

Management Skills and Business Competitiveness of SMES in Ecuador

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ABSTRACT

This research focuses on how to solve problems that arise in a context characterized by the intensification of global competition and new technologies. In addition, it talks about how managerial skills influence the business competitiveness of SMEs in Ecuador. The document begins with an introduction that highlights the importance of small and medium-sized enterprises (SMEs) in the Ecuadorian economy and how these companies face significant challenges in staying competitive in an increasingly dynamic and changing business environment. Among the various factors that impact the competitiveness of SMEs, the managerial skills of business leaders stand out as a fundamental element. The paper also discusses the importance of bibliographic exploration in structuring original project ideas. The bibliographic exploration contributes to the structuring of the original ideas of the project, contextualizing it both in its theoretical, methodological and specific historical perspective. In addition, it is mentioned that problem solving and the constant evaluation of processes and results are key factors for business success. The importance of strategic decision-making, efficient resource management, and effective leadership for the survival and growth of SMEs is emphasized.

In summary, the available content focuses on how managerial skills influence the business competitiveness of SMEs in Ecuador and how to solve the problems that arise in a context characterized by the intensification of global competition and new technologies. In addition, the importance of bibliographic exploration in the structuring of original ideas of a project and the resolution of problems and the constant evaluation of processes and results as key factors for business success are discussed.

KEYWORDS: Competitiveness, Managerial, Skills, SMEs.

1. Introduction

In the economic context of Ecuador, Small and Medium-sized Enterprises (SMEs) are consolidated as a fundamental pillar of development, being responsible for a considerable proportion of employment generation and the national Gross Domestic Product (GDP). However, the business environment in which they operate is characterized by its high competitiveness and rapid transformation, driven mainly by technological progress and globalization. These factors demand superior adaptability and resilience from SMEs, which often represents a challenge for their sustainability and growth in an increasingly demanding and dynamic market. In this context, the managerial skills of SME leaders are emerging as a crucial element, given their ability to directly influence competitiveness and organizational success.

Previous studies suggest that the development of managerial skills, such as strategic decision-making, efficient resource management, emotional intelligence, and problem-solving skills, play a decisive role in a company's ability to adapt to market changes and differentiate itself from its competitors. These skills enable managers not only to optimize the use of resources and improve operational efficiency, but also to promote innovation and foster a cohesive, customer-oriented work environment, which is essential for maintaining and improving business competitiveness.

Despite the relevance of these skills for the success of SMEs, there is a gap in knowledge on how managerial competencies specifically impact business competitiveness within the Ecuadorian context. This lack of research creates an opportunity to explore the relationship between the development of these competencies and business outcomes in terms of efficiency, customer satisfaction and innovation. Thus, this study seeks to answer the question: How do managerial skills influence the competitiveness of SMEs in Ecuador? To address this question, it is proposed to analyze in depth managerial skills and their effect on key dimensions of competitiveness, such as customer satisfaction, operational efficiency and innovative capacity.

The purpose of this research is, therefore, twofold: first, to contribute to the academic understanding of the managerial variables that are most decisive for competitiveness in Ecuadorian SMEs and, second, to provide SME managers with a practical framework of reference for continuous improvement. By understanding how managerial skills are related to competitiveness, companies will be able to identify areas of opportunity to strengthen their internal competencies and, in this way, face market challenges more effectively. This approach responds to the need to improve the outlook for SMEs in Ecuador, promoting strategic management based on the development of skills that contribute to the sustainability and growth of the sector in the long term.

In conclusion, this study is justified by its potential contribution both in the academic and practical fields, by highlighting the importance of managerial skills in the competitiveness of SMEs and offering insights that can guide training and business development policies and strategies. The research is positioned as well as a valuable

resource to strengthen the competitiveness of Ecuadorian SMEs and contribute to the country's economic growth in an ever-evolving global environment.

2. Objectives

2.1 General objective

Analyze the managerial skills how it influences the business competitiveness of SMEs in Ecuador.

