

## **The Strategic Planning and the Competitiveness of SMES in Mexico City**

María Luisa Saavedra García<sup>1</sup>, María Elena Camarena Adame<sup>2</sup>

<sup>1</sup>Research Division, Faculty of Accounting and Administration, National Autonomous University of Mexico

<sup>2</sup>Research Division, Faculty of Accounting and Administration, National Autonomous University of Mexico

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**ABSTRACT:** *Strategic planning is the process which the internal and external situation of the company are analyzed with the purpose of defining the objectives and to establish strategies that will allow the company to reach the desired level.*

*The objective of this research was to determine what the relationship between the strategic planning practices and competitiveness is. They took the data collected in the first stage of this research and the statistical tests were performed to correlate with the Chi square method. The main findings show that SMES only reach 39% of competitiveness in the factor of strategic planning, this would be due to the fact that only 50% of SMES carried out a process of strategic planning, define its basic strategy of business, perform a SWOT of the sector and of the company, apply benchmarking and seek to ensure that the strategic planning is done by work teams, on the other hand, only a third of SMES aims to involve the staff in decision-making, the responsible for the area defines the objectives and analyzes changes in the sector; the factors that least have paid attention to this group of companies are the involvement of staff and the allocation of resources to achieve the goals. It is also found that the area of strategic planning in SMES is related to the global competitiveness of companies; for its part when the smaller is the company its level of competitiveness is more dependent on all the factors of strategic planning, finally, it was found that there is significant relationship between all the factors of strategic planning and the competitiveness of SMES in all sectors.*

**Keywords:** *Competitiveness, Productivity, SMES, Strategic Planning, SWOT.*

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### **I. INTRODUCTION**

Any company should recognize the importance of the process of defining where we want to go through the time. That is the importance of conducting strategic planning, given that the strategies represent the actions that will be undertaken to achieve the long-term objectives; the analysis and the selection of the strategy involve above all, take subjective decisions based on objective information, unless the company is facing a desperate situation, alternatives to raise strategies represent steps that are advancing to the company to its desired position in the future, considering that must face a high degree of competition in the current globalization [1] [2]. It is necessary to clarify that the strategic planning is not the solution to all the problems that passes through a company, however, is a useful tool that can provide multiple benefits if it is used at the time and in the form required. Therefore, each company must formulate plans, must commit itself to meeting them and then perform actions to carry out the plans [3].

The lack of planning is not a characteristic of small businesses, studies carried out in the Mexican context [4], indicate that only 50% of Mexican companies perform actions of planning and that only 19 per cent of small businesses are concerned by visualizing its decisions in the future [5]. For its part Alexa [6] said that unfortunately, owing to the fact that the planning is a sophisticated activity involves spending a large amount of resources, so that companies may hesitate if planning or not, since their resources are limited, mainly SMES that do not have so many capabilities such as large enterprises.

The micro, small and medium-sized enterprises (SMES), are of the utmost importance for the economy of the country since according to the latest economic census [7], 99.82 per cent of the total number of firms are micro, small and medium-sized enterprises, provide employment to 71.41 per cent of the Economically Active Population<sup>1</sup> (PEA) and contribute 60 per cent of the total gross production. To fulfill its role of social balance to absorb the less skilled labor and the one that is located behind the large company (persons who have not obtained higher levels of studies, people who have lost employment at a mature age, pensioners, or by different problems may not work). In SMES, labor has lower levels of qualification and concentrated family enterprises [8] and they are also the ones who distribute more income in the bulk of the population to use low-skilled labor

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<sup>1</sup> According to the latest classification of the Secretariat of Economy, 2009: Are Small those who have between 11 and 30 workers for the commerce sector, and between 11 and 50 workers for the industry and services and that have annual sales revenues of between 4.01 up to 100 million pesos. Are medium-sized enterprises that have between 51 to 250 workers for the industry sector, between 51 to 100 workers in the services sector and between 31 to 100 workers for the commerce sector and have annual sales revenues of between 100.01 up to 250 million pesos.

[9] [10]; therefore, there is the need to support the companies of fewer resources and size to contribute to their competitiveness.

