Identifying Economic Activities in Restructuring. A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

Identificación de actividades económicas en restructuración. Un estudio de trayectorias económicas en la Zona Metropolitana de Guadalajara de 1998 al 2018

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Abstract

This study analyzed economic sectors related to design, based on the assumption that design can enhance the competitiveness of products. This premise is supported by the economic crises that emerged in 2004 and 2008, ith a recovery at the aggregate level of the state economy only becoming evident in 2016. Aiming to highlight industrial dynamism, the findings emphasize that some sectors related to traditional and technology industries are undergoing economic restructuring towards expansion, while others are experiencing a decline. This is occurring in the context of economic liberalization and new agreements with China, which have led to a competitive confrontation between Chinese and Mexican products. Consequently, only those industries capable of adapting flexibly to change and restructuring their businesses will survive.

Keywords: Economic restructuring, economic trajectories and industrial dynamics.

JEL Classification: H32, L22, L52, L60

Resumen

En este trabajo se analizaron las ramas económicas relacionadas con el diseño, bajo el supuesto de que el diseño puede ayudar a la competitividad de los productos, esto se hace por los hechos derivados de las crisis económicas que surgieron en el 2004 y en el 2008, y que apenas en el 2016 se pudo observar una recuperación a nivel agregado de la economía estatal. Con el objetivo de resaltar el dinamismo industrial, los hallazgos/resultados destacan que algunas ramas relacionadas con las industrias tradicionales y de tecnología presentan una reestructuración económica hacia la expansión, mientras que otras están sufriendo un retroceso, esto bajo el escenario de los efectos causados por la apertura económica y los nuevos acuerdos con China, que dieron como resultado una confrontación competitiva entre los productos chinos y los productos de México y aunado a esto solo sobrevivirán aquellas industrias que logren ser más flexibles al cambio y logren reestructurar su empresas.

Palabras clave: reestructuración económica, trayectorias económicas y dinámica industrial

Clasificación JEL: H32, L22,L52,L60

Introduction

Over time, economic, political, and social changes have shaped the structure and the rise or decline of the productive system in the Guadalajara Metropolitan Area (ZMG). Several studies have documented growth trajectories, such as Ortega (2012) Alonso y Carrillo (1996), who, based on typologies of employment and the electronics industry trajectories, respectively, provide a foundation for understanding economic evolution. To gain deeper insight into the evolution and structural transformations of the local productive system, it is essential to use a method that organizes

information to explain economic trajectories, patterns, and trends. Studies by Morales (2009), Cuadrado-Roura & Moroto-Sánchez (2012), Rendón, Rosales & Mejía (2019), propose analyzing employment and the added value in production. These researchers consider employment and add value as cumulative variables (such as the total number of occupied personnel or added value). However, it is no longer just about accumulation without spatial considerations—now, it is argued that the region also accumulates production factors and may, at some point, become more competitive. Additionally, regional specialization is defined as the set of most-utilized resources in a specific economic activity. For instance, the intensive use of human capital as a variable result in the generation of added value in a given economic sector. This outcome helps explain a region's growth or decline.

Growth or decline can also be influenced by the inclusion of both qualitative and quantitative variables, such as foreign direct investment (FDI), political changes, economic crises, and public and private financing support. Other factors that drive industry growth include political changes and the inclination of governments toward specific economic models, as these influence how production factors are organized. Such decisions may promote certain economic sectors while others deteriorate. This was the case in Mexico, particularly in Jalisco.

For example, in the late 1950s, the Economic Commission for Latin America and the Caribbean (ECLAC) proposed the import substitution model, which was based on three main justifications. First, economic growth was restricted by trade barriers imposed by other countries on manufactured goods, creating the need for an internal source of growth. Second, the industrial sector needed to expand employment faster than the labor force growth rate to provide better job opportunities for underemployed agricultural workers. Third, industrialization was state led, as it was seen as the only way to incentivize and drive technological progress (FitzGerald, 2003).

The implementation of this model resulted in significant state intervention in protecting domestic trade, developing both public and private industries, and investing in basic infrastructure primarily through public debt (Solis, 2000). During this period, industries flourished, and major companies such as Kodak, Motorola, and Euzkadi established

operations in Guadalajara (Rodríguez, 2006). However, in the 1970s, the import substitution model was replaced by neoliberalism, allowing free entry of capital and products. This shift led to direct competition between international and national products, causing the closure of many businesses and increasing unemployment (Bernal, Rodríguez y Ortiz, 2020).

These changes occured nationwide, including in Jalisco. One major event was the transition of the state government from the Partido Revolucionario Institucional (PRI) to the Partido de Acción Nacional (PAN) with Carlos Rivera handing power over to Alberto Cárdenas. This represented a drastic shift, as the latter solidified economic liberalization and emphasized Foreign Direct Investment (FDI) to stimulate the economic dynamism of the Guadalajara Metropolitan Area (ZMG). However, FDI did not benefit all sectors equally, the electronics industry emerged as the winner, while traditional sectors were left behind. This shift in resource allocation favored export-oriented industries, leading to the decline of sectors that had existed for centuries in the ZMG.

Similarly, industrial policies and financial support for various sectors have led to a reconfiguration of how production factors are organized. The economic model now prioritizes activities that generate higher added value in national products (Palacios, 2008). This can be observed in initiatives driven by the Jalisco State Economic Promotion Council, which works to attract national and foreign investments and foster connections between producers, designers, and distributors. These connections facilitate value chain scaling, ultimately leading to the creation of greater added value.

