# Competitiveness and Productivity of the Colombian Economy by Means of Competitive Routes and Clusters

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*Abstract:* - The paper shows the state of the art of identification, formation and development of the clusters in Colombia, collecting topics from the decentralization process in Colombia, the fiscal decentralization and the economic growth; a period of economic changes in the country begins from these two topics, the productive apparatus is prepared to compete with the most demanding markets of Europe, Asia and North America. For carrying out this, it was necessary to change the culture of production, it is not a matter of doing what the entrepreneur wants but to propose new goods and services to the global market, generating a brand value and differentiating them from international competitors; Colombia in the twentieth century opened its doors to foreign trade, and started working on the proposal of economic opening, it was necessary to work on the new Political Constitution of Colombia, from that time there is a change, a work of the National Planning Department, in conjunction with the National Council for Competitiveness, the work is based on proposing new productive bets, this as a strategy to face the competition that was seen coming to the country, with the risk of losing national entries in the market by national companies and on the contrary the international companies would arrive at the national market with new products, innovated and of low price, the national industry would not be able to produce and compete at the prices of the imported goods. One of the initiatives is to form associativity, by means of which productive processes could be improved, more advanced technology would be handled, joint research would be carried out, and work would be done to transfer knowledge, strengthen the productive chain and within the organizations would improve the value chain as a strategic tool, through which the company's activities and sources of competitive advantage are analyzed; from this, the clusters are being worked on another proposal, which began to revolutionize Colombia's economic change by moving from an economy based on extractive and mining activity to offering differentiated products with added value, quality was considered an integral part of the good and with a specialized human resource, in this way the regions have made a great social leap, since from this new chain the regions begin to strengthen their economy, to improve their human talent, to manage the supply chain, and above all to export non-mining energy products that in short only leave shortages of products from the family basket, depletes and impoverishes the productivity of their soils, contributing a negative GDP, because in the long time, the land where the mineral exploitation as oil and coal become sterile for that, although at one point they can represent an important sector for the economic activity of the country and reflects in its GDP an important percentage to the economy, this type of economic activity destroys the country's competitiveness in the long term, so in the medium term can be seen as a lever for economic and social development.

The clusters represent a new production alternative for the country as a strategy for local growth, for the Colombian economy in global scenarios means diversification in the exportable supply; for this, it is necessary to define strategies that enable productive transformation in the country, this will provide tools and sophisticated knowledge allowing the productive sector to obtain greater profitability and sustainability over time, to offer products, bines and high quality services [*28*].

The aim that the cluster network has been working for is the generation and exchange of knowledge among the different actors that are part of the productive alliance formation and cluster dynamization.

This objective is evidenced by the success it has had in the Valle del Cauca with the cluster of sugarcane, medical excellence, macrosnacks, care and beauty, white protein, among others.It is for all the above that this work wants to show the importance of the diversification of goods and services of an economy from the synergetic and pooled work that the clusters provide, it is well known that the economies that diversify are those that can compete in the global market since its economic component is not only based on sometimes non-renewable natural resources such as hydrocarbons, but they work with the most important resource that an economy has its human talent, this resource is renewable and it is not exhausted, on the contrary it is transformed, updated, qualified, transferred and it is a know-how for international trade, this term can be understood as preexisting knowledge not always academic, which includes techniques, secret information that is known and handled efficiently and with experience, which has become a valuable intangible asset, this includes the most appropriate way to mix components, equipment used, this personnel that knows how to perform the tasks; all this is mixed in a cluster.

*Key-Words:* - Cluster, productive agenda, competitiveness, Transformational leadership, total quality management, quality assurance, organizational performance.

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# 1 Introduction

This paper refers to the development of the cluster in the country, and how it helps to energize local economies, defining strategic plans that configure competitive schemes for each segment or component of the business, becoming the engine that drives and energizes the economy from the synergy and cooperation between business networks, which allow strengthening the different industrial and commercial sectors, closing gaps and acting as agents of change. From this networking initiative, the regions are able to diversify and increase their exportable supply, specialize their human talent, overcome infrastructure deficiencies and improve their internal factors to attract foreign direct investment, which allows them to develop a positive attitude towards constant learning and be proponents of institutional modernization.

The cluster analysis shows how in the long term, the country, the region, sectors, and companies can improve their competitiveness, showing a varied industry, which produces an improvement in Colombia's balance of payments, thanks to the increase of the gross domestic product, allowing to achieve local, regional and national growth.

# 2 Theoretical Development

By carrying out this work, it is cited [26], with its Diamond of Competitiveness, which includes the existence of specialized human resources, technical infrastructure, factors of production required in the industry, as well as the capacity of continuous improvement, based on this diamond is the following relationship.

Related and Supporting Industry: suppliers of supplies and services are immersed in it, as well as distributors, for companies the sector in question.

Demand conditions: refers to the national demand for goods and services produced by companies in the sector in question, which must be demanding and sophisticated to stimulate innovation.

Firm strategy, structure and rivalry: it refers to the organization and administration of the companies in the sector in question, as well as the conditions of competition in the domestic market, which must be demanding in order to stimulate permanent business and productive innovation [28]

The previous theory of Professor Michael Porter reaffirms that it is possible that a country, a region and a group of interrelated companies can develop and compete in sophisticated markets, just as the four postulates of the diamond are as important as the system they make up if one of them presents a weakness in one of its links, it is limiting to the possibility of having an industry or sector that can increase competitiveness.

It is revealed that for a country, a sector to advance and to be able to strengthen as a region and flourish, it must be able to provide a better quality of life to its inhabitants, so that it remains competitive the region needs to work according to the specialization and join efforts in a public-private alliance without leaving out the academy and the entities and collegiate bodies committed to the development of the country, the department and the region.

To talk about a cluster, it is necessary to start at the beginning, it must be known what role decentralization has played in the development and competitiveness of the regions, territorial development, asymmetric decentralization strategy, strategic implementation design. In the forum "*Colombia Construida desde las Regiones*" ("Colombia Built from the Regions"), [12] can be seen how Dr. Javier Burgos, director of Decentralization and Regional Development of the *DNP* (National Department of Planning) says "we must listen to local governments to be participants in the decisions to promote dialogue in the regions", Yesid Parra director of investments public finance of the National Department of Planning, in this forum also makes its contribution "The budget oriented to results allows to reduce transaction costs which implies more efficient investments".

