

ARTÍCULO ORIGINAL

Financing as a contribution to the development of enterprises in Manabí, Ecuador
El financiamiento como aporte al desarrollo de las empresas en Manabí, Ecuador

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ABSTRACT

Entrepreneurship has emerged as a significant driver of job creation and economic development in various countries. However, the lack of financial resources poses a major challenge for entrepreneurs during the initial stages of establishing a business. Therefore, this study aims to identify the mechanisms and financing programs available for business development in the province of Manabí, Ecuador. A non-experimental research methodology was employed, utilizing descriptive, field, and documentary methods, along with observation techniques, surveys, and interviews. The results shed light on the most commonly used sources of financing by entrepreneurs, revealing that self-capitalization prevails, while external financing is mainly facilitated through national financial institutions. This study is of substantial importance for understanding the limitations and prospects associated with business financing in the province of Manabí.

Keywords: Financing mechanisms; entrepreneurs; business development.

RESUMEN

El emprendimiento ha surgido como un importante motor de generación de empleo y desarrollo económico en varios países. Sin embargo, la falta de recursos financieros plantea un gran desafío para los emprendedores durante las etapas iniciales de creación de una empresa. Por lo tanto, este estudio tiene como objetivo identificar los mecanismos y programas de financiamiento disponibles para el desarrollo empresarial en la provincia de Manabí, Ecuador. Se empleó una metodología de investigación no experimental, donde se utilizaron métodos descriptivos, de campo y documentales, junto con técnicas de observación, encuestas y entrevistas. Los resultados obtenidos arrojaron luz sobre las fuentes de financiamiento más utilizadas por los emprendedores, revelando que prevalece la auto capitalización, mientras que el financiamiento externo se facilita principalmente a través de instituciones financieras nacionales. Este estudio tiene una importancia sustancial para comprender las limitaciones y perspectivas asociadas con el financiamiento empresarial en la provincia de Manabí.

Palabras clave: Mecanismos de financiamiento; emprendedores; desarrollo empresarial.



INTRODUCTION

Taking proactive action is the key to business success and growth. To achieve this, it is vital to implement dynamic and bold strategies based on intelligent market analysis and current situational assessment. The development of diverse strategies focused on researching, developing, and planning products and services that meet consumer needs is essential. Practical knowledge derived from fundamental skills, tools, and techniques for continuous growth is necessary to accomplish this (Braunerhjelm, 2010).

Within the entrepreneurial field, careful attention must be given to the sectors in which entrepreneurs decide to venture, as they reveal crucial areas of focus. One such sector is the extractive industry, encompassing activities like agriculture, forestry, and fishing. It is worth noting that many ventures in this sector concentrate on cultivating and selling corn, as well as breeding and marketing fish. This approach has been recognized by Jaime (2017), as a noteworthy avenue to explore. Additionally, Zapata (2022) highlights the emergence of enterprises focused on cultivating and selling plantains, fruits, cassava, and pigs, as well as breeding and selling poultry and cattle.

According to the Global Entrepreneurship Monitor (GEM), in 2019, 5.0% of entrepreneurs engaged in Total early-stage Entrepreneurial Activity (TEA) were involved in new ventures, while 19.9% operated within the extractive sector. Furthermore, 65.9% of new businesses belonged to the retail trade, with a focus on food, beverages, and clothing sales through catalogs (Lasio et al., 2020).

Companies are established to fulfill market needs and are comprised of three essential elements: human, material, and financial resources, which are indispensable for their operations. To ensure proper alignment of these elements, business owners and entrepreneurs need sufficient working capital. This capital allows them to launch and sustain their commercial activities while maintaining the long-term viability of their businesses (Miller et al., 2011).

In the business domain, various processes exist for obtaining capital. Mechanisms refer to the movement of resources from their source to the applicant. Despite the generation of numerous ideas worldwide, these ideas often fail to materialize, impeding individuals from achieving their goals (Cowling et al., 2012). The generation of entrepreneurs is of vital importance to a specific country or sector as it generates employment, attracts investment, and contributes to economic growth (Sagar et al., 2023).

In Ecuador, entrepreneurial projects often have short lifespans or fail to come to fruition due to a lack of technical support, training, and financial resources. The productive and growth capacity of SMEs is limited by the scarcity of capital, which forces them to primarily rely on self-funding, leaving them in a constant state of vulnerability with severe consequences in terms of poverty and social inequality (Rodríguez-Aguilar et al., 2020).

The province of Manabí, particularly its capital Portoviejo, is no stranger to this reality. Despite the emergence of brilliant startup ideas, a lack of financial resources prevents individuals from seizing the right opportunities to excel in a highly competitive market. Accessing credit depends on the possibilities and conditions for entering financial markets and the decision to use external funds instead of relying solely on internal resources (Feijó-Cuenca et al., 2023). Pavón (2016) highlights that this decision is subject to the context in which it is made, considering the obstacles and requirements imposed by financial institutions, particularly private ones. Access to financial products necessitates having a suitable credit history that reflects the beneficiary's track record in meeting financial obligations.

The province of Manabí, located on the coast of Ecuador, comprises 22 municipalities, with Portoviejo being the provincial capital and the municipality with the highest number of enterprises, boasting over 100 associations and cooperatives dedicated to production. According to the Encuesta Nacional de Empleo, Desempleo y Subempleo (ENEMDU), in 2022, the cooperative sector in Portoviejo primarily focused on fishing, timber exploitation, and artisanal production, while associations were involved in agriculture, livestock, food processing, beverages, tobacco, mining, quarrying, textile product manufacturing, clothing, and leather goods (Instituto Nacional de Estadísticas y Censo [INEC], 2022).