2.2 Specific objectives

- To diagnose how emotional intelligence affects the operational efficiency of SMEs in Ecuador.
- To establish how problem-solving affects the innovation of SMEs in Ecuador.
- To investigate how effective communication influences customer satisfaction in SMEs in Ecuador.

3. Methodology

The research employs both the inductive and deductive methods. The inductive method is used to analyze specific cases and derive general conclusions about the impact of managerial skills on competitiveness. The deductive method, on the other hand, allows us to start from general theories and concepts to verify their validity in the specific context of Ecuadorian SMEs.

3.1 Type and design of research

The research is quantitative and descriptive, complemented by an exploratory approach to obtain a preliminary understanding of how managerial skills impact competitiveness in SMEs.

Field Research

Field research can be defined as a research methodology that involves the direct collection of data from the natural environment in which the phenomenon under study occurs. Contemporary authors, although my information stops in January 2022 (Mendoza, 2018), have approached field research as an approach that allows relevant and detailed information to be collected through direct observation, interviews, surveys, or any method that involves direct interaction with the environment or participants.

Field research offers the opportunity to obtain detailed and contextual data on a particular topic. It allows researchers to immerse themselves in the environment in which the phenomenon under study occurs, which can provide a deeper and more holistic understanding of real-world situations. From anthropology to ecology, sociology and psychology, this methodology is essential for studying behaviors, social interactions, cultural patterns, natural phenomena, among others. It is

especially valuable for generating findings that align closely with the observed reality.

Exploratory Research.

According to the author (Fidias G. Arias, 2018) he defines: Exploratory research is that which is carried out on an unknown or little-studied topic or object, so its results constitute an approximate vision of said object, that is, a superficial level of knowledge.

It is the study in which you seek to obtain a general understanding or a preliminary view on a specific topic. The main objective is to explore, discover, and gather information without delving too deeply into specific details, (Fidias G. Arias, 2018)

Descriptive Research.

Descriptive research is a type of research whose main objective is to describe the characteristics, properties and behaviors of a phenomenon or situation, without manipulating variables or establishing causal relationships. It focuses on collecting detailed and accurate data to provide a true representation of the reality studied.

Various authors have contributed definitions of descriptive research. Below is a compilation of some of these definitions:

(Kerlinger, 2018), They define descriptive research as the type of research that seeks to specify, classify, and analyze the properties of a phenomenon, without manipulating it.

(Hernández, 2020) They describe descriptive research as the process of observing, recording, analyzing, and correlating facts or phenomena, without manipulating them.

(Sabino, 2018) He emphasizes that descriptive research is concerned with discovering and measuring facts or phenomena, as well as analyzing existing relationships.

It is a type of research that is responsible for the description of all the characteristic qualities that are presented in real life in certain situations without having foundations, they cannot give ambiguous criteria since in this research the data is meticulously compiled to have a reliability in the situation or phenomenon to be studied, the research is developed without manipulating any descriptive data, that is why the results are truthful and This research is always given objectively and not subjectively, it focuses on the most relevant and of greatest interest according to the characteristics of the study to be carried out.

Bibliographic Research.

According to (Scott, 2019) Bibliographic research is a process by which we collect concepts with the purpose of obtaining systematized knowledge. The goal is to process the main writings of a particular topic. This type of research acquires different names: cabinet, library, documentary, bibliographic, literature, secondary, summary, etc.

According to (Méndez, 2019), bibliographic methodology is part of quantitative research, since it contributes to the formulation of the research problem thanks to the elaboration of theoretical and historical aspects. Thus, the bibliographic exploration contributes to the structuring of the original ideas of the project, contextualizing it both in its theoretical, methodological and specific historical perspective.

It is a process by which various bibliographic sources related to a specific topic are collected, reviewed and analyzed. Bibliographic research involves the review and critical analysis of the existing literature on a specific topic, with the aim of obtaining relevant and up-to-date information that theoretically supports the research project. In addition, it is an important phase in the planning and development of research, as it provides a solid basis for the formulation of hypotheses, the design of methodologies and the interpretation of results.

