

# Competitiveness of SMEs from the Insertion of Strategic Planning and Human Resource Management as a Tool for Continuous Improvement

Santander de la Ossa<sup>1</sup>, William Niebles<sup>1</sup>, Hugo Hernández<sup>2</sup>, Álvaro Santamaría<sup>1</sup> & Leonardo Niebles<sup>2</sup>

<sup>1</sup> Universidad de Sucre, Business Administration Program, Colombia

<sup>2</sup> Universidad del Atlántico, Business Administration Program, Colombia

Correspondence: Santander de la ossa, Universidad de sucre, Business Administration Program, Colombia. E-mail: dpto.admon@unisucra.edu.co

Received: September 22, 2018

Accepted: October 9, 2018

Online Published: December 15, 2018

doi:10.5539/mas.v13n1p129

URL: <https://doi.org/10.5539/mas.v13n1p129>

*The research is financed by (Universidad de sucre - Atlantico).*

## Abstract

The orientations in topics of competitiveness suggest at present, that a company obtains greater income when implanting or developing strategies of businesses that incorporate focuses like competitiveness and sustainability. Thus, organizational efforts are being directed in this line of work. Therefore, it is proposed as an objective for this research to know how SMEs is promoting the issue of competitiveness in their organizations and which aspects are the most outstanding of this process. The methodology used was qualitative and based on the documentary review of specialized scientific publications; at the end reflections are made from the holistic approach to highlight the components that contribute most to the subject of cited. The results point to a scenario of greater dynamics in issues of globalization and competitiveness, as the progress made from the research suggests that growth in these topics will undoubtedly be a motor of great importance to achieve important results for any type of organization.

**Keywords:** SMEs, competitiveness, strategic planning, globalization

## 1. Introduction

In addressing the issues of competitiveness and strategic planning, authors such as Kaplan and Norton (2008), have pointed out that for proper business development must integrate strategy and operations to forge competitive advantages, for this it is necessary to have a tactic that guides the members of the company in the right direction to achieve the objectives in the medium and long term. Therefore, it is vital to develop and strengthen new strategies for small and medium enterprises (SMEs), as the best alternative to facilitate increased competitiveness in the rapidly changing and unpredictable market (Mora-Riapira, Vera-Colina & Melgarejo-Molina, 2015). In addressing the issues of competitiveness and strategic planning, authors such as Kaplan and Norton (2008), have pointed out that for proper business development must integrate strategy and operations to forge competitive advantages, for this it is necessary to have a tactic that guides the members of the company in the right direction to achieve the objectives in the medium and long term. Therefore, it is vital to develop and strengthen new strategies for small and medium enterprises (SMEs), as the best alternative to facilitate increased competitiveness in the rapidly changing and unpredictable market (Mora-Riapira, Vera-Colina & Melgarejo-Molina, 2015).

According to this approach, the differences in the profits of companies are mainly due to their capabilities, rather than the structural characteristics of the industry (Mankin&Garavan, 2018). Thus, these capabilities are understood as the same set of resources working together; this collective may be related to a particular function (Baird, 2017) and may even be the combination of resources and skills, none of which are superior in themselves, but combined lead to a good result (Collis and Montgomery, 2005). Consequently, the capacity is communication, participation and a deep commitment to work beyond organizational boundaries. This brings with it many levels of people and involves all functions (Marabelli&Galliers, 2017). Therefore, the capacities are not created by assembling a team of resources, but involve complex models of coordination between people and other resources. Improving such coordination requires learning through repetition (Grant, 2016).

**2. Method**

The study presented retains a qualitative, descriptive approach. In this regard, Hernandez, Fernandez and Collado (2014) state that descriptive research aims to identify and expose the most relevant characteristics of the reality analyzed, without influencing or manipulating the variables that compose it. On the other hand, the sources of information were mostly academic search tools through the use of databases opting for scientific articles, repositories of official and government agencies of the business area. All the documents analyzed were organized to extract the pertinent information in order to construct a detailed analysis of holistic profile (Cordón, Gómez, Alonso y López (2010). On the other hand, it was not necessary to use primary sources directly, but rather the data collected, figures and contributions collected from reports and publications were organized in an Excel matrix that later facilitated the compilation and design of the final document.