The second group includes municipalities with less than one hundred but more than fifty organizations, such as Chone, El Carmen, and Pedernales. In Chone, 96% of enterprises are associations mainly dedicated to agriculture and livestock. El Carmen does not have any registered cooperatives, and in Pedernales, 14% of enterprises are exclusively fishing cooperatives, although they also engage in agricultural and livestock activities.

Overall, the province of Manabí has a strong presence of enterprises in extractive sectors like fishing and agriculture, as well as in food and textile production. The third group encompasses municipalities with between fifteen and fifty organizations. Santa Ana, Paján, Tosagua, and Pichincha do not have cooperatives. In Pichincha and Bolívar, the entrepreneurial focus is exclusively on agriculture and livestock. Santa Ana has an association dedicated to education, while Paján and 24 de Mayo are engaged in food, beverage, and tobacco production.

Manta hosts organizations involved in machinery and equipment manufacturing, transportation, furniture production, and general manufacturing, as well as food, beverage, tobacco, forestry, fishing, agriculture, and

livestock production. Jipijapa has associations dedicated to forestry, fishing, agriculture, and livestock, as well as textile, clothing, leather goods, and food, beverage, and tobacco product manufacturing. Tosagua, San Vicente, and Sucre are focused on agriculture, livestock, and fishing, while Rocafuerte and Puerto López are also involved in food, beverage, and tobacco production.

The final group comprises municipalities with fifteen or fewer organizations. Junín and Flavio Alfaro do not have production cooperatives. Agriculture and livestock activities are common across all municipalities in this group, while Montecristi and Olmedo rely solely on these economic activities. Jaramijó and Jama primarily focus on wood exploitation and artisanal production as additional forms of entrepreneurship.

Unlike Portoviejo, Manta has a commercial source and is mainly dedicated to the industrialization of sea-related products, many of which are exported. It is important to note that the economy has remained stable despite the earthquake. According to Banco Central del Ecuador (2019), Manta boasts a high degree of capital turnover, with a Gross Value Added (VAB) of \$1,712,731 in 2019, in contrast, Portoviejo has a VAB of \$1,469.772. Hence, this study aims to identify the available financing mechanisms and programs for enterprise development in the province of Manabí, Ecuador.

Financing mechanisms

Financing mechanisms and programs play a vital role in ensuring the effective operation of projects or activities, aiming to enhance access to financing, markets, and overall conditions for the competitiveness and sustainability of companies. In some cases, they also facilitate internationalization efforts. In figure 1, these mechanisms and programs are essential for the development of enterprises as they provide sustainable solutions to the social, economic, or political challenges faced by small, medium, and large companies.

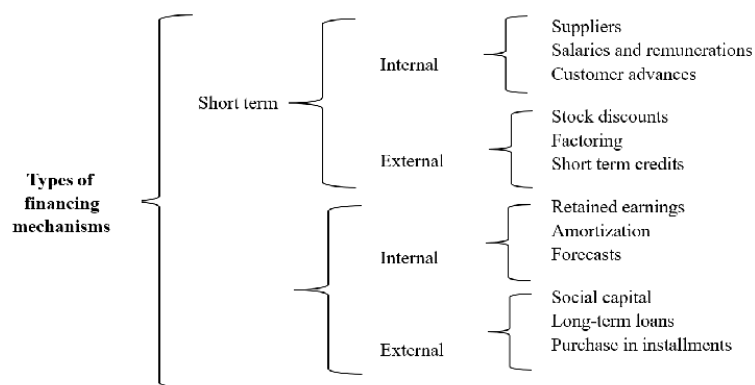


Figure 1. Financing mechanisms.

Note. Own elaboration based on Francesca (2016)

According to Schechter & Asher (2012), mechanisms are elements that transmit and transform forces or movements from a driving element to a receiving element. In the context of entrepreneurship, this refers to facilitating the acquisition of financing with minimal effort, enabling individuals to carry out their projects more effectively.

Rodríguez & Santos (2009) argues that financing mechanisms are those that enable a company to obtain the necessary financial resources to achieve its objectives of business creation, development, positioning, and consolidation. These mechanisms rely on the project's ability to generate cash flows that enable the repayment of loans, as well as contractual agreements among the various stakeholders (Omopariola et al., 2023).

These financing mechanisms effectively contribute to reducing risks for those with limited capacity to manage and bear them by facilitating the collective intervention of all involved actors in the face of setbacks. Gatti (2023) has identified different types of financing mechanisms that come in various forms, including short- and long-term, as well as internal and external. Mand (2018), on the other hand, highlights the most relevant characteristics of financing mechanisms, whether internal or external to the organization. These mechanisms must generate profits for the investment to be considered beneficial, and if they involve profit sharing, it should be proportional to the capital contribution. Finally, they must be essential to the organization's activities.

The GEM Report points out that the financial system in Ecuador comprises public and private financial institutions. In Ecuador, the regulatory bodies for financial mechanisms are the Superintendencia de Bancos y Compañías, responsible for regulating banks, mutual funds, financial companies, and credit card issuers. Additionally, the Superintendencia de Economía Popular y Solidaria regulates savings and credit cooperatives (Lasio & Zambrano, 2015).