Quantitative research.

According to (Sampieri, 2018) Quantitative research is defined from different perspectives by several authors, but in general, it is a methodological approach that focuses on the collection, analysis, and quantification of numerical data to study phenomena, establish patterns, relationships, or regularities in the information collected.

For (Stephen, 2018) Quantitative research is based on the collection of numerical data through techniques such as surveys, experiments or statistical analysis. That seeks objectivity, generalization and precision in its results, using a structured and rigorous methodology to measure variables, establish relationships between them and validate hypotheses. This approach tends to quantify phenomena to obtain conclusions supported by numerical evidence and facilitate the replicability of studies, which is why quantitative research is characterized by its emphasis on objectivity, measurement and the application of statistical methods to analyze numerical data, in order to understand and explain phenomena through the collection of empirical evidence and the obtaining of conclusions based on quantifiable data.

Qualitative research.

For (Merriam, 2019) Qualitative research is a research approach that seeks to understand in depth the complexity of social, cultural, and human phenomena. It is characterized by the collection of non-numerical data, such as interviews, participant observations, and document analysis, with the aim of exploring meanings, interpretations, and contexts. This approach values subjectivity, the participant's perspective, and the richness of descriptive data to provide a more complete and contextualized understanding of the phenomenon studied.

(Merriam, 2019) It defines qualitative research as "an inductive research process that aims to increase understanding of complex phenomena and capture their meaning from the perspective of participants."

(Creswell, 2018) It develops the idea that qualitative research is "a research approach in which the researcher interprets the meaning of phenomena through words, images, and sounds, and focuses on understanding the phenomenon from the perspective of the participants."

(Patton, 07) He says that qualitative research is "an interactive, cyclical process in which data is collected and analyzed for patterns, relationships are sought, and data-driven theory is developed."

(Huberman, 2018): They describe qualitative research as "the collection and analysis of data in a way that maintains the inductive nature of the approach."

These definitions highlight the importance of interpretation, meaning, and deep understanding in qualitative research, as well as inductive orientation and flexibility in the research process. It is essential to remember that, as research evolves, new perspectives and approaches may emerge, so it is useful to review updated sources to obtain the most recent definitions, it is a very important research since it is based on data that are not numerical, that is, they are not quantifiable since these are given by means of data collection instruments such as surveys, interviews and observation. Qualitative research is used to understand how people experience the world. To understand or explain the behavior, motivations, and characteristics of people in a target group, researchers opt for qualitative research.

This type of research can also be used in the business world if you are looking to know what a specific group thinks about new ideas for products, services, or if you simply want to try something, since it allows you to access content-rich information about perceptions, emotions and interactions between people.

3.2 Population and sample

3.2.1 Population

The target population is Small and Medium Enterprises (SMEs) in Ecuador. According to the National Institute of Statistics and Census (INEC), there are approximately 48,600 SMEs in Ecuador, distributed among small and medium-sized companies. These companies play an essential role in the Ecuadorian economy, both for their contribution to employment and for their impact on the Gross Domestic Product (GDP).

Delimitation of the population

- Geographical: The research focuses on SMEs located in different provinces of Ecuador, although a particular region is not specified, which allows a representative analysis at the national level.
- Temporal: The data collection was carried out in the period between October 2023 and February 2024, allowing to capture a current vision of the business context and management skills in SMEs.

3.2.2 Sample

From the general population, a representative sample was calculated using a confidence level of 95% and a margin of error of 5%. Applying the calculation formula for samples in large populations, the selected sample included approximately 348 SMEs. Participants in the sample included managers, directors, and business leaders of these companies, who were surveyed to obtain detailed information about their managerial skills and the competitive practices of their

organizations.

3.3 Data collection techniques and instruments

3.3.1 Main Technique:

The survey was used as a data collection technique. This technique is appropriate for obtaining quantitative information and allows data to be collected directly from SME managers and leaders on their managerial skills and business practices.

