



Research Article

Volume-01|Issue-01|2021

Popular Economic Units, Innovation and Entrepreneurship

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Article History

Received: 15.11.2021

Accepted: 09.12.2021

Published: 20.12.2021

Citation

Malla, M. V. P., Sanchez, M. G. L., & Guaman, A. G. A. (2021). Popular Economic Units, Innovation and Entrepreneurship. *Indiana Journal of Economics and Business Management*, 1(1), 45-48.

Abstract: In Ecuador, popular economic units (PEU) have grown thanks to the support of the Popular and Solidarity Economy, the analysis carried out is based on data from the (SEPS). The results of the research made it possible to determine how this new form of the economy contributes to the economic growth of the sector based on team, collective, or community work, thus allowing a better quality of life, oriented towards subsistence of the people and productivity. Who belongs to this economic group. In this, 23.65% of the study population is developing these activities through personal, family, and domestic enterprises or craft workshops, these are exhibited at business fairs organized by the Illustrious Municipality of Loja, to citizens know the work carried out by these organizations and can generate resources for their producers.

Keywords: Popular Economic Units, Entrepreneurship.

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INTRODUCTION

(PEU) are organizations that are part of the (EPS), these were recognized by the Republic of Ecuador in 2008, which are based on solidarity, reciprocity, and cooperation with autonomy, (Dávila & Malo, 2014) which receive support from government agencies to publicize their products through trade fairs to publicize their activity.

In Article 73 of the Organic Law of Popular and Solidarity Economy, these units improve the quality of life through the different activities they carry out, the central axis is the good living of each individual in their different stages, the economic factor allows them to satisfy these needs as material, both psychological and social. To enhance the abilities and skills of the people who are part of these organizations, government organizations of Loja canton organize spaces to promote support for these associations, thus promoting fair trade between them.

In Art. 283 of the Constitution of Ecuador it is stated that the objective of these organizations is to generate a sustainable economy where there is an equitable redistribution of wealth, improving the quality of life of its actors, it is thus within the levels of national occupation, the activities developed within the popular and solidarity economy with 64%, in 2009, (Solidaria, 2014) being the human the producer and consumer, it means, the main economic actor.

Likewise, in this economy, there are enterprises: family, personal, merchants, retailers, or artisan workshops, due to these are ways of generating economic resources for the nucleus where they operate and society in general, although in this way that production is small but significant for its actors because with the correct support in the future, they would become powers in the economic and labor area.

METHODOLOGY

In the presentation of results, a descriptive and analytical methodology is applied with information from primary sources, with theoretical references, being a documentary investigation, presenting several basic definitions of a popular economy and the organizations that are generated by start from this type of economy. In the regulations of the EPS, the laws that govern this type of sector are analyzed, for the treatment of data and statistical information obtained from the SEPS, which is the entity The regulator of this sector is analyzed each of them by making a comparison and through the IEPS and the Autonomous Decentralized Municipal Governments these initiatives developed by the popular economic units are supported, these data were obtained from the Survey National Employment, Unemployment and Underemployment (ENEMUD), which allowed supporting with figures the support of the Popular and Solidarity Economy to the Popular Economic Units, highlighting that the level of analysis of this information is cantonal, specifying its growth in recent years.

LITERATURE REVIEW

Economy in America Latina

The popular and solidarity economy (EPS) is an alternative to the economy that has passed from generation to generation developed by the privileged world masses economic resources, this, new economy has principles, such as cooperation, solidarity, and reciprocity, being the human the principal actor to improve the quality of life of all those involved in this economy, which goes beyond the financial, monetary or profitability that they could have, but they seek to satisfy the needs through the scarce resources for the society. (Velecela, 2001)

Basis for Associative Development and Good Living

The associative sector is made up of natural persons without obligation to keep accounts who are engaged in economic activities to produce, sell and consume tangible or intangible, legal, and necessary goods or services for society, which is marketed in solidarity and self-management (SEPS, 2016). Pozo (2014) point out that: "the progress of Ecuador steps for the regulation and strengthening of the Popular and Solidarity Economy has stood out with the issuance of policies to consolidate a more social and solidary economic system that seeks support for this sector." (PNVB, 2014)