Ecuador offers various financing mechanisms aimed at promoting entrepreneurship and business development in the country. These mechanisms are designed to meet the financial needs of entrepreneurs and companies at different stages of growth and in various economic sectors. Some of the main financing mechanisms available in Ecuador include:

- **Public Financial Institutions:** The Banco del Estado and the Banco Nacional de Fomento are two state-owned financial entities that offer lines of credit and loans for entrepreneurs and companies. These institutions focus on providing access to financing through special programs tailored to the needs of different productive sectors.
- **Private Financial Institutions:** Ecuador also has various private financial institutions that offer financing services to entrepreneurs and companies. These institutions include commercial banks, credit unions, and non-bank financial entities. Each institution has its own requirements and conditions for granting financing.
- **Government Programs:** The Government of Ecuador has implemented programs and policies to promote entrepreneurship and support business development. These programs include tax incentives, grants, competitions, and specific financing funds for entrepreneurs and small businesses. Institutions such as the Ministerio de Producción, Comercio Exterior, Inversiones y Pesca, and the Agencia de Promoción Económica ConQuito these programs.
- **Angel Investors:** In recent years, the angel investor investment model has gained popularity in Ecuador. Angel investors are individuals or investment groups that provide capital and business expertise in exchange for equity in emerging and promising companies. These investors bring strategic insights and contact networks that can help entrepreneurs fuel their growth.
- **Crowdfunding and Collective Financing:** Crowdfunding or collective financing is an increasingly used option by entrepreneurs in Ecuador. Through online platforms, entrepreneurs can present their projects and request financing from a wide community of people interested in supporting business initiatives. This form of financing allows entrepreneurs to access capital without having to rely on traditional financial institutions.

These financing mechanisms in Ecuador offer opportunities for entrepreneurs and companies to obtain the necessary resources to start, expand, or consolidate their businesses. However, it is important to consider that each financing mechanism has specific requirements and conditions. Therefore, a detailed analysis is essential to evaluate the most appropriate option based on the needs and objectives of each entrepreneur or company.

Tables 1 and table 2 present various government financing programs and financing programs for Ecuadorian entrepreneurs.

Table 1. Government Financing Programs.

BanEcuador	<ul style="list-style-type: none"> • Young impulse credit. • Craftsman credit. • Credit your harvest. • Agricultural credit. • Entrepreneurship credit. • Credit grows woman no more violence. • SME credit. • Microenterprise Credit. • Credit for inclusive businesses. • Livestock credit. • Palm credit. • Banana credit. • SOS Credit • Associative credit. • Credit organizations.
The Coordinating Ministerio de Producción, Empleo y Competitividad (MCPEC)	<p>Emprende Ecuador Project: This project also promotes the creation of new businesses. In the first phase, professional advice is provided for the creation of a business plan and market research. Once this phase is approved, Emprende Ecuador gives up to USD 60,000 for the execution of the project.</p>

Corporación Financiera
Nacional (CFN)

Progresar Program: It is a financing program that the Guarantee Fund currently has signed in a Framework Agreement for Participation with 15 financial entities: Banco del Pacífico, Cooperativa Cooprogreso, Banco General Rumiñahui, Banco Amazonas, Cooperativa de Ahorro y Crédito Comercio Ltda., Cooperativa San Francisco Ltda., Banco Comercial de Manabí, Cooperativa de Ahorro y Crédito El Sagrario, Banco del Austro, Cooperataiva de la Policía Nacional, Banco Procredit, Cooperativa de Ahorro y Comercio Ambato Ltda., Banco de Loja, Cooperativa de Ahorro y Crédito Santa Rosa Ltda., and Banco D-Miro. Regardless of the progress program, the CFN grants loans from USD 50,000 and finances up to 70% of the investment of a new business, with interest ranging between 8% and 11%.

Note. Own elaboration from BanEcuador, <https://www.banecuador.fin.ec>

Table 2. *Financing programs for entrepreneurs from private entities in Ecuador.*

Main private financial entities that have financing programs for entrepreneurs in Manabí.	Banco Pichincha Banco de Guayaquil Banco del Pacífico Cooperativa de Ahorro y Crédito 15 de abril Cooperativa de Ahorro y Crédito 29 de octubre
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METHODOLOGY

The methodology employed in this study utilized a non-experimental approach that incorporated both quantitative and qualitative techniques to address the specificities of the research topic. To establish the theoretical foundations, a comprehensive review of relevant literature and the experiences of other authors was conducted, enabling the development of a deductive investigation.

Furthermore, a field investigation was conducted, involving the direct collection of information from entrepreneurs in the province of Manabí. In order, to determine the sample size, a population of 90026 registered companies across the 22 municipalities shown in table 3, based on data provided by the Servicio de Rentas Internas (SRI). Using the formula for simple random sampling for a finite population, a sample of 1033 companies was selected for the survey.

Table 3. *Number of surveys to be applied by municipalities.*

Municipality	Municipality code	Number of records	Relationship between the records and the total population companies
Manta	1308	20838	23.15%
Portoviejo	1301	20406	22.67%
Chone	1303	7604	8.45%
Montecristi	1309	4623	5.14%
Sucre	1314	4421	4.91%
El Carmen	1304	4223	4.69%
Pedernales	1317	3869	4.30%
Jipijapa	1306	3721	4.13%
Tosagua	1315	2824	3.14%
Bolívar	1302	2058	2.29%
Rocafuerte	1312	2036	2.26%
Santa Ana	1313	1969	2.19%
San Vicente	1322	1786	1.98%

Municipality	Municipality code	Number of records	Relationship between the records and the total population companies
Puerto López	1319	1529	1.70%
Flavio Alfaro	1305	1516	1.68%
Paján	1310	1290	1.43%
Junín	1307	1124	1.25%
Jaramijó	1321	1037	1.15%
Jama	1320	913	1.01%
24 de Mayo	1316	908	1.01%
Pichincha	1311	906	1.01%
Olmedo	1318	425	0.47%
Total		90026	100.00%

Note. Own elaboration based on data from the Servicio de Rentas Internas Ecuador.