**3. Organizational Aspects**

It is observed that the scheme of individual behavior is so connected with the organization that executive development must focus on the development of the human personality in a special organizational context (Argirys, 2018). That is to say, individual competencies are a key factor for the management of human resources, while essential competencies are a global one for the company (McGee, 2015). From the above, the involvement of human resource competencies can be recognized as a component to strengthen the achievement of the objectives of the organization (Nyberg, & Wright, 2015). In this way, a competitive advantage is created by managing human resources in an effective manner, based on the basis on which employees possess certain competencies (Dávalos and López, 2017). This perspective is a basic component to achieve the success and positioning of SMEs in the Caribbean region, as it constitutes the added value that can be provided to stand out in the competitive field. In short, organizations must learn to make better use of their human resources and, more specifically, to exploit, to the maximum the talent treasured in this resource in a context where the acceleration of changes and the enhancement of knowledge are configured as essential priorities (Calderón, 2004). It is therefore necessary to recognise the importance of Human Resources (HR) as the lack of knowledge of this component is configured as one of the main causes of failure in SMEs (Buller & McEvoy, 2016); to this end, an analysis model is proposed, which helps to determine the human resource management model presented within SMEs, which is illustrated in figure 1 below.



Figure 1. Analysis of the situation of the Human Resource within SMEs

The importance of this analysis lies in the fact that, as Gómez-Mejía, Balkin and Cardy (2001) point out, they consider that the competitive success of SMEs depends on good HR management, as well as the importance of various practices, both in terms of remuneration, training and development, teamwork, performance evaluation, personnel selection or recruitment, training and career development practices (López-Suárez, Tricás-Peckler and

Toledano O'Farril, 2013). Similarly, various authors have identified the human resource practices that lead companies to competitive success and have called them by different names. Huselid (1995) called them *high-performance labour practices*, other authors have named them *progressive human resource practices* (Delaney and Huselid, 1996), as well as strategic practices (Delery and Doty, 1996).

Pfeffer (1994) identifies eight best human resource practices, including rigorous selection, training, reduction of status differences, self-directed teams, high pay, job security, decentralization of decision-making, and sharing of financial information. It also highlights the importance of applying human resources management practices jointly and not in isolation, since there is a risk of not having any effect on organizational results; it has been demonstrated that the use of this type of human resources practices contributes to successful results within companies, as pointed out by Delaney Huselid (1996) who demonstrated that the positive association of human resources practices used by companies and the perception that managers have of their performance. Thus, these authors determine that human resource practices, including selection, training and incentive compensation, are positively related to the perception of organizational performance measures (Delaney and Huselid, 1996).

On the other hand, Rodeiro Pazos and López Penabeb (2005) point out that the frequency with which training actions are carried out has a positive influence on business efficiency and profitability, in such a way that the greater the frequency of training, the greater the efficiency. King-Kauanui, Ngoc and Ashley-Cotleur (2006) find a positive relationship between training and performance in small companies in Vietnam. Also, these authors demonstrated the existence of a positive and significant relationship between the use of personnel evaluation systems and the performance of companies. Verano Tacoronte (2003), succeeded in demonstrating that carefully designed remuneration system adapted to the needs of the company contribute to the competitive advantage of these, in such a way that remuneration improves motivation, together with increasing performance. Pfeffer (1994) states that well-paid employees in a pleasant organizational climate allow for increased productivity, as well as Rogg, Schmidh, Shull and Schmidt (2001) show evidence of the indirect effects of human resource practices on customer satisfaction. From the exposition of the various authors, it is clear that human resource management practices contribute to improving organizational results, with empirical evidence of the positive relationship between the use of human resources practices and organizational performance. In order to achieve its adequate implementation, it is proposed that these be carried out through the stages illustrated in figure 2.

