

Managerial competencies determining organizational strategic orientation in micro and small enterprises

Abstract

Objective: The research identified which and how the managerial skills perceived by managers of Micro and Small Enterprises (MSEs) impact the strategic orientation.

Method: The theoretical model of relationships between managerial competencies of managers and strategic orientation used in MSEs was evaluated with data collected through a questionnaire (Likert scale) and analyzed by structural equation modeling.

Results: It was identified that in MSEs, there are specific relationships between specific models of managerial competencies that better support internal or external strategic guidelines, which is different from the researched literature. This indicates that managers' managerial competence models have a simultaneous influence on orientation strategies in internal and external organizations.

Theoretical/methodological contributions: The theoretical contribution is in the business context (MPEs), in which the research results reveal the specificity of relationships between the guidelines of strategies and specific models of managerial competencies; the methodological contribution emerges from a model of competencies and strategic orientations (hypotheses), which can be tested in other business environments, provided that the focus is on managerial competences and strategic orientations.

Relevance/originality: The study made it possible to identify which and how the impact of managerial competencies is in the internal and external strategic orientation in MSE's.

Management contributions: Identifying the relationships between managers' competencies and the strategic orientation of MSE's brings a managerial contribution, as it allows the identification of behavior patterns and necessary competencies on the part of the leader to develop appropriate strategies for the company and the market.

Keywords: strategic orientation, management competencies, micro and small enterprises

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Introduction

Empirical research conducted in the management field demonstrates that the type and level of strategic orientation can improve a company's position in the market, especially when referring to Entrepreneurial Orientation (EO), Internal Orientation, and External Orientation.¹⁻⁴ Strong positive relationships were found between financial results, innovation, productivity,⁵ new product development, sales growth, and return on investment^{6,7} and the type of a company's strategic orientation, either through direct effects or resulting from its mediating or moderating action. In this context, the elements that make up the organization's strategic orientation should support organizational objectives and needs and be capable of producing better performance in specific areas of the business. The focus on a particular organizational orientation should occur in such a way that the elements belonging to the strategic orientation can fill gaps in the competencies that generate better performance for the company and entrepreneurship, whether with a focus on internal or external orientation.

When considering Micro and Small Enterprises (MSEs) in this context of analysis, it is favorable for them to assume a broader organizational orientation, both with an external (market) and internal (hierarchy) focus. As they are less stable and have their challenges regarding the type of entrepreneur (technical, social, and emotional competencies), business (internal configuration, management model, resources), and environment (fewer barriers and more competition),⁸ it may be more challenging for MSEs to be competitive by focusing only on one orientation, market or hierarchy.

Furthermore, there are specific characteristics regarding the type of market (e.g., customers, competitors, suppliers), business segment (service and product industries, distribution and sales systems in wholesale or retail, company size, among others), and management competencies (organizational strategies, managers' competencies, organizational cohesion, for example), that can impact organizational performance according to the organization's strategic orientation.^{1,6,7,9}

Specifically, regarding the management and strategic orientation of MSEs, it is believed that management competencies play a relevant role in achieving strategic orientation. The management literature indicates that the entrepreneur/business owner/manager of MSEs needs specific managerial competencies to promote the organization's performance.¹⁰ Some qualities inherent in strategic orientation provide management with the necessary conditions to overcome obstacles, develop capabilities, and promote business success, such as flexible work that improves external orientation concerning suppliers, customers, and entry into new markets.¹¹ In stable companies, owners and managers focus on internal orientation, while in innovative companies, the focus is on external orientation.⁷ In internal orientation, there is greater cohesion, capable of sustaining external orientation.²

In this context, although managers of SMEs have a range of managerial tools at their disposal, they do not always know which managerial competencies are necessary and sufficient to maximize management performance.¹⁰ Another relevant issue when analyzing managerial competencies in SMEs is that no previous studies have identified the impact of competencies on the results of strategic orientation in this type of organization. Thus, the theoretical gap

identified by this study lies at the intersection between strategic orientation in SMEs and managerial competencies that explain the type of strategic orientation used.