It is started by saying that, according to the dominant theoretical principle in the literature which assumes that local governments are more efficient in the allocation of public resources, compared to the central government, since they have information and more incentives to do so.

From the influential work of [31], on the role of companies in identifying opportunities to create value a considerable part of the literature suggests that the companies real enterprise and entrepreneurship contribute to economic performance by introducing innovation and competition in the market, foreign trade is an increasingly important portion of the economy of nations and regions, as they provide leverage for growth and expand markets.

Based on the report of the Bank of the Republic “Fiscal decentralization and economic growth: regional evidence in data panel for Colombia, [17] local authorities end up supplying the goods that people prefer, since they are closer to the population and they know their needs better [23], secondly, local governments are under the permanent scrutiny of their voters, they have incentives to execute public policies based on the general interest of the community [32]. Decentralization can also benefit public management and market mechanisms, by simultaneously favoring private activities. [17]

The sum of the aforementioned factors are actors that contribute to learning, experience and competence in the provision of collective consumer goods, thus promoting regional economic growth, which must be reflected in national economic growth through GDP.

Based on the foregoing, the importance of the internal agenda must be complemented, this should be understood as an agreement of wills and decisions between the National Government, territorial entities, the private sector, political representatives and organized civil society, on the strategic actions that the country must take to improve its competitiveness. [21].

The internal agenda becomes a road map through which the country must adapt to the new rules of the international business game [1], for which entrepreneurs must prepare to open and expand its market to the rest of the world, or at least to the countries with which Colombia has signed Free Trade Agreements, lowering production costs that should be beneficial for local businesses.

With the start-up of internal agendas, regions must work on strategic plans that allow them to present a horizon where gaps between regions can be closed, work systemically on innovation, technology and development of new proposals for the market, the public-private sector alliance strengthens synergy and headquarters the step to sectoral growth, connectivity between organizations and the creation of networks of technological support, knowledge transfer and strengthening the supply chain, will make regions where foreign direct investment wants to invest in those showing economic, social, technological, logistic, educational, health structures, among others, for competitiveness and productivity, where productive chains such as clusters can be formed and it is determined that companies and sectors that present strengths and special conditions for the competitiveness allow them to work together to achieve international certifications that are favorable for them to access markets and consumers of high quality requirements. The methodology that was carried out by the Gran Colombia University (Armenia Sectional) allows entrepreneurs to make strategic decisions to innovate and to be more competitive, in the same way helps to respond to the current and future needs of companies located in their regions, in order to debug horizontal policies and design support policies, to strengthen bets on regional clusters and boost competitiveness, this can be seen in the issuance of the [7], shows the commitment that the country has assumed one of the most serious bets to support regional clusters with the program “Competitive Routes”, which seek to strengthen business growth competitiveness and promote exports, this initiative ceded in October 2012.

The director of [7], Sergio Zuluaga talks about this topic the “Competitive Routes”, has concentrated on 36, located in 18 departments with the task of “unleashing extraordinary business growth processes”, three have been identified working groups consisting of six departments each; the first formed by Norte de Santander, Santander, Magdalena, Cesar, Bolívar and Atlántico, the routes that stand out the most are ceramics, events tourism, dairy and construction, among others; Huila, Nariño, Cauca, Quindío, Tolima and Risaralda, are part of a second group, while Antioquia, Valle del Cauca, Casanare, Boyacá, Arauca and Meta make up the third.

This text explains how a competitive route seeks to improve its business actions of organizations belonging to a cluster, based on the redefinition of the long-term strategy, which seeks to increase cooperation between the actors that are part of the same, to increase production and sale in the national market, to obtain an exportable offer important enough for the international market.

The cluster issue started in Colombia when the property monitoring firm the American expert

Michael Porter assesses the competitiveness of some sectors commissioned by the government and the private sector in 1999, targeting the studies to the "ten strategic imperatives," The theme of study of the cluster is not only in the study done by Professor Michael Porter, the governments of the day continued to delve into the issue, for the year 1999 the Ministry of Foreign Trade launched the National Productivity and Competitiveness Policy as part of the Strategic Export Plan for the next ten years; and in 2005 a workshop for 200 people was held in Cartagena; the initiative started in October 2012, and aims to enable companies to be able to compete in global markets and innovate in products and services and sell more.

In 2005, the high Presidential Council for Competitiveness and Productivity was created and subsequently *Conpes* (National Council of Economic and Social Policy) 3439 of August 2006 was issued, through which the National Administrative System of Competitiveness (SNC for its acronym in Spanish *Sistema Administrativo Nacional de Competitividad*) was created, which defines that the National Commission Competitiveness is the highest advisory body of the National Government on Competitiveness. The country begins the creation of the Regional Competitiveness Commission (CRC for its acronym in Spanish *Comisión Regional de Competitividad*), which are the extension of the National Competitiveness Commission.

Dr. Marcos Linás Technical Vice President of the Private Competitiveness Council [8], explains the concept of a cluster, "it is an economic phenomenon occuring when companies from the same sector or related sectors tend to be located in the same geographical context", the expert states that "countries and regions that have these solid agglomerations tend to have a better economic performance", the central government continues to accompany this national policy of competitiveness and productivity through *Innpulsa* responsible for articulating the actions of the "Competitive routes", clarifies that this strategy "does not seek to form a cluster from scratch" but to form a public-private agenda "to improve the competitiveness of agglomerations in pre-existing principles", this same author complements what has been said previously "what this program is looking for (…) is to create local capacities in local actors to carry out this type of work or this type of agenda", likewise Linás emphasizes that the work of strengthening these concentrations of companies is also led by cities or departments, ensures that the cluster constitutes "one of the most effective ways to generate or leverage the process" of sophistication and diversification of the Colombian productive apparatus; all of the above can be grouped with economic strength, which interprets and measures in a wide range, of which they overlap and link with the notion of regional competitiveness, size and growth of the main market, subject of analysis [24], the economic strength examines the aggregate conditions of the departmental economic acts structural and demographic macroeconomic pressures.

