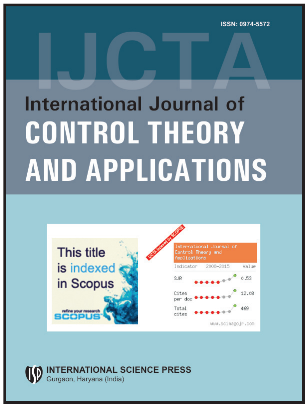

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Competitiness of Clothing SMES in Neiva (Colombia)

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Abstract: In the city of Neiva (Huila, Colombia) through a cross-sectional design with a quantitative approach, it was inquired about the strategies adopted by clothing SMEs that report having increased their profits in 2015. For this purpose, an evaluation instrument was designed and it was applied to 74 SMEs in the city (margin of error of 5% and confidence level of 95%). This in order to issue recommendations for companies in the sector.

Keywords: Strategy, competitiveness, SMEs, confections, quality, Neiva.

1. INTRODUCTION

There is no consensus among scholars on the definition of business competitiveness ([1], [2]). For this paper, the definitions of [3] and [4] are articulated, therefore, business competitiveness will be understood as the ability of firms in a competitive environment, to achieve a comparatively favorable position, creating sustainable advantages, providing quality goods and services and increasing productivity, in order to have a better performance and be ahead of the competition.

Among the competitiveness strategies most used by SME managers are market coverage, innovation ([5], [6] and [7]), product quality, customer service, financial support (8) and technology ([9], [10] and [11]), all of which are framed in knowledge management processes ([12] and [13]) and associated with creation, learning, use, teaching and knowledge transfer.

According to [14], it is important to consider the systemic competitiveness that involves different levels: micro (companies and networks), meso (State and social players that affect the organization), macro (environment and levels of performance and productivity required) and goal (associated with organizational patterns).

All this is taken into account in business and strategic intelligence ([15]), which becomes a key factor in business competitiveness and competitive intelligence ([16]). Business competitiveness and competitive intelligence are related to information systems, innovation, decision-making processes, the business environment, and the understanding of knowledge as an asset for the organization. In other words, all that allow the sustainability of firms.

Furthermore, it is necessary to consider that the Sub-sector of clothing of the city of Neiva in its great majority is made up of family businesses and its core market are companies and the schools that demand accessories, uniforms and industrial safety products. A small group that is dedicated to manufacture leather goods and children's clothing.

In this context, the study allowed to establish what are the strategies adopted by the clothing SMEs in Neiva, who reported an increase in their profits in 2015? In the study, 74 SMEs participated. The selection was done using probability sampling. A summary of the key findings are presented in three sections: methodology, results and conclusions.

2. METHODOLOGY

The research design was transversal, quantitative, descriptive and explanatory. The research population was small and medium enterprises in the clothing industry in the city of Neiva during 2016.

According to the definition of article 43 of Law 1450 of 2011, that modifies the definitions of micro, small and medium enterprise of article 2 of Law 590 of 2000:

Company shall be understood as, any production unit, performed by a natural or legal person, in agricultural, industrial, commercial or service activities, in the rural or urban area. As for the business size classification, i.e., micro, small, medium and large enterprises, one or more of the following criteria may be used:

1. Total number employees.
2. Gross annual sales.
3. Total Asset Value

Current criteria is shown in Table 1

Table I
SME's Clasiffication In Colombia

Business Classification	*Number of employees*		*Gross anual sales or total asset value MW**
	Minimum	*Maximum*	*Range*
Micro of Family business	1	10	Hasta 500
Small	11	50	Superior a 500 y hasta 5.000
Medium	51	200	Superior a 5.000 y hasta 30.000
Large	201		Superior a 30.000

*The minimum wage in 2016 was 689,455 Colombian pesos, 230 US dollars approximately.
Source: own elaboration based on article 2 of Law 590 of 2000 [17], article 2 of Law 905 of 2004 [18], article 75 of Law 1151 of 2007 [19] and article 43 of Law 1450 Of 2011 [20].

Only those businesses that met the criteria used to select the sample (Table 1) were considered. A simple random probability sampling was used; 74 SMEs participated in the study to reach a confidence level of 95 % with a margin of error of 5% and considering probabilistic values of occurrence and non-occurrence of 50%.

The survey used a Likert scale (total disagreement, disagreement, agreement, total agreement) to record the answers (Table 2). The survey was to be answered SMEs business owners directly and was conducted in 2015.

