

Internationalization of the business system based on local development in the Pinar del Río province

Internacionalización del sistema empresarial en función del desarrollo local en la provincia Pinar del Río



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ABSTRACT

The globalization boom has had a particular impact on the world economy; this has led to the emergence of new forms of trade between countries, demonstrating the need to adapt strategies or other parallel alternatives that make the internationalization process have a positive impact on the development of territories. This result in the readjustment of local governments in order to transform the reality of the enterprise system, that coexists in each of their regions. Cuba is also in coherence with the new scenarios, which is reflected in the Bases of the National Economic and Social Development Plan until 2030, given the existence of the nation's strategic axis, related to productive transformations and international insertion. To this end, the enterprise system must be aware of the moment, improving the quality of its products and the quantity so that they are competitive and can live up to what is demanded in the international market. It requires the use of endogenous and

RESUMEN

El auge de la globalización ha impactado particularmente en la economía mundial; esto ha traído, al traste, que surjan nuevas formas de comercio entre los países, demostrando la necesidad de adecuar estrategias u otras alternativas paralelas que hagan que el proceso de internacionalización repercuta positivamente en el desarrollo de los territorios. Ello trae como consecuencia la readecuación de los gobiernos locales en pos de transformar la realidad del sistema empresarial que coexiste en cada una de sus regiones. Cuba también se encuentra a tono con los nuevos escenarios lo cual se refleja en las Bases del Plan Nacional de Desarrollo Económico y Social hasta el 2030, dado la existencia del eje estratégico de la nación, relacionado con las transformaciones productivas e inserción internacional. Para ello, el sistema empresarial debe ser consciente con el momento, mejorando la calidad de sus productos y la cantidad para que sean competitivos y puedan estar a la altura de

exogenous resources to achieve internationalization, but in function of the development of the territory. The objective of this work is to design a procedure for the management of the internationalization of the enterprise system based on local development. It characterizes the current state of the process of internationalization of the enterprise system in the province of Pinar del Río, defining the main components and essential relationships of the procedure for the internationalization of the business system in terms of local development.

Keywords: management; internationalization; local development; enterprise system

lo que se exige en el mercado internacional. Se requiere del aprovechamiento de los recursos endógenos y exógenos para lograr la internacionalización, pero en función del desarrollo del territorio. Este trabajo tiene como objetivo diseñar un procedimiento para la gestión de la internacionalización del sistema empresarial en función del desarrollo local. Se caracteriza el estado actual del proceso de internacionalización del sistema empresarial, en la provincia de Pinar del Río; se definen los componentes principales y relaciones esenciales del procedimiento para la internacionalización del sistema empresarial en función del desarrollo local.

Palabras claves: gestión; internacionalización; desarrollo local; sistema empresarial

INTRODUCTION

In the current context where Cuba is immersed in the updating of the social economic model, the internationalization of the enterprise has a fundamental role in the economy. The enterprise system must be aware with the moment, improving the quality of its products and the quantity so that they are competitive and at the height of what is demanded in the international market.

In the Bases of Cuba's National Economic and Social Development Plan until 2030, the strategic axis of the nation is highlighted, related to productive transformations and international insertion, where reference is made to promoting the development of exports, on the basis of competitive participation in international markets.

Due to the importance of the above-mentioned topic, it is reflected in the guidelines 65, 67, 68, 71, 72, 74 and 75 of the VII Congress of the Communist Party of Cuba (PCC, 2017).

It is therefore necessary, in order to obtain competitive exports, to direct productive efforts towards increasingly dynamic goods in order to achieve a better positioning of these on an international scale, through the search and conquest of market niches, as well as the development of new assortments.

According to data from the Western Territorial Delegation of the Ministry of Foreign Trade and Foreign Investment (Mincex), the province of Pinar del Río, of a total of 21 entities that produced for export, has 17 at present, which highlights 12 historical lines that have stopped

exporting. Although there are six assortments with possibilities for reincorporation to export such as: fruits in syrup, fruit creams, juices and nectars, pepper, tomato and plasma hyperimmune Anti D for industry. Work is being done on the promotion of new exportable assortments which could add up to 31 mainly from the Ministry of Agriculture (beekeeping, forestry, and various crops), the Beverage and Soft Drinks Enterprise and the Various Local Industries Enterprise.

Achieving the positioning of the aforementioned products in the international market could generate important economic and social results. In the first place, it would improve the competitiveness of the companies of the territory, but, in addition, greater income for the companies, their workers and the province.

The authors' idea of carrying out a procedure for the internationalization of the enterprise system as a function of local development, in the province of Pinar del Río, is fundamentally based on the situation mentioned above.