Studies on managerial competencies have been in the spotlight in management theory since the 1990s,^{12,13} and in Brazil, several segments and aspects of managerial competencies have been studied. Among the research conducted in Brazil on managerial competencies, those in the field of information technology,¹⁴ the hotel sector,¹⁵ the health area,^{16,17} and the education area^{18,19} stand out, but no previous research identified and clarified which managerial competencies impact the strategic orientation of companies, especially SMEs.

SMEs in Brazil generate employment and income, produce economic growth and social inclusion, as they represent 98.2% of the companies installed in the national territory and 51.2% of the formal labor force. Furthermore, they are the main generators of wealth in all sectors of the economy, corresponding to 53.4% of the Gross Domestic Product (GDP) of trade and 22.5% of the industry, participating in one-third of service production in Brazil.²⁰

In addition, SMEs face challenges such as high tax burdens, lack of fiscal and legal incentives, difficulty competing with large corporations, logistic problems, lack of knowledge in operation, and rapid changes in consumer behavior. Moreover, often the entrepreneur is the idealizer, owner, manager, and executor in the small business, making their managerial work more complex, as many elements demand their attention and distract their focus on management.⁸

A study produced by SEBRAE (2020), “Survival of Brazilian commercial companies”, found that 21.6% of micro-enterprises close after 5 years, and still highlights that Rondônia is the state with the highest mortality rate in the Northern region, with 29% of bankruptcy for small businesses (individual microentrepreneurs, micro-enterprises, and small businesses). Thus, this research identifies that it is relevant to understand which dimensions of managerial competencies impact the strategic orientation of SMEs and how this impact is realized. In the theoretical-empirical discussion, we seek to answer the following research problem: which managerial competencies impact the strategic orientation of micro and small enterprises located in regions with a high density of business mortality, and how do they impact it? To answer this research question, the study aimed to identify which managerial competencies perceived by managers of SMEs in the municipality of Porto Velho, Rondônia State, Brazil, impact the company’s strategic orientation.

Theoretical premises

The theoretical premises about organizational strategic orientation, when analyzed considering managerial competencies, aim to support hypotheses regarding the impact of managerial competencies on internal and external strategic orientation in SMEs.

Management models and managerial competencies

From the 20th century on, several management models organized by the management literature have been in constant evolution, with new emerging models complementing each other. Specifically, in the domain of competency-based management models,^{10,13} it can be noted that they emerge from the organization of behaviors adopted by managers, the set of managerial competencies necessary and/or sufficient for managing organizations, and are integrated through managerial action. These archetypes are interconnected to promote the best result in managerial action¹³ in order to obtain good management results and can be analyzed from an organizational perspective with an emphasis on the structural aspects of the company and from a people

perspective with an emphasis on knowledge, skills, and attitudes.^{14,21}

In this study, competencies are analyzed from a people perspective, especially those of managers, through which the knowledge, skills, attitudes, or synergies present in the company are demonstrated, generating positive results for themselves, teams, organizations, or business networks, in a way compatible with the context, available resources, and adopted strategy.²² For this research, managerial competencies involve the four types of models related by Quinn et al.,¹³ namely: a) human relations model; b) internal processes model; c) rational goals model; and d) open systems model (Table 1).

Table 1 The eight roles of managerial leadership and their key competencies

Models	Roles	Managerial competencies
Internal Process Model	Monitor	Individual performance monitoring Collective performance and process management Information analysis with critical thinking
	Coordinator	Project management Work planning Multidisciplinary management
Human Relations Model	Facilitator	Team building Use of participatory decision-making process Conflict management
	Mentor	Understanding oneself and others Effective communication Employee development
Open Systems Model	Innovator	Adaptability to change Creative thinking Change management
	Negotiator	Establishment and maintenance of a power base Negotiation of agreements and compromises Presentation of ideas
Rational Goal Model	Producer	Work productivity Fostering a productive work environment Time and stress management
	Director	Development and communication of a vision Establishment of goals and objectives Planning and organization

Source: Gonçalves et al.,¹⁰ adapted from Quinn et al.¹³

Thus, it is believed that the models and roles involving managerial competencies can direct the strategic actions of organizations, especially in MPEs, which, given the singular nature of management and resource constraints, can contribute to balancing performance through internal and external resources.