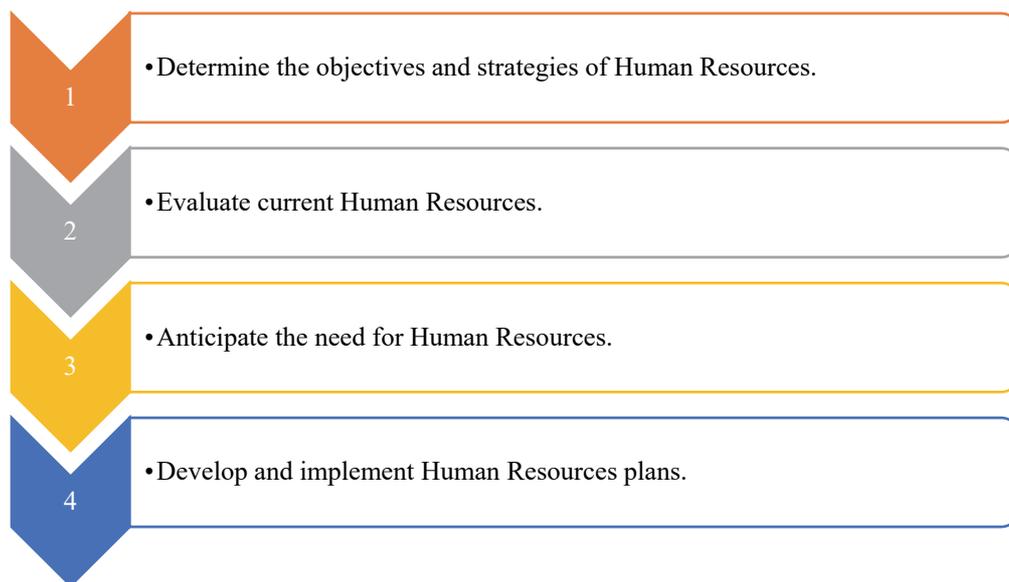


Figure 2. Stages for the implementation of human resources strategies

Based on the analysis of human resources strategies, the authors Carrasco and Rubio (2007) elaborated a questionnaire with 43 specific practices, coming from seven general HR practices, in relation to their influence of success in SMEs. They consider that these are the most in line with market demands and are summarized in figure 3 below.

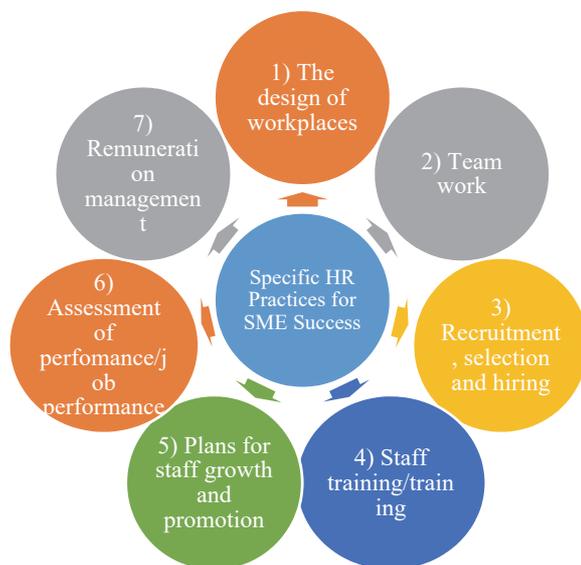


Figure 3. Specific HR Practices for SME Success

It is considered that the application of these strategies will contribute to guarantee a motivated workforce, trained and capable of producing efficiently. As stated by González (2008), the way HR is managed will influence the success of companies, given that using a set of high-performance practices will have an impact on organizational effectiveness, obtaining better results than those that do not use them. bearing in mind that properly managed HR is one of the main causes of success in the management of any company, the choice and execution of certain practices that will allow it to be more efficient and effective in relation to competition is considered a determining factor. This, together with an efficient management of the organization, will be determinant for its success (Hitpass, 2017). All of the above leads to consider that business management strategies promote the strengthening of its human resources, with the purpose of achieving quality objectives where organizations transgress schemes and prototypes in the processes of communication and integration of human work groups around values and organizational culture.

**4. Strategic Planning as a Component of SME Management.**

One of the tools that allows the organization's leaders to orient and align efforts, according to the mission, vision, and objectives is strategic planning. In this regard, Porter (1997) as one of the most prominent authors in the area indicated that the strategy refers to creating a unique, distinctive and valuable position for stakeholders that is carried out according to a set of well-defined activities, which should not be confused with operational effectiveness. Other authors consider that the strategy is more related to the decisions that are taken under a context or scenario, but that intrinsically contain the mission, vision and organizational objectives. According to Porter's postulates (1997), there are some elements that define an organization's strategy.