The activities that facilitate value chain scaling include design, research, and development, which are integral to the technological maturation process. These activities focus on product quality and innovation through design. They are primarily found in industries such as apparel, furniture, household appliances, lighting, medical equipment, integrated circuits, and consoles. It is noted that the expected evolution of this type of manufacturing transitions from assembly to "modern manufacturing" (Alonso y Carrillo, 1996:61) meaning a shift from assembly to a restructured process incorporating creation, design, and innovation. This raises key questions: Which industries are undergoing economic restructuring? and Which industries have lost competitiveness amid rapidly changing economic conditions?

To explore these questions, the first section of this document reviews economic restructuring theories with contributions from various scholars. The next section outlines the methodology used in the study, followed by a presentation of the results. Finally, a brief conclusion highlights key points and suggestions for future research.

1. Economic Structuring

All the aforementioned industries (traditional, electronics, and services) have experienced varying degrees of growth due to government support, foreign direct investment, international organizations, and economic crises, which hae driven economic dynamics to greater or lesser extent. This transformation is reflected in two ways: 1) an increase in productivity and employment; and 2) an increase in international trade and Foreign Direct Investment (FDI). The first considers internal factors, while the second examines external influences.

These two factors lead to economic movements that are not always constant or smooth but instead follow cyclical patterns in productive activities (Vázquez, 2015). Companies must adapt to investment shifts, innovation, labor adjustments (outsourcing), reduced transportation costs, and global competition. As a result, some regions lead economic transformation processes by offering advanced services and undergoing structural changes (Vázquez, 2011).

Although economic growth impacts the structuring of the production system, it depends on the potential of a given territory, which is shaped by economic relationships and productive factors accumulated over time (Vázquez, 2015).

Cities, as units that can encompass territories, serve as both territorial entities (Maya 2006) and. organizational frameworks (Vázquez-Barqueo y Rodríguez Cohard 2019) As cities evolve into global hubs, their competitiveness and presence grow. However, before reaching that stage, they undergo restructuring, which tests the flexibility of businesses regarding innovation and human capital. Competitiveness in this process depends on transportation infrastructure, access to national and international markets through interconnected networks, and proximity to key markets (Vázquez-Barqueo y Rodríguez Cohard 2019).

In more dynamic regions, companies make investment decisions that reshape economic structures (Vázquez, 2015); Large corporations wield significant influence across multiple sectors, often sidelining fewer flexible industries that struggle to integrate into evolving market dynamics. In this context, state intervention plays a crucial role in fostering the development of priority sectors through various programs that facilitate economic restructuring (Hong, 2017).

Constantly increasing productivity is essential for business to boost profits (Hong, 2017), However, from a governmental perspective, expanding employment opportunities is a priority, as it allows more individuals to access stable incomes. When businesses face declining sales and production while maintaining the same workforce size, productivity decreases. To remain competitive, companies must reduce their workforce, cutting costs to improve efficiency, yet this leads to unemployment. Therefore, maintaining a vertical relationship between the state and businesses is crucial (Friedman y Kuruvilla, 2015). Otherwise, an inverse dynamic may emerge, where corporations dictate economic policies, limiting state support for employment, particularly during crises marked by declining sales and production.

Globalization is another key factor in economic restructuring, as foreign products can disadvantage domestic industries, particularly in strategic sectors (Hseuch, 2015). Contemporary literature also highlights the role of business and systemic managers, who enhance communication to drive radical restructuring (Isaksen, Jakobsen, Njos y Normann, 2018). This process is particularly significant in industries with limited expertise and continues in those with high specialization.

In the same sense, managers can be seen as internal or external actors who contribute to improving products in terms of aesthetics, functionality, and utility (OECD y Eurostat, 2018) They help reduce costs, time, and movements through the design of strategies and products via creative proposals. The OECD (2015. ´p. 262) defines design as "an innovation activity aimed at planning design procedures, technical specifications, and other functional and user characteristics for new products and business processes." Design, together with new technologies such as digitalization, the use of software programs, and computer-aided design

Luna Plascencia et al. Identifying Economic Activities in Restructuring.
A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

e-98

(Azariadis et al 2018) enables the full use of design and digital technologies to become competitive advantages. Therefore, the use of design will support the restructuring of companies.

The efficient use of productive factors, adequate infrastructure within the territory, multiple networks among actors, the proximity of these elements and of the markets within the territory, along with the proper functioning of the State, would result (among other things) in the growth of the number of companies, employment, broader markets, increased investment, and improved infrastructure in response to growing demand from both civil society and businesses. As a result, demand rises for limited spaces dedicated to business activities, such as industrial parks. The aforementioned characteristics enhance some of the previously mentioned quantitative variables, though there are also other variables that may not necessarily be tangible.

2. Method

To provide a general overview of what has happened to the industries, a method developed by Morales (2009), based on Camagni and Capello (1997), is applied. This method estimates trajectories to determine whether economic sectors are undergoing restructuring or falling into decline, thus losing dynamism. The method uses two main variables: the number of employed personnel (EP) by economic activity and the Gross Census Value Added (GCVA), based on growth rates. The data for EP and GCVA were obtained from the economic censuses from 1998 to 2018 conducted by the National Institute of Statistics and Geography (INEGI), by economic sector, for the Guadalajara Metropolitan Area, which includes only the municipalities of Guadalajara, Zapopan, Tlaquepaque, Tonalá, Tlajomulco, and El Salto.