In Ecuador, in 2008 in Montecristi, the community sector was supported, which is currently a large market niche where some productive activities are concentrated that allow an economic reactivation that seeks a common benefit (SEPD, 2016) taking into account the different artisanal mechanisms to transform the raw material into finished products, being the raw material generated by the work of the land preserving its roots and culture, this economy is different from the capitalist objective and the neoliberalism of always that as the main actor was money." (Serrano & Andrea, 2019)

Entrepreneurship in Ecuador

Coraggio *et al.* (2010) mentions that: In the Organic Law and Financial Sector (Article No. 1, 2011), are composed:

- *The popular economic units:* are the economic activities of production, commercialization of goods, as well as presentation of services; where association and solidarity are encouraged.
- *The only purpose of associative sectors:* is to produce, commercialize and consume legal and socially necessary goods and services.
- *The community sectors:* their objective is the production, in a solitary and self-managed way, related to: family, ethnic, cultural, gender, nature care, urban or rural identities, which have joint profitability or utility.
- *Cooperative sectors:* it is made up of the group of cooperatives created on a voluntary basis to satisfy

their economic, social, and cultural needs, whose organization will be jointly owned and managed democratically, with legal status, private law, and social interest.

The plurality of the economy occurs in various forms of organization and economic entities such as public, private, mixed, popular and solidarity. The popular and solidarity economic sector clearly identifies the organizations (including those whose activity is the care economy, sole proprietorship, family, domestic, retail traders and artisan workshops).

Coraggio *et al.* (2010) undertakings become economic are grouped with a common purpose; many of them carry out these activities, for their consumption or that of the community they belong to. (p. 35) their processes are developed as a team; they collectively produce or commercialize services or goods in a self-managed way.

The proposal "towards a fair economic system based on social and solidarity support" was presented (Góngora & Ramos, 2013) to institutionalize what is known as "popular solidarity economy" (Coraggio, 2011) in 2008, proposing a theory of an economy that works in relationship to society and nature, with the correct use of natural resources, where water cannot be owned by anyone since natural assets are public.

Associative Organization

An industrial organization (Salazar *et al.*, 2016) that markets products focused on the agricultural area that is in the associative sector is known as a producer entity where the working capital is owned by the founding partners or people who during their stay in the market decide to invest in this, allowing in this way to capitalize it and generate investment in fixed assets, and all decisions are made by the general assembly of partners and its maximum entity the manager. (Solidaria, 2014)

Associativity and Regulation

The EPS is based on laws that prioritize equity over generating profitability and utility for the people who make up this type of economy, these associations seek to strengthen the training of their members and technology so that farmers and producers have innovative production processes and include the environmental concept in their production practices, through agreements with higher education institutions. (Solidaria, 2014)

The productive structure allows the articulation of the productive chains, therefore, strengthening this aspect is of the utmost importance to insert small producers in this dynamic that generates value (Peñañiel *et al.*, 2017) and work together; for this system and with negotiating power seeking the benefit of both parts, in the different productive sectors where it carries out its activity or line of business.

"The set of economic activities and social practices developed by the popular sectors to guarantee, through the use of their workforce and available resources, the satisfaction of basic needs, both material and immaterial" (Boza-Valle & Manjarez-Fuentes, 2016) is one of the concepts that give way to a new generation where all the entrepreneurial areas of different branches are linked. Several authors point out different principles that have economic units where they coincide that the main actor is the human being, where growth is generated in the community, which promotes integral development at different levels of life. (Boza-Valle & Manjarez-Fuentes, 2016)

Popular Organizations

In the community sector there are organizations related by ethnic, cultural, gender, nature, urban and rural identities; or, of communes, communities, towns, and nationalities whose primary objective is the production, Solidaria (2014) this according to Article 15 of the Organic Law of Popular Economy and Solidarity, the general principles of these entities are:

- Free entry
- Voluntary withdrawal
- Democratic government
- No limitation to the initial capital

