

## **Competitiveness of Small Companies in the Post-COVID-19 Stage**

**By**

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### **Abstract**

The objective of this research was to identify the conditions of small companies in the industrial sector of Villahermosa, Mexico, in terms of external competitiveness in the Post-COVID-19 stage. The study is of quantitative approach, of a non-experimental type, with a descriptive design. 49 small companies participated, representing 80% of the population. Competitiveness was assessed through the Profitability dimension, with a Likert-type scale. The results report that in the study population, sales have not increased since the pandemic and income is insufficient to invest in business improvements.

**Keywords:** Competitiveness, Small businesses, Post-Covid-19, industrial sector

### **Introduction**

This investigation allowed to know the situation of small companies in the industrial sector in terms of their external competitiveness from the Covid-19 pandemic, from the measurement of their profitability, that is, if their income will allow them to make future investments. This diagnosis can clarify your strategies to strengthen yourself and face the POST-COVID-19 stage. The following hypothesis is proposed: H1 External Competitiveness is unfavorable in small industrial companies in Villahermosa Mexico in the Post-COVID-19 stage.

Competitiveness helps organizations to be able to provide for themselves and to supply goods and services, which is reflected in business productivity. Although throughout the world it has been a challenge to remain in an economy in crisis, with high numbers of infections and restrictions for businesses and industries (Organization for Economic Cooperation and Development [OECD], 2020). The territory of Villahermosa has been economically affected by negative scenarios where many of the small companies have reported great losses and others, unfortunately, had to close their doors (Pérez, 2020) during the pandemic.

## Development

### *Business competitiveness*

Companies are the central level of competitiveness (Romo & Adbel , 2005), as they are important for the production process and in international trade; Therefore, it can be affirmed that "companies survive and are successful if they are competitive" (Cabrera et al., 2011, p. 10), this is because the business environment not only involves investment and organizational capacity; it also incurs in infrastructure, market adaptation, technology, education, and institutions, which together raise the level of productivity and determine competitive capacity (Suñol , 2006).

Thus, Cabrera et al. (2011) exemplifies that if companies focus on other perspectives that are not productive, organizations will decline. In the same way, with competitiveness, access to development and innovation of goods, products and services with costs that are comparable, equal or better than competitors. Therefore, competitiveness is a characteristic of organizations. (Cabrera et al, 2011; Development Research Center [CIDAC], 2005).

When talking about business competitiveness, references are generally made to the idea that competitiveness is an element that only implies increased investment and the ability to open new business doors. But business competitiveness not only covers these two mentioned aspects; it must also be understood that it goes beyond investments, therefore, it requires a series of policies, the design of strategies and the study of the impact that it can cause in organizations. In this sense, it always considers the human factor as the most important factor for competitive achievement, which is why competitiveness at the company level establishes a complex situation, which involves internal and external relations of the company itself. The difficulty lies in involving all adaptive factors and situations (Labarca, 2007; Suñol, 2006).

In this way, the closest definition to business competitiveness is described as the ability that companies have to face their competitors through goods or services, since business competitiveness is focused on the competitive advantage proposed by Michael Porter where production and organization are essential to achieve greater participation in the market (Romo & Adbel, 2005) so that business competitiveness can be understood as the microeconomic dimension related to the macroeconomic sector, in which both dimensions are conditioned by the factors that they integrate each one (Suñol, 2006).

Competitiveness at the company level is synthesized as the way in which products and services are offered; Therefore, if an organization does not offer quality products at an affordable price like its competitors, it will not be able to position itself in the market, therefore it will lose and it will not achieve business goals and competitive growth. Therefore, for organizations to achieve permanence and differentiation in the market, it is necessary that they create strategies focused on increasing efficiency, quality and productivity (Krugman, 1994; González & Pech, 2000 as cited in Molina 2010).

Likewise, Labarca (2007) states that in order to be competitive, a company needs to have the support of suppliers, service groups focused on production and the push of local, regional and international competitors. Competitiveness is based on interaction and innovation when creating strategies that lead to active competitive advantages.

The sustenance of the creation of active competitive advantages is to know the client, therefore, understanding the desires, changes, fashions and trends of the consumer allows creating strategies focused on improving their position in the market; which results in the

emerging of opportunities that satisfy the demand and thus achieve efficient production processes that lead to the internal growth of the organization (Nájera, 2013).

Competitiveness is also seen as a characteristic that companies must have in order to achieve their achievements and goals, which opens the way for persistent growth. However, the variations in competitiveness lead companies not to lose sight of the following aspects: analysis, monitoring of their rivals, and inclinations of consumer preferences and tastes; which results in the improvement of activities and processes in goods and services that lead to continuous improvement (Nájera, 2013).