The variables calculated according to Morales (2009) are as follows:

Labor Productivity $\quad$ "P"$= \dfrac{GCVA}{EP} \quad$ (1)

Where GCVA is the Gross Census Value Added, and EP is the Employed Population. This applies to the branches by municipality and for the state entity of Jalisco.

$$TCRPO^i_{kj} = \frac{TCPOM^i_{kj}}{TCPOE^i_k} \qquad (2)$$

Where:

$TCRPO^i_k$ is the relative growth rate of the employed population of sector k in municipality j during period i.

$TCPOM^i_{kj}$ is the growth rate of the employed population of sector k in municipality j during period i.

$TCPOE^i_k$ is the growth rate of the employed population of the state entity during period i.

$$TCRP^i_{kj} = \frac{TCPM^i_{kj}}{TCPE^i_k} \qquad (3)$$

Where:

$TCRP^i_k$ is the relative growth rate of labor productivity of branch k in municipality j during period i

$TCPM^i_{kj}$ is the growth rate of labor productivity in municipality k during period i.

$TCPE^i_k$ is the growth rate of labor productivity of the federative entity during period i.

The combination of the previous rates results in different trajectories, with values either above or below one. This is summarized in the following matrix of economic trajectories (Table 1).

Table.1 Matrix of Economic Trajectories Relative Growth Rates (TCRPO) and Labor Productivity (TCRP)

TCRP TCRPO	TCRP>1T	CRP<1
TCRPO>1	4 Expansion	2 Progressive Transformation
TCRPO<1	3 Radical Transformatio	1 Regression

Source: Adapted from Morales, 2009: 30.

The modification made to the matrix proposed by Morales allows the assumption that the higher the trajectory number, the pattern will indicate the expansion of the economic sector. It will also be

possible to graph and project an image of the selected industry and services. Subsequently, a sum of the trajectories will be performed and categorized to mention which sectors lost dynamism, which gained dynamism, and which remained relatively stable.

3.Results

The results obtained for the municipality of Guadalajara are as follows: in the food industry, which includes the sectors 3112 Grain and seed milling and production of oils and fats, 3113 Production of sugars, chocolates, sweets, and similar products, 3115 Production of dairy products, and 3119 Other food industries. Sectors 3112 and 3119 are the ones with the greatest dynamism; the other two sectors are in transition.

As part of the textile and clothing industry, which corresponds to the sectors 3141 Manufacturing of carpets, linens, and similar items, 3149 Manufacturing of other textile products except garments, 3151 Manufacturing of knitted garments, 3152 Manufacturing of garments, and 3159 Manufacturing of clothing accessories and other unclassified garments. In this group, sectors 3141, 3152, 3149, and to a lesser extent 3159 are the ones losing dynamism and approaching regression. On the contrary, sector 3151 is gaining dynamism and trending toward expansion.

Considering the leather, hide, and substitute materials industry, which includes the sectors 3161 Tanning and finishing of leather and hide, 3162
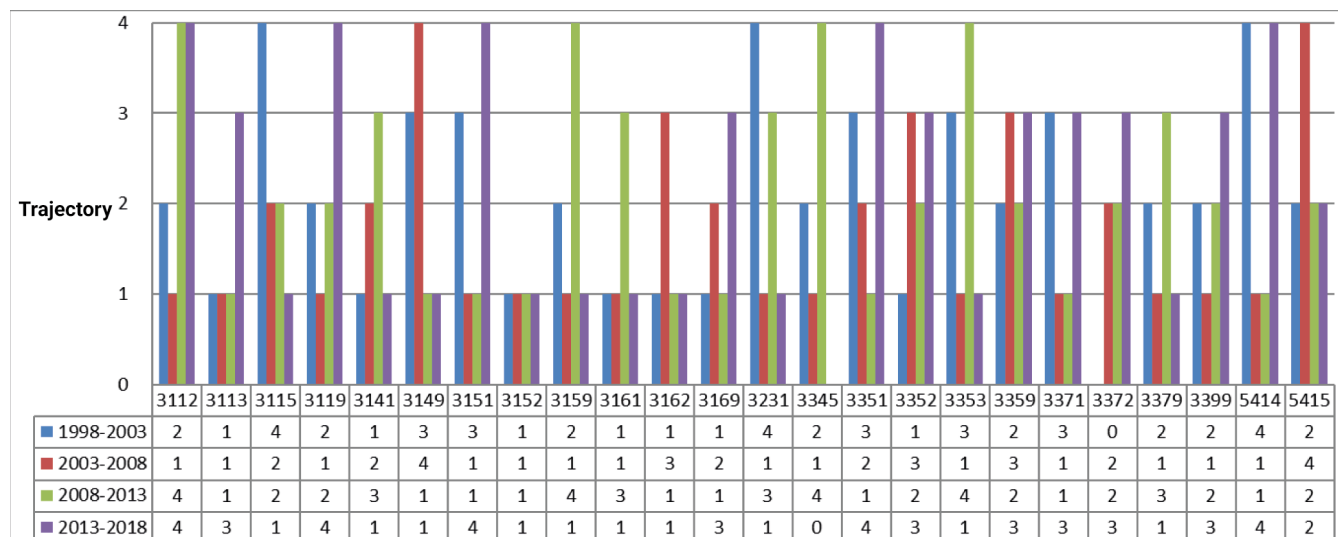
Footwear manufacturing, and 3169 Manufacturing of other leather, hide, and substitute material products, it can be observed that sectors 3161 and 3162 show a trend toward regression, while sector 3169 shows low dynamism but a tendency toward radical transformation.

