

The Strategic management allied in the organizational performance of the SMEs

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Received July 28, 2017; Accepted December 20, 2017

Abstract

This paper provides information on the relationships between Strategic Management and Organizational Performance of SMEs, which describes the intervention of the entrepreneur in the elaboration, implementation and evaluation of the strategy and how they emphasize these aspects in the results of the efficiency indicators in The Organizational Performance of SMEs. So also this research allows to know which part of the strategic process has more influence to obtain a good performance. The objective of this research is to analyze the impact of Strategic Management (in its process of formulating, implementing and evaluating the strategy) in the Organizational Performance of SMEs in the commerce sector. In order to obtain the required information from the research objective, 81 entrepreneurs with the highest hierarchy in the company or decision makers were interviewed. As a result it is obtained that the formulation of the strategy has no impact on organizational performance as it has the implementation and evaluation of it.

Management Strategy, Organizational Performance, SMEs

Citation: LEYVA-OSUNA, Beatriz, Alicia, JACOBO-HERNÁNDEZ, Carlos Armando and DÁVILA-AGUIRRE, Mario César. The Strategic management allied in the organizational performance of the SMEs. Journal-Business administration and business economics; Marketing; Accounting 2017. 1-1:1-10

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Introduction

The entrepreneur has always had as main concern the permanence of his company in the environment where it operates, so over the years different solutions are sought through theories, systems, resources, among others; what helps to achieve the highest efficiency in all its administrative and operational areas. Some of the many issues that prevail for the solution of problems of any company is Strategic Management and its impact on the development of them during their life cycle.

Currently, problems and turbulent environments are forcing SMEs to adopt a strategic approach, which allows them to respond quickly and effectively to environmental conditions. Research on environment, strategy and performance show that environmental changes force companies to develop strategies with the purpose of creating and defending their competitive advantage as well as their performance. (Ynzunza and Izar, 2013).

Through several empirical works focused on the success of large companies, it is obtained that they rely on their strengths, which range from better technological, financial, commercial resources, development of their personnel, among others. (Nightdress, 1997).

On the other hand, although there are research works focused on SMEs, when we talk about specific issues there are very few that we can find focused on Strategic Management as a tool to obtain success in them, much less find SMEs that expose their cases of success in the process of said topic. (Rubio and Aragón, 2007). According to the importance of the SMEs in any part of the world for what they represent in the economy of each of the countries, it is considered of the utmost importance to study them to understand their situation and later support them.

This work, therefore, has as a general objective to analyze the influence of elaborating, implementing and following up the strategy to impact on the organizational performance of commercial SMEs. For the scope of this research work, a search of empirical studies that refer to the theoretical model in this work is carried out, in addition to the creation and verification of the hypothesis in 81 commercial SMEs, this study ends with the presentation of the results of quantitative form.

Justification

The importance of the SMEs means that actions are planned that help address their economic, social and labor environment, as well as creating the conditions that contribute to their establishment, growth and consolidation (ProMéxico, 2013).

The realization of this research is considered justifiable, since through it it will be possible to identify the relationships that have a positive impact between the Strategic Management process and the Organizational Performance; this will help to guide the SME entrepreneur specifically in this matter, as well as identify new lines of research, all in favor of efficient performance.

The purpose of this research is to cover the little information related to the topic of Strategic Management in the SMEs, in Mexico and Sonora. In addition, a theoretical model is elaborated with which the relations between the variables that make up said model are measured. It is also intended with this research to support the business sector of Ciudad Obregón, Sonora, pointing out the trade sector in which it is intended to identify the current situation of the guild to subsequently seek improvement in its Strategic Management.

Problem

The SMEs are the main source of formal employment in 72% in the country, but young companies make common mistakes, so the concern is to avoid them so they do not stop operating. (FORBES, 2015)

The Semario (2014) states that specialized studies of the Condusef (National Commission for the Protection and Defense of Users of Financial Services) indicate that only half of the existing SMEs in the country survive for eighteen months, and Marker (2013), states that 75% of the new companies in the country fail and should close their businesses only two years after they started their activities, the most common errors are: 1) low sales, 2) bad leadership, 3) bad Administration, 4) lack of strategy and analysis, 5) lack of financing, 6) lack of trained personnel, among others.

