



## FACTORS THAT AFFECT COMPETITIVENESS IN SERVICE COMPANIES

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**ABSTRACT** The main objective of this paper is to determine and analyze the factors that affect competitiveness in service companies, in the municipality of Tecomán, Colima, Mexico. For that purpose, we use a correlational descriptive methodology, through a regression analysis. The research technique was the survey, validated with reliability tests with the Cronbach's Alpha, the Keizer Meyer and Olkin test (KMO), the communalities and the variance. The results showed a significant relationship between the independent variables: Human capital, innovation, and competition with the dependent variable competitiveness.

**KEYWORDS :** human capital, innovation, competition, competitiveness.

## INTRODUCTION

Analyzing the factors that affect competitiveness in service companies, in the municipality of Tecomán, Colima, Mexico; requires a solid theoretical framework that allows the authors to part from the same concepts, define the goals, reach and results expected in the study. For this purpose, we establish the core concepts of this work.

Competitiveness is defined as: "The ability of companies to compete in markets and based on their success gain market share, increase profits and grow: generate value for shareholders and wealth for society" (Berumen, 2006). Also, competitiveness is that extra effort that a company as a whole with all employees from the highest level to the lowest level achieve to be able to get ahead in front of the competition, achieving that balance, that profitability that every company must have for its livelihood.

The competitiveness of the companies is a factor of vital importance, nowadays the economic growth is accelerated, and it is an environment in which the companies develop is increasingly open and dynamic. The competitiveness is according to Fernandez et al (1997) "the capacity of a public or private organization to design competitive advantages that allow it to reach, sustain and improve a certain position within the market environment in which it operates".

The intervention of the most relevant factors that influence the competitiveness of the service companies was analyzed, such as the external factors, which Munuera & Rodriguez (2007) define as "the set of characteristics of the market where the company operates, its competitive structure, as well as aspects economic, technological, legal, etc.", and the internal factors that the same authors describe as "the means available to a company to act in the market".

It is also important to highlight the role played by sales within the competitiveness of the company, without sales the company would cease to exist, sales are defined as "The science of interpreting features of the product or service, in terms of satisfaction of the consumer, to act later, through appropriate techniques, on the conviction of their benefits and the persuasion of the convenience of their immediate possession or enjoyment" (Llamas, 2004).

The sales are the pillar, and the reason of private companies to exist, since without the sales there would not be a growth or expansion. The main goal of private companies is to profit, that is to earn money to increase their wealth, this through the satisfaction of selling products or services to a group of people. Therefore, the importance of sales is essential because without them the company would not have that

support, that financial base to remain competitive within the market where they are immersed.

This takes us to the human capital, management is one of the most important human activities within an organization. The administration has been an important factor to ensure the coordination of individual efforts and thus be able to reach the fulfillment of its purposes. In this regard, society began to depend heavily on the group effort and therefore the majority of groups already fully organized had a great growth, for this reason, the task of an administrator has become increasingly important in the business world. As Mungaray & Ramirez (2007) mention "the human capital formed from investment in formal education, training and work experience, is associated with better income in the case of workers, with greater productivity and efficiency in the case of companies and with greater prosperity in the case of countries".

Finally, another important factor is innovation, which constitutes a process of creative destruction, whose purpose is economic and business development" according to López, Montes y Vázquez (2007). This consists of a broadly creative change based on previously acquired experience. Innovation is a tradition, for this reason, any organization, however small or large, can be the protagonist of it.

The present research was carried out with the purpose of identifying and analyzing the factors that affect competitiveness in the service companies of the Tecomán region since there is no detailed study within the region that allows us to analyze said factors of competitiveness in this type of organizations.

It is expected that the present study has a favorable impact in the service companies of the region, for this type of organizations to be able to work and development this factors, it is expected to have a positive impact that benefits business owners or managers of this type of organizations.