In 2008, the National Council of Economic and Social Policy (*Conpes* for its acronym in Spanish *Consejo Nacional de Política Económica y Social*), which brings together several institutions, including a high Presidential Council, gave birth to the National Productivity and Competitiveness Policy.

The Competitiveness and Productivity Report 2009-2010, which included a non-agricultural cluster map in Colombia, then identified agglomerations of companies in 29 economic sectors, covering 4.3 million jobs; "in this bet, we work on diversification understood as producing new things, new sectors or new sub-sectors (...) and sophistication such as raising the level of productivity of existing sectors or those new sectors", said COLOMBIA.INN, agency operated by Efe, in this document explains how a competitive route seeks to improve the competitiveness of the companies belonging to a cluster from the redefinition of the long-term strategy and increase cooperation among the actors that are part of it.

The issue of cluster in Colombia is increasingly taking more momentum and importance from them, shared values that become engines for prosperity can be worked, from them, a developing economy can participate in global economies, these strengthen productivity and innovation in the regions. In the words of the expert in the topic Professor Michael Porter in the International Forum of "Cluster and Shared Value" held in Bogotá in May 2005 "to compete in the international arena we must have a cluster, motors of prosperity", the professor pointed out that the cluster is where the new businesses are being created, and the undertakings.

In his speech highlights "the companies that are born within a cluster grow faster and have less chance of failure", likewise continuing with his paper point out that these concentrations lead companies in the same sector to innovate to survive, adds to his speech "all the clusters are good, because they all make the country more productive"; similarly during his presentation he also warned that the success of these associations depends on all its members, likewise makes a call to the Government where he clarifies that the role of this should be to listen to these concentrations of companies to align their public policies "it is not about the government being the one that manages their business", said Porter, declaring against the existence of" a top-down approach or having someone say what to do". Consulted by Colombia Inn on the panorama in Colombia, Porter assured that "now the process of competitiveness is moving towards a regional level, where the critical opportunities are.

The Ministry of Commerce, Industry and Tourism and Innpulsa Colombia, in order to strengthen the country's cluster initiatives, entered into a cooperation agreement with the Private Competitiveness Council to create the *Red Cluster Colombia* [28]. For the year 2012 specifically in the month of April within the framework of the agreement in which a Monitoring, Measurement and Evaluation System (SSME for its acronym in Spanish *Sistema de Seguimiento, Medición y Evaluación)* is set up, which makes it possible to demonstrate the degree of maturity of the cluster initiatives in Colombia, with which define a mechanism for classifying these using indicators.

In order to launch this initiative, pilot projects are being carried out in 5 departments (Antioquia, Atlántico, Bogotá, Huila and Nariño) and in August, an escalation to the more than 80 cluster initiatives registered in the *Red Cluster Colombia* began.

The initiatives supported are shown hereunder

• Aeronautics in Risaralda
• Clays in Norte de Santander
• Bioenergy in Valle del Cauca
• Cocoa in Antioquia, Arauca and Bolívar
•Coffee in Antioquia, Magdalena, Nariño, Quindío and Tolima
• Meat products in Arauca,
• Construction in Santander
• Leather in Quindío
• Plastic packaging in Antioquia
• Fique in Cauca
•Fruits in Huila - Granadilla, Magdalena - Banana, Valle del Cauca - Fresh fruit, Risaralda -Blackberry, Casanare - Pineapple, Meta - Fresh fruit, Nariño and Casanare - Horticulture.
• Hydrocarbons in Santander and Casanare
• Nautical Industry in Bolívar
• Dairy products in Cesar, Nariño and Boyacá
• Logistics in the Atlantic and Bolívar
• Macro Snacks in Valle del Cauca
• Metalworking Maintenance - Bolívar
• Fashion and clothing in Norte de Santander and Tolima
• Furniture in the Atlantic
• Piscícola in Huila
• White protein in Valle del Cauca
• Health and clinical excellence in Santander and Valle del Cauca
• Transportation Services in Boyacá
• Snacks in the Meta
•Tourism in the Amazon, Arauca, Boyacá, Caldas, Choco, Guaviare, La Guajira, Magdalena, Nariño, Sucre, Tolima, Cauca, Cesar, Bolívar, Risaralda, Norte de Santander, Santander, Casanare, San Andrés and Providencia, Huila and Magdalena.

All this work is based on the methodology that is framed in the concept of "Learning by Doing", which can be translated as learning based on the facts, so each competitive route is a cluster intervention initiative with a time of accompaniment of 9 months.

With this initiative, companies that are part of a cluster must go through three phases throughout the design of each route. First phase in which the challenges and bottlenecks that limit the productivity of the cluster are identified. A second phase in which strategic options are explored of where the cluster should move. And a third one in which lines of action are defined involving the approach of obstacles and the achievement of the selected strategic vision. These three phases are combined in a plan of action with concrete actions to improve the competitiveness of companies and achieve greater success to meet current and future challenges.

Among the most important challenges that have been evident is the effective articulation of public and private actors at the national and local levels and the capacity to retain local teams so that the continuity of the processes is guaranteed; [5] Regarding Valle del Cauca, it is necessary to know the institutional and competitiveness legal context, the strengthening of the commission and the formulation of the regional competitiveness plan involved the participation and linkage of the academy, the public and private sectors through the conformation of the work table according to the variables of the vision, which allowed the validation of the departmental mission to 2032.

The Valle del Cauca regional competitiveness plan is made up of 6 objectives, 18 strategies and 70 initiatives seeking to support the competitiveness vision of the projected department by 2032. *Conpes* 3297 of July 2004 returned to the public policy of competitiveness with the Internal Agenda for the Productivity and Competitiveness, what this Conpes sought is to have a permanent institutional framework for reflection on competitiveness issues. In 2008, the National Council of Economic and Social Policy (CONPES for its acronym in Spanish *Consejo Nacional de Política Económica y Social*), which brings together several institutions, including the High Presidential Council, gave birth to the National Productivity and Competitiveness Policy; The Competitiveness and Productivity Report 2009-2010, which included a non-agricultural cluster map in Colombia, identified agglomerations of companies in 29 economic sectors, which covered 4.3 million jobs, so that "Diversification understood as producing new things, from the existing, can occur within new sectors or be generators of new to put in new sub-sectors (...) and sophistication can reach to raise the level of productivity of existing sectors or those new sectors" said COLOMBIA.INN, agency operated by Efe.