The allocation of surveys applied in each municipality was determined based on the number of registered companies per municipality. A larger number of surveys was assigned to municipalities with a greater number of registered companies, following an appropriate proportion. The distribution is presented in detail in Table 3, which includes the code of each municipality, the number of registered companies, the ratio between the number of registered companies and the total population of companies, as well as the number of surveys to be conducted based on the total of 1033 companies.

The primary method employed for data collection in this study was a structured questionnaire consisting of closed-ended questions, utilizing the Likert scale. This questionnaire was administered to the selected companies across the various municipalities of the province of Manabí, with the aim of gathering pertinent quantitative data for the study.

The chosen mixed methodology encompassed multiple research approaches to ensure a comprehensive investigation. The initial phase involved an extensive review of relevant literature to establish a robust theoretical foundation for the study. This bibliographic research served as a basis for understanding the existing knowledge and experiences of other authors in the field.

Subsequently, the study incorporated field research, enabling the direct collection of information from local businessmen. This on-site investigation allowed for a firsthand understanding of their perspectives, experiences, and insights regarding the research topic. Through interviews or surveys, valuable qualitative data was obtained, complementing the quantitative data collected through the structured questionnaire.

The structured questionnaire played a crucial role in collecting quantitative data systematically and comparatively. By employing closed-ended questions, the Likert method facilitated the measurement of respondents' attitudes, opinions, and perceptions on specific aspects related to the research objectives. The use of standardized response options provided a consistent framework for data analysis and interpretation.

By combining these diverse research methodologies, this study aimed to achieve a comprehensive understanding of the research topic. The utilization of mixed methods allowed for triangulation of data, enabling a more robust and nuanced analysis. The integration of qualitative insights from the field research and quantitative data from the structured questionnaire enhanced the overall validity and reliability of the study's findings.

RESULTS AND DISCUSSION

The results of this study shed light on the various reasons entrepreneurs choose not to seek external financing for their businesses. These reasons encompass concerns regarding risk and debt burden, difficulties in accessing credit, high interest rates and finance costs, as well as the value placed on independence and control over the business. Additionally, it was found that lack of awareness about available financing options and previous negative experiences also influence the decision to avoid external financing.

According to the collected data, figure 2 evident that there is a low illiteracy rate among entrepreneurs in the province of Manabí, which is a favorable aspect for entrepreneurship in the region. However, this does not negate the importance of entrepreneurs actively seeking training, workshops, courses, or seminars. They must continue pursuing opportunities for business growth, particularly in areas such as marketing, technology, accounting, business management, and personnel management, among others. These trainings contribute to

improving management, momentum, organization, growth, aspects that lead to successful and sustainable businesses in the market.

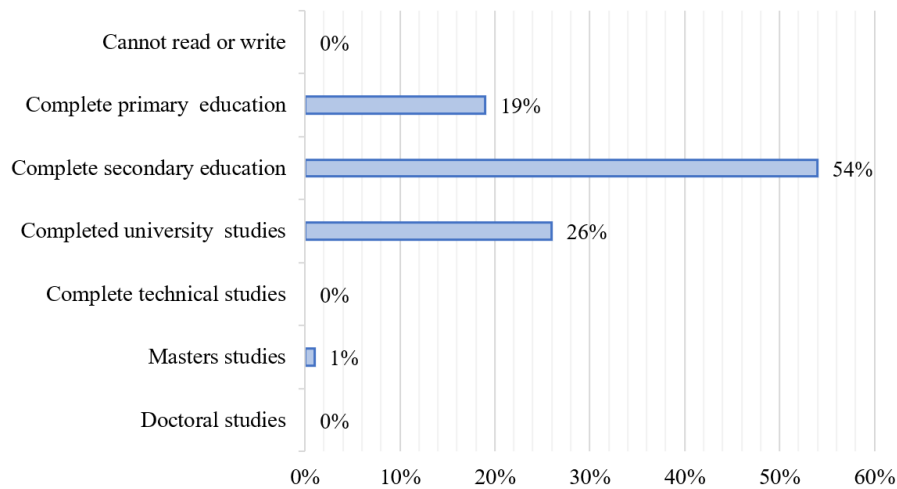


Figure 2. Level of academic training.

The data obtained and present in the figure 3, demonstrates that despite many of these businesses originating before and after the earthquake that impacted the region in April 2016, those businesses that have been operating for more than five years have managed to sustain themselves despite the tragedy. Additionally, the creation of businesses has generated opportunities for individuals who lost their economic resources in that event. However, it is also observed that there is a minority percentage of businesses that do not surpass two years since their creation, indicating a declining number of people deciding to venture into the business world due to internal or external factors.

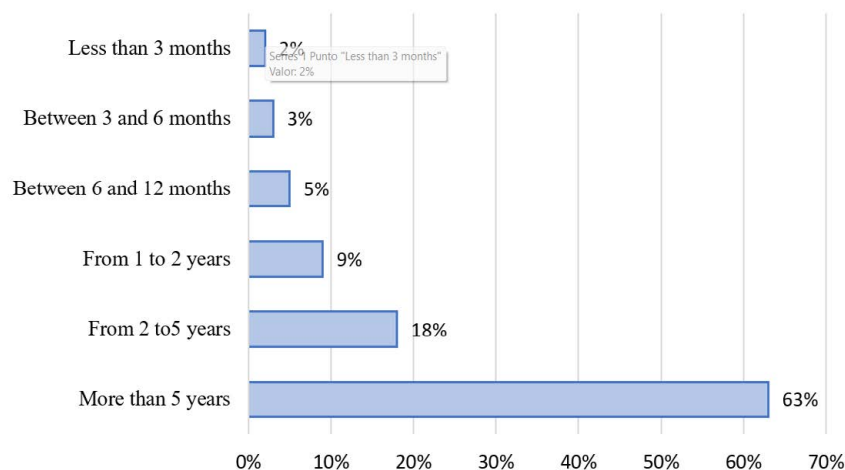


Figure 3. Business operating time.