Organizational strategic orientation

Within the context of organizational strategic orientation, two strategic dimensions have been considered: internal orientation and external orientation. In internal orientation, the focus of the organization is to generate value through internal resources and capabilities, with an emphasis on effective management of relationships between internal actors and processes.²³ On the other hand, in external orientation, the focus is on customers/consumers (behaviors, desires/needs, satisfaction, loyalty, among others) and competitors/regulators (segmentation, differentiation, innovation, competition, regulation, for example).²⁴ Thus, both strategic orientations are relevant to the performance of companies,²⁵ but may be influenced by contingent factors, such as types of competencies and/or actions of entrepreneurs/managers.

Internal orientation involves aspects related to the capacities and resources of organizations that are immediately available and/or

modular, capable of contributing to performance and competitiveness in markets and ecosystems.²⁶ For example, financial competencies (investments, financing, and financial flows), planning (aligning resources with strategic objectives), as well as management and employee competencies (competencies, knowledge, learning, and know-how) are relevant elements inherent to the internal strategic orientation of organizations.

Since seminal articles,²⁷ financial capabilities and strategic orientation have been in evidence in the theme of “organizational performance.” Research identifies better financial results due to member attitudes, planning formality, company size, manager awareness and sensitivity, diversity and knowledge sharing, organizational cohesion, quality, and innovation, among others.^{2,6,28–30} It should be noted that in the internal strategic orientation, the organization has internal resources and capabilities as its main sources of market competitiveness,³¹ where manager competencies must result in specific intra-organizational actions to achieve/produce competitive results in the market.

External orientation considers aspects related to the market that the company serves and the improvement of products and services, as well as updating with the market and differentiation from it. Previous research shows that these organizational competencies are related to the emphasis of top management on the external business environment and, furthermore, market orientation is related to overall business performance but not necessarily market share.^{32,33} Market share is dependent on other factors, such as employee commitment and teamwork, management aversion to risk, interdepartmental conflict management and external connection, centralization, and orientation of the reward system. When analyzing strategic orientation with an external focus, it is known that management competencies contribute to the growth of sales, stock returns, and company profitability,³⁴ but the challenge is to know which managerial competencies best explain market orientation, as the diversity of external scenarios can increase the differences in necessary competencies, due to variations in contexts, business models, and even strategic focus.^{35–37}

Hypothesis development

In the face of organizational complexity, it is common to resort to more than one model of managerial competencies to detect and evaluate alternatives (Quinn et al., 2003). Considering the researched literature, hypotheses were developed to be evaluated, based on the premise that the four models of managerial competencies have characteristics that relate to both the internal and external strategic orientation of companies. The human relations model advocates the manager’s empathetic posture, encouragement of teamwork and motivational factors, conflict management, and facilitation in employee development processes.²² In this model, the manager assumes roles of mentor and/or facilitator, valuing employee involvement, team formation, and people development. Thus, the leader contributes to the improvement of skills and development of subordinates.³⁸

However, Hwang et al.,³⁹ examined cultural influences on the buyer/supplier relationship in the context of Korean retail stores. The research identified, among other findings that market-oriented retailers seek to improve the communication of information to suppliers to achieve a competitive advantage, also increasing trust. This illustrates that managerial competencies such as the promotion of collective efforts, objective communication, and interpersonal conflict management are necessary for the establishment and maintenance of relationships in the external scope (customers, suppliers, regulators, etc.). Thus, the following research hypotheses were established:

H1: Managerial competencies linked to the human relations model have a positive and significant effect on the company’s internal strategic orientation.

H2: Managerial competencies linked to the human relations model have a positive and significant effect on the company’s external strategic orientation.

