Theoretical Framework
Theoretical Framework

1. The creation and development of sustainable enterprises is promoted based on the monitoring of progress in the 17 strategic categories.

2. Includes the different dimensions of sustainable development: social, economic and environmental, in addition to the important policy/institutional component.
Theoretical Framework

Figure 1. Components necessary for the creation and development of sustainable enterprises

- Environmental component
- Economic component
- Social component
- Policy/institutional component

Source: CIDAC, based on the ILO conceptual framework, 2102.
<table>
<thead>
<tr>
<th>Economic Context</th>
<th>Policy / institutional Context</th>
<th>Social Context</th>
<th>Environmental Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound and stable macroeconomic policy and good management of the economy</td>
<td>Peace and political stability</td>
<td>Entrepreneurial culture</td>
<td>Responsible stewardship of the environment</td>
</tr>
<tr>
<td>Trade and sustainable economic integration</td>
<td>Good governance</td>
<td>Education, training and lifelong learning</td>
<td></td>
</tr>
<tr>
<td>Enabling legal and regulatory environment</td>
<td>Social dialogue</td>
<td>Social justice and social inclusion</td>
<td></td>
</tr>
<tr>
<td>Rule of law and secure property rights</td>
<td>Respect for universal human rights and international labour standards</td>
<td>Adequate social protection</td>
<td></td>
</tr>
<tr>
<td>Fair competition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to financial services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information and communication technologies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
First Step: Qualitative Selection

- Representativeness
- Availability
- Intuitive
- Relativity
- Endogenous
- Causality
<table>
<thead>
<tr>
<th>Policy/institutional Component</th>
<th>Peace and political stability</th>
<th>Good governance</th>
<th>Social dialogue</th>
<th>Respect for universal human rights and international labour standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of political stability and absence of violence or terrorism</td>
<td>Embezzlement of public funds</td>
<td>Trust in trade unions</td>
<td>% of child labour with respect to the total labour force</td>
<td></td>
</tr>
<tr>
<td>Perception of country progress</td>
<td>Trust in public officials</td>
<td>Cooperation between workers and employers</td>
<td>% of workers with social security access</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with democracy</td>
<td>Favoritism in decisions of public servants</td>
<td>Efficiency of the legal framework to resolve disputes</td>
<td>Average hours worked per worker</td>
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</tr>
<tr>
<td>Pillar</td>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>-------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1 Sound and stable macroeconomic policy and management of the economy</td>
<td>0.83</td>
<td></td>
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</tr>
<tr>
<td>2 Trade and sustainable economic integration</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Access to financial services</td>
<td>0.21</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4 Entrepreneurial culture</td>
<td>0.97</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5 Enabling legal and regulatory environment</td>
<td>0.73</td>
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</tr>
<tr>
<td>6 Fair competition</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>7 Physical infrastructure</td>
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<tr>
<td>8 Information and communication technologies</td>
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<tr>
<td>9 Peace and political stability</td>
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<td></td>
</tr>
<tr>
<td>10 Good governance</td>
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<td></td>
</tr>
<tr>
<td>11 Rule of law and secure property rights</td>
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<td></td>
</tr>
<tr>
<td>12 Respect for universal human rights and international labour</td>
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</tr>
<tr>
<td>standards</td>
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<td></td>
</tr>
<tr>
<td>13 Social justice and social inclusion</td>
<td>0.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Education, training and lifelong learning</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Adequate social protection</td>
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<td></td>
</tr>
<tr>
<td>16 Social dialogue</td>
<td>0.74</td>
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</tr>
<tr>
<td>17 Responsible stewardship of the environment</td>
<td>0.56</td>
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<td></td>
</tr>
</tbody>
</table>
Second Step: Quantitative Method

Principal Components Method

• Selecting the most representative variables eliminates redundant indicators.

• This makes it easier to determine the current state of each category in a country without the need to compile, present and analyze all information contained in the hundreds of existing variables.
<table>
<thead>
<tr>
<th>Pillar</th>
<th>Correlation between the index with complete information and the index with the final selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound and stable macroeconomic policy</td>
<td>1.00</td>
</tr>
<tr>
<td>Trade and sustainable economic integration</td>
<td>0.98</td>
</tr>
<tr>
<td>Access to financial services</td>
<td>0.92</td>
</tr>
<tr>
<td>Entrepreneurial culture</td>
<td>0.97</td>
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<tr>
<td>Enabling legal and regulatory environment</td>
<td>0.91</td>
</tr>
<tr>
<td>Fair competition</td>
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<tr>
<td>Physical infrastructure</td>
<td>0.97</td>
</tr>
<tr>
<td>Information and communication technologies</td>
<td>0.95</td>
</tr>
<tr>
<td>Peace and political stability</td>
<td>0.95</td>
</tr>
<tr>
<td>.0 Good governance</td>
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<tr>
<td>.1 Rule of law and secure property rights</td>
<td>0.95</td>
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<tr>
<td>.2 Respect for universal human rights and international labour standards</td>
<td>0.93</td>
</tr>
<tr>
<td>.3 Social justice and social inclusion</td>
<td>0.99</td>
</tr>
<tr>
<td>.4 Education, training and lifelong learning</td>
<td>0.94</td>
</tr>
<tr>
<td>.5 Adequate social protection</td>
<td>0.96</td>
</tr>
<tr>
<td>.6 Social dialogue</td>
<td>0.86</td>
</tr>
<tr>
<td>.7 Responsible stewardship of the environment</td>
<td>0.78</td>
</tr>
</tbody>
</table>
**Standardization**

*Equation 1. Key Variables*

\[
\text{Rating by key variable} = \left( \frac{\text{Number of countries in the ranking} - \text{Position in the ranking of the key variable}_i}{\text{Number of countries in the ranking} - 1} \right)
\]

*Sub – index “i” represents any of the key indicators selected*

*Maximum value of the index = 1*
*Minimum value of the index = 0*
## Countries

<table>
<thead>
<tr>
<th>América Latina y el Caribe</th>
<th>Argentina, Barbados, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, Perú, República Dominicana, Trinidad y Tobago, Uruguay y Venezuela (República Bolivariana).</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIC-OCDE</td>
<td>Australia, Austria, Bélgica, Canadá, Republica Checa, Dinamarca, Finlandia, Francia, Alemania, Grecia, Hungría, Islandia, Irlanda, Italia, Japón, Corea, Luxemburgo, Holanda, Nueva Zelanda, Noruega, Portugal, Eslovaquia, España, Suecia, Suiza, Reino Unido y Estados Unidos.</td>
</tr>
</tbody>
</table>
Enabling legal and regulatory environment
Rule of law and secure property rights
Fair competition
Information and communication technologies
Acces to basic services

Results