The formal registration of a venture's operations depends on its organizational structure. Based on the obtained data, figure 4 evident that a high rate of entrepreneurs initiated their businesses in a formal and compliant manner with the country's legal requirements and regulations. This is important for fostering business growth. However, a minority group was also identified that did not engage in formal registration, either due to lack of awareness or personal reasons. It is crucial to note that formal registration of economic activity entails obligations, rights, and benefits that drive business growth. Even if entrepreneurs do not register initially, it does not preclude them from doing so in the future as they gain experience and knowledge in the business world.

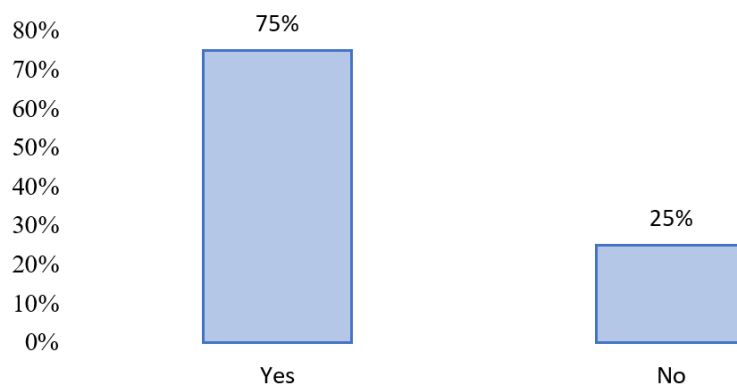


Figure 4. *Formal registration at the start of its operations.*

Regarding the financing methods employed by entrepreneurs, figure 5 shows that the majority opt to finance their businesses with personal resources or funds obtained from third parties when starting. A smaller proportion chooses to seek financing through financial institutions, citing reasons such as high interest rates, stringent requirements, and lengthy approval processes. It is important to note that there are various financing options available in the market, both legal and illegal, and the choice of financing method depends on the knowledge and needs of each entrepreneur.

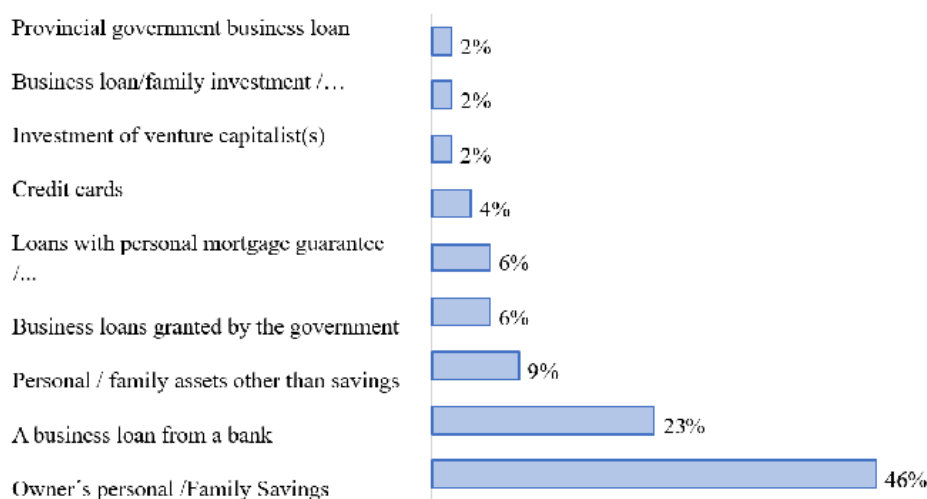


Figure 5. *Ways to finance your business.*

In figure 6, the primary reasons for not applying for financing, ranked from highest to lowest, are as follows: 16% of entrepreneurs prefer to reinvest business profits rather than seek external funding, indicating a focus on sustainable, self-financed growth. This is closely followed by 15% who chose to delay financing until conditions improve and another 15% who believe that financing costs would be prohibitively high. Additionally, 14% decided that additional funding was no longer necessary, and an equal 14% doubted their chances of approval. Finally, 13% preferred not to accumulate debt, and another 13% chose to wait until their company reached a more advanced stage, both opting for caution and financial control. These results in Figure 6 highlight a general tendency among entrepreneurs to avoid debt and high costs, prioritizing internal resources for growth.

It is important to acknowledge that each entrepreneur and business possesses unique circumstances and requirements. The decision to finance the business with personal resources or seek external financing depends on multiple factors, including the economic context, business size, longterm goals, and willingness to assume risks and financial commitments.

In terms of challenges faced when starting ventures, several obstacles affecting businesses were identified based on the collected data. In figure 7 we observe that access to financing emerged as a significant obstacle to business growth, with 28% of the respondents considering it a major hindrance. Additionally, political instability was also identified as a significant obstacle, indicated by 16% of the respondents. These findings suggest the existence of external factors impeding business growth and emphasize the need to enhance market supply and demand through appropriate strategies and policies. Improving access to finance and increasing demand are

vital to overcome these obstacles. Conversely, low-impact obstacles were identified, such as transportation, limited access to ICT (Information and Communication Technologies) and business licenses and permits cited by 6%, in each case.

