

## Chapter 15

# Trustfulness as a Key Factor of Competitiveness in Medium-Sized Companies in Colombia

**Luz Janeth Lozano-Correa**

*Santo Tomas University, Colombia*

**Rafael Ignacio Pérez-Urbe**

 <https://orcid.org/0000-0001-9924-6657>

*EAN University, Colombia*

**David Ocampo-Guzman**

*EAN University, Colombia*

### ABSTRACT

*The purpose of this chapter is to describe and study the dimensions that establish trustfulness between management and employees in medium-sized companies in Bogotá DC as a key factor for the competitiveness of organizations. To do this, an analysis was made of the aspects that allow to resolve the confidence indicators, the most representative variables of each of these dimensions were established with their respective items, and finally, the incidence of these in each of the dimensions was statistically verified. With its variables according three hypotheses. Specifically, the result of the Hypothesis 2 (H2) will be described: “In the dimension of relational capital the internal relations acceptance basically depends on the fulfillment of agreements and recognition that the leader assumes with his collaborators.”*

### INTRODUCTION

Throughout their respective histories, companies, organizations, and business ventures alike have utilized different sources from which they have attained their corresponding competitive advantages. In turn, these sources must be continuously monitored and evaluated through meticulous strategic planning processes.

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At the onset of the Industrial Era, senior management used to focus on profit exclusively, concentrating efforts, resources, time, and energy into achieving the best cost-benefit ratios possible. Competitiveness was measured by profit maximization. The only indicator universally accepted to measure competitiveness was profitability (Crook, Combs, Ketchen, & Auguinis, 2012).

Albeit what may have occurred during those early days, and throughout the entire 20<sup>th</sup> century, and despite many companies still insisting in measuring their success on their profitability indicators alone, competitiveness as a concept can be studied under a myriad of perspectives, all of which have been necessary to reinterpret our notion of competitiveness and how to best procure it within any organization (Ibarra, González, & Demuner, 2017).

According to Hernández, Araiza, and Ortiz (2013), industries and organizations can measure their performance by evaluating and assessing their human resources and their behavior. Collaboration and reciprocity are revealing performance indicators for an organization's level of trustfulness, teamwork, and cooperation among all key parties involved in it, conducing to a better, more stable, and ultimately, more successful business administration.

This fact means that all organizations must possess the capability to generate a trustfulness ambiance from end to end, for therein lies a mighty fountain for added value, which leads to sustainable competitive advantage. Creating an environment where trust and honesty are a company's bread and butter leads to productivity increases, cost reductions, improved communication and coordination channels, thus ensuring that productivity gains are not only sustainable, but widely recognized by stakeholders as a superior added value than the one the competition can provide (Castañeda & Bazán, 2015, p. 7).

Ismail, Alam, and Hamid (2017) visualize good, solid intra-firm, intra-industry, and intraregional relations as a strategic asset, from which a sound competitive advantage can be constructed, especially if these relations have trust as their backbone. In turn, Morgan and Hunt (1994, p. 31) sustain that if it is widely accepted that a company's success depends in a significant manner on how harmonic its external and internal relations are, then it isn't a far-fetched affirmation when commitment and trust are presented as the key to a company's success.

The utter and paramount importance that trust has in business competitiveness doesn't need to be further highlighted, and yet there are many at times when upper management doesn't fully understand the importance that trust has leading to a void in comprehending trust's face value.

Thence, current and future trials and tribulations in sustainable competitiveness and competitive advantages must have trust as their foundation and trust must be directed to all types of business models, commercial, managerial, financial, environmental, and social. That is why it is of the utmost importance that all organizations maintain their mindset open to the development of new sustainable business models, a development that is attainable through meaningful and profound trust, ethical behavior and practices.

## **THEORETICAL FRAMEWORK**

### **Business Competitiveness**

**Competitiveness** is an abstract and multidimensional concept that has been forever linked with a business' and companies' contexts alike. What is competitiveness? Which is its most proper definition? Is there a difference between let's say, the way it is defined in the world of sports, the motion pictures, and the world of business?

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