In the case of the electronics industry, the included sectors are 3345 Manufacturing of measuring, control, navigation, and electronic medical equipment, 3351 Manufacturing of lighting accessories, 3352 Manufacturing of household electrical appliances, 3353 Manufacturing of power generation and distribution equipment, and 3359 Manufacturing of other electrical equipment and accessories. Within this category, sectors 3345, 3351, 3352, and 3359 are trending toward expansion or radical transformation.

With respect to the furniture industry, which includes the sectors 3371 Manufacturing of furniture, except office and shelving furniture, 3372 Manufacturing of office furniture and shelving, and 3379 Manufacturing of mattresses, blinds, and curtain rods, it is identified that sectors 3371 and 3372 show a trend toward radical transformation, and only one sector (3379) shows a tendency toward regression.
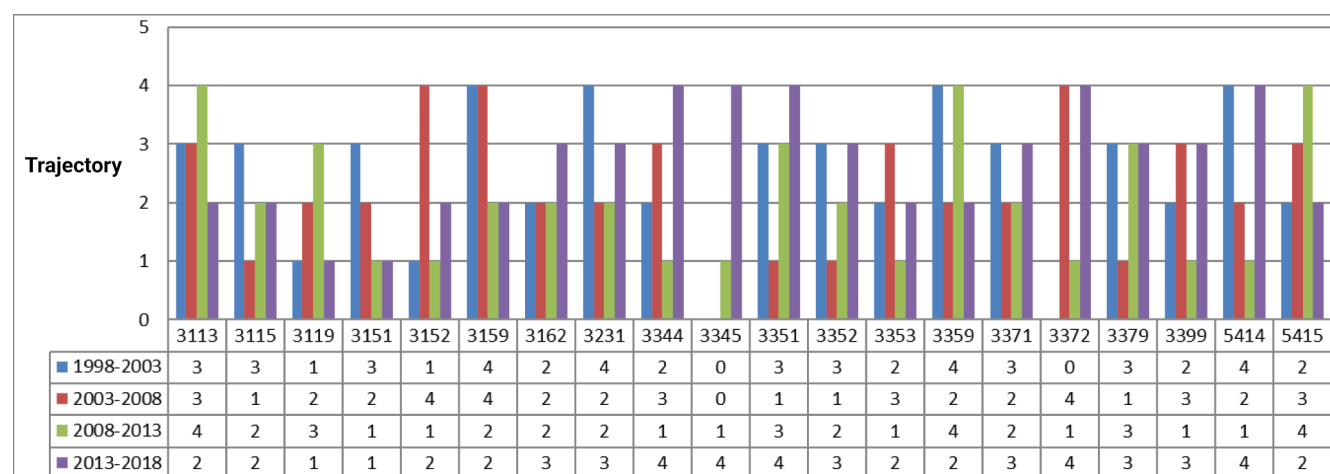
Lastly, the branches belonging to the jewelry, specialized design, and software industries 3399 Other manufacturing industries, 5414 Specialized design, and 5415 Computer systems design and related services all show a tendency toward radical transformation, expansion, or progressive transformation, respectively.

Graph 1. Distribution of branches by trajectories for the municipality of Guadalajara, from 1998 to 2018.

	3112	3113	3115	3119	3141	3149	3151	3152	3159	3161	3162	3169	3231	3345	3351	3352	3353	3359	3371	3372	3379	3399	5414	5415
1998-2003	2	1	4	2	1	3	3	1	2	1	1	1	4	2	3	1	3	2	3	0	2	2	4	2
2003-2008	1	1	2	1	2	4	1	1	1	1	3	2	1	1	2	3	1	3	1	2	1	1	1	4
2008-2013	4	1	2	2	3	1	1	1	4	3	1	1	3	4	1	2	4	2	1	2	3	2	1	2
2013-2018	4	3	1	4	1	1	4	1	1	1	1	3	1	0	4	3	1	3	3	3	1	3	4	2

Source: Own elaboration.

Luna Plascencia et al. Identifying Economic Activities in Restructuring.
A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

e-98

Graph 2. Distribution of branches by trajectories for the municipality of Zapopan, from 1998 to 2018.

Trajectory	3113	3115	3119	3151	3152	3159	3162	3231	3344	3345	3351	3352	3353	3359	3371	3372	3379	3399	5414	5415
1998-2003	3	3	1	3	1	4	2	4	2	0	3	3	2	4	3	0	3	2	4	2
2003-2008	3	1	2	2	4	4	2	2	3	0	1	1	3	2	2	4	1	3	2	3
2008-2013	4	2	3	1	1	2	2	2	1	1	3	2	1	4	2	1	3	1	1	4
2013-2018	2	2	1	1	2	2	3	3	4	4	4	3	2	2	3	4	3	3	4	2

Source: Own elaboration.

In summary, in the municipality of Guadalajara, there are six branches that tend toward regression, twelve that show a tendency toward radical transformation or expansion, and six that oscillate between the two previously mentioned trajectories.