El Financiero (2016) publishes that failure to resolve the lack of productivity in SMEs in Mexico is less likely to survive than in countries such as Colombia, Brazil or the United States, since 75% of entrepreneurs fail in Mexico.

One of the solutions to avoid a large percentage of the closure of the SMEs, is to carry out the process of Strategic Management in which the culture is involved, various areas of the organization, processes, resources, structure, and leadership, among others. .

In Sonora, according to data from INEGI (2012), the companies closed in (-4.1), this figure represents that more companies left the market than they start their operations in a period of time. According to this exposition of the problem in the SMEs, the follow-up research question is elaborated:

Is the Strategic Management (in its process of elaboration, implementation and evaluation of the strategy) related to the improvement of efficiency indicators in the Organizational Performance of the SMEs of the commerce sector in Ciudad Obregón, Sonora?

General Hypotesis

Strategic Management (in its process of formulation, implementation and evaluation of the strategy) has a positive impact on Organizational Performance.

Specific Hypotheses

H1 = The formulation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.

H2 = The implementation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.

H3 = The evaluation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.

Objectives

The objectives that allow the guide for the realization of this study are presented below:

General objective

Analyze the impact of Strategic Management (in the process of formulation, implementation and evaluation of the strategy) in the Organizational Performance of SMEs in the commerce sector.

Specific objectives

- Analyze the background of Strategic Management in the SMEs.

- Review Theoretical and Conceptual Framework that allows obtaining information on the variable Strategic Management and its relationship in the improvement of Organizational Performance.
- To elaborate an instrument that allows to measure the variables of Strategic Management and Organizational Performance of the SMEs.
- Obtain the study population to subsequently obtain the sample.
- Apply and validate the instrument.
- Analyze the results to obtain conclusions and recommendations of the study.

Theoretical framework

Below is the theoretical foundation that supports the present research and the theoretical model of it.

Strategic management

The importance of Strategic Management in the companies from the point of view of Arano, Espinoza and Arroyo (2011), is that it induces the organization to reach its purposes, for which it must understand them and avoid conflicts that make the management lose direction. deal. For David (2008), strategic management "is art and science where the decisions that allow an organization to achieve its objectives are formulated, implemented and evaluated".

Phases of Strategic Management. Proposals by: Terrazas (2004) cited by Murillo, (2010) and David, (2008).

The Strategic Management consists of a process to develop its task, which consists of four important phases: a) Strategic diagnosis, this phase includes the Internal Analysis (Microenvironment) which considers the resources, personnel, facilities, machinery, etc., and the External analysis (Macroeconomics) in which the market, technology, economy, competition, intermediaries, etc. are considered, this analysis allows to identify strengths, weaknesses, opportunities and threats in the company, b) The choice of strategy, in this phase is carried out the formulation of the strategies and the bases are defined to choose the most appropriate, c) Implementation of the strategy, has to do with the planning and execution of the strategy, coordinating with the resources of the company and responsible personnel to carry it out, e) evaluation of the strategy, this phase is responsible for the review and monitoring of the ongoing strategy, with the purpose of rule in case of error in time and form the course of the same.

Organizational Performance

For Lusthaus, Anderson, Carden & Montalván (2002) the "performance in companies is established through their capacity to survive". Mondy and Noe, (2005) state that to achieve the success of Organizational Performance, it is because of the coordination between the employee and the organization, since the relationship between them is reflected first in a good individual performance, which in turn impacts on a good organizational performance.



Figure 1 Own Elaboration. Theoretical Model of the Strategic Management Process (formulation, implementation and Evaluation) and Performance.

Some empirical considerations are presented below:

Analoui and Karami (2003) expose with the purpose of identifying and comparing the characteristics of typical strategic management, some of the strategic management models have been revised. Despite the differences in the details and variations in the wording, the three models show three common characteristics: the formulation of the strategy, implementation and evaluation of the strategy.

According to Galbraith and Schendel (1983), they comment that regardless of the strategy used in companies, "there is a positive relationship between strategy and performance".

Calderón, Álvarez and Naranjo (2010) agree on "what is the most structured strategy best results in organizational effectiveness", and this can be replicated to companies in other countries.

Ramírez, (2004) contributes that the performance objectives are efficiency, in which the efficiency in the use of the infrastructure and the available resources in the company is increased, and the efficiency, in which the full accomplishment of the objectives is carried out established.