3.3.2 Instrument

The instrument used was a structured questionnaire. This questionnaire was specifically designed to measure key variables such as:

- Managerial Skills: leadership, decision-making, emotional intelligence, effective communication and problem solving.
- Business Competitiveness: operational efficiency, customer satisfaction and innovation.

The questionnaire included closed and multiple-choice questions, allowing a structured and quantifiable assessment of each study variable.

4. Results

4.1 Analysis of the current situation

In order to understand and understand the information from the data collected about the managerial skills that influences the business competitiveness of SMEs in Ecuador. The following surveys were carried out which show the following results.

1.- Do you agree that technical skills should have performance evaluation levels?

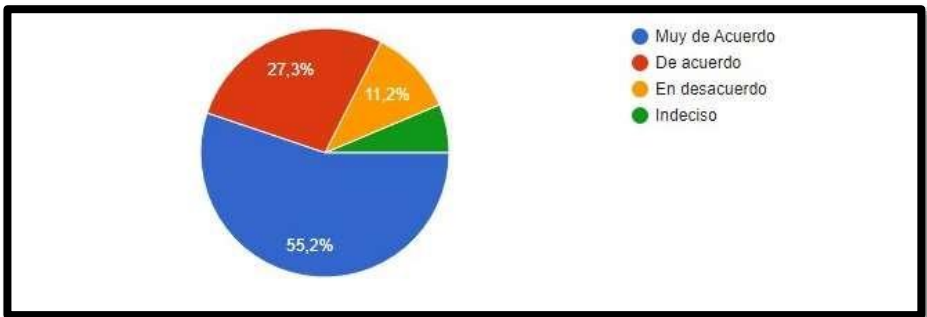


Figure 1.- Technical skills must have performance evaluation levels

Source: Authors. In original language English

The majority of respondents agree or strongly agree with the idea that technical skills should be evaluated in terms of performance. This suggests a widespread recognition of the importance of measuring and evaluating employees' technical skills in the

context of their job performance. Although the percentage is low (11.2%), a significant segment of respondents disagree with the idea of evaluating technical skills at performance levels. It would be helpful to understand the reasons behind this stance and address any concerns or resistance these individuals may have. A considerable percentage of respondents are undecided about the question. This may indicate a lack of clarity or understanding about the role of technical skills in job performance evaluation.

2.- Do you agree that the active participation of employees is key to the success of continuous improvement?

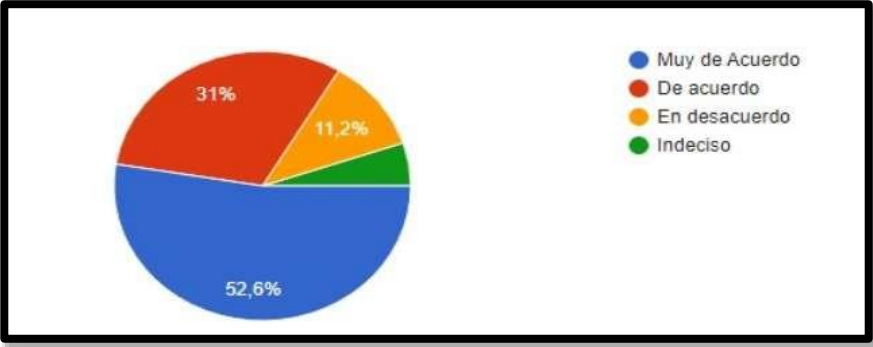


Figure 2.- The active participation of employees is key to the success of continuous improvement.

Source: Authors. In original language English

The majority of respondents, who represent 52.6% strongly agree and 31% agree, agree that the active participation of employees is key to the success of continuous improvement. This high percentage suggests a widespread recognition of the importance of involving employees in continuous improvement processes within the company. Although the percentage is relatively low (11.2%), a significant segment of respondents disagree with the idea that the active participation of employees is key to the success of continuous improvement. It would be helpful to understand the reasons behind this stance and address any concerns or resistance these individuals may have. And a considerable percentage of respondents are undecided about the question.