The municipality of Zapopan has leaned toward expansion, which is evident in the economic branches presented in Graph 2. It is important to note that for several branches, data is not available at this level of detail, as INEGI groups them under confidentiality principles, making a full analysis impossible. Therefore, those branches are not included in this document.

In Graph 2, it can be observed that the bars are small (between trajectories 1 and 3), showing a very particular structure that differs from the pattern projected by the municipality of Guadalajara. This is also observable in Graph 2, where branches 3119 and 3151 show a tendency toward regression, while all other branches tend toward progressive evolution, radical transformation, or expansion.
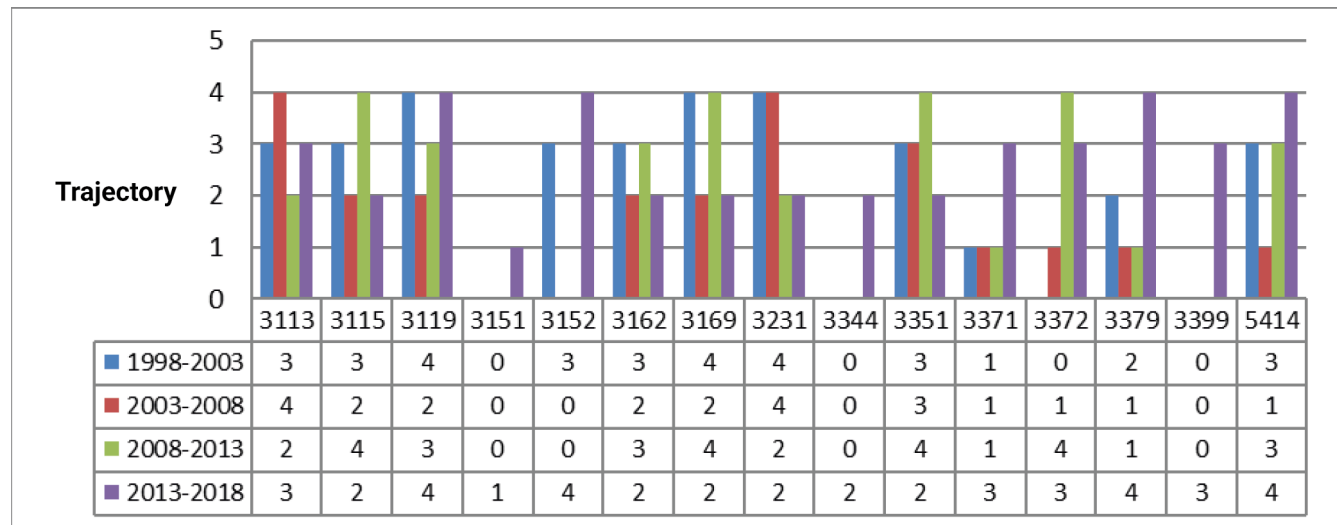
In summary, 15 out of 20 branches tend toward radical transformation or expansion, two branches show a tendency toward regression, and three branches oscillate between the two previous categories. It is important to mention that the services included in the analysis show a strong tendency toward expansion or transformation, which suggests that they are experiencing higher growth in the employed population relative to the growth of the employed population at the state level.

It is also possible to see that, unlike in the municipality of Guadalajara, the footwear and clothing industries in Zapopan are showing positive results from their restructuring, as some branches fall into trajectories 2 or 3, and some even exhibit an expansion trajectory in the latest period. Likewise, the electronics industry continues to follow an expansion path. Finally, specialized design and computing services tend toward restructuring through radical transformation or expansion. It is important to note that these sectors have shown significant dynamism, especially in Zapopan.

Continuing with the presentation of results, Tlaquepaque is one of the first municipalities that joined the Guadalajara Metropolitan Area (ZMG). Although it does not hold the same economic weight as the two previously mentioned municipalities, it presents an interesting dynamic. To describe this, we can refer to its behavior in Graph 3, in which it can be observed that, in its last period, most branches do not fall into trajectory 1, regression. Therefore, the overall pattern shows that the upper part of the graph remains in trajectories other than regression, and only in the furniture industry do several branches reach the regression trajectory though in their most recent trajectory, they recover. It is also noticeable that several branches, such as 3151, 3344, and 3399, only presented values in 2013 and 2018; therefore, they do not have a trajectory before this period.

The municipality of Tonalá is the fourth and final municipality that originally formed part of the ZMG. Although this municipality does not have as much economic activity as the others, it plays an important role in the dynamics of the area. Even though it does not provide information for all branches, it shows

Graph 3. Distribution of branches by trajectories for the municipality of Tlaquepaque, from 1998 to 2018.