In the internal processes model, stability and continuity are the main effectiveness criteria, with emphasis on routinization, documentation, measurement, and definition of responsibilities.¹³ In this model, the manager acts as a monitor and coordinator, with the monitor role monitoring the unit’s performance, employees, and compliance with established rules, and the coordinator role dealing with project planning and collective efforts. Clear procedure definition promotes stability,³⁸ task standardization, and worker responsibility are some competencies of the model that reflect the commitment to improving, reviewing, and improving organizational processes.

The manager’s roles in the internal processes model also benefit external orientation initiatives in companies, as in the coordinator role, the manager inspires confidence and credibility, organizes team efforts and faces crises,²² and in the monitor role, can make quick and objective decisions, based on facts, evidence, and critical thinking. These are attributions that contribute to important levels of verification and analysis of the external environment, to identify opportunities in the market.⁴⁰ Thus:

H3: Managerial competencies linked to the internal processes model have a positive and significant effect on the company’s internal strategic orientation.

H4: Managerial competencies linked to the internal processes model have a positive and significant effect on the company’s external strategic orientation.

According to Quinn et al.,¹³ the rational goal model is defined by external control and focus. In this perspective, profit and productivity are the criteria for effectiveness. Therefore, the roles of the manager are that of a producer, oriented towards tasks and goal achievement, and that of a director, more focused on planning and establishing objectives and organizational vision. Given that profit is the guiding concept of success in this model, managerial competencies can act in favor of both internal strategic orientation, through resource optimization and cost control aimed at maximizing profits, for example, and external strategic orientation, which is directly related to positive financial performance indicators.⁴¹ Assuming these premises:

H5: Managerial competencies linked to the rational goal model positively and significantly affect the company’s internal strategic orientation.

H6: Managerial competencies linked to the rational goal model positively and significantly affect the company’s external strategic orientation.

Finally, the most recent of the models, the open systems model, is represented by the roles of innovator and director. This management model considers that companies are embedded in ambiguous and competitive environments,¹³ so flexibility, adaptability, innovation, and quick responses are necessary aspects for organizational success. To this end, leaders’ competencies range from continuous innovation and shared values (adapting to internal strategic orientation) to the maintenance of external resources, agility in responding to market demands, and political adaptation (external strategic orientation). Thus, it is proposed that:

H7: Managerial competencies linked to the open systems model positively and significantly affect the company’s internal strategic orientation.

H8: Managerial competencies linked to the open systems model positively and significantly affect the company’s external strategic orientation.

Research method

The approach of this research is quantitative, through responses obtained directly from managers and recorded in questionnaires applied by undergraduate students in business administration, who were trained and supervised by master’s students and masters in administration and coordinated by a doctorate professor in administration, being applied to managers of micro and small businesses in the municipality of Porto Velho, Rondônia state, Brazil. The questionnaire was based on the work of Quinn et al.,¹³ with small adaptations to adapt to the data collection environment. The proposed model for statistical mapping (Figure 1) investigated the associations between the four antecedent constructs of internal and external strategic orientations, based on the significance of path coefficients.

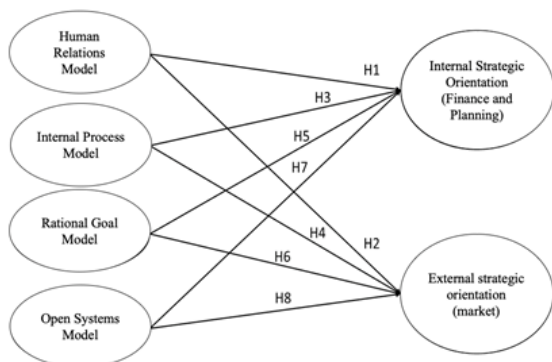


Figure 1 Theoretical model.

Source: Adapted from the authors.