At the same time, business competitiveness is defined as a process that organizations acquire, for this they must achieve certain characteristics that make them solid in such a way that it allows them to create and implement strategies that help companies in competitive success. In turn, in order for competitiveness to be achieved, companies must adapt to consumer needs and thus continually update their strategies (Gordon, 2014 as cited in Ríos & Panduro, 2018).

## **The Industrial Sector in Mexico**

Industrial companies in Mexico are essential for the growth and development of the country, this sector is the one that promotes commercialization inside and outside the nation; It is also considered as an axis of growth in terms of job creation, increased productivity and international industrial development (García et al., 2009). That is why the Mexican Republic has stood out for the industrial conditions worldwide that have led it to post-development from the Second World War to the present, in this way it has allowed the country to open the way to new production models and to the use of natural resources to be exported and with it the opening of other industrial sectors belonging to small and medium-sized companies. Therefore, Mexico is a varied country in the industrial context in which sectors are grouped such as: activities dedicated to the transformation of resources, mining, extraction of energy resources, electricity, construction, food, manufacturing, textiles, lumber, to name a few. some (López & Saucedo, 2014).

For their part, small companies in the industrial sector are called business organizations dedicated to the production of goods and services; The characteristic of this sector is distinguished since most of them are family members, which leads to creating links of organizational culture, values and norms that guide its proper functioning. It is linked to the health emergency called COVID-19, this because it is one of the sectors formed by self-employment, thus making it a vulnerable segment in stages of crisis in which they have faced survival gaps, economic and productive reductions in which adaptation and permanence of these establishments is difficult (Ibáñez et al., 2021).

## **Method**

To carry out the research, the quantitative approach that "is linked to numerical counts and mathematical methods" was chosen (Niglas, 2010 as cited in Hernández-Sampieri & Mendoza, 2018). It is of a non-experimental type that consists of not intentionally modifying the variables. In addition, it is descriptive in scope because "they measure or collect data and report information on various concepts, variables, aspects, dimensions or components of the phenomenon or problem to be investigated" (Hernández-Sampieri & Mendoza, 2018, p. 108).

The study population was made up of 71 small companies in the industrial sector belonging to the downtown municipality (Villahermosa), which were those reported by the National Statistical Directory of Economic Units (INEGI, 2020), using the Qualtrics sample size calculator with a confidence level of 95% and a margin of error of 5%, the ideal sample size was 60 elements, however, only 49 small companies from the population agreed to participate, which represents 80.6%.

To assess the external competitiveness variable of the study sample, an adaptation of the Juárez competitiveness questionnaire (2017) was used, which measures competitiveness from the profitability dimension, it was integrated unidimensional into a Likert-type scale of three items and 4 points, where 1 is the most unfavorable and 4 the most favorable. It reported a reliability of 0.875, which is considered acceptable (Prieto & Delgado, 2010; Barrios & Cosculluela, 2013 as cited in Rodríguez-Rodríguez & Reguant -Álvarez, 2020). The Likert-type scales to measure the study variables were coded in the SPSS software. The responses to the questionnaires were captured in said program.

## Results

The demographic characteristics that were established as desirable for this research are presented and it was possible to get access to them with information in the databases of the National Chamber of the Transformation Industry (CANACINTRA) and the National Statistical Directory of Economic Units (INEGI, 2020), they were: age, sex, and schooling of the leader of the organization. Of the total of 49 administrators, 32 businessmen are men (32.65%), while 17 participants are women (17.35%). The schooling of the administrators surveyed is mostly at the undergraduate level in 29.59%. The age range between 39 to 48 years predominated in 38.78%, while the age ranges from 18 to 28 years and 69-78 years only had a participation of 2.04%.

The results report that external competitiveness, evaluated through profitability, from the Covid-19 pandemic is at an unfavorable level in small companies in the industrial sector in Villahermosa, Mexico. The lowest average was obtained by item three, which measures whether post-pandemic income is sufficient to invest in business improvements. (2.41), followed by item number two, which measures whether sales have increased since the pandemic (2.45). The highest average was obtained for item one, which evaluates whether sales are sufficient to continue with the business (2.63). No item reached score 3 (favorable) or 4 (Very favorable).

## Conclusions

It was possible to identify the conditions in which the small industrial companies of Villahermosa, Mexico are in terms of external competitiveness in the Post-COVID-19 stage, the results show that they were affected by the pandemic, since it is at an unfavorable level, barely reaching score two on the Likert-type measurement scale, this finding leads to the hypothesis H 1: "External Competitiveness is unfavorable in small industrial companies in Villahermosa, Mexico in the Post-COVID-19 stage" being accepted, therefore, taking into account the responses of the leaders of the participating small industrial companies and the statistical analyzes carried out on the information Provided, it is concluded that the crisis of COVID-19 has caused the sales and income of these businesses to drop, barely allowing them to survive and not letting room to invest in improvements that can make them grow.

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