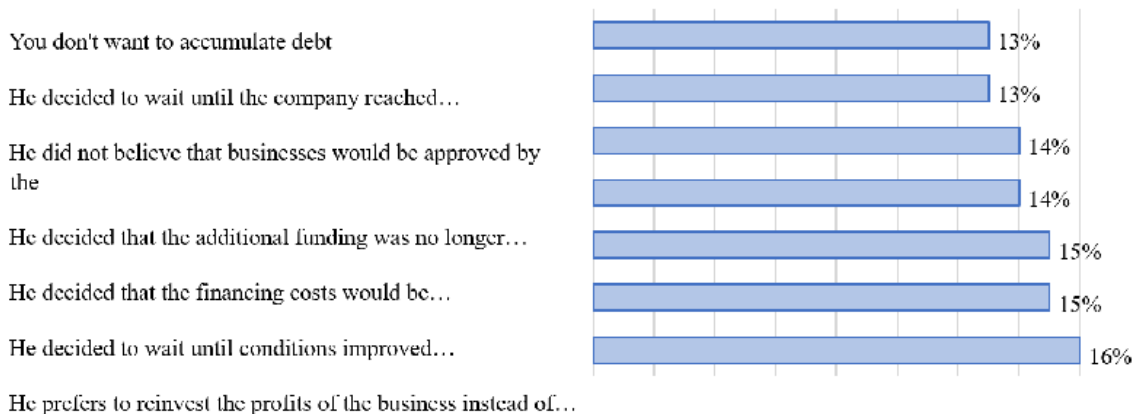


Figure 6. Reasons for non-application of financing.

These results imply that these problems can be resolved through training and market knowledge to discover alternatives that enhance business competitiveness. Overall, it can be concluded that the impact level of obstacles faced by businesses depends on their management. While challenges will always exist, they can be overcome through effective management and the implementation of creative and strategic solutions.

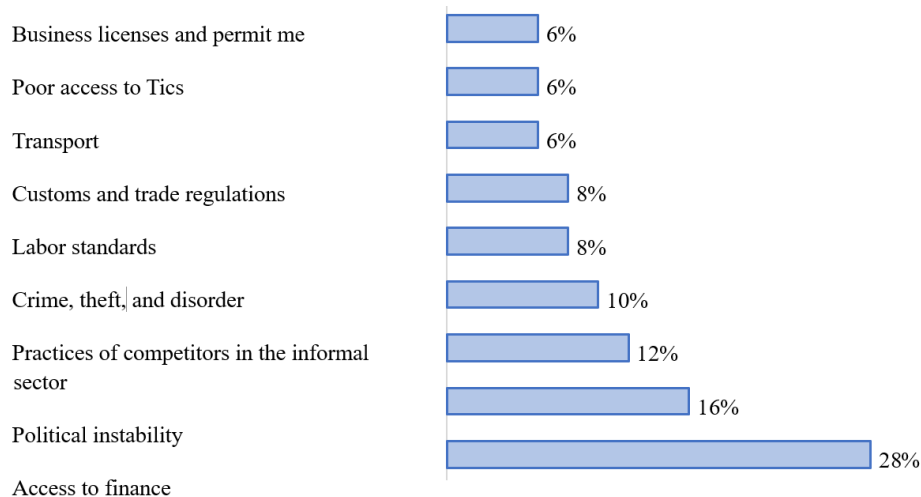


Figure 7. Disadvantages when starting the ventures.

There are numerous mechanisms and programs designed to support business entrepreneurship, not only in the province of Manabí but throughout the country. These programs are offered by both public and private institutions, with requirements and benefits varying based on the lending sector and type of financing. The following highlights some of the main financing options for entrepreneurs based on research conducted on institutions that provide credit for this purpose.

One financing option is the entrepreneurship programs offered by the government, such as the Fondo de Desarrollo Productivo (FODEP), the Programa de Apoyo a Microemprendedores (PAM), and the Programa Emprende Ecuador. These programs offer loans at favorable interest rates, along with training and guidance for entrepreneurs.

Another option is financing provided by private financial institutions, including banks and credit unions. They offer a wide array of loan options, ranging from small business loans to lines of credit for expanding businesses. Some credit unions also offer counseling and training services for entrepreneurs.

Angel investors and crowdfunding represent additional forms of financing for entrepreneurs. Angel investors are individuals who invest capital in start-up businesses, while crowdfunding involves raising funds through small contributions from many people via online platforms.

Various financing options exist for entrepreneurs, both from public and private sources, offering different benefits and requirements. Entrepreneurs must conduct thorough research and compare these options to find the one that best aligns with their business needs and goals.

Table 4 presents different types of credits offered by public financing entities such as BanEcuador, the Secretaría de Educación Superior Ciencia y Tecnología (SENESCYT), and the Corporación Financiera Nacional (CFN). The table specifies the amounts, interest rates, terms, and requirements associated with each credit type. These institutions facilitate loan accessibility for ventures, thereby supporting various economic sectors.

Table 4. Public Financing.