The collection instrument began with the registration of acquiescence (informed consent) and contained nine demographic questions and thirty-two questions that measured the degree of agreement of the participants with various indicators of managerial competencies and strategic orientations. The interviewers explained to the participants the objectives of the research and the confidentiality of the answers. Later, they asked about the research questions themselves. For each statement in the questionnaire, the participants indicated their degree of agreement using a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree), based on their current activity. The data were analyzed by Structural Equation Modeling with the Partial Least Squares (PLS-SEM) method using SmartPLS software (www.smartpls.de).^{42,43} Parallel to the construction of the model and evaluation of path coefficients, tests were performed to verify the reliability and validity of the scales used to ensure that the instruments used were adequate for the measurements desired.⁴³ Finally, subgroups were identified within the analyzed sample and comparisons were made between them to verify differences in strategic orientation for distinct groups within the analyzed sample.

Presentation and data analysis

A total of 347 valid responses to the questionnaire were obtained, a number that, according to Wong⁴³, meets the minimum required to

proceed with the PLS-SEM analysis. Tables 1 and 2 show the profile of the respondents (Table 2):

Table 2 Participant profile – personal aspects

Age Range	Frequency	%
18 to 25 years old	60	17.3
26 to 39 years old	142	40.9
40 to 52 years old	101	29.1
53 to 64 years old	32	9.2
Above 65 years old	12	3.5
Education	Frequency	%
Illiterate	3	0.9
Elementary School Completed	50	14.4
High School Completed	191	55
College Degree Completed	86	24.8
Post-Graduate Degree	17	4.9

Source: Research data.

Table 2 shows that the respondents are concentrated between 26 and 52 years old (70%), indicating the interest of young people in SME management. Regarding education, more than half have completed high school, which may indicate that SMEs were chosen due to the impossibility of finding space in larger companies that typically require a university degree as the minimum education, or because the respondent opted for entrepreneurial action that conflicts with continuing education. Regarding professional status, as seen in Table 3 (below), more than three-quarters of the respondents (76.1%) indicated that they have been working for more than 5.1 years, which shows the professional maturity of the group. Similarly, over half (50.7%) of the respondents indicated that they have been working as managers for more than 5.1 years, which is important for the research since it indicates a large number of participants who are knowledgeable about operational tasks and are also involved in planning the company’s activities, choosing the orientation to be followed (external and/or internal), as well as their familiarity with the competency models adopted in each organization. Finally, just under half (46.7%) have been working for more than 5.1 years in the same company (current company), indicating stability and the ability to manage the business, facing the typical obstacles for SMEs.

Table 3 Participant profile – professional aspects

Period	Length of employment		Time working as a manager		Time working in the current company	
	Frequency	%	Frequency	%	Frequency	%
Less than 6 months	11	3.2	32	9.2	35	10.1
6 months to 1 year	16	4.6	33	9.5	37	10.7
1.1 to 2 years	15	4.3	31	8.9	38	11
2.1 to 3 years	14	4	28	8.1	32	9.2
3.1 to 5 years	27	7.8	47	13.5	43	12.4
Above 5.1 years	264	76.1	176	50.7	162	46.7

Source: Research data.

With respect to company classification (Table 4), the sample had a higher concentration of micro-enterprises (63.1%), which is characteristic of the analyzed region, with many entrepreneurs

working “on their own”, but needing to establish a formal company to have their activity legalized.

Table 4 Company classification

Company classification	Frequency	%
Microenterprise	219	63.1
Small enterprise	128	36.9

Source: Research data.

Regarding the industry sector (Table 5), it is observed that about two-thirds of the sample (67.4%) are linked to commerce, working with vehicles, fabrics, hardware, accessories, and in small markets. The number of industries is not surprising since activities that could be classified as “industrial” (production of food, sweets, cleaning material) are seen as auxiliary to commerce, which is the main activity.

Table 5 Profile of participants – professional aspects

Sector	Frequency	%
Industry sector (e.g., printing; footwear manufacturing; clothing manufacturing; beverage manufacturing; furniture manufacturing)	13	3.7
Commerce sector (e.g., vehicles; textiles; fuels; hardware; clothing; accessories; supermarkets)	234	67.4
Service sector (e.g., restaurants and food service; transportation; tourism; healthcare; education; leisure)	93	26.8
Not declared	7	2

Source: Research data.

