

Scenario of the competitiveness of MSMEs in Cuetzalan del progreso Puebla

Escenario de la competitividad de MiPyMes en Cuetzalan del progreso Puebla

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Received February 18, 2018; Accepted May 27, 2018

Abstract

In Mexico, seems impossible to speak of competitiveness in micro, small and medium companies since it thinks that to be located in this rank by determined characteristic, they will not for a long time remain in the market; nevertheless given the importance that they have for National economy, the detection of weak points in them is essential since this one will be the base to implement the correct measures that help to their fortification, increase of their competitive level and therefore its survival before this globalizado world. In the present work some inherent aspects to the enterprise competitiveness as it bases to know the scene that prevails in the organizations micro, small and medium, established are approached in the locality of Cuetzalan of the Progress, being this one of regions impelled 2002 by the one of the Program of Magical Towns in the State of Puebla and before the threat that represents opening of new tourist centers of the same nature.

Enterprise development, Competitiveness, MSMEs

Resumen

En México, parece imposible hablar de competitividad en la micro, pequeñas y medianas empresas ya que se piensa que por ubicarse en este rango por determinadas características, no permanecerán por mucho tiempo en el mercado; sin embargo dada la importancia que tienen para la Economía Nacional, la detección de puntos débiles en ellas es esencial ya que ésta será la base para implementar las medidas correctas que coadyuven a su fortalecimiento, incremento de su nivel competitivo y por lo tanto su supervivencia ante este mundo globalizado. En el presente trabajo se abordan algunos aspectos inherentes a la competitividad empresarial como base para conocer el escenario que prevalece en las organizaciones micro, pequeñas y medianas, establecidas en la localidad de Cuetzalan del Progreso, siendo ésta una de las regiones impulsadas 2002 por el del Programa de Pueblos Mágicos en el Estado de Puebla y ante la amenaza que representa apertura de nuevos centros turísticos de la misma naturaleza

Desarrollo empresarial, Competitividad, MSMEs

Citation: BIVIANO-PÉREZ, Emma & SOSA-LARRAINZAR, Evelyn. Scenario of the competitiveness of MSMEs in Cuetzalan del progreso Puebla. Journal-Microeconomics. 2018 2-2: 1-7

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Introduction

In the competitive environment demanded by globalization, all organizations are immersed, micro, small, medium and large, each of them with an important participation in the economy of the country. As stated by current statistics; The role of the companies in the different sectors, create an economic dynamic that as a whole forms a platform that generates diversity of satisfiers and likewise sustains an important labor force. It is important to mention that in the census carried out in 2009, interesting graphics are reflected, among which it stands out that of the total of 1 367 287 economic units of Services, 94.7% were micro-enterprises (MiPE's), which in total employed personnel contributed 43.7% of the total (INEGI, 2009).

On the other hand, the micro companies (of up to 10 people) represented 92.5% of the economic units of the total sector, 23.2% of the total employed personnel, the aforementioned information, reflects the importance of the companies of low magnitude and the impact both in local economies as well as in larger economies. However, although these organizations are huge, they still have serious difficulties to survive and develop in an increasingly competitive and demanding market. Considering their operational context, they are often at a disadvantage both in terms of resources and organizational development capacity. Since this is a problematic characteristic of growing organizations, a development strategy that strengthens its structure and operation becomes necessary. The present article is divided into two sections; Relevant aspects for the competitiveness in the MSMEs and strategic planning in the MSMEs considering these aspects as a base to measure the level of competitiveness in any organization.

Description of the method

The results presented are derived from an exploratory, descriptive qualitative research, using a random sample for convenience and the collection of data in situ from the specific context of the MSMEs established in the municipality of Cuetzalan del Progreso, considering the specific aspects that influence in the competitiveness of micro, small and medium enterprises and establishing as analysis variables; the aspects that influence competitiveness and strategic planning.

Development

Aspectos relevantes para la competitividad en las MSMEs

Based on the fact that the life of a SME is very short, in this regard, the Business Coordinating Council (CCE) announced that:

"75% of small businesses cease to exist during the first five years of life, and very few can take the step to become medians or companies of accelerated growth, an element that in other countries has been key to progress" (Cruz, 2013)

The failures are applicable to the lack of competitiveness in the management of their companies, one of their factors is the lack of direction to maintain and not raise their level of customers and have no solid foundation or growth of the company.