Family nuclei that make up a company are known as first-degree or zero-degree formations, they have various legal forms being communes, cooperatives, etc., according to degree the associations expand to the parish and canton, while the third degree is and to the confederations having a provincial and national scope. (Solidaria, 2014)

DISCUSSION

During the last years in Latin America, several countries have created several programs that help society and the most vulnerable sectors, focusing on a popular economy, to contribute to the growth and improvement of the quality of life of its inhabitants, who are considered as de facto subjects. , mentioning: Venezuela, Brazil, Bolivia, Argentina and Ecuador, these have generated employment and micro-enterprises for the development of the inhabitants through popular economic units to promote products based on entrepreneurship and innovation.

Several variables have current economies that are based on moral principles. Ethical and humanistic, they focus on satisfying fundamental human needs from physiological to personal fulfillment, articulating the private and public sectors into one in order to generate spaces for innovation and business growth. (Constitucional, 2008)

The relationship of the Ministry of Economic and Social Inclusion (MIES), Decentralized

Autonomous Governments and Foundations, have an inter-institutional articulation, which develops a correct economic inclusion benefiting the neediest, all attached to the laws that regulate them by applying the forms of organization in the sectors: community, associative and (PEU), thus fulfilling the objective of creating this economic model that is a common and collective aid, boosting the economy.

For the year 2018, there was an increase of 10% in income in relation to 2015, Figure 1 shows the (PEA) economically active population are people who carry out an economic activity and therefore generate income, in the economically inactive population (PEI) individuals who do not have an employment relationship are grouped, and there-fore both are not generating monthly income.

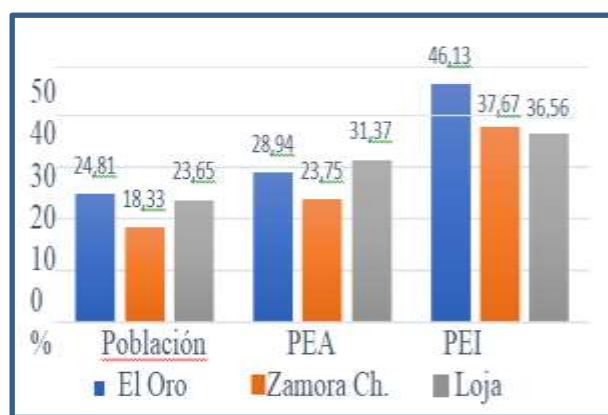


Fig. 1. Distribution of UEP by province Zone 7

In figure 1 in the province of Loja 23.65% (Yohana, 2020) are in various activities of this new economy such as a) sole proprietorships, b) retail traders, c) artisan workshops. A correct articulation of the control organisms allows diverse forms of commerce like; permanent and specific trade fairs, trade rounds, etc.

And through a training schedule for each of the artisan and entrepreneur associations in terms of customer service, manufacturing, product handling and how to establish their brand in the market, their production and revitalization of the sector and its surroundings are enhanced, generating an advantage competitive and comparative in the products and services marketed.

Guido Ortiz, head of the Rural Development Unit, in 2015 pointed out that they have created incubators in the parishes of San Lucas, Chuquiribamba. (JNDA, 2020)

The agro ecological fairs in different neighborhoods of the city, where the aim is to expand the market at fair and supportive prices, allow this sector to be strengthened, they also hold fairs on specific dates, where artisan activities are realized, to

promote local and organized commerce, optimizing spaces have been established in various parts of the city, which is visited by locals and foreigners, bringing products from each of the exhibiting brands. (Arias *et al.*, 2018)

CONCLUSIONS

Government institutions, generates inclusion projects that allow the development of economic units where products and services made with its own labor are promoted and commercialized; to generate their income, without the need for financing from financial institutions, it is necessary to give greater support to this type of inclusive activities to boost the economy of the most vulnerable sectors helping in this way to improve their quality of life and production processes that each of the communities carries out.

Popular economic units (UEP) at the local level are of great importance in economic and productive development; Allow to recognize the difference of this type of economic practices that have as their main axis the man either as producer or consumer generating profitability, for them and their people, government entities must work and support these sectors since they generate employment and production.

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