Table 2
Survey questions

No.	*Questions*
P1	Do imported products affect your business?
P2	Do you have the possibility to expand your market coverage to international markets?
P3	Do you believe that improvements on the quality of your products allowed you to be more competitive?
P4	Does your business implement innovation strategies?
P5	Are your clients satisfied with the service provided by the Company?
P6	Have your profits gradually increased?
P7	Does the Company has good relations with their suppliers, including payment arrangements?
P8	Have your business had financial support and financing from the baking industry?
P9	Does your business has qualifies staff to perform internal processes?
P10	Does your business has sufficient technology to perform its daily activities?

Fuente: Own elaboration

3. RESULTS AND DISCUSSION

The results were:

- 32% of the owners of small and medium enterprises have an established market and do not fear the entry of new companies.
- Only 20% of entrepreneurs have considered the possibility of exporting.
- 78% of SMEs consider that the quality of their products allows them to be more competitive. In addition, 46% affirm they innovate in their products.
- 66% say their profits have gradually grown.
- 90% say they have a good relationship with suppliers, even payment agreements.
- 34% believe that they have had financial support to expand the company.
- Only 35% of companies apply technology in their processes.
- 47% do not have technology because of lack of funding and 18% do not consider technology necessary for their business.
- 89% of companies claim that their clients express satisfaction with the service provided.

However, a direct and significant relationship was found between the increase in firms' profits in 2015 (Table 3):

– Declare not be affected by imports (77,9%)

– Improvements in product quality (92,6%)

– The implementation of innovation strategies (90,5%)

– Qualified staff (89,5%)

In regards to the above-mentioned points, it is important to highlight:

1. Companies claiming to be least affected by imports were those that: (a) believed that the increase in the quality of products allowed them to be more competitive and (b) implemented innovation strategies.

2. Those who believed that improving product quality allows them to be more competitive claimed to have implemented innovation strategies, have qualified staff and not to be affected by imports.
3. Companies that claim to innovate in their processes, were characterized by qualified personnel, support from the banking sector and not be affected by imports.
4. Having qualified personnel had allowed the clothing companies of the study to improve the quality of their products and implement innovation strategies.
5. This would indicate that only the following conditions do not have a significant impact on the profits of the clothing sector enterprises in Neiva.
    - Possibility to expand to international markets
    - Customer satisfaction
    - Establish good relationship with suppliers
    - Having the necessary technology to do their work.

Table 3
Correlations between answers

	P1	*P2*	*P3*	*P4*	*P5*	*P6*	*P7*	*P8*	*P9*	*P10*
P1	100,0%	–34,2%	–93,2%	–59,1%	–9,7%	–77,9%	0,4%	–29,6%	–44,7%	36,3%
P2	–34,2%	100,0%	7,1%	–38,5%	–49,6%	2,8%	–62,2%	–72,8%	–16,2%	26,2%
P3	–93,2%	7,1%	100,0%	82,3%	3,6%	92,6%	–1,5%	46,0%	67,4%	–24,1%
P4	–59,1%	–38,5%	82,3%	100,0%	8,6%	90,5%	6,9%	55,7%	89,6%	–8,7%
P5	–9,7%	–49,6%	3,6%	8,6%	100,0%	–19,8%	97,3%	65,7%	–27,8%	–93,2%
P6	–77,9%	2,8%	92,6%	90,5%	–19,8%	100,0%	–25,1%	28,6%	89,5%	7,8%
P7	0,4%	–62,2%	–1,5%	6,9%	97,3%	–25,1%	100,0%	75,3%	–32,5%	–89,7%
P8	–29,6%	–72,8%	46,0%	55,7%	65,7%	28,6%	75,3%	100,0%	14,8%	–66,7%
P9	–44,7%	–16,2%	67,4%	89,6%	–27,8%	89,5%	–32,5%	14,8%	100,0%	31,5%
P10	36,3%	26,2%	–24,1%	–8,7%	–93,2%	7,8%	–89,7%	–66,7%	31,5%	100,0%

Source: Own elaboration.

4. CONCLUSION

The results show that most firms do not have the technology or qualified personnel to carry out their activities. The transformation processes are not structured approach and, although they have experience, do not access the offer of training institutions such as SENA (National Learning Service). It was possible to demonstrate that the companies that affirmed to have a better performance were characterized by the increased in the quality of the products, implementation of innovation strategies, qualified staff and not to be affected by.

This analysis could be replicated in other Colombian cities in the same industry to conduct a comparative study. Similarly, the study can include additional elements identified as competitiveness factors such as: Leadership, ([21], intellectual assessment management ([22], [23]), environmental responsibility and competitiveness ([24], [25], [26], [27], [28]) among other.

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