In addition, there are idiosyncratic factors that affect transversally the exports of a country, indistinctly, of the product or the destination market, which are associated with the characteristics of the supply in the exporter; among them: the physical infrastructure, the flexibility of the offer or to adapt to demand, the existence of idle capacities, the regulatory framework, the fabric of bilateral or multilateral agreements, among others (Quiñones Chang & Torres Pérez, 2015, p. 146).

There are different difficulties that affect the internationalization process. Cuervo (2004) refers that there are three types that are caused by the existing resources in the enterprise: (1) the difficulty of

transferring resources abroad; (2) the difficulty of transferring advantages linked to resources abroad; and (3) the creation of disadvantages when transferring resources abroad. Three other types arise from the lack of necessary resources for: (4) being a multinational, (5) competing in the new industry, and (6) operating within the new institutional framework.

According to Marquetti (2018), the different factors, which limit the possibilities of achieving greater results in the export sector, demand greater integration between the Ministry of Foreign Trade and Foreign Investment, branch ministries and business groups (p. 56).

The above-mentioned considerations led to the approach of the scientific problem of research: How to contribute to local development from the business system?

This makes it possible to consider the process of business management as the object of research and specifically to study the management of the internationalization of the business system in terms of local development, which constitutes the field of action.

The general objective of this work is the following: to design a procedure for the management of the internationalization of the business system, based on local development.

MATERIALS AND METHODS

For the development of the research, the dialectic-materialist method was used, which constitutes the rector of this research; according to its contributions, it allowed to discover the dialectic of the development of the process to be studied, through an objective and concrete analysis

of which are the potentialities and deficiencies that exist today as for the internationalization of the enterprise system in function of the local development, in the province of Pinar del Río. In addition to the systemic method that was used to base the procedure for the management of the internationalization in function of the local development.

Empirical methods were used in the qualitative diagnosis of the situation to be investigated, that is, to obtain primary information on the current state of internationalization management in terms of local development at the municipal level, in the current Cuban context. To this end, techniques such as documentary analysis, interviews and surveys were used, the results of which were processed to arrive at conclusions with the help of descriptive statistics.

As for the primary information sources used to deepen the diagnosis of the problem posed, two types of surveys were applied; one of them, to directors of national subordinate companies and directors of local subordinate companies in order to determine their perception of internationalization as a function of local development. The other survey was applied to members of the People's Power Municipal Government to determine the management levels of internationalization, views and assessments. The differentiation between the questionnaires is with the objective of contrasting the results obtained and determining the positive and negative elements from both perspectives.

Interviews were conducted with the objective of knowing the main advances and limitations that exist in the national context, in the management of internationalization, as a function of local development.

RESULTS AND DISCUSSION

The internationalization of the territory is a dynamic process where local actors (municipal government, enterprises and civil society) work in an articulated manner with the aim of strengthening the international linkage of the territory by increasing its interactive flows of cooperation, trade, knowledge and innovation, according to the priorities of local development (Costamagna & Foglia, 2011, p. 9).

Internationalization, when used according to the territory, contributes to local development; to this end, it must be based mainly on the use of endogenous resources.

Vázquez (2000) refers that the local development strategy should be approached in a specific way in each case, since the needs and demands of localities and territories are different, the capacities of inhabitants, enterprises and local community change.

Each locality establishes measures according to the needs to ensure development. There are different local development measures: those aimed at improving transport conditions, communications, increasing services and their offerings and the introduction of new technologies to increase the quality of processes. Although in general, the main objectives of territorial development processes are the transformation of local productive systems, the increase of production, the generation of employment and the improvement in the quality of life of the population (Silva Lira, 2005).

Local governments have a leading role in the issue, as long as it is done under a strategic approach when it comes to projecting actions. The autonomy of each territory is an element that must be paid

attention to so that strategies can be drawn up according to the resources and particularities available. At the same time, it would propitiate better results and more efficiency in the actions that are carried out, generating more notable economic benefits.

Albuquerque (2003) refers to the importance of the territorial strategy of local economic development as an element that serves to guide the use of the endogenous resource and the diversification of the productive base through innovation. Vázquez (2000) considers that the strategy should be oriented to the use of unused resources in the territory.

The enterprise system must have a notable protagonism in the management of internationalization due to the role it plays in the development of the territory. The subject has been dealt with by authors such as Valdiviezo (2008), which establishes the importance of entrepreneurship in local economic development. Narvárez, Fernández and Senior (2008) comment that business association promotes development. Uribe, Valenciano, Bonilla (2013) also address the issue, demonstrating how local and business development can guide the entrepreneur. Pérez and Morales (2016) study it, giving evidence that business environmental management contributes to the development of localities.