At present, Valle del Cauca has the Regional Commission of Competitiveness, created by decree NO. 558 of December 6, 2006, and for this, it is necessary to frame the vision of Valle del Cauca 2032 and know the orientation of the development plans, productivity and competitiveness for that year, according to the formulated by the Regional Commission of Competitiveness; now the Valle del Cauca 2032 vision is presented, when reviewing the narrative by the vision proposed by the Institute of prospective and despite the more incrementalist tone on the perceptions of possible futures in the medium and long term, the participants pointed out aspects that they considered fundamentally to add to the vision of Valle del Cauca under construction, among the factors mentioned, it was urged on the potential of the Department's System of Cities and the necessary diversification of the productive matrix, the Valle del Cauca Vision 2032: "*To be a region leader in human and sustainable development, which is articulated to the dynamics of development enhancing the connectivity and complementarity of its system of cities, recognized for the quality of its good governance, equity, access of its population to education, knowledge of size development, infrastructure and productive diversification for development and entability for its development*". [*33*].

The general objective is based on building a prospective vision of Valle del Cauca as a global region and of knowledge, based on a structural change based on productive transformation, innovation, and the performance of institutions promoting economic, social, environmental and science and technology. [33]

Based on the aforementioned arguments, Valle del Cauca is shown as a solid department committed to its development plan, showing a sectorial diversification that allows general innovation of new products capable of competing internationally, can also be understood with the foregoing that the Valle del Cauca eta strengthening its economy to face the contingencies that occur in economic cycles, to which any economy can face.

With this initiative, companies that are part of a cluster must go through three phases throughout the design of each route. First phase in which the challenges and bottlenecks that limit cluster productivity are identified. A second phase in which strategic options are explored of where the cluster should move. And a third in which lines of action are defined that entail addressing obstacles and achieving the strategic vision selected. These three phases are combined in an action plan with concrete actions to improve the competitiveness of companies and achieve greater success to face current and future challenges.

Among the most important challenges that have been evident, is the effective articulation of public and private actors at the national and local level and the ability to retain local teams to ensure continuity of processes.

With respect to the Valle del Cauca, it is necessary to know the institutional and competitive legal context, the strengthening of the commission and the formulation of the regional competitiveness plan involved the participation and linking of the academy, the public and private sector by forming the table of work according to the variables of the vision, which allowed the validation of the departmental mission to 2032. [7].

The Valle del Cauca regional competitiveness plan is made up of 6 objectives, 18 strategies and 70 initiatives that seek to support the department's vision of competitiveness projected to 2032. *Conpes* 3297 of July 2004 resumed the public policy of competitiveness with the Internal Agenda for the Productivity and Competitiveness, what this *Conpes* sought is to have a permanent institutional framework for reflection on competitiveness issues.

In 2005, the high Presidential Council for Competitiveness and Productivity was created and subsequently the *Conpes* 3439 of August 2006 was issued, through which the National Administrative System of Competitiveness (SNC) was created, defines that the National Competitiveness Commission It is the highest advisory body of the National Government on Competitiveness. The country begins the creation of [9] which are the extension of the National Competitiveness Commission.

To be able to understand more clearly the participation that the Valle del Cauca has in the national contribution for competitiveness and productivity from the productive chains and the cluster network, it is necessary to know the *Visión Valle* 2032, parts must be known of this master plan to be able to understand why the Valle del Cauca bets on the cluster as a process of productive diversification.

According to the economic factors that determine long-term economic growth and the role of regional governments, this process focuses on models in which special factors are crucial [3], that economic activities tend to gravitate mainly to areas with greater transportation facilities and that it is close to large markets, because of the aforementioned performance of the region in terms of growth may be related to geographical characteristics, and unobservable elements.

Keeping up with the *Visión Valle* 2032, within the scenario of Institutional Development and Governance and emphasizing the Macro Scenario of the Southern Subregion, it can be seen as the work of the Prospective Institute and its full team in the assessment of the Macro-Scenario in the southern sub-region, the following points stand out:

• In the axis of economic development: scenarios of structural change are envisaged in “investment in infrastructure” and in multimodal infrastructure.

• In the areas of science, technology and innovation, the scenarios of structural change in “Alternative Energy” and “Clean Industrial Technologies” dominate.

• In the area of Science and Technology and Innovation, structural change is anticipated in “University - Company – State alliances” and “Clusterization Strategy”.

• In the axis of Environmental Development: dominates the scenario of structural change in “Land Management”.

• On the Socio-Cultural axis: structural change is anticipated in “Active Citizenship”

• In the Institutional axis Governance: in “Corruption”, “Violence due to Intolerance” and “Poverty” dominates the scenario of regression.

In order to understand more clearly the participation of Valle del Cauca in the national contribution to competitiveness and productivity based on productive linkages and the cluster network, it is necessary to know the *Visión Valle* 2032 and understand it, to know of this master plan to understand why Valle del Cauca is betting on the cluster as a process of productive diversification.

Based on the aforementioned arguments, the Valle del Cauca becomes a solid Department committed to its development plan; it also shows a sectorial diversification that allows it to generate innovation of new products capable of competing at an international level. It can also be understood with the above that Valle del Cauca is strengthening its economy to face the contingencies occuring in economic cycles, to which any economy can face and must be prepared.

In 2010, the Economic Commission for Latin America and the Caribbean ([6], on the competitiveness of the Colombian departments of Valle del Cauca, occupies one of the first places in this ranking.

In this paper, it is shown how their main advantages are represented by a solid capacity of their economic structure, their disposition toward international markets, their basic structure and their scientific and technological environment.

Eighteen years after this analysis carried out by this organization, the following report can be analized today and it is clear that the Valle del Cauca is consolidated as one of the departments that is pulling the regional economy, then the analysis based on the report made by this international organization to measure the competitiveness of Colombian departments.

According to the studies carried out by the Economic Commission for Latin America and the Caribbean ECLAC in 2017 on the competitiveness of Colombian departments, Valle del Cauca occupied the sixth position as seen in the following report taken from the *Escalafón de la Competitividad de los departamentos de Colombia 2017* [6], authors Juan Carlos Ramírez J and Jhoan Manuel de Aguas P. working document No 36. ECLAC Bogotá.

