



## Commercialization of products with territorial identity in the Cristobal Colon Agricultural and Livestock Association

Comercialización de productos de identidad territorial en la Asociación Agropecuaria Cristóbal Colón

**Juan Carlos Cano Intriago**

MBA, Quevedo State Technical University, jcano@uteq.edu.ec, ORCID: 0000-0002-5376-4202

**Eduardo Fabricio Cabrera Toscano**

MBA, Universidad Técnica de Cotopaxi, eduardo.cabrera7195@utc.edu.ec, ORCID: 0000-0001-9509-4449

**Oscar Fabian Moncayo Carreño**

MBA, Quevedo State Technical University, omoncayo@uteq.edu.ec, ORCID: 0000-0003-3189-8151

**Marco Vinicio Báez Oñate, M.Sc.**

MSc. Universidad Técnica Estatal de Quevedo. Ecuador, mbaez@uteq.edu.ec, ORCID: 0000-0002-2787-6593

### Abstract

The objective of the research is to identify factors related to the commercialization of the production of different products sold by the Asociación Agropecuaria Cristóbal Colón. Small farmers and ranchers enter different programs offered by MAGAP in the Province of Santo Domingo de los Tsáchilas, including the Parish of Valle Hermoso, in order to get help and advice for their businesses, while most have problems when determining the costs of their products, because there is no business model within the national market, including the planning and evaluation of products to perform accounting processes with more continuity, how to know what are their investment costs, expenses and what is the profit that each business has. Through this study of the cost of production it is possible to identify that the different merchants should have an adequate model on how to carry out an accounting and taxation process more frequently. A survey was applied to 23 members of the "Cristobal Colon" Association of the Parish of Valle Hermoso, obtaining as a result that milk occupies

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Corresponding Author

Juan Cano Intriago

jcano@uteq.edu.ec

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the first place as a product with territorial identity, followed by cocoa, palm heart and coffee, which are relevant for the economy of the Parish of Valle Hermoso.

**Key words:** Costs, Production, Tax, Financial and PIT (Product with Territorial Identity).

### **Resumen**

El objetivo de la investigación es identificar factores vinculados a la comercialización de la producción de los diferentes productos que expende la Asociación Agropecuaria Cristóbal Colón. Los pequeños agricultores y ganaderos ingresan a diferentes programas que ofrece el MAGAP de la Provincia de Santo Domingo de los Tsáchilas formando parte de este la Parroquia de Valle Hermoso, con el fin de obtener ayuda y asesoramiento para sus negocios, en tanto la mayoría tienen inconvenientes al momento de determinar los costos de sus productos, debido a que no existe un modelo de comercio dentro del mercado nacional, que incluya la planificación y evaluación de los productos para realizar procesos contables con más continuidad, cómo conocer cuáles son sus costos de inversión, gastos y cuál es la utilidad que tiene cada negocio. Por medio de este estudio del costo de producción es posible identificar, que los diferentes comerciantes deben contar con un modelo adecuado sobre cómo llevar un proceso contable y tributación con más frecuencia. Se aplicó una encuesta a 23 Miembros de la Asociación "Cristóbal Colon" de la Parroquia de Valle Hermoso obteniendo como resultado que la leche ocupa el primer lugar como producto con identidad territorial, de allí el cacao, el palmito y el café siendo de relevancia para la economía de la Parroquia de Valle Hermoso.

**Palabras clave:** Costos, Producción, Tributario, Financiero y PIT (Producto con Identidad Territorial).

## Introduction

The different linkage projects are focused on the sustainable development of various communities and vulnerable groups in order to train leaders aware of the problems and needs of society and the country, capable of influencing the socioeconomic development of the country. (Ardón, 2011).

This purpose is intended from the Accounting and Auditing Engineering career of the Distance Learning Unit of the State Technical University of Quevedo in order to achieve better prepared professionals, in this case on accounting processes, being an important topic the study of production costs of the PIT (Territorial Identity Products) with financial and tax advice in the Cristobal Colón Agricultural Association.

Agriculture and Livestock play a crucial role in Ecuador's economy, being identified as the production, processing, marketing and distribution of crops and livestock products, thus being in this way the backbone of our economic system. (Magap, 2017).

A product with territorial identity is one that contributes to conservation, comes from agrobiodiversity and biodiversity, is considered as a contribution to the welfare of communities and through innovation and associativity generates a significant economic alternative (Ranaboldo, 2014). It is associated with the need to achieve efficient production processes (Arias and Rodríguez, 2018) and contribute to local development by improving the productivity, quality and health of the products offered to the population (Ortiz, Macías and Sosa, 2018).