There are very few SMES conducting strategic planning (SP), which do not either have the trained staff or the tools, according to their specific needs and their reality. This does not allow you to anticipate adequately the internal and external events that could affect its operation, putting them at a serious disadvantage compared to large firms and since then threatening with this its stability. The SP in SMES is an irregular business activity without structure, sporadic and reactive [11], is as well as the lack of effective planning, has meant a greater cause and high impact on the failure of the companies [12].

The objective of this research is to know the practices of strategic planning and determine what its relationship with the competitiveness of SMES in Mexico City is.

The content of this work is presented in three sections: I. Theoretical Framework, II. Methodology and III. Results.

## **II. THEORETICAL FRAMEWORK**

### **2.1 Planning in Small Business**

Strategic planning is a process that is carried out on the basis of an internal review of the company and are confronted with the external situation, as a result of this process will determine the strategies, designed the strategic objectives and raised projects allocated resources to carry them out [5]. For its part, Williams [13] notes that strategic planning refers to the development of a structured outline for the effective achievement of a goal or specific long-term objective in addition to that identifies the best way to achieve the fulfillment of a goal. So also, Mintzberg [14] explains that it is the process of raising the goals of an organization, determining the necessary policies and programs to achieve specific objectives aimed toward these goals and thus establishing the necessary methods to ensure that policies and programs are executed.

### **2.2 Strategic planning in SMES and competitiveness**

In accordance with Contreras [15], the formal SP is when you have in writing the objectives posed and systematizes the decision-making, it also counts with a method that goes by measuring the scope of the objectives; in contrast the informal SP is intuitive and follows repetitive processes, this is due to that traditionally small businesses have been formed under the parameters of that had a hunch or an intuition to obtain success based on what the environment offered, industry, etc. [12].

On the other hand, Lyles, Baird, Orris and Kuratko [16] have pointed out that there are three levels of formal planning:

1. Written short term plan.
2. A written plan that includes objectives, strategies and resource requirement of at least three years in the future.
3. A written plan that includes objectives, strategies and resource requirements as well as the control procedures and the data relating to the factors outside of the company of an immediate environment, to more than three years in the future.

Given that there are numerous studies that contradict each other concerning the relationship between the formal strategic planning in the small business and the performance, Schwenk & Shrader [17] developed a research with the aim to perform a comparison of findings of background studies, using quantitative methods to analyze the past research. The use of meta analysis made possible to get to more consistent conclusions. Thus, the most important finding notes that the Strategic Planning formal if benefits to small businesses, being consistent with what was found by Orpen [18], who as a result of its work concluded that small businesses can improve its financial performance making strategic planning. Confirming these findings Branka and Bostjan [19], found that yes there is a relationship between the planning, strategy and the growth of small businesses, as measured by the increase in the profitability and market share.

On the other hand, Bracker and Pearson [20] argue that the policy orientation, the sophistication of the planning process, the history of planning, the external environment, the age and the size of the enterprise, help to explain the relationship between the strategic planning and the good financial performance.

Kargar [21] analyzes three perspectives that placed the relationship between strategic planning and performance: The approach of capacity of the system to measure the organizational performance (Camillus 1975, Shank, and Sandalls Niblock, 1973; Ramanujam and Venkatraman, 1987; cited in Kargar [21]). The focus on the objective to measure the organizational performance (Cameron and Whetten, 1983; Ramanujam, et al., 1986; cited in Kargar [21]) and the approach that examines the impact of the transfer of knowledge of planning on financial performance [21]. The approach of capacity of the system to access the organizational performance is conceptually focused both on the planning processes as those of internal communications and

interaction, organizational learning, innovation, commitment and motivation, control, aptitude for the change and improvement of the activities of the company (Ngeow and Kong, 2003, cited in Pérez [22]).

As well as, Forehand and Sheshunoff cited in Lopez [11] indicate that the strategic planning is an essential factor to achieve superior performance to that of the competitors, for its part Williams [13] noted that one company fails or faces bankruptcy due to the lack of an effective planning.