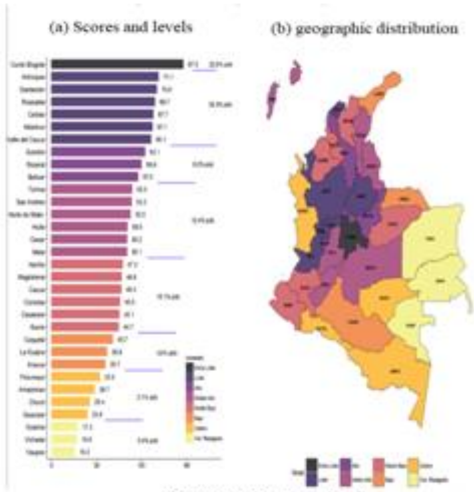
It is essential to know how economic strength is the heart of any company, region or country, for this, it is necessary to know how to define the economic strength, according to the interpretation that is taken from the working document No. 36 of the Competitiveness ladder of ECLAC.

The competitiveness ladder has shown adequately the statistical robustness of the relationship between competitiveness and the wealth of nations [15], these conclusions are also supported at a regional level; it is natural to think of the richest regions as the most competitive and vice versa [19].

The size of the markets has a demographic dimension: the population density and the level of regional urbanization are correlational variables with the economic strength. This is because the most densely populated regions are also those with the highest concentration of activity, economy, demand and specialized human capital.

The productive structure is relevant to economic strength, a strong economy must be able to make structural changes to maximize productivity and growth, through the relocation of production in its sectors or branches of economic activities.

According to the previous information provided by the [6], it can be understood why the Valle del Cauca has been concerned to work hand in hand with the public-private partnership and academia as a synergistic strategy to work joint projects to obtain the results expected showing that teamwork is the weapon of knowledge that project a society to competitiveness and to give the expected results, as it is the case of the conformation of cluster in Valle del Cauca, of which have been identified 5 of them among those that stand out the one of the white protein, clinical excellence, macrosnacks, among others. This type of productive chain is the one that marks the economy not only in the Valle del Cauca region, but also at the national level, it can be seen how this initiative has changed the vision of competitiveness in order to to be able to offer a diversified export basket with high added value, since the companies that form the cluster are generators of exchange and transfer of knowledge, joint research, development of new products, high quality services and development and implementation of technology according to the need, which can be translated into a closure of gaps between national and international companies, being these generators of internationally competitive products and services, promoting the national and regional market as a tourist destination in health when talking about the cluster of health excellence, it is where can understood market expansion, region brand positioning and export service and products with high added value, showing the world a region that grows hand in hand with its rulers, its companies, its citizens, investment but especially the specialization of its human talent. The following map shows the competitiveness results, as shown in Figure 22 of Working Paper No. 36, taken from [6] and taken as a reference for the consolidation of the Cluster.




Source: Authors (translated)

Fig. 1: Competitiveness performance
Source: Taken from [6].

The work that has been carried out by the State in accompaniment of an entire collegiate body could not remain without harvesting fruits, the State understand that competitiveness is local and is gestated from the local with productive bets from the local, based on all the work that has been carried out defines that the clusters serve to understand a business, design and implement policies to improve regional competitiveness, are facilitators of the dialogue between the productive sector and the government, know how to focus regional efforts on business and innovation, build local capacities , contribute to the improvement of the business environment and the identification of market opportunities.

Valle del Cauca is unaffiliated with all this Dantesque work that the country has been doing, Valle del Cauca knows that the department's growth is linked to synergistic work, that the clusters are efficient because they extend vertically in supply chains until customers or laterally to suppliers of complementary products and to companies operating in related industries. The departmental government is aware that this proposal does not generate results but includes private, public companies, universities, study centers, vocational and vocational schools, unions, which become providers of training, education, information, research and technical support the Chamber of Commerce of Cali leads the formation of a cluster in this department and begins its task by organizing strategies that will help strengthen the cluster initiative.

Through the cluster strategy, led by the Chamber of Commerce of Cali (CCC), with the support of the Public sector, academy and unions, all the actors of 5 dynamic productive chains in the region (white protein, bioenergy, macrosnacks,) have been integrated clinical excellence, and well-being & personal care) in order to align the objectives and set common goals that impact on the strengthening and development of each of the companies that compose them and increase the prosperity of the region, continuing with the process of identifying Cluster has been contemplated a sixth cluster recently the fruit, called fresh fruit.

Based on reports made by the CCC, in a work that they have developed on a world-class cluster identification, the cluster of clinical excellence has been successfully led, the clinics and hospitals that are part of this commitment have made various activities and projects aimed at boosting its competitiveness through knowledge and the generation of new business opportunities, allowing it to position itself as specialized and excellence centers. Another important axis that is working on the proposal of this cluster is to contribute to the positioning of the region as a group of leading companies in the process of technological transfer and the internationalization of knowledge.

In the health sector, international recognition has obtained with the work that has been done by the Valle del Lili Foundation Clinic (FCVL for its acronym in Spanish *Fundación Clínica Valle del Lili*) and the Imbanaco Medical Center (CMI for its acronym in Spanish Centro Médico Imbanaco) of the city of Cali that appears in positions 7 and 20 of the list of the best 40 health institutions in Latin America, according to the annual classification published by the magazine América Economía, specializing in finance and business.

According to the above, Valle del Cauca has been strengthening its growth, development, technology and innovation, under the concept learned that synergy and cooperation are the basis to face globalization and competitiveness at local, regional, national and international levels, that is why clusters are a differentiating response in the supply of goods and services for the country and the world market.