Strategic planning in the MSMEs

As an important factor to be considered to be a competitive organization is the solidity in the application of formal administrative techniques, which in case of not existing, generate lack of control in the same organization, in relation to this factor Lefcovich, (2004), returns to Small businesses and the causes of their failures mentioned:

"The world today is not as stable as it was yesterday and will be less tomorrow. Operating a business will be more difficult in the future, unless you take care of it, planning, organizing, directing, controlling effectively. For those who want to survive in a small business, not only hard work is necessary, but also doing it intelligently"

He described the competitive strategy, as the offensive or defensive actions of a company to create a defensible position within an industry, actions that were the response to the five competitive forces that the author indicated as determinants of the nature and degree of competition that surrounded to a company and that, as a result, sought to obtain a significant return on the investment. In studies conducted by Velázquez, (2006), he considers that using tools such as organizational diagnosis, provides information to the organization about the current situation they are going through and based on the results they derive, based decision-making.

In turn Lefeovich, (2004), mentions that the low probability of survival of small and medium enterprises is due to ignorance of different strategic factors that should be handled, as well as the advantages and disadvantages in the management of a small business and the benefits to implement a formal administrative process consisting of planning, organizing, directing and knowing how to effectively control all the processes that take place in a going concern, as well as the objectives, reviewing their strategies, aligning them in a way that they serve as reference during their functioning.

Emphasizing the formality of the processes it is important to return to the position of Porter (1980) who describes the competitive strategy, as the offensive or defensive actions of a company to create a defensible position within an industry, actions that were the response to the five competitive forces that the author indicated as determinants of the nature and degree of competition that surrounded a company and that as a result, sought to obtain a significant return on investment.

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These actions are determinants of the nature and degree of competition that surrounds a company and as a result, it seeks to obtain an important return on the investment.

In turn Porter (1980), mentions three generic strategies that can be used individually or together, to create in the long term that defensible position that surpasses the performance of competitors in an industry.

These three generic strategies are: *The leadership in low total costs*. It refers to a very popular strategy in the 70's, due to the deep-rooted concept of the experience curve, which consisted in keeping the cost lower compared to competitors and achieving a high volume of sales, since she hoped that this would lead her to obtain profits above the industry average and protect her from the five competitive forces.

The differentiation. It is the second strategy that consisted in creating the product or service something that was perceived throughout the industry as unique.

In some way it was considered as the protective barrier against competition due to brand loyalty, this characteristic generated a lower sensitivity to the price.

Focus. The third strategy consisted of concentrating on a specific group of customers, a segment of the product line or a geographic market. It was based on the premise that the company was able to serve a narrower strategic objective more efficiently than competitors with broad coverage.

Porter's strategies represented alternatives, to face the competitive forces since the company that failed to develop its strategy in at least some of these options was trapped in an extremely poor strategic position representing a company with a high price for products perceived as low quality, which is not healthy for any organization.

Surrounding this idea, the five competitive forces mentioned by Porter (1980) are:

- *The threat of entry of new competitors.*
- *The threat of substitute products or services.*
- *The bargaining power of buyers.*
- *The power of provider's negotiation.*
- *The rivalry between competitors.*

Complementing the analysis of the market as a core point in competitiveness addresses the role of marketing in the operation of the MiPE's, in this regard it is stated that the relationship of exchange between companies and the market is developed within a system commercial in which there are a number of non-controllable factors for the various organizations and these constitute the environment and influence the behavior of the market, the marketing decisions of the company and, ultimately, condition the development of the exchange relationship (Santesmases Mestre & Valderrey Villar, 2013).

Some of the environmental factors are closer to the exchange relationship and their influence is more immediate, this is the case of suppliers, intermediaries, competitors and other commercial institutions that facilitate or promote commercial activity or ensure its development normal and are elements belonging to the *micro-environment*.

On the other hand, there are other elements that have less immediate influence, affecting not only commercial activity, but also other human and social activities such as demographic, economic, cultural, social, legal, political, technological and environmental changes environment that affect both commercial activity and other activities and aspects of life and society, these factors constitute the *macro-environment*.

Tackling a more point of view exposes what Sosa, (2014) states that strategic planning can be as simple or as complex as needed in the company, and proposes a very simple model that will make strategic changes and continuously improve an organization and summarizes them in:

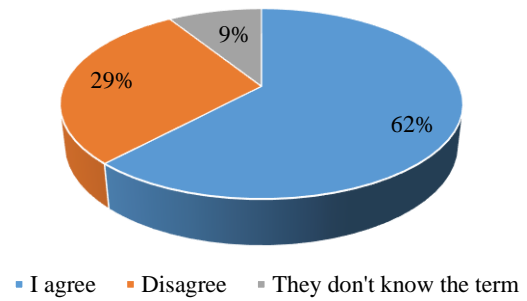
- To know the organization perfectly, since any change can modify its strengths or accentuate undetected weaknesses.
- Perform a diagnosis of the organization based on three points, its market, products and technology.
- Solve detected weaknesses, since you can not make projections in a company with weaknesses.
- Design a vision for at least three years considering aspects such as; market, customers, products and suppliers.
- Establish concrete actions to achieve the projected.