Trajectory	3113	3115	3119	3151	3152	3162	3169	3231	3344	3351	3371	3372	3379	3399	5414
■ 1998-2003	3	3	4	0	3	3	4	4	0	3	1	0	2	0	3
■ 2003-2008	4	2	2	0	0	2	2	4	0	3	1	1	1	0	1
■ 2008-2013	2	4	3	0	0	3	4	2	0	4	1	4	1	0	3
■ 2013-2018	3	2	4	1	4	2	2	2	2	2	3	3	4	3	4

Source: Own elaboration

dynamism in others. For example, in Graph 4, it can be seen that branches 3162, 3231, and 3371 show a pattern of regression, but recover in the last period.
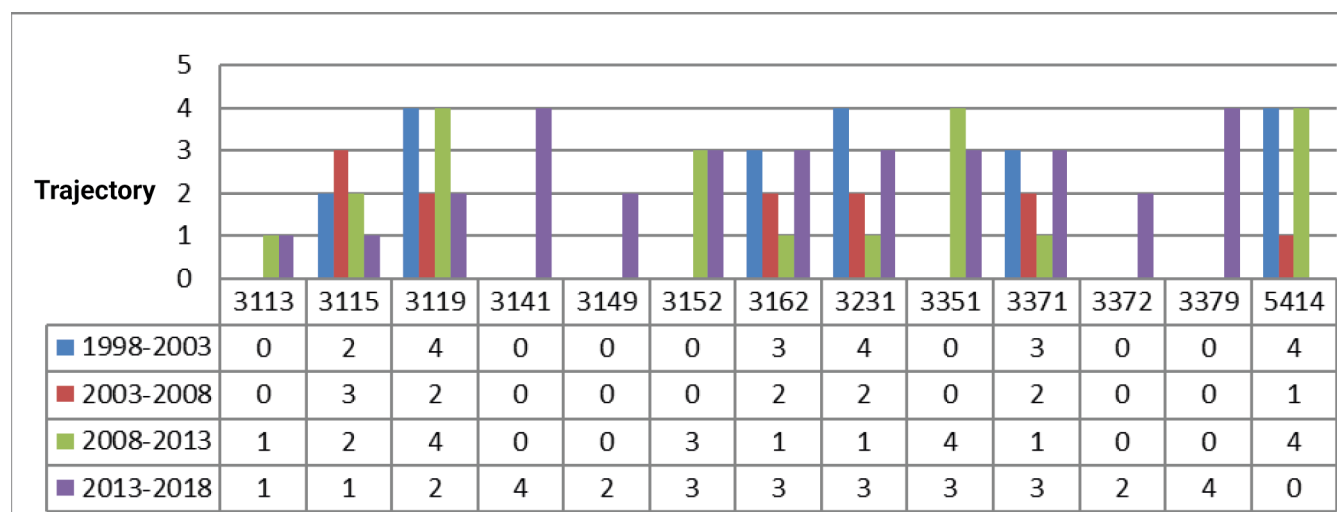
Additionally, the previous graph shows a growing presence of design-related activities, as well as activity in the textile, apparel, and furniture industries, along with services. However, the evolution in the services sector is not very clear, as data appears in one five-year period and disappears in the next, for example, in computer systems design services. It can be observed that only one branch, 3115, tends toward regression, while the rest of the branches could be said to show a positive dynamic of economic restructuring.

For the municipalities that were added to the ZMG later, Tlajomulco and El Salto, there are

inconsistencies in the data. For instance, it is known beforehand that the municipality of El Salto is dedicated to the electrical industry, but the data is only available for the 2009 census. In the other censuses, the data does not appear. Therefore, only those branches with continuous data across the censuses were considered, and with them, it was possible to estimate the growth rate.
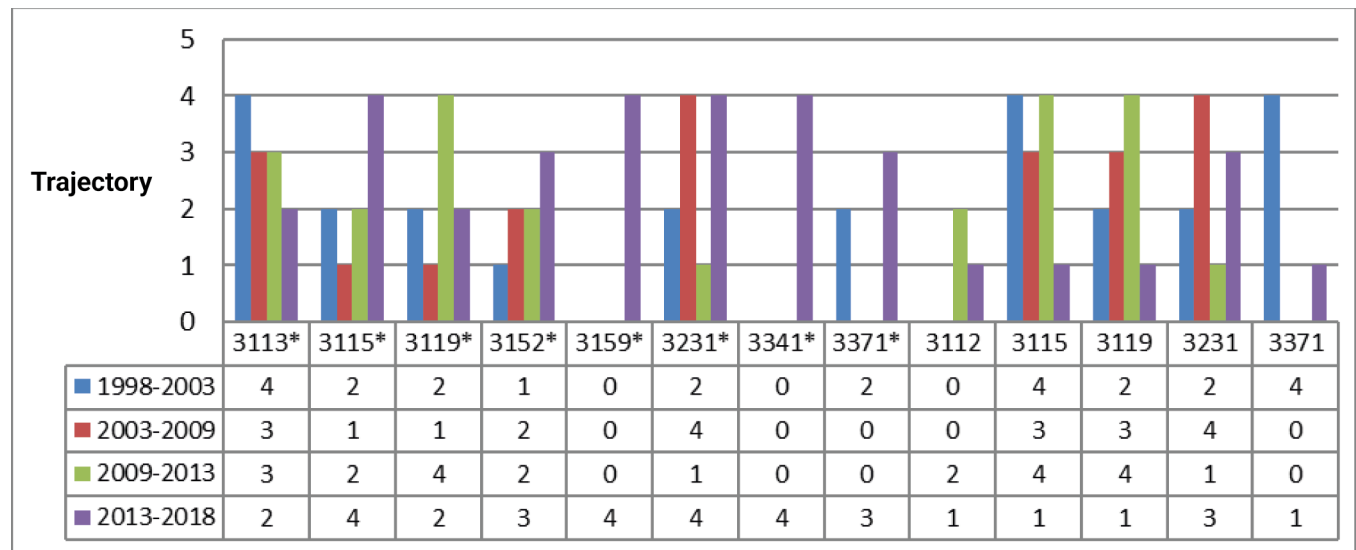
Branches marked with * are from the municipality of Tlajomulco; the rest are from the municipality of El Salto.