Research Methodology

In this section the methodology to be used for the development of this research is exposed. The points that are part of this methodology are: Type of research, Criteria for the inclusion of participants, Research techniques, Population and sample size, Sampling method, Instrument for data collection, Validity, Reliability, and Statistical method to check the hypothesis.

Type of Research

This study is based on empirical research or scientific method, so it is quantitative, so it is also considered a descriptive research, since it describes, records, analyzes and interprets the data of the composition of the phenomenon which one is studied. It is explanatory since it is carried out the verification of a hypothesis, and seeks to explain the why of things. It is correlational because statistical relationships of the variables studied are established, with a non-experimental and transversal design since the variables will be studied without manipulating the subjects and data will be collected in a single moment.

Criteria for the inclusion of participants

The informants required for the investigation are the people with the highest hierarchy in the company, or decision makers (Owner, Manager, Administrator) of the SMEs of the commerce sector of Ciudad Obregón, Sonora.

Population and Sample Size

The SMEs of the commerce sector of Ciudad Obregón, Sonora, add up to a total of 349, according to INEGI-DENUE (2012).

To determine the size of small and medium-sized commercial enterprises, the MiSMEs Classification was used, published in the Official Gazette of the Federation (2013), where it specifies that 11 to 30 employees are considered small commercial companies and 31 to 100 employees. They are medium commercial companies.

A total of 79 companies were surveyed through the formula of finite populations.

Instrument for data collection

The Instrument allows obtaining the data with which the purpose of the research will be achieved, said instrument was developed according to the literature consulted with respect to the study variables.

A structured questionnaire of 16 questions was prepared, which is divided into:

First section. General Data of the Interviewee.

Second section. Items

This series of questions allows us to identify the relationships that exist between the variables that are studied.

The Strategic Management section is comprised of 16 questions, which are focused on the formulation, implementation and evaluation of the strategy and in the Performance section, it is measured with 8 questions.

For the measurement of each question, the six-level Likert scale will be used, since the importance of this number of options lies in eliminating centralism.

Validity and Reliability

The questionnaire was validated in its format, writing questions, variables and dimensions with experts in the research topic of this work. The experts who participated have the degree of Doctor, so they also have research referring to one or two variables of this topic.

Likewise, a pilot test was applied to 30 companies of the SMES Commerce population, in order to measure the reliability with Cronbach's Alpha in the SPSS Statistical System version 21.

Statistical method for checking hypotheses

In this study, the method of Multiple Linear Regression will be used for hypothesis testing. To develop this modeling the SPSS system version 21 will be used.

Results

Out of 81 commercial SMEs located in Ciudad Obregón, Sonora surveyed, 53% of the informants are women with greater hierarchy in the company (Owner, Manager, Chief, Administrator), 52% have from 0 to 3 years in positions of high responsibility business, time that is considered relatively short which indicates that most of them are newly opened, the informantes manifested in 43% against with degree.

Cronbach's Alpha

First, the reliability of each item was determined through the SPSS Statistics Basic System, version 21. See table 1.

Variable	Cronbach's Alpha	Adjusted Cronbach's Alpha	Deleted Items
Formulation of the Strategy (5) (Independent)	,888	,903	2
Implementation of the Strategy (5) (Independent)	,885	-	0
Evaluation of the Strategy (Independent)	,880	-	0
Performance (Dependent)	,860	,892	2

Table 1 Cronbach's alpha. (Own Elaboration). Data obtained from the SPSS Statistics Basic System, version 21.

The alphas of cronbach are all greater than 7, which is considered that the items are considered reliable in the construct since there is no correlation between them.

Factorial analysis

The next step was to carry out the factorial analysis which helps to determine the minimum number of dimensions capable of explaining the maximum amount of information contained in the data collected from 80 companies, the results are presented in table 2.

Variable	KMO	Next	Explained variance
Formulation of the Strategy	.793	.000	66%
Strategy implementation	.896	.000	77%
Strategy Evaluation	.773	.000	90%
Performance	.843	.000	65%

Table 2 Factor Analysis. (Own Elaboration). Data obtained from the SPSS Statistics Basic System, version 21.

The results describe that the KMO are within the range, since all the values per variable are greater than 0.7, when they are low this indicates that the correlations between the variables can not be explained by other variables. (Rositas, 2005)

Regarding the significance (sig.) It should not be greater than 0.05, since then the null hypothesis can not be rejected. The variables in this study comply with the condition since none of them exceed 0.05.

