



Business competitiveness and its impact on organizational performance in MSMEs

Competitividad empresarial y su incidencia en el desempeño organizacional en MiPymes

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Abstract

The objective of the research is to analyze business competitiveness and its impact on the organizational performance of small and medium-sized enterprises in the province of Santa Elena; to meet the research objective, a survey was applied to 316 companies. The results show that 58% of MSMEs do not employ sustainable competitiveness strategies; therefore, the MCEM - 2021 metamodel was designed, which aims to strengthen business sustainability through the implementation of strategic actions that contribute to two dimensions: administrative management and organizational performance.

Keyword: Business competitiveness, organizational performance, administrative management, business sustainability, MSMEs.

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Resumen

El objetivo de la investigación es analizar la competitividad empresarial y su incidencia en el desempeño organizacional de las pequeñas y medianas empresas de la provincia de Santa Elena; para cumplir con el objetivo de investigación se aplicó una encuesta a 316 empresas. Los resultados arrojan que existe un 58% de las Mipymes no emplean estrategias de competitividad sostenibles; por lo tanto, se diseñó el metamodelo MCEM – 2021, que tiene como finalidad fortalecer la perdurabilidad empresarial, mediante la implementación de acciones estratégicas que contribuyan a dos dimensiones: gestión administrativa, y desempeño organizacional.

Palabra clave: Competitividad empresarial, desempeño organizacional, gestión administrativa, perdurabilidad empresarial, Mipymes.

Introduction

According to Ron & Sacoto, (2017) MSMEs are considered an important part of the economic context and the vision of new societies. Micro, small and medium-sized enterprises, throughout history, have become a fundamental factor in the development of countries; they are a fundamental component of the business fabric in Latin America.

MSMEs are vital to boost the world's economy; their contributions range from employment generation, to the dynamization of the supply of goods and services through the promotion of new strategies; a fundamental aspect of Latin American SMEs is their heterogeneity. In the first place, there are microenterprises whose gestation usually responds to individual self-employment needs, and which are often located in a situation of informality (low levels of human capital, difficulty in accessing external financial resources, scarce internationalization, carrying out activities with low technical requirements...). (Economic Commission for Latin America and the Caribbean , 2018).

In some cases, the status (micro, small or medium-sized) is determined according to the number of employees, the number of assets and even the amount of capital or sales. All turn out to be fundamental aspects when it comes to accessing, for example, financing or state incentives, which in some economies turn out to be scarce. (logistics zone, 2019)

In Ecuador, in recent years, there has been an increase in this type of organizations and the peninsula of Santa Elena, with its tourism, commercial and service potential, provides the appropriate conditions for their formation, usually without any prior study, consequently there is no suitable information system, which shows the shortcomings in the management of micro, small and medium-sized enterprises, and the urgent need to implement sources of information, especially accounting, to facilitate the effective operation of the various levels of the organization. (Rosales, Lindao, Lindao, & Toro, 2017).

According to Instituto Nacional de Estadísticas y Censos INEC, (2020) MSMEs in Ecuador represent 99.55%, and the segment with the highest participation are microenterprises with 90.78%, followed by small with 7.22% and medium with 1.55%; the group is concentrated in the areas of service and commerce.

Micro, small and medium enterprises in the Ecuadorian business environment have a significant contribution; according to the last National Economic Census, according to size, of the 843,745 companies registered in 2016, 90.5% are microenterprises, i.e. with annual sales of less than 100 thousand dollars and between one and nine employees; followed by small businesses with 7.5% and annual sales between 100,001 to 1'000,000 between 10 and 49 employees. (Delgado & Chávez, 2018)

MSMEs have weaknesses due to lack of business knowledge, lack of capital or liquidity, insufficient machinery and technology for their production, accounting and administrative processes, difficulty in competing with large multinational companies, lack of advice and specific programs to control their businesses.

The development of this sector of the economy in the country has been characterized by a great diversity of initiatives carried out by a variety of actors; however, as microenterprise expands in importance in the economy, the demand for support services for this sector by the state and public and private institutions, international cooperation and trade associations involved in the development of the sector also grows.

According to Borbor, Lindao, Lindao, Alava, (2017) in the province of Santa Elena has experienced these last 10 years a considerable business growth but not lasting in time due to the limited knowledge in an empirical way of the managers of MSMEs, as well as the lack of professional technical advice and training.