In Graph 9, it can be observed that for Tlajomulco, most of the bars do not reach trajectory 1, but the initial branches show significant height. It is also noticeable that some branches are new, such as 3159, 3341, and a reemergence of 3371. As for the

Graph 4. Distribution of branches by trajectories for the municipality of Tonalá, from 1998 to 2018.

Trajectory	3113	3115	3119	3141	3149	3152	3162	3231	3351	3371	3372	3379	5414
■ 1998-2003	0	2	4	0	0	0	3	4	0	3	0	0	4
■ 2003-2008	0	3	2	0	0	0	2	2	0	2	0	0	1
■ 2008-2013	1	2	4	0	0	3	1	1	4	1	0	0	4
■ 2013-2018	1	1	2	4	2	3	3	3	3	3	2	4	0

Source: Own elaboration

Luna Plascencia et al. Identifying Economic Activities in Restructuring. A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

e-98

Graph 5. Distribution of branches by trajectories for the municipality of Tlajomulco, from 1998 to 2018.

Trajectory	3113*	3115*	3119*	3152*	3159*	3231*	3341*	3371*	3112	3115	3119	3231	3371
1998-2003	4	2	2	1	0	2	0	2	0	4	2	2	4
2003-2009	3	1	1	2	0	4	0	0	0	3	3	4	0
2009-2013	3	2	4	2	0	1	0	0	2	4	4	1	0
2013-2018	2	4	2	3	4	4	4	3	1	1	1	3	1

Source: Own elaboration

municipality of El Salto, the first branch appears to be relatively new, as data only starts to appear in 2008. Therefore, its first trajectory could only be calculated for the 2008–2013 period.

From the previous graph, it can also be seen that branch 3152, related to the manufacture of apparel in Tlajomulco, did not show strong dynamics; however, it does not exceed the threshold. Moreover, its last trajectory shows a radically changed pattern.

4. Economic Policy Review

This section presents a brief overview of recent developments in the various industries mentioned earlier, starting with the food industry, which has always been classified as a strategic sector—not only due to its added value, but also because it helps reduce dependence on foreign food supplies. This is reflected in increased production, as the average annual growth rate in the sector from 2010 to 2018 was 4% (INEGI, 2018). Likewise, in 2020, foreign direct investment rose from $79.69 million to $91.80 million, and exports also increased—from $191,211 thousand in 2019 to $230,902 thousand in 2020 (IIEG, 2020). These figures were reflected in the expansion trajectories for the municipality of Guadalajara.

In the case of the fashion industry (apparel, footwear, and jewelry), there have been some ups and downs, as previously discussed. However, in recent years, the industry has received strong support from the state government through programs by the Secretariat of Economic Promotion (SEPROE), in collaboration with business chambers such as the Regional Chamber of the Jewelry and Silverware Industry of the State of Jalisco (CRIJPEJ), the Jalisco Footwear Industry Chamber (CICEJ), and the Garment Industry Chamber. All of these entities work in coordination with an advanced design center called MIND (México Innovación y Diseño), a project driven by the Council of Industrial Chambers of Jalisco (CCIJ) and the Confederation of Industrial Chambers (CONCAMIN), with the goal of fostering innovation and competitiveness in Mexico.

Additionally, initiatives such as the Fashion Council of the State of Jalisco have been created to position Guadalajara as the fashion capital of Latin America (Serrano y Amparo, 2019). Some of the advances resulting from this include jewelry exports to the U.S., followed by Canada, the UK, Dubai, and 29 other countries (Serrano y amparo, 2019). Meanwhile, the footwear industry exports only 5% of its total production, indicating low dependency on foreign markets (Mares y Martínez, 2013).

It's important to mention that since China joined the World Trade Organization (WTO) in 2002 and signed a trade agreement with Mexico in 2011, exports in the textile and garment industry have declined by more than half (Sánchez, Vázquez & Richardt, 2012). Only in 2018 did the sector start recovering, growing further in 2019 to a value slightly over $42 million. Despite all these efforts, there has been no positive impact on the industry in Guadalajara, where regression trajectories were observed.

As for the furniture industry, between 2009 and 2014, only 18.79% of products were exported, while

81.29% were consumed domestically (Lozano y Trinidad, 2016), This suggests that the industry is primarily reliant on national consumption, and thus, international market fluctuations have limited impact. However, this did affect the growth rate, which fell from a consistent rate of over 30% in Jalisco to just 15.71% between 2009 and 2014 (INEGI, 2014). Despite competition from China, the market remains mostly domestic, although more efforts are needed to maintain or boost national consumption of locally produced goods.

Lozano and Trinidad (2016) state that under these conditions, furniture industry entrepreneurs have made efforts to implement collaborative strategies such as clusters to reduce production costs, increase production through design modeling, and gain bargaining power both in purchasing inputs and in selling products. However, the lack of cooperation and the individualistic nature of Jalisco's entrepreneurs hinder access to international markets.

The organizations involved in promoting competitiveness among furniture businesses include: AFAMJAL (Association of Furniture Manufacturers of Jalisco), and the National Chamber of Commerce, Services and Tourism of Tlaquepaque (CONACO Tlaquepaque).