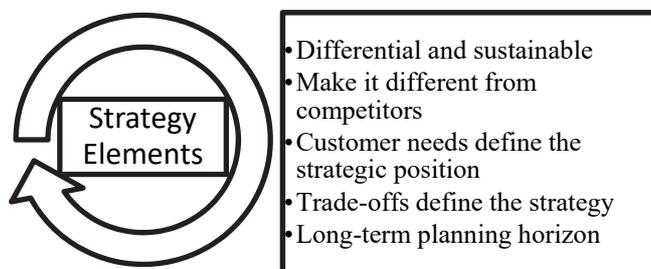


Figure 4. Components of the Strategy

The figure 1 indicates that to overcome the competitor requires a different strategy that is sustainable over time, ie containing characteristics difficult to reproduce by other actors in the market without committing resources beyond

planned, therefore, the basis of the strategy is to do things differently with the tools available. Also, the needs of customers, their expectations and needs are those that ultimately define the strategic position of the company, while the trade-offs allow you to delimit the resources you are willing to commit. On the other hand, the time horizon in which planning is established should not be measured in a single cycle, but is defined in terms of the long term (decades); in short, the strategic process will consist of defining the strategic position, evaluating the counterweights and adjusting the actions in accordance with the plan.

The benefits of adequate strategic planning and quality management (Mora, Vera & Melgarejo, 2015) have been mentioned in the literature, in addition to this it is possible to point out other advantages related to the internal functioning and adaptive capacity of the organization. In this sense, the beneficial aspects of the implementation of these tools in performance have been discussed, among which the following can be cited (Ballesteros et al., 2015):

Identification, hierarchical structure and exploitation of environmental opportunities (Palma, Sierra and Arbeláez, 2016).

- Objective and clear vision of the organization's operational and administrative problems (Palma, 2011).
- Improved coordination and control of activities (Hernández, Cardona and Del Rio, 2017).
- Reduction of the negative impact of the conditions and changes in the environment in which it takes place (Palma and Coronado, 2015).
- Orients decision-making according to the organization's most important objectives (Dominguez et al., 2015).
- It provides a better allocation of resources according to the identified opportunities (Palma, 2011).
- Saves resources on bad decisions (Dominguez et al., 2015).
- Creates a framework that favours internal communication within the organisation (Simmonds, Palma and Cruz, 2016).
- Generates synergy throughout the company structure (Parejo and Sierra, 2018).
- Encourages innovation (Palma, Arbeláez and Pardo, 2016).
- Motivates favourable attitudes towards change (Cardona, Rada and Palma, 2017).

Strategic planning is developed through a series of successive and organized stages that provide relevant information on the environment and the current situation, based on the organizational philosophy (mission, vision, values) and in function of long-term objectives and goals (Hernández, Cardona and Del Rio, 2017). In this sense, it is necessary to evaluate the internal elements of the organization according to the weaknesses and strengths that it presents in the analyzed processes, while, in a complementary way, the opportunities and threats of the environment are analyzed, in order to obtain an integral perspective of the situation of the company.

## 5. Conclusions

Competitiveness is currently part of the objective of almost any productive entity, regardless of its social purpose. This is why business leaders are constantly looking for alternatives to promote the necessary actions that lead to scenarios according to the demands of the environment. Thus, the incorporation of strategic planning and human resource management opens the way as a high-level option to forge those optimal results desired by organizations, especially the smallest.

The review of literature made it possible to consult traditional and contemporary authors, finding that although many theories have been renewed the essential guidelines are oriented to the constant promotion of human resources, stimulation of innovation and monitoring processes as instruments to generate the required dynamics and achieve corporate objectives. All the components of the SMEs are vital, the internal ones because of the full knowledge of them depend on many action plans, and the external ones because all the parts of interest play a crucial role, and for that reason competitors, suppliers and other linked ones must be part of the strategy that each economic cell develops well.

## Acknowledgements

To the University of Sucre and the University of the Atlantic, our gratitude for the support and promotion of scientific research processes and for the support to the matrix project of this document "Approach to small and medium enterprises in the Caribbean region: a view from competitiveness".