3.- Do you agree that your collaborator in your company works as a team?

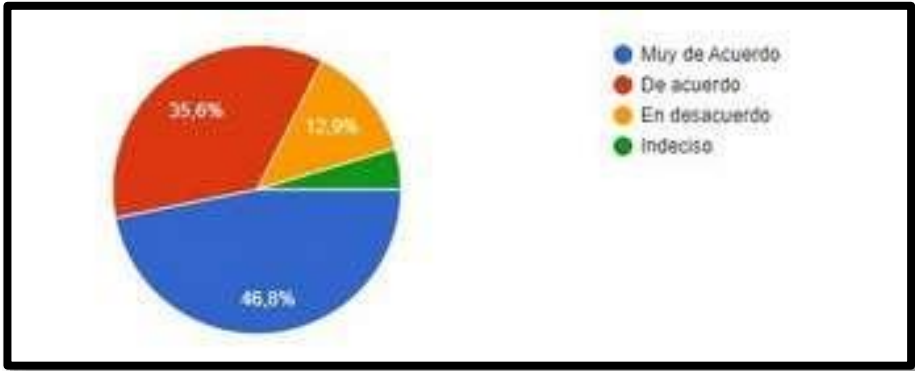


Figure 3.- The collaborator must work as a team

Source: Authors. In original language English

The results obtained in the survey show that the majority of respondents agree or strongly agree with the idea that employees work as a team. This suggests a strong preference towards collaboration and teamwork within the company. Although the percentage is low (12.9%), it is important to note that a significant segment still disagrees with the idea of working as a team. And a considerable percentage of respondents are hesitant about the question, suggesting a lack of clarity or understanding about the importance of teamwork in the workplace.

4.- Do you agree that human talent management improves the job retention rate in organizations?

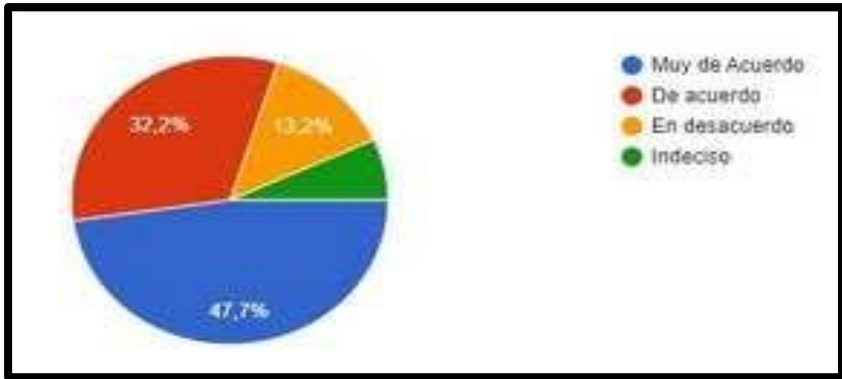


Figure 4.- Human talent management improves the job retention rate in organizations

Source: Authors. In original language English

The results obtained in the survey show that most respondents believe that well-executed human talent management can have a positive impact on job retention by creating a favorable environment, promoting development and recognizing the contribution of employees, among other aspects.

5.- Do you consider that continuous business improvement seeks to constantly optimize processes to improve efficiency?