Esteban Piedrahita, president of the Chamber of Commerce of Cali, [4], explains that, on the platform, the Chamber of Commerce of Cali will put at the service of entrepreneurs a space for strategic discussion and technical support specialized to promote the formulation and development of a powerful agenda, aimed at achieving higher growth rates of companies participating in each chain with the purpose of general greater welfare to the community, considers "in Valle del Cauca, we must give enough importance to the business issue and understand that the best way to generate positive social impact is with the creation of employment and business growth. The countries of the world that are prosperous and rich have many more companies per capita than us, more successful companies and at all scales". This work carried out by the [4], has the support of the cluster firm Development, a Catalan company, which has accompanied more than 200 cluster initiative projects in several regions of the world and which recently worked with Medellín and Bucaramanga; likewise, it states that the main result was the advance in the definition of the value chains and the structure of the environment of the five clusters, a process aligned with the knowledge and experience of the Valle Departamental Government and the Mayor's Office of Cali. The work that has been developed with the articulation of all the unions and the public sector has been key to "define with the entrepreneurs a plan that allows us to set goals, sell and differentiate, design strategies and show the world as a region with characteristics specials and competitive advantages". [4].

This work has been accompanied by different workshops, among which Dr. Jorge Ramírez, a close collaborator of Michael Porter, who developed the cluster concept and who has led the development of the Cluster initiative of the Chamber of Commerce of Bogotá.

The Chamber of Commerce of Cali, during May 7 and 8, 2014 at the Valle del Pacifico Events Center, Expo Pacifico management event, this event worked on the progress and action plans formulated by the entrepreneurs of each chain. For this event, Michael Porter, world authority in strategy, competitiveness and shared value, as well as Ronal Heifetz, director of the Leadership Center of Harvard University, analyzed the proposals of the entrepreneurs of the region and commented on them.

The conclusions that were built in this workshop on the clusters marked the path that would lead the business sector that would contribute to the development and prosperity of Valle del Cauca.

According to a report given by [4], in which it presents the Clinical Excellence cluster, it presents the list of companies that make up this type of business organization with the provision of specialized clinical/medical services in Valle del Cauca , [28], the cluster of clinical excellence in the Valle del Cauca is composed of 526 companies, distributed in 12 business segments, composed of the following organizations: clinics and hospitals, which provide their specialized services not only to the citizens of the department and region but nationally and internationally where tourists arrive to buy the specialized health services with internationally recognized quality, aesthetic clinics, medical supplies, medical equipment, prostheses and implants, pharmaceutical industry and support service between the ones that can be mentioned (diagnosis, specialized outsourcing, specialized research), chemical products, marketing and packaging.

The projects under development are framed in new services and business models that must respond in the internationalization of the clustering initiative of clinical excellence, the objective of this initiative is to strengthen the capabilities of the cluster initiative of clinical excellence in the development of new business models for the care of international patients.

To achieve this objective, the cluster has strategic allies allowing it to work synergistically and respond to the needs of patients or clients who seek in this initiative attention with human and specialized quality, participating companies *Occidente* Angiography, Corpus and Rostrum; High Specialization Dentistry - *Becerra Soto Limitada*; *Occidente* otorhinolaryngology clinic; *Salud Travel*, Clínica Occidente; Surgical Center of Beauty; Furikanza Group; Saludvité Foundation and *Clínica Oftalmológica de Cali.*

Likewise, they have strategic allies such as TEMOS Internacional and *Geomédica* Health.

The companies participating in the clustering initiative of clinical excellence are Valle del Lili Foundation, the Imbanaco Medical Center, the Amiga-Comfandi Clinic, *Clínica Oftalmológica de Cali* and the *Saluvité* Foundation.

Without strategic allies this initiative would not be complete and therefore its objective could not be achieved, for this they have the Barcelona Hospital Vall d'Hebron, Cluster Development and Commission of Competitiveness of Valle del Cauca.

This initiative of Cluster of excellence of the health, has identified lines of work which they are mentioned next:

1. Strengthening of the specialization: it evaluates the current specialized offer in Valle del Cauca, closes the gap against the purchase criterion and performs actions of positioning and approaching the national patient.
2. Development and Marketing of knowledge-based products/services: implementing innovation, research and development and/or basic models in Valle del Cauca institutions as a basis for the development of differentiating knowledge.
3. Access and positioning in specialized channels: strengthening access to national and international target markets with development and business methodologies and medical positioning strategy.
4. Strengthening the health destination: obtaining an objective evaluation of Cali's market environment as a health destination and establishing strategies to strengthen the auxiliary industry and position the destination.

The previous writing is based on reports collected, worked on and studied by authors versed in the subject that show a country and especially Valle del Cauca as a leader in terms of health, “companies have understood that to consolidate their strategies of growth need to bet on demanding markets such as the United States, Europe, Japan and South Korea, this is the youngest initiative, this began at the end of the year immediately before, this is in the process of identifying possible markets” says Carlos Andrés Pérez, director of the Economic and Competitiveness Unit of the Chamber of Commerce of Cali.

The cluster of the white protein takes force whenever it counts on its own plan, has received the val and the financing to foment the development of activities of innovation, research, formation and scientific and technological qualification; the initiative was presented to the fund of Science, Technology and Innovation of the General System of Bonuss, by 11 companies of sector, *Fenavi*, Valle Departamental Government, the *Universidad del Valle* and the Chamber of Commerce of Cali received an approval of $ 5.200 million, this cluster groups 263 companies.

This type of initiatives are key to start a process of consolidation of the business fabric of the department and the region, this type of work is the recovery of the social fabric of a community that, like the Colombian one, has been broken by the internal conflict that has left human loss, destruction of families, social impoverishment specifically in the rural sector, technological backwardness, little economic growth, little progress in research, innovation and development and a disarticulation of public and private policies, the academy has little to do with the business sector and this one results in the loss of economic dynamism, leaving aside initiatives and proposals that can generate new social, cultural and political changes.

According to the *América Economía* magazine, the Valle del Lili Foundation places it in the third place according to the ranking, Dinero Magazine, 2018, of the best hospitals and clinics in Latin America, while the Imbanaco Medical Center occupies the 11th position, following in this order of ideas, it is necessary to make an analysis of why the Valle del Lili foundation is awarded this prestigious position, the foundation has made investments of nearly $ 9,600 million aimed at technology and computer development, purchase of medical care equipment and infrastructure projects, the director of the clinical research center of the foundation Fernando Rosso, says that "they have managed to position themselves as a reference center for high technology in healthcare matters."

The Valle del Lili Foundation established an alliance with the ICESI University, with which they have more than 17 first and second specialty programs.