Returning to what Sosa (2014) proposes, aspects of great importance are identified to achieve a good competitive level and for the purposes of this paper, some aspects that are closely related to the position of the MSMEs within the market under the assumption of that it is necessary to reduce its low competitive level, through the use of administrative and marketing techniques that help to increase competitiveness and achieve comprehensive business development.

Results

Aspects that influence the competitiveness of MSMEs

Quality and innovation in the product: In the current market with a high degree of competition it is necessary to develop characteristics in them that convert them into a competitive product, of course with the aim of expanding their coverage for this work one of the aspects to consider is how safe it is for the consumer.

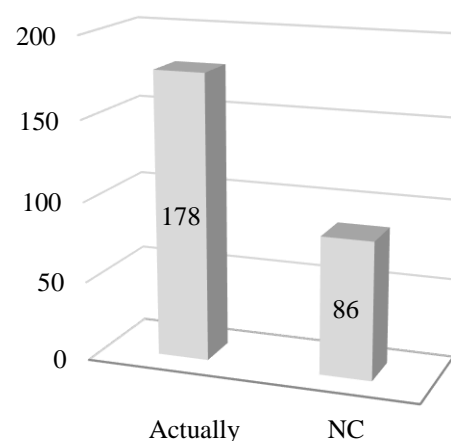


Graphic 1 Importance of the security of the product offered

Source: Own Elaboration compiled in field research (2016)

When analyzing the importance that the interviewed businessmen grant to sell safe products for their clients, it was found that, 62% (164 interviewees) that consider their products to be safe for their clients and evaluate the potential risks they represent, this is superior to the average, and considering this aspect as a factor of product quality is a good indicator for the selected companies, however, there is still 29% (77 interviewed) who are in disagreement and strongly disagree on the importance of caring this element and even more serious; 9% (23 interviewed) did not answer the question because it does not know its meaning see graphic 1.

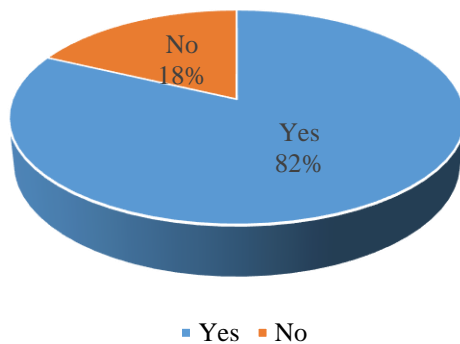
Another element that indicates the level of competitiveness is the improvement in the productive processes, since this implies an innovation either in the products or in the same processes that detonates directly in the costs. Regarding the technification of the production process, the entrepreneurs were asked about the situation in which they operated, obtaining the results shown in graphic 2.



Graphic 2 Technification of the production process

Source: Own Elaboration 2017, field research

Given that the majority of products offered to the market, MSMEs, established in Cuetzalan del Progreso have the characteristics of being "handicrafts", it is identified that, 178 interviewees (67%) indicate that the elaboration of their products is currently manual (sophisticated technology is not required, much less mechanized apparatus), this result is above the average; however, 33% (86 interviewees) are unaware of the analyzed concept or had not considered it see graph 2.



Graphic 3 Growth expectations
Source: Prepared by the authors 2016

The study shows that 82% of entrepreneurs, have planned to grow their business during the following year, even though the growth trend is very slow, some expressed that their sales are considerable, and expect this item to increase in to a greater degree, some businessmen, mentioned that their sales are not as favorable as other years; and yet the remaining 18% expect a drop in sales for this year and their growth expectations are low, due to the economic circumstances that have prevailed and are not very encouraging as shown in Figure 3.

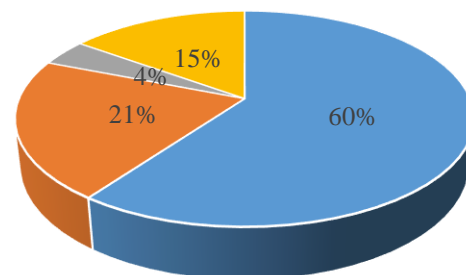
From the above it is clear that all entrepreneurs, although empirically, make forecasts of growth of their business, considering the various factors they perceive, and in some way benefit or affect their operations.

Likewise, most of them state that there is an increasing number of visitors to the place, so they trust that each time their business will improve in many ways, but they do not have solid foundations to ensure that this forecast is achievable.