As part of the empirical diagnosis of the research, once the interviews, surveys and documents consulted have been processed and triangulated, the following conclusions are reached:

- Lack of use of the resources and capacities of the companies to position their products in the world market.
- The non-incorporation into companies of internationalization issues
- Insufficient management and analysis of alternatives to internationalize the business system, based on local development.
- Excessive bureaucracy, both in the presentation and approval of projects
- Lack of preparation to elaborate the business portfolio for internationalization
- Excessive centralization

On the basis of the systematized theoretical foundations and the regularities of the empirical diagnosis, the general elements of the procedure are proposed that is oriented to the promotion of the territorial management of the internationalization of the business system, in function of the local development. The essential elements are described below.

The procedure shown is understood as the way to develop the process of territorial management of the internationalization of the enterprise system, through the stages and steps that integrate it, through a set of established and technically founded tools. Next, the steps that integrate it are explained and a summary is shown by activity, to be developed in each step, in order to facilitate its implementation by local actors.

The presentation of the procedure in question begins with an explanation of its structural components:

I. General objective of the procedure

II. Purpose of the procedure

III. Responsible for the Implementation and Control of the Procedure

IV. Stages of the Procedure. Three stages are determined, with the following elements:

- **Particular objective.** Each one of the stages pursues a specific purpose that pays tribute to the general objective of the procedure
- **Steps.** They are designed at each stage and are conceived as general lines of action
- **Techniques to be used**

In accordance with the structure offered above, the description of the procedure is presented.

General objective of the procedure: To develop the capacity for internationalization of the local enterprise system and mobilization of business opportunities with foreign investment, from the territorial initiative.

Purpose of the procedure: The management of internationalization.

Responsible for the Implementation and Control of the Procedure: The territorial management of the internationalization of the business system must be based on the development strategy of the province, so the responsible for implementation and control should be the Provincial Administration Council, as the highest executive authority, supported by the Provincial Group for Local Development and Project Group with the methodological advice of the Territorial Delegation of Mincex.

Stage I. Strategic analysis of the enterprise internationalization

Specific Objective: To define the strategic objectives for the internationalization of the business system.

In this first stage, the identification of existing local public policies to promote the internationalization of the local business system and foreign investment is of paramount importance.

Steps:

Step 1. Elaboration of a device for the territorial management of the internationalization of the enterprise system

Description: In this step, a device is designed with the objective of evaluating the pertinence of the selection of the projects to execute, promoting the articulation of actors, the articulation between the sources of financing and the articulation between the own projects, informing the international counterparts and the governmental entities about the use of the resources and the generated impacts, to carry out monitoring and evaluations to the projects in execution, to coordinate the calls for financing and their respective methodologies and to make compatible the branch interests with the priorities established in the local development strategy of the territory.

Techniques: Group work, brainstorming.

Step 2. Strategic diagnosis of the enterprise sector

Description: The fundamental purpose of this step is to list the strengths that the territory has in the business sector; they should be used to the maximum to mitigate the threats that exist in the environment, as well as the opportunities

it offers; they should be taken advantage of to eliminate or diminish the existing weaknesses.

A survey of all existing projects will be carried out and, in each case, the state of compliance will be analyzed in accordance with the planned deadlines. The learning needs of the cadres and their reserves will be established in order to manage the training towards the satisfaction of these needs. All this analysis will make it possible to know where the projects and strategic actions should be directed in the period.

Techniques: Surveys and interviews, SWOT matrix, bird perspective, organization profile, submerged log, statistical software (SPSS).

Step 3. Definition of strategic lines and strategic actions

Description: This is a very important step because the strategic lines that guide the actions to be developed are defined, according to the priorities of the territory. The actions respond to the strategic lines proposed as part of the strategic design. In this sense, its premises are the use of existing resources in order to solve unresolved demands and problems. Similarly, it establishes, expressed in tables, the areas of competence of the action and some forms of monitoring and control. This makes it possible to guide where internationalization should be directed in order to articulate it with the development priorities of the territory.

Techniques: Matrix of selection of strategic lines, matrix of analysis of intervention scope, elaboration of scenarios and their feasibility.

Step 4. Definition of project opportunities portfolio

Description: In this step, where the portfolio of opportunities of projects that respond to the problems and needs detected before must be defined, which can be linked to these programs or established as independent projects associated to the development strategy, both provincial and municipal. Once the projects that are required to meet the objectives are identified, both the area of action and the number of beneficiaries and the execution deadlines for each project must be specified. The expected results and impacts of each project will be identified. The former refers to the direct objectives pursued by the project, while the latter refer to the indirect benefits generated as a result of their activities.

Techniques: Cause-effect diagram, brainstorm, problem tree and objective tree, logical framework matrix.

Stage II. Planning and organization of enterprise internationalization

Specific Objective: To design project opportunities for the internationalization of the business system and its financing strategies.

Step 5. Selection of projects for the internationalization of the local business system

Description: In this step, the possible projects that could achieve the internationalization of the business system will be selected. To this end, the main strategic programs of the territory will be analyzed.

Techniques: Brainstorming, weighted voting, group work.