## Competing Interests Statement

The authors declare that there are no competing or potential conflicts of interest.

## References

- Argyris, C. (2018). Types of Human Reasoning. *Public Sector Performance: Management, Motivation, And Measurement*, 27.
- Baird, K. (2017). The effectiveness of strategic performance measurement systems. *International Journal of Productivity and Performance Management*, 66(1), 3-21. <https://doi.org/10.1108/ijppm-06-2014-0086>
- Ballesteros, H., Verde, J., Costabel, M., Sangiovanni, R., Dutra, I., Rundie, D. Y., & Bazán, L. (2015). Análisis FODA: Fortalezas, Oportunidades, Debilidades y Amenazas. *Revista Uruguaya de Enfermería*, 5(2).
- Buller, P. F., & McEvoy, G. M. (2016). A model for implementing a sustainability strategy through HRM practices. *Business and Society Review*, 121(4), 465-495.
- Calderón Hernández, G. (2004). *Lo estratégico y lo humano en la dirección de las personas Pensamiento & Gestión*, núm. 16, junio, 2004, pp. 158-176. Universidad del Norte. Barranquilla, Colombia.
- Cardona, D., Montenegro Rada, A., & Hernández Palma, H. G. (2017). Creación de empresa como pilar para el desarrollo social e integral de la región caribe en Colombia. *Saber, Ciencia y Libertad*, 12(1), 130-139. <https://doi.org/10.18041/2382-3240/saber.2017v12n1.698>.
- Carrasco, J. A., & Rubio, A. (2007). *Análisis de las prácticas de recursos humanos en las pymes familiares de éxito*. *Revista de Empresa*, 22, 20-35
- Collis, D. J., & Montgomery, C. A. (2005). *Corporate strategy: A resource-based approach*. New York: Irwin Professional
- Cordón G., J. A., Gómez Díaz, R., Alonso A., J. Y., & López, L. J. (2010). *Las nuevas fuentes de información: información y búsqueda documental en el contexto de la web 2.0* (No. 025.4. 036). Madrid: Pirámide.
- Dávalos, C. G., & López, M. L. J. (2017). Una visión estratégica de los recursos humanos en base a competencias. *Revista de Investigación en Ciencias de la Administración*, 6(10), 323-333.
- Delaney, J. T., & Huselid, M. A. (1996). The Impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39(4), 949-969. <https://doi.org/10.2307/256718>
- Delery, J. E. Y., & Doty, D. H. (1996). Modes of theorizing in strategic hu Modes of theorizing in strategic human resource management: Tests of universalistic, contingency and configurational performance predictions. *The Academy of Management Journal*, 39(4), 802-835. <https://doi.org/10.5465/256713>
- Domínguez, J. D. M., Domínguez, A. B., Acosta, L. R., Montenegro, M. F., Palma, H. H., & Cardona, S. A. (2015). La función administrativa en la era de las TIC. *Revista Lasallista de Investigación*, 12(2), 139-151. <https://doi.org/10.22507/rli.v12n2a15>
- Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases edition*. John Wiley & Sons.
- Hernández S., R., Fernández C., C., & Baptista L. P. (2014). *Metodología de la investigación*. Sexta Edición. México: Mc Graw Hill.
- Hernández, H. G., Cardona, D. A. Y., & Del Rio, J. L. (2017). Direccionamiento Estratégico: Proyección de la Innovación Tecnológica y Gestión Administrativa en las Pequeñas Empresas. *Información tecnológica*, 28(5), 15-22. <https://doi.org/10.4067/s0718-07642017000500003>
- Hitpass, B. (2017). *BPM: Business Process Management: Fundamentos y Conceptos de Implementación 4a Edición actualizada y ampliada*. Dr. Bernhard Hitpass.
- Huselid, C. W. (1995). The impact of human resource management practices on turnover, productivity and corporate financial performance. *Academy of Management Journal*, 38(3), 635-372. <https://doi.org/10.2307/256741>
- King-Kauanui, S., Ngoc, S. D. Y., & Ashley-Cotleur, C. (2006). Impact of human resource management: SME performance in Vietnam. *Journal of Development Entrepreneurship*, 11(1), 79-95. <https://doi.org/10.1142/s1084946706000271>
- López Suárez, L., TricásPeckler, J., & Toledano O'Farril, R. (2013). Principales prácticas de recursos humanos de las pymes industriales exitosas. *Universidad & Empresa*, 23, 19-43.