Strategic Planning in MSMEs

Distribution processes

Being the Sales Process one of the axes for companies to operate properly, it is important to foresee, integrate, organize and control all the activities inherent to it and to do it optimally, the necessary resources must be considered this administrative phase, the results shown in graphic 4 were perceived.

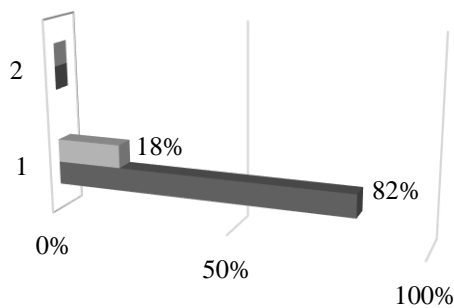


Graphic 4 Planning of customer services
Source: Prepared by the authors 2016

60% of the surveyed companies carry out processes in advance to serve the tourist and local customers, and with this expects to be more competitive, and in turn expects to promote a greater influx of visitors in the area, 21% state that only a few Sometimes it takes time to carry out some planning activities such as larger spaces to serve a larger number of customers, or diversify some products to be more attractive to the customer, or simply buy more merchandise since it assumes that their sales will increase by themselves, but have no idea how much they will grow. On the other hand, it was identified that 15% definitely does not anticipate processes beforehand since their sales are only for local customers and their operational needs do not vary, which is in some way understandable, however, there is a 4% that has no knowledge In this regard, and also the importance of an administrative control and its importance in the prosperity of your business.

Conservation of clients

For economic entities, it is an important factor to have a stable sales and assuming that the tourism activity is not continuous and depends on certain seasons in the year, it was considered important to analyze the opinion regarding the behavior or preference of type of clients and the results are seen in graphic 5.



Graphic 5. Conservation of local clients

Source: Own Elaboration 2015

Analyzing the answers given, 82% of businessmen, express that sales to local customers are of the utmost importance since they are constant customers and maintain the operation of their businesses until the seasons of influx of visitors arrive.

18% of the surveyed businessmen state that their sales do not depend on visitors, so their income does not vary during the year.

The world is not as stable as it was yesterday and will be less tomorrow. Operating a small business is going to be more difficult in the future, unless you take care of it, planning, organizing, directing and controlling it effectively. For those who pretend to survive in a small business, not only hard work but also smart work is necessary.

In order to succeed, they must continually review the validity of the business objectives, their strategies and their mode of operation, always trying to anticipate the changes and adapting the plans in accordance with said changes.

Those who create small companies do so by ignoring the scant chances of survival or in spite of them. Experience shows that 50% of these companies go bankrupt during the first year of activity, and not less than 90% before five years. As revealed by the statistical analyzes, 95% of these failures are attributable to the lack of competence and experience in the management of companies dedicated to the specific activity in question.

In order to determine the degree of competitiveness of the organizations studied, several criteria established by Sosa (2014) are taken as a reference, and to determine the degree of competitiveness that prevails in the region studied.

#	Criterion:	Comply	Fails
From the market			
1	What is the sales level compared to the budget?		Unknown
2	¿Conserva a sus clientes?	SI	
3	Does it attract new clients: the number of clients it serves has grown?	SI	
4	Are overhead expenses within budget?		Unknown
5	Do you control the inventory level of the agreement with the budgeted amount?		Does not control
Of your products			
6	Are your products sold well?	Si	
7	Are there claims from your internal and external clients?		Unknown
8	Do you record the claims of your clients?		Does not apply
9	What are the main claims?		Unknown
10	Do you create new products?		No
11	How long have I created a new product?		Does not control
Of technology			
12	Do you innovate your products?	Si	
13	Do you take full advantage of your materials and raw materials?	Si	
14	Do your production costs have the correct impact on your total costs?		Unknown
15	Do you have lost times in production?		Unknown

Table 1 Level of competitiveness

Source: Own Elaboration (2017), field information

Analyzing the results of table number 1, it is obtained that in general the MSMEs established in the locality of Cuetzalan del Progreso on a scale of 1 to 10, obtain a very low level of productivity, this being 3.3 points, since they only meet with 5 criteria of the 10 proposed for evaluation.

Acknowledgement

We thank the Program for the Development of Teachers (PRODEP), the financing granted for the realization of the research project, the Municipality of Cuetzalan del Progreso, Puebla and the Technological University of Puebla for all the facilities granted.

Conclusions

Given the panorama of the companies analyzed, it is concluded that, in order to achieve development and maturity, it is essential that as a first instance in their administrative models they include relevant strategies to raise their productivity, total quality and competitive advantages, with respect to the value chain that work on the innovation of their products and services to be more competitive and thus be placed in high standards and achieve a position within the market.

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