On the other hand, Gandee [23] found that small businesses do not have documents identified as strategic plan, but if you have the development of several individual components that serve to establish the mission of the company, the objectives of growth, values and goals of performance. Each of these individual components provides a potential route of communication between the owner and the staff, and, ultimately, toward the outside with customers. also found, that there is a positive relationship between the strategic planning and the growth of the company this due to the fact that through the shared vision, gives it a sense of direction to the company and its employees, achieving the establishment of specific objectives to motivate and guide the organizational performance.

In another aspect, Gibbons and O'Connor [24], found that when largest and oldest are the companies most possibilities exist that use formal strategic planning, well as their findings showed that when more formalized planning is the better is the effect on the results of the business. This last, is consistent with the findings of Rue and Ibrahim [25] who found that small enterprises which involve in their boards systematic planning of their businesses most often have high performance in comparison with those which do not involve this aspect. On the other hand, it is important for the owner or manager of companies to carry out a formalized strategic planning as noted by Upton, Trullo, and Felon [26] who found that the high-growth businesses included in their meetings the activity of strategic planning. In addition, Smith et al. [27], found that the formalization of a decision -making process is associated with a positive performance in the company.

Other empirical studies have demonstrated the relationship between the strategic planning and competitiveness (measured as business success, growth, profitability, etc.); thus, Diaz [28] in an empirical study conducted in Mexico with a sample of 235, small business, found that there is a relationship between the levels of strategic planning and the success of small businesses (measured as the growth of sales and growth in the number of employees).

Sandada, Pooe and Dhurup [29] using a sample of 200 SMES in South Africa found that there is a relationship between the practices of strategic planning and the performance of the company, found a positive relationship and significant. In this study 8 factors of strategic planning were considered: environment, Mission and vision, formal strategic planning, evaluation and control, source of information about the environment, implementation of the strategy, participation of employees and the time horizon of the strategic planning.

Sokan, Pawliczek and Piszczur [30] analyzed a sample of 677 SMES in the Czech Republic, finding that there is a relation between the growth of the utilities and the strategic planning; with regard to the generation of value measured with the EVA<sup>2</sup>, only 26% of companies that do not use formal strategic planning show generation of value, compared with 45 per cent of the companies that carry out formal strategic planning and generated value.

Finally, Karel, Adam and Radomir [31] found with a longitudinal study to a sample of 677 SMES in Czechoslovakia, which when smaller is the company more casual is the strategic planning, businesses that use informal strategic planning are usually people with physical and the formal strategic planning has a positive effect on the 80% of the performance indicators selected (added economic value, performance, utilities, investments).

### **2.3 The competitiveness in SMES**

The competitiveness of a company depends on the productivity, profitability, the competitive position, the participation in the internal and external market, the intercorporate relations, the sector and the regional infrastructure [32]. In this work the competitiveness of SMES are determined only with internal variables, same that are measured with the map of competitiveness.

The map of competitiveness<sup>3</sup> was developed by the Inter-American Development Bank (IDB) and adapted by the Chamber of Commerce of Medell and Antioch, to be used in the organizational diagnosis of SMES, displayed to the organization as a system composed of eight areas that the interconnect among them enhances the performance of the organization showing with this the current situation of the company in each of the areas. The same is presented below in table 1:

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<sup>3</sup> Economic Value Added, by its acronym in English, compares the rate of net operating profit before tax with the weighted average cost of capital, the company generates value whenever the utility exceeds the cost.

<sup>3</sup> It is called map since it is possible to obtain a score of each one of the areas of the company, with which it is carried out a diagram that shows the strengths and weaknesses of the same.

**Table 1.** Map of the competitiveness

Areas	Sub-areas
StrategicPlanning	<ul style="list-style-type: none"> <li>- Strategic Planning Process</li> <li>- Basic strategy of business</li> <li>- Involvement of staff in decision-making</li> <li>- Team work to make the strategic planning</li> <li>- Definition of objectives on the part of those responsible in the area of</li> <li>- Development of a SWOT analysis of the company and of the sector</li> <li>- Analysis of the sector in which the company operates</li> <li>- Comparison of the company with the best practices</li> <li>- Involvement of personnel in the achievement of objectives</li> <li>- Allocation of resources to each area of the business based on the strategic planning</li> </ul>
Production and Operations	- Planning, capacity, maintenance, research and development, provisioning, inventories, location and infrastructure.
Qualityassurance.	- General aspects of quality, quality system.
Marketing	- Marketing and sales, services, distribution.
Finance and accounting	- Costs and accounting, financial administration, legal and tax rules.
Human capital	- General Aspects, training and promotion of staff, organizational culture, health and industrial safety.
Environmentalmanagement	- Environmental Policy of the company, strategy, awareness and training of staff and management of waste.
Informationssystem	- Planning of the system, inputs, processes, outputs.