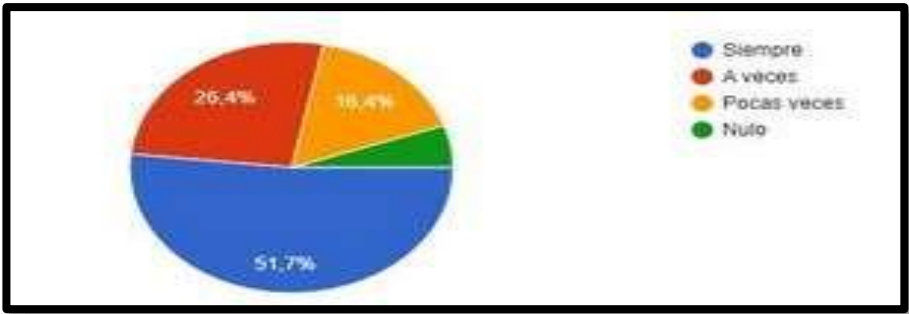


Figure 5.- Business continuous improvement seeks to constantly optimize processes to improve efficiency

Source: Authors. In original language English

The results obtained in the survey show that the majority of respondents consider that continuous improvement has become a fundamental practice in modern business management and is essential to stay agile and relevant in an ever-changing business environment.

Do you agree that constant feedback improves effective communication and, therefore, customer satisfaction?

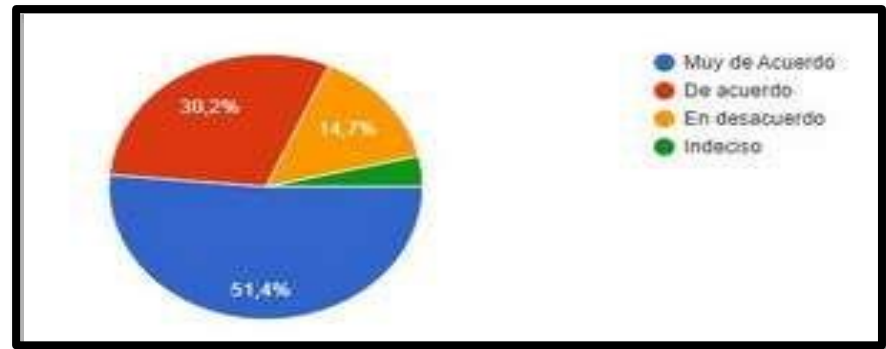


Figure 6.- Constant feedback improves effective communication and, therefore, customer satisfaction.

Source: Authors. In original language English

The results obtained in the survey show that most respondents consider that constant feedback creates a cycle of continuous improvement in communication and in the delivery of products or services, which can have a positive impact on customer satisfaction and on the construction of lasting relationships with them.

Do you agree that effective communication is important for customer satisfaction?

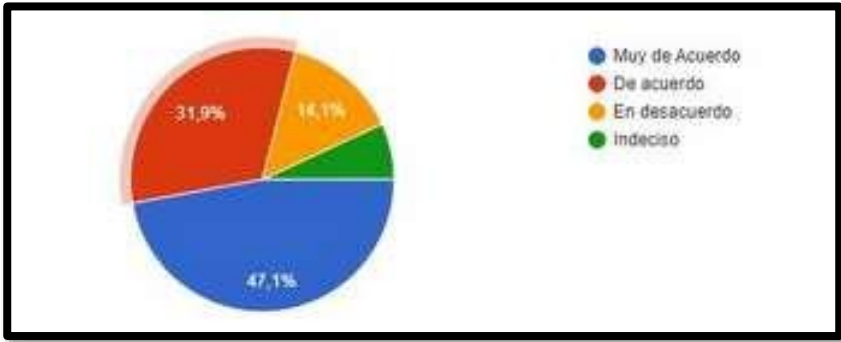


Figure 7.- Effective communication is important for customer satisfaction.

Source: Authors. In original language English

The results obtained in the survey show that the majority of respondents believe that companies that recognize the importance of clear and effective communication are better positioned to provide positive experiences that meet their customers' expectations.

8.- Do you agree that solving problems through innovation contributes to business success?