Finally, the Explained Variance shows that the extracted components explain the% of the variable under study. In this column it is displayed that most of the components explain above 50% of the variable. (Rositas, 2005)

Multiple Linear Regression

The multiple linear regression analysis is a technique used to study the relationship between variables, (Pardo, and Ruiz, 2009).

Results of Multiple Linear Regression in table 3.

R	R ²	Statistic F	Statistics Sig change in F	Durbin Watson
.791	.625	42,863	.000	2.310

Table 3 Multiple Linear Regression Summary (Own Elaboration). Data obtained from the SPSS Statistics Basic System, version 21.

It is observed that the regression R2 statistic is 0.625 considered acceptable in the social sciences, because it means that the dependent variable and its variance is explained in 62% of the three independent variables.

The F statistic helps to determine if there is a significant linear relationship between the variable dependent and the set of independent variables (Pardo and Ruiz, 2009). With F = 42, 863 and S = 0.000 indicates that there is a significant linear relationship between the dependent variable and the independent variables of the model under study.

One of the basic assumptions of linear regression analysis is that of independence between residues; The Durbin Watson statistic provides information on the degree of independence and can assume independence when it takes values between 1.5 and 2.5 (Pardo Merino & Ruiz Díaz, 2009). As can be seen in Table 4, the Durbin Watson indicator is of 2,310 which is within the range of acceptable and it is considered that there is independence between the residues.

Results of coefficients

Model	β	T	Sig	FIV
Constant	1,310	3,940	.000	
Formulation	.120	1,474	.144	3,119
Implementation	.383	3,277	.002	3,441
Evaluation	.219	1,760	.082	3,821

Table 4 Summary Coefficients (Own Elaboration). Data obtained from the SPSS Statistics Basic System, version 21.

Table 4 shows the collinearity statistics, FIV. According to De la Garza García, Morales Serrano and González Cavazos (2003) the range of values for this indicator should be between 1 and 10. The results obtained as presented in Table 4 are less than 3.5 considered acceptable.

According to the significance of the student T of table 4 and considering an estimated error of less than 5%, we can conclude that the variables that significantly impact the performance variable are:

X2 = Implementation of the Strategy

X3 = Evaluation of the Strategy

The variable is left out:

X1 = Formulation of the Strategy.

Therefore the formula of this model would be:

$$Y \text{ Performance} = 1,310 + .383 \text{ Implementation} + .219 \text{ evaluation}$$

Conclusions

First of all it can be assumed that the research question and objective of this investigation was carried out in a timely manner. So it is also important to mention the result of the specific hypotheses is:

Hypotesis	
H1 = The formulation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.	Reject
H2 = The implementation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.	Accept
H3 = The evaluation phase of the strategy has a positive impact on the organizational performance of the commercial SMEs of Ciudad Obregón Sonora.	Accept

Table 5 Hypothesis Check Result (Own Elaboration).

The results show that the phases of the Strategic Management that impact the performance in the SMEs, according to data from the field work, are those of implementation and evaluation. According to David (2013), he explains that the most important phase in the strategy is implementation since it directly enters the work and support of those involved in the execution of it, it is a very difficult combination to carry out (personal, execution).

The preparation phase of the strategy does not occur in this study because, according to the data of the fieldwork, the entrepreneurs do not carry out mostly research related to external and internal factors to formulate the strategy of their business, as well as some of them they do not have the mission and vision of the company as a basis to elaborate the strategy.

It is important to point out that there are limitations within this study, since it can be confirmed that the SME entrepreneur in Ciudad Obregón, who is mostly undergraduate, continues to administer his company empirically. They do not know that the activities they carry out are part of a complex Strategy Management.

This research offers information on a current situation of the entrepreneurs of Ciudad Obregón, which can allow them to have a self-evaluation of their role as managers and responsible for the survival of a business, and thus be interested in starting to exercise the strategy process with the purpose of seeking success and establishing the necessary actions to carry it out, training, consultancies, etc. As future research, it is suggested to analyze the situation of SME companies of industrial and service remittances, individually (by turns), as well as include other factors of more specific studies within the human resources, culture and structure of the company. , research effects were not included, as well as studies focused on business leadership.

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