Source: Own based on Martinez and Alvarez [33].

For the purpose of this investigation was used only data on competitiveness of the strategic planning, this area is explained below:

**Strategic planning:**

Strategic planning is the process by which an organization once its environment is analyzed and its objectives are set, it selects the most appropriate strategies to achieve them and develops projects for this purpose [34] [35], coinciding in this with Minzberg [36] who said that the strategic planning is analysis and seeks to break down ideas into their constituent parts to generate the strategy.

The Map of competitiveness considered for this area the following factors:

**Process of strategic planning.** In accordance with Mazzarol, Rebut and Soutar [37] a formal business SP in small companies is a process in which normally the owner of the company establishes a framework of reference (framework) and a direction for future activities based on the revision of the market environment of the company, this first phase consists of preparing the statement of the mission, an assessment of the current situation faced by the company, the preparation of a planned for the growth and the development of objectives and strategies.

**Basic strategy of business.** Is the primary address that follows the company and has four strands 1) Profitability (exploitation, stability, investment), 2) market share (growth, defense, conversion, disposal), 3) Positioning (non-differentiated, differentiated, concentrated), 4) Competitive Strategy (with the competition, ahead of the competition, to the margin of the competition. Set to compete in a market or business in particular [38].

**Involvement of staff in decision-making.** It consists in the participation of employees in the definition of the mission, vision and the objectives and strategies of the company [29].

**Work as a team to carry out the strategic planning.** The involvement of staff in work equipment is essential for the success of the SP, because the successful organizations consider their staff as a valuable resource that can contribute much to the development of the company [39]. The planning process cannot be activity of a single person or a small team (for example, general manager and the owners), but must embrace an effort in which almost all employees participate regardless of the corporate hierarchy have [6].

**Definition of objectives on the part of those responsible for the area.** For Chandler [40], the SP is the determination of the long-term objectives and the basic objectives of a company, the adoption of courses of action, as well as the allocation of the necessary resources to carry out these objectives.

**Development of a SWOT analysis of the company and industry.** The SP also has tools and methodologies such as the diagnosis of Strengths, Weaknesses, Opportunities and Threats (SWOT) that provides input to the process of the formulation of the strategies; which, if they are understood, learned and used correctly, constitute the strategic plan and as refer Ramirez [41] and Argyris [42] can increase the probability of success in the implementation of strategic plans.

**Analysis of the sector in which the company operates.** Involves the analysis of the external indicators of business [29], this analysis is necessary to plan strategies and is one of the five forces identified by Porter [43].

**Comparison of the company with the best practice (benchmarking).** Is to gather information about products, services or processes that use the successful companies, with the aim of improving these. I.e. the search for best practices in the industry leading to excellent performance [44].

**Involvement of staff in the achievement of objectives.** When fixing together the objectives they will get the moral commitment to achieve them, because they themselves have established time and form in which they will give results for the benefit of the organization and themselves [45].

**Allocation of resources to each area of the business based on the strategic planning.** Mazzarol, Rebutand Soutar [37] indicate that an important aspect of the process of SP is the allocation of sufficient resources for the achievement of the stated objectives.

### **III. THE COMPETITIVENESS OF SMES IN MEXICO CITY**

This work presents the second part of a research project in which it was determined the competitiveness of SMES in the micro-level considering only internal factors, so that the descriptive data were taken of the findings made by Saavedra [46]. In the first stage was determined the competitiveness both overall and by sectors, sizes and factors by using the map of competitiveness of IDB adapted by Saavedra and Milla [47]. The map of competitiveness of the IDB, is a tool that consists of a questionnaire whose answers are found in a Likert scale of 1 to 5, where 1 corresponds to no meets and 5 to fully complies.