- Mankin, D., & Garavan, T. (2018). *Strategic human resource management*. Oxford University Press.
- Marabelli, M., & Galliers, R. D. (2017). A reflection on information systems strategizing: the role of power and everyday practices. *Information Systems Journal*, 27(3), 347-366. <https://doi.org/10.1111/isj.12110>
- McGee, L. W. (2015). Standardizing Marketing Strategies Internationally: A Model of the Issues and a Look at the Future. In *Proceedings of the 1987 Academy of Marketing Science (AMS) Annual Conference* (pp. 171-175). Springer, Cham. [https://doi.org/10.1007/978-3-319-17052-7\\_35](https://doi.org/10.1007/978-3-319-17052-7_35)
- Mora-Riapira, E. H., Vera-Colina, M. A., & Melgarejo-Molina, Z. A. (2015). Planificación estratégica y niveles de competitividad de las Mipymes del sector comercio en Bogotá. *Estudios Gerenciales*, 31(134), 79-87. <https://doi.org/10.1016/j.estger.2014.08.001>
- Nyberg, A. J., & Wright, P. M. (2015). 50 years of human capital research: Assessing what we know, exploring where we go. *Academy of Management Perspectives*, 29(3), 287-295. <https://doi.org/10.5465/amp.2014.0113>
- Palma, H. G. H. (2011). La gestión empresarial, un enfoque del siglo XX, desde las teorías administrativas científica, funcional, burocrática y de relaciones humanas. *Escenarios*, 9(1), 38-51.
- Palma, H. G. H., & Coronado, A. M. J. (2015). Responsabilidad social empresarial zona urbana del distrito de Barranquilla: Estudio etnográfico. *Revista Económicas CUC*, 36(2), 9-18. <https://doi.org/10.17981/econuc.36.2.2015.1>
- Palma, H. G. H., Arbeláez, D. A. C. Y., & Pardo, A. R. (2016). *La innovación empresarial como impulsora de las Pymes en la Región Caribe*. Revista Panorama Económico, (24), 9.
- Palma, H. H., Sierra, D. M., & Arbeláez, D. C. (2016). Enfoque basado en procesos como estrategia de dirección para las empresas de transformación. *Saber, Ciencia y Libertad*, 11(1), 141-150. <https://doi.org/10.22525/sabcliber.2016v11n1.141150>
- Parejo, I. B., & Sierra, D. M. (2018). Gestión de la calidad: elemento clave para el desarrollo de las organizaciones. *Criterio Libre*, 16(28), 169-185. <https://doi.org/10.18041/1900-0642/criteriolibre.2018v16n28.2130>
- Pfeffer, J. (1994). Competitive advantage through people. *California Management Review*, 36(2), 96-124. <https://doi.org/10.2307/41165742>
- Porter, M. (1997). ¿Qué es la estrategia? *Revista INCAE*, 10(1), 35-52.
- Rodeiro Pazos, D. Y., & López Penabeb C. (2005). *Formación y resultado empresarial: Un estudio empírico en la Pyme Gallega. Ponencia presentada al XIX Congreso de la Academia de Economía y Dirección de Empresas (AEDEM)*. Vitoria, España.
- Rogg, K. I., Schmidt, D. B., Shull, C. Y., & Schmidt, N. (2001). Human resource practices: organizational climate and customer satisfaction. *Journal of Management*, 27, 431-440. [https://doi.org/10.1016/s0149-2063\(01\)00102-7](https://doi.org/10.1016/s0149-2063(01)00102-7)
- Simmonds, J. F., Palma, H. H. Y., & Cruz, C. A. (2016). Sistema de Gestión de la innovación en el subsector hotelero: una herramienta para el mejoramiento continuo. Una aproximación al tema. *Journal of Engineering and Technology*, 5(1).
- Verano Tacoronte, D. (2003). *La influencia de la retribución variable en el rendimiento de la empresa: una aplicación empírica al diseño de la retribución para la fuerza de ventas*. Tesis doctoral no publicada. Universidad de Las Palmas de Gran Canaria.

### Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).