public policy, which has generated the possibility of undertaking and sustaining small business units, which have supported the generation of jobs and the construction of the social fabric in the country.

It should not be ignored that the entrepreneurial culture, seen as that which, among others, is the process of good practices of the administrative process: planning, organization, direction and control, makes necessary the knowledge and practice of financial management in the strengthening of competitiveness. Finances are a subject of main attention, from the result of its management results are obtained that serve for decision making in the outflow of funds, as well as the support for the use of financing from external sources such as financial institutions. The existence or not of credit from these external sources can determine obstacles to investment, development of productive cycles and sometimes even the closure of the same that ultimately impacts the dynamics of the economy. It is then the administration of finances a focus to be taken into account in the system of competitiveness.

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