#### **3.1 Conformation of the sample**

The sample is composed of 400 companies corresponding to the 16 delegations of Mexico City. Was calculated on the basis of 382,056 economic units which counted INEGI in the economic census of companies in 2009, with a confidence level of 95% and a maximum error of 5%.

The conformation of the sample of 400 companies was: 10.3% are companies in the industry sector, trade 48.0% and services 41.8%. With regard to the size of company, the sample was characterized by 91.0% of micro, 7.3 per cent of small and only 1.8 per cent of medium.

#### **3.2 Global competitiveness of companies**

The overall competitiveness of the companies of the entire sample reached 41.85%, in how much the ranges of competitiveness achieved, the results indicate that<sup>4</sup> 73.3% of the companies are low competitiveness and only 17 per cent of high or very high competitiveness (see table 2). This is due to the fact that in Mexico City coexists the most modern of the productive processes, technological, communication and global trade, with an informal economy, without access to the systems of social welfare and a vulnerable rural subsistence sector [48].

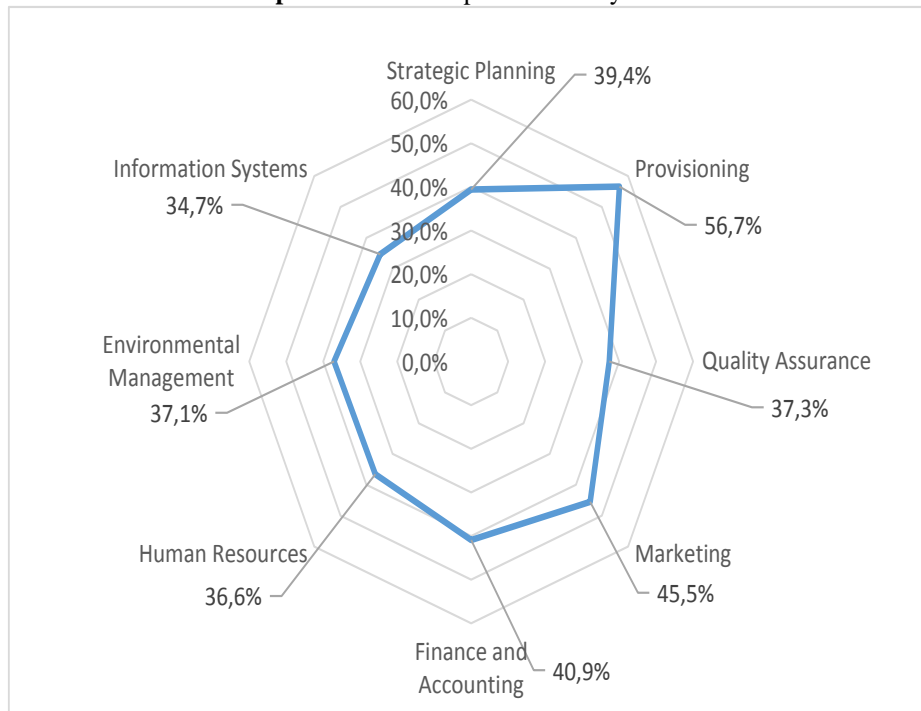
#### **3.3 Global Competitiveness by factors**

In regard to the global competitiveness by factors areas of opportunity are presented for these companies in each of these factors dominate: strategic planning, information systems, human capital, environmental management and quality assurance (Graph 1).

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<sup>4</sup> It is calculated as an average of all the companies in the sample.

**Graph 1.** Global competitiveness by Factors



Source: Saavedra [46].

**3.4 Competitiveness by sector**

The Government of the City of Mexico considers that the competitiveness of SMES is based on the performance these have, linked to the creation of the necessary conditions for leveraging its capabilities, both of innovation in processes, as in the promotion of research and development of new products for the increase of productivity, strengthening of the profitability, training, innovation and participation in markets, based on advantages associated with products or services, as well as to the conditions that offer [49].

With regard to the industry, only 36.6% is highly competitive and close to 60 per cent of low competitiveness as a result of the lack of an industrial policy defined, since several decades ago (see table 2).