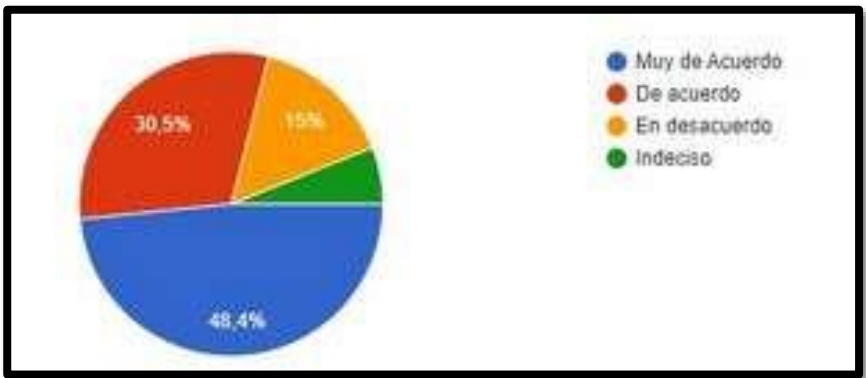


Figure 8.- Problem solving through innovation contributes to business success

Source: Authors. In original language English

The results obtained in the survey show that most respondents believe that companies that foster a culture of innovation are better prepared to overcome obstacles, seize new opportunities and remain competitive over time.

9.- Do you agree that the constant evaluation of processes and results contributes to the improvement in problem solving?

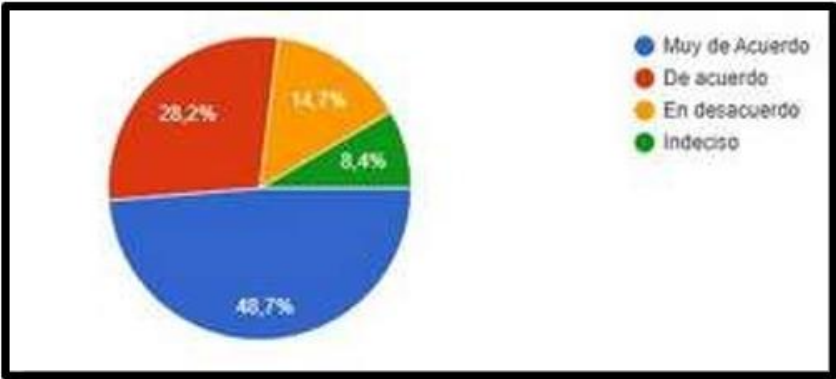


Figure 9.- The constant evaluation of processes and results contributes to the improvement in problem solving

Source: Authors. In original language English

The results obtained in the survey show that most respondents consider constant evaluation to be an essential component for continuous improvement and effective problem solving in an organization.

10.- Do you agree that innovation is a key factor in solving business problems?

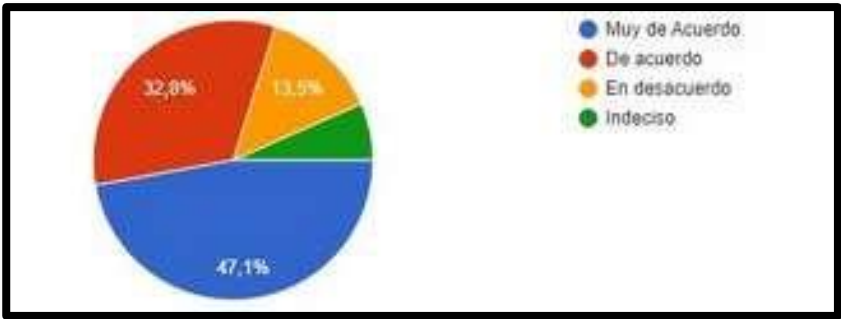


Figure 10.- Innovation is a key factor in solving business problems

Source: Authors. In original language English

Innovation is an essential element for solving business problems in a dynamic and competitive business world.

5. Discussion

The results of the survey applied to managers and leaders of Ecuadorian SMEs reveal a significant relationship between managerial skills and business competitiveness. One of the most notable findings is that leadership and strategic decision-making skills are essential to optimize operational efficiency and foster an

environment of innovation within companies. Respondents who reported having strong decision-making skills reported a greater ability to anticipate market changes and respond with agility to challenges. This finding coincides with previous studies that highlight the importance of informed, data-driven decision-making as a key element in improving competitiveness, especially in an environment characterized by volatility and the constant advancement of technology.