Entity	Type of credits	Analysis
BanEcuador	Young Impulse Credit Artisan Credit Tourism Credit Agricultural, live-stock, palm, and banana credit Entrepreneurship-Credit Women Entrepreneurship Credit SMEs Credit Microenterprise Credit	Up to 500,000 rates from 9.76% to 15%, up to 10 years, with certain guarantees. This type of credit has greater benefits for the productive sector, that is, for agricultural or tourism activities, due to its low interest rate; the other activities that are not part of these branches usually have a superior interest. This entity is one of the public institutions that offer the greatest accessibility when making a business loan, thus supporting the different economic sectors.
Fondo de Capital Semilla y de Riesgo	Encourage the development of innovative ventures.	Idea/Project: Up to USD 50,000.00. Start-Up: Up to USD 125,000.00.
Secretaría de Educación Superior, Ciencia, Tecnología e Innovación (SENESCYT)	Provides funds for innovative projects, focusing on ventures with the greatest market growth potential.	These types of funds are for innovative projects, in which participants compete for the most innovative venture with the greatest potential for growth in the market. This type of contest is held at least once a year, the same one that needs to meet a series of requirements to be able to participate at the national level.
Corporación Financiera Nacional (CFN)	SME Entrepreneurship	From 50,000 to 15'000,000, from 2 to 15 years term, 8.95% annual interest rate, according to the cash flow of the project. The CFN is one of the public organizations that grants the most financing, so much stricter requirements must be met, such as the presentation of a viable project on the business for which capital is to be requested. Although it has the lowest interest rate on the market, it focuses more on ventures that require a strong investment of resources.

Note. Information taken from the official pages of each of the institutions included in the tables.

Table 5 details the types of credit offered by private financing entities such as Banco del Pacífico, Banco del Pichincha, and the Cooperativa 29 de octubre. It provides information on amounts, interest rates, and terms associated with each credit type. It is important to note that each entity has specific requirements for accessing these credits.

Table 5. Private Financing.

Entity	Type of credits	Analysis
Banco del Pacífico	Micro Entrepreneur	From \$2,500 to \$100,000, interest rate from 8.50% to 15.50%. 72-month term for fixed assets and 24 months for working capital. This type of credit demands requirements that are usually complex for people who have just started an economic activity and the rate will depend on the amount of the credit; It is aimed at entrepreneurs who already have a business set up and who want to expand or improve it.
Banco del Pichincha	Business	Up to 150,000 with an interest rate of 11.23%. Even though it is a competitive rate compared to the rest of the institutions in the financial system, the requirements can generate some tension in those who apply it, since to access this type of credit you must have a high income.

Cooperativa 29 de Octubre	Productive and Commercial SMEs	The interest rate goes from 11.57% to 11.79, and the amount up to 300,000 with a maximum term of 60 months. Although it is a competitive rate, the return time can be very short for a venture, which is why it is granted mostly to SMEs, which are already established.
Other institutions	Initial credits to undertake	Entrepreneurs who want to start a business and do not have sufficient guarantees can make loans with interest rates of up to 28.5% in a maximum period of three years, which creates problems for the growth and development of their businesses. new business ideas in our country.

According to the data in Table 6, while it is true that some countries worldwide have lower interest rates than Ecuador, facilitating access to financing for entrepreneurs and enabling the establishment of businesses with significant profits, it is crucial to recognize that each country has its economic regulations and policies impacting interest rates and access to finance. Furthermore, the economic and financial situations of each country vary, making it challenging to directly compare interest rates between different nations.

Table 6. *International Interest Rate.*

Countries	Interest rates
Spain	4.31%
Portugal	5.19%
United Kingdom	0.50%
Canada	3.00%
USA	3.25%
Mexico	3.55%
Chile	8.10%

Note: Own elaboration from Index World, 2022.

Conversely, certain countries may have higher interest rates but support and encourage entrepreneurship in different economic scenarios due to tax burdens and government backing for business growth. This encourages companies to develop and compete in the market. In Ecuador, although interest rates may be low, high tax values hinder the generation of new productive enterprises.

These rules and laws pertaining to financing are applicable not only in Manabí but throughout Ecuador. The Central Bank of Ecuador regulates and controls the minimum and maximum interest rates for monthly and annual financing in each economic sector. The Código Orgánico de la Producción, Comercio e Inversiones (COPCI) stipulates that priority should be given to the productive sectors.

The research results clearly illustrate the limitations and challenges faced by entrepreneurs in the province of Manabí, Ecuador. The lack of access to appropriate financing, bureaucratic obstacles, and resource scarcity constitutes significant barriers impeding the growth and full development of businesses in the region. However, it is crucial to acknowledge the courage and determination of local entrepreneurs who continue to promote their companies using personal resources and explore alternatives to overcome difficulties. These findings emphasize the need to implement support measures and programs that facilitate access to fair and viable financing, fostering an environment conducive to entrepreneurship and economic growth in Manabí.

The results of this study reveal multiple reasons why entrepreneurs in Manabí choose not to seek external financing, aligning with previous research findings. Studies such as Nguyen & Canh (2021), shows that many entrepreneurs avoid external financing due to concerns about risk and debt burden, preferring to maintain full control over their businesses and avoid the financial strain of credit obligations (Cumming et al., 2017).. In Manabí specifically, this aversion is reflected in 13% of surveyed entrepreneurs who prefer not to accumulate debt, indicating a preference for financial autonomy in a context historically marked by economic vulnerabilities, such as the 2016 earthquake's impact.

Lack of access to credit is also frequently cited as a reason for avoiding external financing (Hannig & Jansen, 2011). Some entrepreneurs struggle to access credit or loans due to insufficient credit history or collateral (Bessler et al., 2011), leading them to rely on personal savings or support from family and friends as alternative sources of financing (Srithirath & Sukcharoensin, 2022). This issue is exacerbated in Manabí, where financing mechanisms are still being developed and are not always suited to the needs of small and medium-sized enterprises (SMEs). In this study, 14% of entrepreneurs identified lack of access as a major barrier, highlighting

the challenges of meeting stringent requirements that hinder formal financing, particularly in traditional sectors like agriculture and fishing.