A definition of products with territorial identity will include all those goods, services, information and images that are specific to a territory. Examples of goods could be: a type of cheese, a type of service, a group of musicians, an image, a symbol that identifies the territory (Arévalo, 2004).

Despite this, the parish of Valle Hermoso is not considered one of the parishes with the highest number of production in the province of Santo Domingo de los Tsáchilas, however, its production and commercialization is unknown by most producers, consumers and suppliers in the surrounding area; this has led us to consider the need

to promote this parish as a marketing attribute, thus producing various agricultural and livestock products.

In the parish there are several production and marketing products that visitors who come to this place frequently taste: milk, coffee, cocoa and palm heart, so the need arises to identify and determine the production costs of the PIT, which allows to know the reality of the environment and seek strategies to improve the quality of life of the inhabitants, as well as to disseminate the product with greater production and marketing in the area.

Thus, the general objective is to determine the cost of production of the PIT (Product with Territorial Identity) with financial and tax advice in the Agricultural Association "Cristóbal Colon" in the parish of Valle Hermoso in the Province of Santo Domingo de los Tsáchilas, and specific objectives:

- Conduct a survey of the members of the Association to improve the territorial identity of the products of Valle Hermoso Parish.
- Determine the production cost of the Valle Hermoso Parish territorial identity product.
- Estimate the profitability of the territorial identity product of Valle Hermoso Parish.

## Methodology

The research project was carried out at the "Cristóbal Colon" Agricultural Association in the parish of Valle Hermoso in the province of Santo Domingo de los Tsáchilas, whose location is shown in Figure 1.

**Figure 1:** Representation of the location of the parish of Valle Hermoso: Northwest Central Ecuador.



Source: Own elaboration.

According to the results of the 2010 INEC Population and Housing Census, the population of Valle Hermoso Parish is 10,000 inhabitants.

The first inhabitants of the region arrived in 1960, mostly from the provinces of Loja and Manabí, which were affected by a drought in the country. At the beginning, entering the area full of mountains and virgin forests was an impossible task. The crossing of the Blanco River was done by raft, then by canoe and later by tarabita, these were the first transportation systems. The transfer of livestock was still an obstacle until the canoe was installed by pulley, thus livestock was born in the area and began a productive process that allowed the growth of the place.

For the development of this study, methodological tools were used in accordance with the selected research model, which in this case were exploratory and documentary field research.

The exploration was carried out through visits to the sector for the application of the surveys to find the territorial identity product (PIT), which allowed obtaining related objects or data, which imply some fact, to have a preliminary analysis of the situation and to guide the activity.

The analytical-dialectical and inductive method was used to arrive at the result, which is to find the product of territorial identity (PIT) and thus be able to extract the product and its production cost.

The observation method was used to see in the sector the product most welcomed by farmers in the sector and to be able to determine the product of territorial identity.

Primary and secondary research sources were used.

The primaries were applied at the time of visiting the Parish of Valle Hermoso, in order to gather all the necessary information regarding the research topic, provided by the members of the Association through observation, direct dialogue and the survey.

To obtain information from secondary sources, we resorted to the Internet and library services.

The survey was conducted taking into account as main elements: sex and age of the respondents, as preliminary information.

which product is the most produced in the sector of "San Agustín". which of the mentioned products are identified in the sector, time of existence of the product in the area and the level at which the product is marketed: national, territorial, international level.

To calculate the sample, 23 members of the "Cristóbal Colon" Agricultural Association of the Parish of Valle Hermoso in the Province of Santo Domingo de los Tsachilas were taken into consideration.

$z$  = Confidence level 95% (1.96)

$q$  = Possibility of occurrence 50% (0.5)

$p$  = Possibility of not occurrence 50% (0.5)  $N$  = Population (23)

$e$  = Sample error 5% (0.05)

Thus, the sample size with which we worked was 23 people.

The most used materials were: computers, spherographic, calculators, memory flash, books and internet.