In addition, emotional intelligence emerged as a crucial skill in SME management, directly influencing customer satisfaction and team cohesion. Data shows that leaders who have a higher level of self-knowledge and emotional self-regulation are better prepared to maintain a positive work environment, which in turn impacts productivity and the quality of service offered to customers. This suggests that, in the context of Ecuadorian SMEs, emotional intelligence is not only relevant to internal management, but also plays an important role in customer satisfaction, which reinforces the company's position in a competitive market. The positive relationship between emotional intelligence and customer satisfaction confirms the literature highlighting the importance of empathy and self-regulation in creating satisfying and lasting customer experiences.

In terms of effective communication, the results suggest that this skill is directly linked to the company's ability to foster innovation and optimize teamwork. SMEs in which leaders promote clear and transparent communication showed higher levels of innovation and collaboration, facilitating an environment conducive to the development of new ideas and adaptation to market changes. This is particularly important in the context of SMEs, where resources are limited and the ability to innovate depends heavily on collaboration and teamwork. Evidence indicates that fluid and well-structured internal communication allows employees to align their efforts and objectives, thus optimizing resources and contributing to business competitiveness.

Finally, the findings on problem-solving and continuous improvement highlight the importance of an organizational culture focused on the constant evaluation of processes and results. SMBs that implement effective problem-solving practices and promote continuous improvement reported an increased ability to meet operational challenges and adapt to changing market demands. This result suggests that the ability to proactively identify and correct problems is a critical determinant of competitiveness. Likewise, it is evident that those companies that prioritize innovation in problem solving are more capable of offering products and services that meet customer expectations, which strengthens their competitive position in the market. Taken together, these findings underscore the relevance of developing specific management skills as a comprehensive strategy to drive sustainability and success for Ecuadorian SMEs.

6. Conclusions

It is concluded that the strengthening of managerial skills in Ecuadorian SMEs not only improves their competitiveness, but also contributes to the sustainable economic growth of the country by promoting job creation and the generation of

added value.

Managerial skills include the ability to form and lead efficient work teams. A well-coordinated team can tackle challenges more effectively and seize opportunities for growth and adapt to changes in the market is essential for long-term competitiveness.

In conclusion, managerial skills are essential for the success of SMEs in Ecuador, as they allow us to face the challenges and opportunities of the market, improve their productivity and quality, satisfy their customers and differentiate themselves from the competition.

The managerial skills required to hold a managerial position are fundamental since they will allow for successful management that will allow the objectives set by the organization to be met.

7. Recommendations

It is advisable to implement a proactive approach towards problem solving in all areas of the company. This involves fostering an organizational culture that values creativity, critical thinking, and collaboration among teams. In addition, it is important to provide employees with the tools and support needed to identify and address challenges effectively, whether through problem-solving training programs, the implementation of methodologies such as design thinking, or continuous improvement of internal processes.

Invest in leadership development focused on developing managerial skills. This can include specific courses, workshops and programmes to improve decision-making, effective communication, problem-solving and change management, as well as providing them with tools and strategies to lead effectively during periods of change helps to minimise resistance and ensure a smooth transition.

SMEs in Ecuador are recommended to invest in the development of the managerial skills of their managers, through training, coaching, mentoring, evaluation and feedback programs that foster an organizational culture that values and recognizes the performance of managers, that promotes teamwork, participation, innovation and continuous learning. In this way, the human talent of SMEs can be enhanced, and with it, their business competitiveness.

It is recommended to have effective Communication since many of us find it difficult to share our ideas or proposals clearly. To 'loosen up' a little, make it a goal once a day to talk about an aspect of your work with one of your colleagues. It can be a proposal or comment, but this will help you get to know your style of communication and arrive more prepared for when you have to develop an idea with your boss or present in front of several people.

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