Table 6 Cross-loading of indicators on constructs

Indicators	External orientation	Internal orientation	Rational goals	Internal processes	Human relations	Open systems
MMRD22	0.268	0.33	0.732	0.353	0.428	0.442
MMRD23	0.253	0.449	0.822	0.495	0.261	0.393
MMRD24	0.282	0.469	0.842	0.501	0.343	0.458
MMRP20	0.415	0.318	0.660	0.314	0.392	0.502
MPIC4	0.249	0.357	0.32	0.705	0.362	0.248
MPIC5	0.292	0.438	0.385	0.747	0.333	0.355
MPIMI	0.206	0.416	0.4	0.74	0.406	0.282
MPIM2	0.321	0.419	0.52	0.798	0.502	0.451
MRHF7	0.315	0.322	0.386	0.503	0.753	0.515
MRHM10	0.295	0.253	0.317	0.319	0.747	0.406
MRHM11	0.277	0.176	0.259	0.312	0.661	0.344
MRHM12	0.34	0.332	0.346	0.387	0.718	0.446
MSAII3	0.234	0.202	0.317	0.29	0.327	0.603
MSAII4	0.371	0.313	0.443	0.298	0.426	0.792
MSAII5	0.39	0.332	0.464	0.396	0.535	0.82
MSANI6	0.3	0.179	0.318	0.307	0.357	0.56
MSANI8	0.394	0.382	0.531	0.353	0.498	0.805
SOBREMER29	0.766	0.385	0.322	0.27	0.293	0.348
SOBREMER30	0.739	0.344	0.315	0.22	0.291	0.314
SOBREMER32	0.741	0.289	0.262	0.312	0.371	0.396
SOBREFIN31	0.347	0.691	0.336	0.413	0.324	0.281
SOBREPLA25	0.268	0.805	0.451	0.439	0.284	0.309
SOBREPLA28	0.39	0.673	0.323	0.328	0.23	0.289

Source: Authors' elaboration.

Note: Bold numbers represent the indicator loadings on their respective constructs; other numbers represent cross-loadings.

Table 7 summarizes the metrics of convergent validity (AVE) and composite reliability (CR) of the scales. According to the guidelines

Following Wong’s (2013) guidelines, the proposed theoretical model was initially evaluated regarding the loading of the items in each construct (cross-loading), composite reliability, convergent validity, and discriminant validity.

Factor loadings are the correlation of each measured variable (indicator or assertive) with the related factor (construct), indicating the degree of correspondence between the measured variables and the factor. Factor loadings are the means to interpret the role that each measured variable has in defining the factor, and higher loadings make the measured variable more representative of the factor.⁴⁴ Cross-loading analysis indicates whether each measured variable is associated with a single factor or whether there are cross-loadings, where a variable has two or more factor loadings exceeding an assumed reference value considered necessary for inclusion in the factor interpretation process.^{44,45} The cross-loading analysis has both qualitative (alignment of each measured variable to its respective factor) and quantitative (value of the factor loading of a measured variable on a specific factor) characteristics.

In the analysis, questionnaire items that did not show minimum acceptable adherence to model adjustments were removed, and the remaining items are above the recommended value of 0.5⁴⁴ - Table 6. In the end, all items loaded on their respective constructs have factor loadings greater than their loadings on other factors. In addition to confirming the factorial validity of the constructs, this analysis provides an early indication of discriminant validity,⁴² which was further confirmed by other tests.

proposed by Byrne⁴⁶, the scales used in this study had appropriate parameters (AVE ≥ 0.5; CR ≥ 0.7).

Table 7 AVE (convergent validity) and CR (composite reliability)

	Convergent validity (AVE - average variance extracted)	Composite reliability (CR)
External Orientation	0.56	0.793
Internal Orientation	0.526	0.768
Rational Goals	0.589	0.85
Internal Processes	0.559	0.835
Human Relations	0.519	0.812
Open Systems	0.525	0.844

Source: Developed by the authors.