**Table 2.** Global competitiveness of companies by sectors

(Percentage)

Range of competitiveness	Sectors		
	Industry	Trade	Services
Veryhigh 81 - 100	19.5%	2.1%	1.2%
High 61 - 80	17.1%	11.5%	15.0%
Median 41 - 60	4.9%	10.9%	9.6%
Low 21 - 40	58.5%	75.0%	74.3%
Verylow 0 - 20	0%	0.5%	0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Saavedra [46].

In both the trade sectors as in services, three quarters of the business are not competitive. In spite of the fact that for the retail trade sector, the government has established programs of support as: my shop, my shoemaking and my pharmacy with the objective of financing their growth and development, offer specialized consultancy and training to the employer in the administrative areas, commercial and technological for your business to be profitable and not of survival.

**3.5 Competitiveness by size**

With regard to competitiveness by company size, the results show that 80.2 per cent of the micro company is of low competitiveness, while in the small company the 75.9% is of high competitiveness, while in the median company 100% is of very high competitiveness (see table 3), showing that when bigger is the company the more chance you have to achieve a high level of competitiveness.

**Table 3.** Global competitiveness of companies by size

(Percentage)

Range of competitiveness	Size		
	Micro	Small	Medium
Veryhigh 81 - 100	0%	24.1%	100.0%
High 61 - 80	8.8%	75.9%	0%
Median 41 - 60	10.7%	0%	0%
Low 21 - 40	80.2%	0%	0%
Verylow 0 - 20	0.3%	0%	0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Saavedra [46].

#### IV. THE STRATEGIC PLANNING AND THE COMPETITIVENESS OF SMES IN THE CITY OF MEXICO

In this section presents the analysis of the data considering only the factor of Strategic Planning, shown in the first place the result descriptive was weighted the level of competitiveness attained by each indicator and then shows the correlation analysis.

##### 4.1 The level of competitiveness of the strategic planning by factors

Below is the level of competitiveness attained by each one of the factors in the area of strategic planning of the companies analyzed.

**Table 4.** Competitiveness of the Factors of Strategic Planning

(In percentages)

Range of competitiveness	Process of SP	Basic Strategy	Involvement of staff in decision-making	Work as a team to the SP	Definition of objectives	SWOT of the company and of the sector	Analysis of changes in the industry	Benchmarking	Involvement of staff in the achievement of the objectives	Resources to achieve the goals	Total area of Strategic Planning
Veryhigh 81 - 100%	45.75	47.25	33.75	40.50	32.00	31.47	28.75	45.00	10.50	16.25	5.50
High 61-80%	5.50	6.50	6.25	6.00	6.00	7.00	6.00	4.75	4.75	8.00	9.25
Median 41-60%	12.25	16.00	14.25	11.50	14.75	15.75	16.25	10.25	20.50	24.00	23.25
Low 21-40%	8.25	8.50	9.00	10.50	10.50	10.75	11.50	7.75	15.50	16.25	25.75
Verylow 0-20%	28.25	21.75	36.75	31.50	36.75	23.00	37.50	32.25	48.75	35.50	36.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Own Preparation

As you can see in the table 4, more than 60 per cent of companies show low and very low competitiveness with regard to the area of strategic planning, this should be mainly to the lack of time, knowledge and experience, as well as not having confidence and openness with your staff, as has been pointed out by Robinson and Pearce [50].

However, around 50% of SMES surveyed were in a range of high and very high competitiveness in the factors of process of SP, basic strategy of the company and SWOT of sector, benchmarking and work as a team to the PE, showing with this the interest of these companies for the development of a strategic planning that will enable you to identify the basic strategy of the business, analyzing the strengths and weaknesses of the company, as well as the threats and opportunities of the sector and also make comparisons with companies that implement best practices to improve the processes of the business through benchmarking.

These results also reveal that only about a third of the surveyed SMES were in a range of high and very high competitiveness in the factors: involvement of staff in decision-making, definition of objectives on the part of

theresponsible for the area and analysis of changes in the sector; which would be indicating that SMES find it hard to share the information of the company with the staff, for the same reason the area managers are not in a position to fix objectives, on the other hand, the employer did not attend the changes that occur in the sector, so that it does not take advantage of the opportunities or prepares for the threats that it can be exposed to. The above results would have relation with the lack of confidence and openness as well as the lack of time on behalf of the small entrepreneurs to engage in the work of planning as pointed out Robinson and Pearce [50].