Despite the importance of entrepreneurial activity, the generation of a significant impact on the economy implies guaranteeing the sustainability over time of the ventures and therefore the generation of value, but what is evident in reality is that a high percentage of these companies disappear in the short term. (Sepúlveda, 2016)

According to Gutiérrez, (2010) Business competitiveness on a global scale symbolizes one of the most relevant features in the business sector and marks a differentiation between organizations since this variable is considered a contributing factor in the management of sales that leads to the positioning and demand of products for a target market.

Competitiveness is understood as a company's ability to produce a product or service in a better way than its competitors. This ability is essential in a world of globalized markets, where the customer can usually choose what he or she needs from a variety of options. Thus, more and more organizations, whether a manufacturer, a hotel, a school,

a bank, competitiveness and quality improvement, a local government or a political party, are competing for customers, for students, for support resources, and so on.

The differences are observed in a perception of higher growth rates, market share, return on investment, development of new products and markets, R&D&I activities and people development. (Calderón, Alvarez, & Naranjo, 2010).

This forces companies to generate greater commitment and interrelation between all the areas involved and the imperative need to identify the critical factors of customer satisfaction in relation to business competitiveness, such as:

- Product quality: The measurement of product quality involves attributes, technology, functionality, durability, prestige and reliability.
- Service quality: Service quality satisfaction considers delivery time, flexibility in capacity, availability, attitudes and behaviors, responses to failure and technical assistance.
- Price: Consideration is given to direct price, sales discounts, payment terms, average value, after-sales service cost, operating margin and total costs.

Quality is given by the characteristics, attributes and technology of the product itself; while the price is what the final consumer pays for the good, and the quality of service is determined by the way in which the customer is served by the company. (Gutiérrez, 2010, p. 17).

According to Cabrera & López, (2011) organizational performance represents a manageable process made up of several components such as human talent, organizational structure, business environment and organizational results. This formula of components allows identifying and differentiating the impact and importance of each one. Organizational results are considered the cornerstone of the other components involved in organizational performance.

The performance of an organization is possible to be measured through indicators of qualitative and quantitative nature due to the fact that these shape the evolution of various business variables. At the quantitative level, performance has been measured in the literature in various ways: through financial measures such as return on investment, ROI (Sánchez and Aragón, 2003), return on assets, ROA (Guillén & Aduna, 2008), profitability del Casasola, (2015) profit and market measures such as sales growth, among others. Huerta, (2017) among others. Organizational performance, considering the perception of effectiveness, is different according to the type of strategy; companies with more structured strategies, in the sense of being differentiators in quality, reflect a higher perception of effectiveness in their performance, while companies focused on control and cost strategies tend to show lower effectiveness results.

Materials and methods

According to Sandoval et al., (2020) the present study used descriptive research of the descriptive type, which first allowed a characterization that reflects the current situation of MSMEs in the province of Santa Elena, and also establishes the factors that are part of it, seeking in some way to generate an effective response to the problem posed; and quantitative research in order to know the impact of business competitiveness on organizational performance.

The analytical method was used because it allows analyzing each of the parts, elements or organizational structure of the areas of MSMEs in the province of Santa Elena, in addition to verifying the needs of MSMEs in relation to their level of professional training and job performance to generate a training plan and professional technical assistance, so this interaction establishes a general synthesis of the problem that is based on the importance of raising knowledge about the management and administration of MSMEs and have a consulting option for the administrative, accounting, tax, financial, marketing and sales areas. The following research methods were used: the inductive method allowed analyzing each of the parts, elements or organizational structure of the areas of MSMEs in the province of Santa Elena, and thus build a model of business competitiveness of MSMEs, in addition the analytical method was used through the use of surveys that facilitated the analysis of the relationship of variables, to meet the needs in relation to business competitiveness and its impact on organizational performance.

The techniques used to obtain primary source information were: interviews with experts in business competitiveness and organizational performance; and surveys of SME managers, which consisted of 26 research questions that became indicators for measuring the level of administrative effectiveness. By means of statistical analysis, the collected data were processed and coded by 8 dimensions: administrative process, feasibility study, market study, quality, price, technology, training, and distribution channels; each one had questions determined as indicators that allowed determining job satisfaction; the Sppss software was used to process the collected data. In the description of the sample in this study, a total of 1798 SMEs were considered; to define the sample size, a 95% confidence level was considered, a margin of error of 5% was used, and a variance of 0.5, thus obtaining a sample of 316 SMEs in the province of Santa Elena.