Table 8 Discriminant Validity of Constructs

	External orientation	Internal orientation	Rational goals	Internal processes	Human relations	Open systems
External Orientation	0.749					
Internal Orientation	0.451	0.725				
Rational Goals	0.398	0.516	0.767			
Internal Processes	0.36	0.547	0.548	0.748		
Human Relations	0.429	0.387	0.46	0.537	0.721	
Open Systems	0.475	0.403	0.585	0.453	0.602	0.725

Source: Developed by the authors.

Note: The bold numbers in the diagonal are the square root of the AVE for each construct.

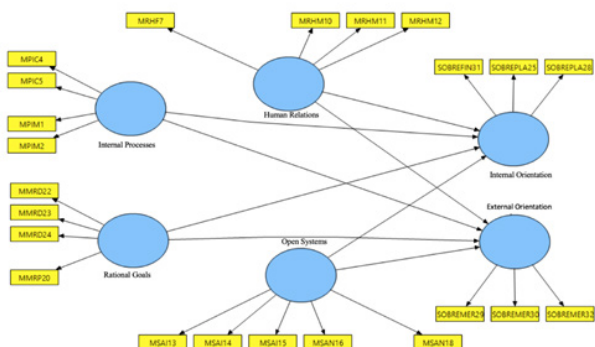


Figure 2 Final theoretical model for the overall sample.

Source: Developed by the authors.

Table 9 shows the results of the structural model with estimated path coefficients and t values associated with each path, indicating that Rational Goals Internal Orientation ($t=4.036$), Internal Processes Internal Orientation ($t = 5.521$), Human Relationships External Orientation ($t = 2.056$), and Open Systems External Orientation ($t = 2.769$) are significant ($t > 1.96$), which means that Internal Orientation is directly and positively related to the models of Rational Goals and Internal Processes, while External Orientation is directly and positively related to the models of Human Relationships and Open Systems. Thus, hypotheses H2, H3, H5, and H8 were not rejected, while H1, H4, H6, and H7 were rejected.

Regarding the model’s explanatory power regarding the relationships between the constructs, it accounts for 27.6% of the variance of Internal Orientation (R^2) and 37.1% of External Orientation (Table 10), with the remaining percentage up to 100% attributed to other antecedents not considered in this study.

To verify the discriminant validity of the scales, the procedure recommended by Fornell et al.,⁴⁷ was followed, comparing the square root of the average extracted variance (AVE) with the Pearson correlation verified between the constructs. If discriminant validity is present, the correlations would have smaller values than the square root of the AVE of the scales, and all construct correlations were lower than the square root of the AVE, as shown in Table 8. At the end of this stage, all parameters (composite reliability, convergent validity, and discriminant validity) obtained satisfactory indices.

Following the statistical analysis of the relationships between the constructs involved in the theoretical model, the overall sample of 347 respondents was considered first. Figure 2 shows the result of the structural equation model generated by the SmartPLS software.

Table 9 Structural model – path coefficients

Relations	Path coefficients	t-value
Rational Goals à External Orientation	0.119	1.192
Rational Goals à Internal Orientation	0.269	4.036
Internal Processes à External Orientation	0.084	1.247
Internal Processes à Internal Orientation	0.351	5.521
Human Relations à External Orientation	0.169	2.056
Human Relations à Internal Orientation	0.035	0.518
Open Systems à External Orientation	0.265	2.769
Open Systems à Internal Orientation	0.066	0.880

Source: Developed by the authors.

Table 10 Coefficients of determination (R^2)

Dependent variables	R2
External Orientation	0.276
Internal Orientation	0.371

Source: Authors’ elaboration.

These results suggest that for the research participants, factors related to work productivity, fostering a productive work environment, time and stress management, vision development and communication, goal setting and planning, performance monitoring, individual and collective performance management, information analysis with critical thinking, project management, work planning, and multidisciplinary management influence the company’s internal strategic orientation. On the other hand, factors such as team building, participatory decision-making process, conflict management, self-understanding and understanding of others, effective communication,

employee development, adaptation to change, creative thinking, change management, establishment and maintenance of a power base, negotiation of agreements and commitments, and presentation of ideas are the most decisive for external strategic orientation effectiveness.