This foundation obtained the recognition of University Hospital in 2017, granted by the Ministries of Health and Education, the first in the Southwest. Nowadays, they have more than 11 research lines and have published more than 100 articles in international journals.

The procedures that are done in this institution are of bone marrow, heart, kidney, pancreas and liver, among others.

Its mission focuses on the integrality of the social good, the attention of this clinic only focuses on the national patients, but it serves foreign patients coming mainly from Panama, the Caribbean Islands, Central America, it also receives doctors who require training.

In order to strengthen all the work that Valle del Cauca has been developing with respect to the cluster, it is necessary to recognize that these initiatives have been formed over time, their out lies in the different studies and theories in which they are framed and take on greater relevance in the extent to which these economic initiatives show their results positively in the region by generating employment, improving the quality of life of its citizens and contributing growth to their regional GDP, improving the image of the country contributing to the local and international market products and come with high added value and diversified what allows a difference offer that can access international markets.

Referring to some theories that strengthen the creation of the clusters, the following authors can be cited as Marceau argues that Clusters are a grouping of firms in the same industry, which reiterates that they are simply not a set of random companies that decide to locate themselves in the same geographic context, but must have a direct relationship in the industry that they develop, in the same way without ignoring the professor [25], defines them as "the Clusters are geographic concentrations of companies and interconnected institutions that act in a certain field, these are a range of related industries and other entities that are important to compete", all these works even today become more valid, such as the on of the economist Alfred Marshall who calls industrial districts to this type of agglomeration, which are defined as concentrations of specialized in a specific locality, is a stable community, where a very strong local cultural identity is affirmed, a socio-economic interweaving is generated, where the social forces join with the economic forces. The foregoing makes it clear that the Government is a fundamental actor in this type of economic associations in order to give it strength and recognition based on its public policies and governing bodies that promote regional and local development.

Not only Professor Michael Porter has spoken of cluster, should be known in the same way to Dr. Marshall in the text of his authorship entitled "Industry and Trade" 1919 adds the concept of industrial atmosphere that, together with the mutual existence of trust and knowledge, facilitates the generation of the skills needed by the industry, promotes innovation and dissemination among small and medium enterprises in the industrial district.

All the characteristics described by Marshall in the industrial district model are summarized in the concept of agglomeration, which is the localized elongation Becattini, not only of the strategic choices of the individual company, but of the joint presence of specialized companies and services dedicated to them. That is why Becattini, based on Marshall's first writings, also argues that to be able to speak of an industrial district, it is necessary for the population of companies to integrate with the local community of people, culture reserve, values. He also stands out as the principle of the clusters or groupings was given thanks to the "early globalization" that was presented at the end of the 19th century, because thanks to transport mechanisms and others, it was possible to learn from other individuals who were in distant regions and who in many cases formed small groups of people specialized in different locations than their births. Finally, Marshall also mentions the advantages that the creation of business or other groups brings to a region, because it highlights that the growth of a local economy is thanks to the specialization that is developed by direct influence of the agglomerations, because with the help of these there are highly trained personnel, latest technology machinery and most importantly, a solid economy is created consisting of several companies providing en everyday growth and social standards adapted by a process of industrialization from below.

Within the work that Professor Michael Porter has investigated, he reveals the benefits of a cluster [25].

Additionally, Porter indicates that clusters affect competition in three different ways: the first, increasing the productivity of companies based in the area; second, driving the direction and pace of innovation; and third, stimulating the creation of new business forms that expand and strengthen the cluster itself.
Similarly, Porter in 1990 published the book entitled "The Competitive Advantage of Nations" in which he referred to the importance of clusters or agglomerations to achieve a significant competitive advantage, so he indicated that to achieve this goal depended on of 4 determining factors in its environment, which it called "competitive diamond", which were: intense rivalry and firm competitive strategy; this factor is shaped by the way companies are created, organized and managed, as well as by the nature of the rivalry between them in the market and the industry that they develop.
On the other hand, Puga focuses on explaining why this type of agglomeration exists around the world and for this he divides the main reasons into three large groups. First, he suggests that a larger market (market concentration) allows a more efficient distribution of local infrastructure and facilities, a wide variety of input suppliers and a group of workers with special skills. Second, he mentions that a larger market allows a better match between employer-employees and buyers-suppliers, since it provides a wide variety of possibilities to find a suitable partner or partner and a higher quality of prospects. Finally, a larger market concentration can facilitate learning.
Similarly Pietrobelli and Rabellotti indicate that this type of concentration facilitates the development of facts such as: division of labor and specialization; emergence of a vast network of providers; the appearance of agents that sell to national and international markets; the emergence of specialized services for producers/suppliers; the materialization of a group of specialized and qualified workers; and the formation of business associations. They also argue that being part of a Cluster encourages companies to compete fairly, with more innovative products that help the growth and development of an organization, more cost-efficient processes are created with joint research projects that improve the composition of the companies included in the conglomerate, in addition, if Cluster management is properly organized, a high degree of leadership can be generated not only in products but also in positioning and recognition strategies, generating and facilitating the link with the international market. So both conclude that the Cluster is a vital means to achieve the strength of an industry or market.
Oliver and Garrigós argue that the Clusters are traditional sectors that are mainly oriented to incremental innovation for all the organizations that constitute it, due to the high degree of cumulative knowledge they have and the type of information of the sector, they can develop great changes, improvements and progress for the market they own.
Martin and Simmie [19] in their study entitled "The Theoretical bases of Urban Competitiveness: Does Proximity Matter?" introduce the term urban competitiveness (which partly has the same foundation as the one mentioned in this text whose authorship is by Michael Porter), but in this case it is defined as "the ability of cities to continually improve their business environment, knowledge base, and physical, social and cultural infrastructures, in order to attract and retain high growth, innovative and profitable companies, and an educated, creative and entrepreneurial work force, to allow to achieve a high productivity rate, high employment rate, high salaries, high GDP per capita, and low levels of income inequality and exclusion Camagni who considers that the places in fact compete, on the companies that attract (capital), the workers (of work) and on the markets. On the other hand, Puig argues that thanks to the interrelation generated by companies participating in a cluster productivity is increased thanks to access to specialized inputs, employee services, information, institutional support and technical assistance, induce specialization by taking advantage of market signals and the possibilities that exist in world trade, help to regionalize the industrial and technological policy of the country based on the potential of the region, identify new spaces for the creation of companies and new employment opportunities, they also create more efficient markets and lower transaction costs, for that reason they boost productivity. Thanks also to geographical concentration, it accelerates the accumulation and dissemination of knowledge and best practices, as well as stimulating and facilitating innovation and experimentation, since they improve the ability of companies to perceive investment opportunities; it also promotes the installation of creative institutions and providers of social development".
On the other hand, according to the study carried out by Venacio, it is verified statistically that within the industrial agglomerations is a greater diffusion of autonomous economic agents and consequently a greater diffusion of horizontal and cooperative