Results

MSMEs should employ strategic actions that contribute to achieve sustainable competitiveness, because it contributes to economic growth, strengthen the competitive culture, and improve organizational results, thus achieving managerial effectiveness.

The surveys carried out revealed that 59% of the SMEs do not implement sustainable competitiveness strategies because their strategic planning process is carried out empirically; it is important that they determine actions to improve productivity and generate long-term results, for which it is important that managers strengthen their

knowledge in administration, labor organization, production organization, marketing, technology and business management.

Business development is related to several factors, such as: growing on the basis of an economic unit, growing by generating other units; improving economy, efficiency, effectiveness, productivity and competitiveness. Also with obtaining better levels of liquidity, management, solvency and profitability.

The development of MSMEs is a priority for the economic and social growth of any country. If they want to remain and grow in this environment, they must propose dynamic strategies that allow them to achieve their business development goals; hence, the importance of implementing a strategic planning process according to business needs and environmental conditions.

One of the main factors that prevent MSMEs from improving their organizational development is the lack of vision of their owners, as well as other factors, whether external or specific to their operating environment. Undoubtedly, if a company wants to strengthen itself and achieve better results in the performance of all its activities and processes, it is necessary to employ strategic actions focused on the critical factors identified, including human capital.

However, the phases of the administrative process should be strengthened through an appropriate internal and external analysis, which will allow maximizing the use of resources to achieve administrative efficiency and, therefore, improve organizational results.

Within the business success it is important to highlight the human factor, because people are responsible for the management of all areas of the company to achieve the objectives through competitiveness and productivity in different areas. Many MSMEs do not have accounting records and in the current globalized environment of the world system they cannot make decisions in the face of accelerated economic and technological changes. Currently, accounting information systems play an important role in organizations.

The accounting information system is the basic support for management, measurement and management and organizations use it to monitor, follow up and evaluate the achievement of the proposed goals. Therefore, the management of SMEs must know about accounting processes in order to be able to make business decisions based on economic information that allows determining sustainable strategies in time and resources for their execution. It was determined that 43% of the MSMEs in the province of Santa Elena do not implement accounting processes adequately, due to lack of knowledge, thus negatively affecting decision making, because their strategies are determined empirically, based on previous experiences; therefore, it is necessary to strengthen this key factor of business management.

Corporate culture is a fundamental element for MSMEs to represent their ideologies to their external public; because they are those values, assumptions, expectations and definitions that characterize the organization and its members. By clearly defining the culture in the organization, in addition to consolidating the recognized social system, it also provides all members with a sense of identity and unwritten or unmentioned guidelines for action. Through the surveys conducted, it was determined that most SMEs do not have an established corporate culture that allows them to adequately guide their strategic actions, and this negatively affects organizational performance; therefore, it is necessary to work on this aspect in order to improve business results.

The proposed model MCEM - 2021, is a metamodel that has the name by its acronym identified as: Business Competitiveness Model developed in 2021, aims to strengthen the business sustainability of MSMEs in the province of Santa Elena, through the implementation of key components to improve organizational performance and administrative management. Factors that are affected by the application of empirical actions implemented by the managers of MSMEs and therefore affect productivity and business competitiveness; being necessary to perform an analysis of the strategic actions to be implemented in companies.

The model determined is designed in relation to the criteria determined in the research, thus making it possible to improve critical factors that affect business durability.

Conclusions

MSMEs are the starting point for the evolution of large companies; however, not all of them manage to reach this stage, because they do not achieve business durability; that is why sustainable strategic actions must be implemented to keep them in business for long periods of time. It is important to keep in mind that there are many tools and techniques to improve administrative, economic-financial, tax and legal management. The purpose of this work is to provide a significant contribution to MSMEs through the creation of a professional technical advisory center for MSMEs in the province of Santa Elena to promote sustainability in the market. The importance of MSMEs is not only associated with their redistributive potential and capacity to generate employment, but also in their competitive capacity because they contribute to the integral development of the localities where they operate.

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