The statistical robustness of the conducted test was verified using G*Power® 3.1.9.2 software, resulting in a value higher than 0.99 (post-hoc test) and effect sizes (f^2) of 0.3812 for Antecedents on External Strategic Orientation and 0.5898 for Internal Strategic Orientation. Therefore, the R^2 values can be considered reliable due to the statistical power found for the analysis conducted.⁴⁸ Once the quality of the model was verified, the possible moderator effect of company classification (microenterprise vs. enterprise) and industry sector (commerce vs. service) was analyzed to check for differences in the relationships studied based on these parameters. Additionally, regarding the industry sector, due to the small number of companies classified as industrial – only 13 – it was not possible to include them in the comparison process.

The results show that such a factor (company classification) does not have any effect on the relationships between the variables studied in the model. Similarly, for the company classification, no difference was found in the relationships between companies that self-identified as focused on commerce or service. Thus, it can be said that there are relationships between the model of internal processes, model of human relations, model of open systems, and model of rational goals and the strategies of internal and external orientation (basic model), as explained previously. However, the company classification and industry sector do not affect these relationships, showing that there is no difference between these considered categories.

Findings, theoretical-management contributions, and conclusions

The objective of this research was to identify which managerial competencies perceived by manager's impact the strategic orientation of the company. The sample analyzed considered micro and small companies in the municipality of Porto Velho, State of Rondônia, Brazil, due to this segment being one of the most important for job and income generation, economic growth, and social inclusion, as well as one of the main generators of wealth in almost all sectors of the Brazilian economy.²⁰ Understanding the relationship between management models/managerial competencies and the strategic orientation of the company allows for a more adequate reading of the management directing focus, enabling a broader organizational orientation. Normally, MPEs are less stable and have their own challenges regarding the type of entrepreneur (technical, social, and emotional competencies), business (internal configuration, management model, resources), and environment (fewer barriers and more competition),⁸ making it more challenging for them to be competitive by opting for only a focus on orientation, market, or hierarchy.

The results show the influence of rational goals and internal processes on internal strategic orientation, as well as human relations and open systems on external strategic orientation. Thus, a decisive and pragmatic manager who monitors the operation technically and competently, portraying a reliable coordinator, will lead the company to take care of cash movements with rigor, executing and monitoring the established strategic planning, and investing in workforce training. On the other hand, a manager with the role of empathetic mentor and facilitator, focused on processes, creative innovator, and astute negotiator, with influential power in the organization, will cause the company to tend to invest in improving its products and services, always seeking to stay updated with the market, looking for value

offers with a significant differential compared to its competitors. The identification of these relationships between managerial competencies and the strategic orientation of MPEs brings an important managerial contribution since it allows identifying which behavior patterns would be necessary on the part of the leader for the development of adequate strategies for the benefit of the company and satisfaction of the market.

As a theoretical contribution, there is the opening of an interesting research trend in a segment often neglected due to a lack of “glamour” among research groups, but whose representativeness in the labor and business market is extremely significant in the Brazilian scenario, especially regarding the managerial competencies model of Quinn et al.,¹³ combined with elements of the strategic orientation of MPEs.²⁰ In addition, it presents the explanatory competency list of the organizational strategic orientation, which can be useful for micro and small business managers operating in a similar environment to the one studied, as well as to researchers seeking to understand organizations in these contexts. As suggestions for future research, the authors believe that these four factors can be expanded and modified depending on the business context, so they should be applied in research with micro and small businesses in other geographic regions and business segments to observe differences in the priorities of managerial competencies of managers in different locations, impacting the strategic orientation of MPEs. Additionally, the impact of these managerial competencies on the results of strategic orientation and organizational performance can be measured.

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Conflicts of interest

The author declares there is no conflict of interest.

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