## METHODOLOGY FOR THE STUDY

For the gathering of the data, a survey was applied to the entrepreneurs in Tecomán, Colima, according to Alvira Francisco (2011) "the survey is an instrument for capturing structured information, which can influence the information collected and shouldn't be used more than in certain situations in which the information that is required to be captured is structured in the population under study".

To that end, we designed a questionnaire that consists of nineteen questions with a Likert scale of 1 to 7 and which were related to both

dependent and independent variables.

The data obtained were analyzed by the SPSS software to verify its reliability with the: Cronbach's alpha, KMO, communalities and variance tests. Once these tests were applied, the regression analysis was carried out.

The population object for this study is composed by 2258 entrepreneurs of medium companies in the region; from this large population, a sample was selected through probabilistic sampling. Applying the formula for the calculation of the sample size, it is determined that it is necessary to apply the survey to 154 entrepreneurs to obtain results with a margin of error of 10% and a level of confidence of 99%.

#### DATA ANALYSIS

According to the data obtained from the survey, the primary factors that affect the competitiveness of the services companies of Tecomán, Colima are human capital, innovation, and competitions. To validate this results the following data analysis process is made.

The Cronbach's Alpha test to measure the reliability of the data in the variables gives as result: for the dependent variable "competitiveness" 0.765, and the independent variables: "human capital" 0.899, "innovation" 0.753 and "competition" 0.692. According to this results, the data is reliable. For the Kaiser-Meyer-Lking (KMO) test, the results were: competitiveness is 0.629, human capital is 0.739, innovation is 0.953 and competition is 0.727. For the communalities and variance test, the results were: competitiveness 0.428 and 0.798, human capital 0.537 and 0.768, innovation 0.580 and 0.969, competition 0.570 and 0.828. Finally, the variance for each variable is competitiveness 70.686, human capital 75.195, innovation 68.823 and competition 69.756.

The results of the Square R model shows that R is 0.827<sup>2</sup>, Square R 0.814, Square R corrected 0.816, and the Durbin-Watson index is 2.043. The Square R shows acceptable results, since the minimum in administrative studies is 0.5, in this respect Hair, Anderson, Tatham and Black (2008) state that: "The Square R (R<sup>2</sup>) is the squared correlation coefficient, also referred to as the coefficient of determination". While Durbin Watson states that the correct margin is from 1 to 3.

According to Barry, Ralph, and Michelle (2006), "regression analysis is the prognosis procedure that uses the least squares methodology in one or more independent variables to develop a forecast model". This authors propose a test of significance of the model where they determine whether or not there is a relationship between the independent variables and the constant variable, if the results are less than 0.05, it is concluded that there is a linear relationship between them, if the result is different then that means that there is no significance between them.

Hair, et al, (2008), comment in this regard, "regression analysis is a statistical technique that can be used to analyze the relationship between a single variable (criterion variable) and several independent variables (predictors)". This analysis allows knowing in the investigations if there is dependence between the predictor variables and the single variable also known as a dependent variable.

The result of the linear regression analysis for the Human Capital variable was .004, innovation .045, and competition .001. This result shows that the correlation between the independent and dependent variables has significance, this is because they are affected by each other.

#### CONCLUSIONS

The results of the data gathered from the surveys indicate that the most important factors to be a competitive service company in the municipality of Tecomán, Colima is the human capital, the innovation, and the competing companies. This was validated by the data analysis process made.

A series of conclusions can be drawn that help to understand the factors that affect competitiveness in service companies in the city of Tecomán, Colima. The entrepreneur of the service companies must train the human resources, the efficiency in the services provide to the customers will increase significantly the income of the company; by

contrast, if human capital is not efficient when providing services, it will not be possible to the company to maintain competitiveness in the market.

The variable "innovation" also affects the dependent variable "competitiveness", if the company does not encourage the creative ways of providing services where speed, reliability, and attention are supported, revenues will be affected, resulting in not being competitive.

Finally, according to the regression analysis, the companies should know their competition, see the strategies that the competition follows, the one that success, those who didn't and what they are missing in order to stay active in the market

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