High interest rates and financial costs are also significant deterrents, as noted by Nanda (2010). In Manabí, 15% of respondents consider these costs too high, discouraging investment in business growth, especially for new or small-scale businesses (Ahmad et al., 2021). This obstacle becomes a structural barrier to company development, underscoring the need for public policies that offer competitive interest rates and accessible loans, as suggested by Hannig & Jansen (2011). Implementing such policies would enable business expansion without compromising entrepreneurs' financial stability.

Additionally, independence and control over the business are significant factors in deciding against external financing (Sony & Bhaduri, 2021). A considerable 16% of entrepreneurs in Manabí prefer to reinvest profits rather than seek external funding, indicating a clear inclination toward organic growth and avoiding third-party involvement in operational decisions. This behavior is a risk mitigation strategy, aligning with the preference for self-sufficiency found in other studies on business financing.

Another significant barrier is the lack of awareness about available financing options. As (Mueller, 2012) points out, that some entrepreneurs are unaware of government programs, grants, or angel investors that might be accessible to them (Becker-Blease & Sohl, 2007). This lack of knowledge limits the search for external financing, leading many to rely solely on their resources (Ferraro et al., 2011). In Manabí, limited access to financial education and a high degree of informality in some sectors aggravate this problem, suggesting the need for financial education programs that raise awareness of accessible financing alternatives.

Ecuador offers various public and private financing programs to facilitate access to credit for entrepreneurs and SMEs. Public institutions such as BanEcuador and the Corporación Financiera Nacional (CFN) have implemented credit programs aimed at key productive sectors like agriculture, fishing, and SMEs. These programs reflect the Ecuadorian government's efforts to improve access to financing in sectors critical to Manabí's economy. The availability of these public mechanisms becomes a valuable tool to reduce reliance on informal financing sources among local entrepreneurs, while providing more favorable terms than traditional credit.

Furthermore, specific programs for entrepreneurs and SMEs, such as loans from BanEcuador and initiatives from the Ministerio de Producción, Comercio Exterior, Inversión y Pesca, demonstrate the government's commitment to strengthening the entrepreneurial ecosystem. These programs include more accessible financing terms, such as competitive interest rates and grace periods, offering crucial support for entrepreneurs seeking market stability without immediate financial burdens. Such efforts are positive strategies to address some of the barriers experienced by entrepreneurs in Manabí, including high interest rates and demanding credit requirements.

In the private sector, savings and credit institutions, as well as cooperatives like Banco del Pacífico and Cooperativa 29 de Octubre, also provide financing options. However, these private options tend to come with stricter requirements and higher interest rates. This contrast highlights the importance of encouraging private entities to offer more accessible financing solutions for small entrepreneurs, which could help reduce perceived inaccessibility to credit and promote local business development.

In addition to traditional mechanisms, the document mentions alternative financing sources like angel investors and crowdfunding. Although these options are still relatively unexplored, they represent valuable opportunities for entrepreneurs who want to raise capital without relying exclusively on formal financial institutions. Crowdfunding offers an innovative way for entrepreneurs to obtain financing from a broad community of individual investors, largely eliminating the need to meet strict banking requirements. Including these alternative mechanisms emphasizes the importance of diversifying financing sources available to entrepreneurs in Manabí, allowing them to select the option best suited to their needs and context.

Past negative experiences with loans or external financing also discourage entrepreneurs from seeking these options again (Majková et al., 2014). Entrepreneurs who have faced difficulties with previous loans or unreliable lenders often prefer not to reapply for financing (Srithirath & Sukcharoensin, 2022). This underscores the need to consider individual circumstances and needs. The choice to finance a business with personal resources or seek external funding should be based on a careful analysis of these factors and evaluation of available options (Vargas et al., 2019), especially within the local context of Manabí.

These results highlight the need to design financing policies and programs that are not only accessible but also sensitive to local particularities, fostering an environment that enables business growth without imposing heavy financial burdens. Developing financial tools tailored to Manabí's unique characteristics could transform investment dynamics in the region, helping entrepreneurs overcome structural barriers and promote sustainable business development.

CONCLUSIONS

Manabí, a province in Ecuador, is recognized for being a land of entrepreneurs with numerous business ideas. Although many businesses have been consolidated in the region, there are still limitations that hinder their growth and development, preventing them from transcending nationally and internationally. The existing financing programs and mechanisms are aimed at different types of businesses, but small businesses face obstacles in accessing them. High interest rates and the number of requirements limit your access to finance, leading most entrepreneurs to start their businesses with their capital.

Entrepreneurs in Manabí avoid resorting to third-party resources due to the perception that financing is expensive and could reduce their profits. The obstacles are often related to the laws and regulations in force in the country, which slow down the growth of the ventures or keep them as small businesses. The lack of sufficient resources is the main limitation when undertaking in Ecuador, which has led to the creation of various tools so that entrepreneurs can access the necessary resources. However, public and private financial entities do not offer adequate programs that meet the needs of entrepreneurs, with low interest rates that allow them to boost their businesses.

In the province of Manabí, entrepreneurs face significant challenges related to access to financing, markets, and bureaucratic red tape. Currently, the main sources of financing for entrepreneurs are their own capital and financing granted by third parties through different legal entities. It is important to highlight the actions that entrepreneurs take to create and develop their companies, either with or without the support of financing programs. Often, people interested in starting a business do not apply for financing, even though their business is financially viable, suggesting the need to promote greater awareness of available financing options and overcome perceived barriers.

The obstacles in access to financing, markets, and bureaucracy limit the growth and development of businesses in the province. It is necessary to implement adequate financing programs and improve conditions to promote sustainable entrepreneurship and allow companies in Manabí to transcend nationally and internationally.

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