The tabulation and analysis of the results for the identification of the product with territorial identity (P.I.T.) based on the surveys conducted among the members of the agricultural association "Cristóbal Colón" allowed us to determine the characteristics of the selected sample, which can be summarized as follows:

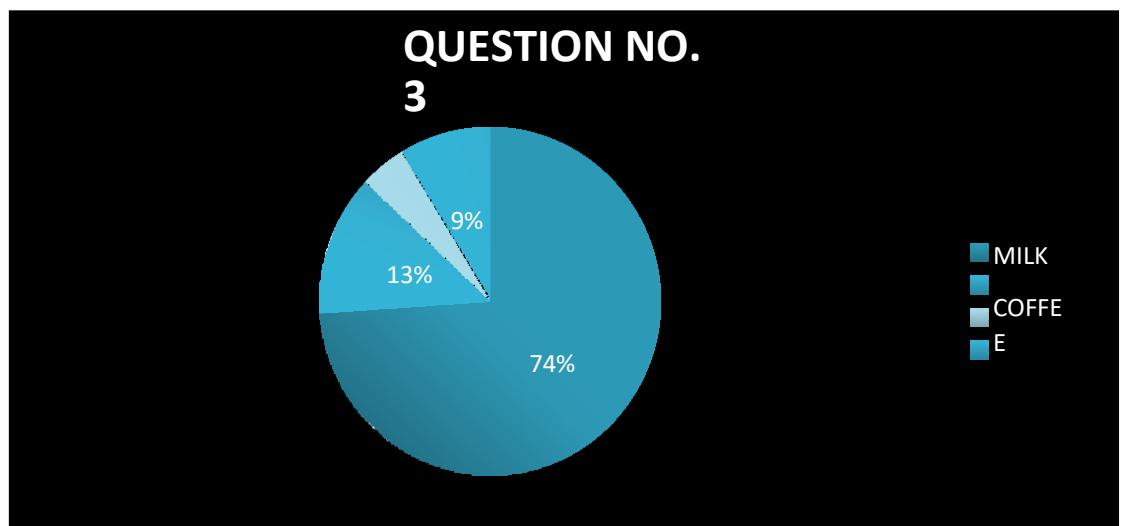
In the "Cristóbal Colon" Agricultural Association, of the total sample of 23 members, 14 were men and 9 were women.

In the "Cristóbal Colon" Agricultural Association, of the total sample applied for the survey of 23 members, 35%, equivalent to 8 people are over 45 years old, 26% of the total number of members are between 35 and 45 years old, 5 people, equivalent to 22%, are between 25 and 35 years old and finally 4 people, equivalent to 17%, are between 18 and 25 years old.

Once these elements have been determined, the results of the following questions are tabulated and interpreted:

The results of question 3 on the most obtained product are shown in Figure 2.

**Figure 2.** Graphical representation of production percentages.



Source: Own elaboration

## Results

In this way it is determined that in the Agricultural Association "Cristobal Colon", of the total sample applied for the survey of 23 partners, the analysis and interpretation of this question calls the products of higher production; milk is in first place with 74%, second place with 13% cocoa, with 9% in third place coffee and with 4% occupies the fourth place palm heart. This analysis allows us to determine that in the "Cristóbal Colon" Agricultural Association, of the total sample applied for the survey of 23 members, those surveyed when answering the question about the products mentioned above believe that they are identified in the sector in 74% responded that it is milk, while 26% the other products of the areas.

Thus, in the "Cristóbal Colon" Agricultural Association, of the total sample of 23 members, analyzing question 5, which indicates the product that is identified in the area, 100% of the people responded that it is milk, 65% responded that it has existed in the area for more than 20 years, 13% that the product has been in the area for 15 years, 9% for 5 to 10 years and 4% for 20 years.

On this basis it is interpreted that in the Agricultural Association "Cristobal Colon" of the total sample applied for the survey of 23 partners, 78% of the product is marketed locally, while 18% is marketed nationally and 4% internationally.

The Cost of Milk Production was analyzed based on direct costs: Direct Raw Material and Labor. Likewise, the net profitability of sales is evaluated, which indicates that the profitability indexes of sales show the profitability of the association; it is estimated based on the formula used that the profitability on sales in the projected period in the sale of milk produced is 0.56%.

## Conclusions

The survey conducted among the members of the "Cristóbal Colon" Agricultural Association had a positive impact on the determination of the Territorial Identity Product, which consists of milk, which occupies the first place, followed by cocoa, palm heart and coffee, which is marketed internationally. In the research carried out, it was



possible to determine the unit cost per liter of milk, which is \$0.42 cents, ready for distribution, which is suggested to maintain and not increase, thus being more competitive in the market in the Parish of Valle Hermoso in the Province of Santo Domingo de los Tsáchilas. Spreading the consumption of milk in the parish will generate income for those who sell it.

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