Step 6. Awareness-raising and training

The awareness-raising and training process must essentially be oriented

towards issues related to the territorial management of the internationalization of the enterprise system. The topics will be given according to the needs of the selected people. Awareness-raising and training workshops will be held, planned on the basis of staff participation possibilities.

Techniques: Surveys, interviews, observation

Step 7. Definition of the type of internationalization to be carried out

Description: The type of internationalization to be carried out will be defined according to the projects and the characteristics of the enterprises involved, which must be a conciliation process between the local governments and the enterprise system and that, at the same time, the type of internationalization to be carried out corresponds to the programs prioritized in the development strategy of the province.

Techniques: Group discussion, consensus techniques.

Step 8. Project design and financing strategy

Description: The main projects to be carried out will be designed according to the characteristics of each enterprise and the attributes of the products or services that distinguish them, which must be adapted in order to be marketed in the foreign market, as well as the identification and design of possible production and service chains.

To this end, the sources of financing will be defined, based on those that are found to be possible for financing territorial development projects.

Techniques: Group work, brainstorming.

Stage III. Implementation and control

Specific Objective: To implement and follow up projects through adequate control.

Step 9. Approval and Negotiation Process

Description: Here it is necessary to analyze the projects, in order to select the ones that can generate the best results, which, in turn, are in correspondence with the programs prioritized in the lines of strategic development. It is necessary to have a correct selection of the market, according to the characteristics of the product to offer and the selection of the form of entry to put into practice.

Techniques: Group work, interview, negotiation techniques.

Step 10. Implementation of the project

Description: In this step, the realization of the projects to achieve the internationalization of the enterprise system begins. All the necessary resources will be mobilized, from economic and human resources, by the parties involved. To do this, it is necessary to ensure fluid communication with customers, which, in turn, can generate an environment of trust and security.

Productive and value chains will be promoted, with structures of the productive base and other suppliers and clients necessary for the efficient operation of the project.

Techniques: Logical framework matrix, annual operative programming, written and oral communication.

Step 11. Control and evaluation of the project

Description: The control process must be carried out before, during and after the implementation process; it allows guaranteeing the legality of the actions developed in any of its phases, previously identified.

The evaluation is of vital importance to know if the efficiency and effectiveness indicators analyzed in the enterprise system are being complied with. For this, evaluation and monitoring methods such as the Logical Framework Matrix will be used. Where possible, economic, ecological and social impact assessment methods will also be used. This process will allow to know the progress in the implementation of the businesses and the existing obstacles or weaknesses, which will facilitate to carry out corrective measures to optimize the expected results.

Techniques: self-diagnosis of decisions, project audits, impact measurement, interview, survey.

Step 12. Feedback process

The feedback process makes it possible to introduce improvements that act as a function of raising the level of effectiveness throughout the process. It is expected that the projects will generate impacts that promote the development of the territory and benefit the population. The magnitude of these impacts will be evaluated by calculating the indicators defined for each project and comparing them with the baseline, i.e., the starting point. This will make it possible to improve current projects and the generation of others, as a result of the new beginning of the cycle.

The accumulation of positive impacts will be reflected as changes that strengthen the sustainability of development, since the positive interrelation of projects and their results will result in better living conditions for the population and greater efficiency in the enterprise sector. In this step, techniques and tools will be used to achieve an integration in the analysis of the whole process, giving the possibility of comparing and crossing the indicators of each project with the general indicators.

Techniques: Interviews, surveys, baseline, comparative analysis of planned indicators and their actual behavior.

Transversal Processes

Transversal processes are those that will have an influence during all phases of the procedure. These are: research-action-participation, articulation of actors and leadership and motivation.

Action-research-participation because it is a method of research and collective learning of reality, based on a critical analysis, with the active participation of the actors involved, which is aimed at stimulating transformative practice and social change. It is about learning by doing, which sometimes leads to a process of unlearning old practices and relearning new lessons, having popular knowledge as the key.

The articulation of actors because it is an advantage that several actors meet and coordinate the work, according to the integration of all, in the same project or in several, as well as the integration of several projects. This makes it possible to increase the impact of projects by creating synergies between them and avoiding overlapping results.

Finally, leadership and motivation because the entire management process must be

carried out with management styles that are participatory, horizontal, where all those involved feel committed to the objectives they want to achieve.

Internationalization is of great importance for the enterprise system as it increases productivity in companies, generates new jobs, increases competitiveness, increases sales and generates growth in the economy.

The diagnosis of the problem in the province of Pinar del Río showed that the

internationalization of the enterprise system is not managed in an integrated and coordinated way, depending on local development.

A structured procedure was developed in 3 stages and 11 steps and the techniques to be applied in each case were indicated. It is designed with the objective of promoting the territorial management of the internationalization of the enterprise system, in function of local development.

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