The two factors of strategic planning in the least has been worked on in this group of SMES, are the involvement of staff in the achievement of objectives and in the allocation of resources to achieve the stated objectives, this is due basically to the employer of the SMES it is very difficult to share information with the employees [50], and on the other hand, SMES are companies that have scarce resources, both human and financial.

#### 4.2 Relationship between the factors in the area of strategic planning and the competitiveness of SMES

In order to perform this test the following null hypothesis was made:

Ho1: There is no relationship between the factors in the area of Strategic Planning and the competitiveness

Used for all the statistical tests to test hypotheses, the statistical analysis of correlation of Pearson, with chi square test to determine what the relationship between the factors in the area of Strategic Planning and the global competitiveness of companies, with a confidence level of 95% and an error of 5%, with which the following result was obtained:

**Table 5.** Relationship between competitiveness and the factors in the area of Strategic Planning

<b>Factor/significance level <i>p</i></b>	<b>Relationship with the Global Competitiveness</b>
Strategic Planning process	0.00
Basic strategy	0.00
Involvement of staff in decision-making	0.00
Work as a team to the Strategic Planning	0.00
Definition of objectives on the part of the responsible for the area	0.00
SWOT of the company and of the sector	0.00
Analysis of changes in the industry	0.00
Benchmarking	0.00
Involvement of staff in the achievement of the objectives	0.00
Resources to achieve the goals	0.00
<b>Global competitiveness and competitiveness in the area of Strategic Planning</b>	<b>0.00</b>

Source: Own data.

Note: Do not reject the hypothesis when *p* is greater than 0.05

With the result that is shown in table 5, we reject the null hypothesis and it can be concluded that the indicators in the area of strategic planning are related to the overall competitiveness of the company, being this matching result with the findings of Smith, et al. [27], Schwenk and Shrader [17], Orpen [18], Bracker and Pearson [20], Forehand and Sheshunoff (cited in Lopez, [11]), Branka and Bostjan [19], Gandee [23], Sokan, Pawliczek and Piszczur [30] and Sandada, Poee and Dhurup [29]; who found a direct positive relationship between The strategic planning and competitiveness (either that the latter should be measured by the financial performance or indicators such as sales, growth, profitability, utilities, etc.).

#### 4.3 Relationship between competitiveness by size of the company and the factors in the area of Strategic Planning

In order to perform this test the following null hypotheses were made:

Ho2: There is no relationship between the competitiveness of the micro enterprise and the factors in the area of Strategic Planning

Ho3: There is no relationship between the competitiveness of the small business and the factors in the area of Strategic Planning

Ho4: There is no relationship between the competitiveness of medium-sized enterprises and the factors in the area of Strategic Planning

The chi square method was used, to determine what the relationship between the size of the company, the competitiveness and the factors in the area of Strategic Planning, with a confidence level of 95% and an error of 5%, with which the following result was obtained:



**Table 6.** Relationship between competitiveness on the size of the company and the factors in the area of Strategic Planning

<b>Global competitiveness and factors in the area of Strategic Planning / Size/ significance level <i>p</i></b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
StrategicPlanningprocess	0.00	0.00	0.009
Basic strategy	0.00	0.001	0.015
Involvement of staff in decision-making	0.00	0.008	0.026
Work as a team to the Strategic Planning	0.00	0.00	0.009
Definition of objectives on the part of the responsible for the area	0.00	0.00	0.009
SWOT of the company and of the sector	0.00	0.021	0.026
Analysis of changes in the industry	0.00	0.00	0.047
Benchmarking	0.00	0.056	0.159
Involvement of staff in the achievement of the objectives	0.00	0.00	0.120
Resources to achieve the goals	0.00	0.00	0.424
<b>Global competitiveness and competitiveness in the area of Strategic Planning</b>	<b>0.00</b>	<b>0.00</b>	<b>0.009</b>

Source: Own data.