In the electronics sector, exports increased by 5.3% between 2018 and 2019 (IIEG, 2020) and foreign direct investment grew by 10% over the same period. This industry accounts for 55% of total exports. For example, the company Continental chose to relocate from Detroit to Jalisco in 1992 due to advantages like location, low costs, and high potential. It's noted that only the most advanced labs in the world have complete project development like the one Continental operates in Guadalajara. The company also works in partnership with Cinvestav and Tecnológico de Monterrey. Its export distribution is 60% to the U.S., 30% to Europe, and 10% to Asia.

INTEL operates in Guadalajara, where it designs hardware and software technologies. However, its most distinctive contributions, particularly in comparison to other Intel centers worldwide, relate to microprocessor development. Guadalajara notably contributed 20 engineers to the creation of an advanced microprocessor (Rivera, Chapman, Sánchez y Polanco, 2014).

In 2006, the Western branch of CANIETI set out the goal of transforming Jalisco into Mexico's software capital. This initiative emerged from a coordinated effort among CADELEC (founded in 1997 by leading companies such as IBM and Intel), the Government of the State of Jalisco, and CANIETI itself. Previously, in 2001, CANIETI had promoted the establishment of CIPIS, the Center for Research and Promotion of the Software Industry. However, this project was short-lived and eventually dissolved. Later, in 2002, the Jalisco Institute of Information Technologies (IJALTI) was founded with the goal of fostering the use, development, and strategic adoption of Information and Communication Technologies (ICT), as well as driving the sector's overall growth (Palacios 2008).

5. Discussion

Governmental support, particularly during the administration of Alberto Cárdenas (1995–2001), played a key role in promoting foreign direct investment in sectors such as electronics, machinery and equipment, the automotive industry, and auto parts manufacturing (González 2019). However, this shift came at the expense of other traditional industries in Guadalajara. For instance, the footwear industry declined from 692 manufacturing businesses in 1999 to 403 by 2018. Similarly, garment manufacturing dropped from 501 companies to 351, and carpet and household textile production decreased from 33 companies to just 24 over the same period (INEGI).

According to Bernal, Rodríguez and Ortiz (et al 2020) Guadalajara currently specializes in the food industry, textile manufacturing (excluding garments), leather tanning and finishing, electronics, and other manufacturing industries. These findings align with the present study. Interestingly, traditional industries are not receiving significant attention or benefits from policy interventions. Instead, industries that supply intermediate goods such as textiles and leather processing appear to demonstrate greater dynamism and competitiveness.

Similarly, the municipality of Zapopan shows specialization in textiles (excluding garments), wood and paper industries, and computing technologies (Bernal et al, 2020). However, the present study indicates a more nuanced picture: traditional industries such as footwear and garments have shown positive performance trends in Zapopan.

Luna Plascencia et al. Identifying Economic Activities in Restructuring.
A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

e-98

The food industry is also experiencing renewed momentum, along with other sectors such as clothing and footwear in Zapopan, and leather goods in Guadalajara. This trend can be attributed to the growth of design-focused initiatives and new product development. Such developments are being facilitated by the establishment of new design centers and productivity-enhancing programs. Notably, the fashion industry, the software design sector in both Guadalajara and Zapopan, and the emergence of innovation ecosystems like MIND have contributed to the revitalization of once-declining sectors.

6. Conclusions

The shift from import substitution policies to neoliberal economic reforms in Mexico has encouraged investment in high value-added activities while leaving traditional industries behind. This study sought to answer: Which industries have lost competitiveness in this changing environment? The findings reveal that garment and textile manufacturing, along with leather tanning and footwear production, are among the industries most in need of restructuring. These sectors have been in decline for over two decades in Guadalajara. However, in Zapopan, these same industries have managed to remain viable, with some following radical or progressive transformation trajectories.

The second research question was: Which industries are currently undergoing economic restructuring? These include sectors on transformation trajectories 2 and 3, such as the manufacturing of leather goods and furniture, which are actively working to maintain their market positions. Meanwhile, growth is evident in industries such as specialized design, which shows positive development in Guadalajara, Zapopan, and Tlaquepaque. Software design has received strong institutional support in Guadalajara and Zapopan.

Notably, industries do not grow consistently within a single municipality. Instead, they tend to relocate to more dynamic or favorable environments. Examples include the electrical industry, software design, specialized design, and leather goods production, all of which originated in one area but later shifted to others. Technological diffusion has also driven labor displacement through innovations such as remote work and digital platforms. While these changes may not yet be reflected in quantitative data, industries with greater adaptability, especially those focused on design rather than manufacturing, are better positioned for the future.

Future agendas must prioritize the integration of new technologies. Achieving dynamism in today's economy requires embracing cloud computing, e-commerce platforms, and digital design tools. For instance, Nike now offers customers the ability to design personalized sneakers using digital platforms, something currently out of reach for many small businesses that have yet to innovate or lack the resources to do so.

Subsequent studies should explore strategies for technology adoption, production process reconfiguration, new product development, and commercial innovation. These efforts must be supported by public policies aimed at aiding the restructuring of declining industries.

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Luna Plascencia et al. Identifying Economic Activities in Restructuring.

A Study of Economic Trajectories in the Guadalajara Metropolitan Area from 1998 to 2018

e-98