relations among social subjects, as a result that transaction costs are low both due to the diffusion of common codes and the speed of circulation of sector-specific information.
It is important to know why the cluster of services is formed, it is necessary to take into account the study carried out by Keeble and Nachum who in the year 2001 affirm in their research known as “Why do Business service firms? Small Consultancies, Clustering and Decentralization in London and Southern England”, that the growth of the service provision sector (in England) has increased in proportions greater than those of traditional industries such as manufacturing, and especially services whose workers are highly qualified and specialized. As a consequence, they add that in the English geography a division by regions is presented, given the specialization that the service providers present. That is why the main reason why the service clusters are formed is the need for accessibility to global networks, clients and knowledge (both global and local), these Cluster promotes the culture of trust and institutional integration for the construction of networks of cooperation, education and research, in order to attract the international market and contribute to the improvement of regional business competitiveness. Kolko in his research “Urbanization, Agglomeration and Conglomeration of Service Industries” trying to explain the factors that affect the localization patterns of the service and manufacturing industry; where he clearly agrees with that affirmed by Keeble and Nachum , since he also indicates that the service delivery industry dominates the economies of developed countries (as is the case of the United States) and that the future of the main cities depends in large part to the sector of service provision, so inferred that the Cluster of services are more urbanized (first differentiating factor) than those of manufacturing, which makes us think that the agglomerations of this type of industry are presented with greater frequency and size in the main cities, but they are less concentrated than in other industries, which means that currently there are not many service clusters since they are not located in any region of a country.
Working on this line of research, it can not be ignored the hypothesis that raises Kolko also adds that the service clusters occuring most often are those that provide professional, scientific, technical, business management services and finally those companies which are in charge of providing basic services to homes and manufacturing companies (water supply, sewage, electric power, among others); on the other hand, it emphasizes those establishments such as hotels and restaurants that are less urbanized (which are not necessarily located in the main cities) but even more so than the manufacturing industry. Additionally, it proposes that the most urbanized industries are investment banking, film production, teleproduction and postproduction services.
Gónzalez and Mendieta refer to the competitiveness of tourist destinations which are presented with great force throughout Latin America, these are defined by Crouch and Ritchie as “the capacity of a country to create added value and increase, of this way, the national well-being through sales and process management, attractiveness, aggressiveness and proximity, integrating relations between them in an economic and social model” that is why Gónzalez and Mendieta conclude that these are the most characteristic example of how the efforts of a country are focused to achieve this advantage, highlighting the special case of Peru, a country that is currently characterized by having an important agglomeration companies providing tourism services and thus succeed in highlighting the culture of their region and therefore create an economy based on tourism.

# 3 Conclusions

Based on these theories, it can be clearly identified because in recent years Colombia has set itself the task of working on the identification and formation of a world-class cluster, as it says [34] in the article “Cluster, the strategic route of regional competitiveness” published in the magazine Dinero, “given the macroeconomic context of the country today, it is necessary to implement a new high-level strategic business vision, to leverage the strengthening of the Colombian economy in global scenarios” pointing out that important entities such as the Private Competitiveness Council and the Foreign Trade Bank (bancoldex) have been promoting the Cluster Colombia Network for several years now, which aims to work for the generation and exchange of knowledge among the different actors that are part of the training of productive alliances and dynamisation of the cluster. [34], also informs that in Colombia there are more than 65 cluster initiatives and more than 20 departments are in process of developing them.
To reaffirm what has been argued can not be ignored according to [*28*], (space for interaction and knowledge exchange between actors involved in the development of Clusters and/or productive bets from the local level) 7 types of Cluster are presented in the department of Valle del Cauca.

• First, the Cluster of macrosnakcs, which are those companies producing food and beverages that are consumed among the main meals of the day, has a total of 25 companies and generates around 3679 direct jobs.
• Second, the Bioenergy Cluster that has the participation of 46 companies and generates approximately 8445 direct jobs.
• Third, the Colombian Electricity Cluster of the Colombian Southwest, whose mission is to promote initiatives promoting the development of the electric power production chain, with the participation of 17 companies within which it is important to mention entities such as *EPSA*, *EMCALI* and the *Universidad Autónoma de Occidente*, which corroborates once again that the agglomerations are not necessarily entities dedicated to the production and provision of services but also entities outside this activity.
• Fourth, the Welfare and Personal Care Cluster, which is made up of 191 companies and generates an estimated 5800 jobs, this sector is of vital importance since the research that will be developed throughout the text will deal with the Cluster of the sector of provision of medical services.

• Fifth, the Fresh Fruit Cluster of Valle del Cauca, where more than 20 companies actively participate generating around 990 jobs.
• Sixth, the Cluster of Clinical Excellence which is defined as the market for medical services characterized by high quality standards, with the participation of 523 companies and whose sales in 2012 were USD 3.01 million, with growth of 13.9% and generating a total of 5500 direct jobs.
• Seventh, the White Protein Cluster, which brings together about 124 companies related to poultry and pork production in the Valley.
Likewise, the study carried out by the National Association of Financial Institutions (*Anif* for its acronym in Spanish Asociación Nacional de Instituciones Financieras) ratifies what was said by Piedrahita since it was found that Valle del Cauca is the second national producer of pharmaceuticals and medicines. On the other hand, and according to *Proexport* figures, 4% of the people who entered the country to perform health procedures arrived at the capital of Valle del Cauca, which is why the development of the city and region is highly driven by this factor; also Piedrahita indicates that efforts are still being made to improve the position of the region *vis-à-vis* other Latin American countries.

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