Note: Do not reject the hypothesis when *p* is greater than 0.05

As can be seen in table 6, for micro size companies the results indicate that there is significant relationship between all the factors in the area of strategic planning and the competitiveness, while in the small companies, a significant relationship of all these factors with the exception of the factor of benchmarking is shown as well, in regard to medium-sized enterprises is also that there is significant relationship between the factors in the area of strategic planning and competitiveness with the exception of the factors: benchmarking, involvement of staff in the achievement of objectives and the allocation of resources to reach the goals, this would be due to the fact that when the companies are larger, there are more possibilities to use formal strategic planning, which enables them to consider all these factors and their implications in the long term [24]. These results show that when the smaller is the company competitiveness is more related with all the factors of strategic planning, which indicates the importance of the use of this to design strategies to ensure their survival.

#### 4.4 Relationship between competitiveness by sector of the company and the factors in the area of Strategic Planning

In order to perform this test the following null hypotheses were made:

Ho5: There is no relationship between the competitiveness of the industrial company factors in the area of Strategic Planning

Ho6: There is no relationship between the competitiveness of the business and the factors in the area of Strategic Planning

Ho7: There is no relationship between the competitiveness of the service company and the factors in the area of Strategic Planning

The chi square method was used, to determine what the relationship that exists between the sector to which it belongs to the company and the factors in the area of Strategic Planning is, with a confidence level of 95% and an error of 5%, with which the following result was obtained:

**Table 7.** Relationship between the competitiveness by sector and the factors in the area of Strategic Planning

<b>Global competitiveness and factors in the area of Strategic Planning/Sector/ significance level <i>p</i></b>	<b>Industry</b>	<b>Trade</b>	<b>Services</b>
StrategicPlanningprocess	0.038	0.00	0.00
Basic Strategy	0.008	0.00	0.00
Involvement of staff in decision-making	0.004	0.00	0.00
Work as a team to the Strategic Planning	0.011	0.00	0.00
Definition of objectives on the part of the responsible for the area	0.004	0.00	0.00
SWOT of the company and of the sector	0.008	0.00	0.00
Analysis of changes in the industry	0.001	0.00	0.00
Benchmarking	0.099	0.00	0.00
Involvement of staff in the achievement of the objectives	0.001	0.00	0.00
Resources to achieve the goals	0.001	0.00	0.00
<b>Global competitiveness and competitiveness in the area of Strategic Planning</b>	<b>0.000</b>	<b>0.00</b>	<b>0.00</b>

Source: Own data.

Note: Do not reject the hypothesis when *p* is greater than 0.05.

The results that are shown in table 7, let you determine that there is a significant relationship between the factors in the area of strategic planning and the competitiveness of SMES in all sectors, with the exception of benchmarking in the industry sector, which would be due to the fact that in this sector influences other aspects that have to do with the nature of its operation as the innovation and technology.

## V. CONCLUSIONS

It is a very low percentage of SMES that performs planning [4], however, they are the same as for their own characteristics of flexibility and adaptation a planning process would be greatly facilitated. This low percentage, could be explained by all pretexts that argue the small entrepreneurs as [50]: lack of time, not knowing where to start, having no experience or knowing the planning tools and finally, lack of confidence and openness with their partners.

As a result of this research is that the area of strategic planning barely reaches 39% in SMES in the City of Mexico, leaving this indicator very far from the goal of 100%, this situation is basically because the employer is more concerned in the day to day running of the company and not away a time to decide the course of its business in the long term. On the other hand, only 50% of SMES implemented the process of SP, define its basic strategy, perform a SWOT analysis of the company and the sector, looking for the use of best practices in their business and promotes team work to achieve the objectives with the strategic planning, which indicates that the employers do not understand the importance of seeking the long-term sustainability for the company, their concern is only with immediate profits, they do not involve the staff in the decisions of the business and do not constantly analyzes the environment in order to confront the threats and seize the opportunities that might give them a sustainable competitive advantage to their business.

In this empirical research was demonstrated that there is a relation between all the factors of the strategic planning and the competitiveness of the company and that when the smaller is the company more depends on the factors of strategic planning to achieve competitiveness. The above highlights the importance of SMES to adopt the practices of strategic planning in order to achieve levels of competitiveness that will allow them to remain and to achieve adequate levels of profitability.

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