

## Basic profile of the family business on the North Coast of Nayarit

### Perfil básico de la empresa familiar en la Costa Norte de Nayarit

NAVARRO-MEDINA, Gabriela Socorro, QUESADA-RUIZ, Alejandra and RAYGOZA-OROZCO, Lucina Elena

ID 1<sup>st</sup> Author: *Gabriela Socorro, Navarro-Medina* / ORC ID: 0000-0002-1358-9665, CVU CONACYT ID: 479895

ID 1<sup>st</sup> Coauthor: *Alejandra, Quesada-Ruiz* / ORC ID: 0000-0002-6445-4824, CVU CONACYT ID: 1036346

ID 2<sup>nd</sup> Coauthor: *Lucina Elena, Raygoza-Orozco* / ORC ID: 0000-0002-6242-0655, CVU CONACYT ID: 1036627

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#### Abstract

Family businesses analysis allows us to see the context in which the economy of a community develops, this research identifies the elements that characterize them with elements that include entrepreneurs and as applied. For this research it was used a quantitative, exploratory and transversal approach to the main features of the micro and small firms (MIPE's) in the municipalities of San Blas, Tecuala and Santiago Ixcuintla in Nayarit to micro and small bussinesses with a range employees of 1-10 workers, using a total of 840 surveys, contributing to the analysis of the impact of the economy of the area, displaying their potential use for the benefit of the business sector locally. The focus of this study is an approach to the current state of MIPE's on the north coast of Nayarit (CNN) however, noted that the family business does not have an appropriate structure and that many of the activities are carried out in isolation and a marked lack of knowledge of what is involved in running it, which often prevents their permanence in the market because there are already some department stores that put pressure on the micro and small bussinesses.

**Business, Family, Micro, Small**

#### Resumen

El análisis de la empresa familiar nos permite visualizar el contexto en que se desenvuelve la economía de una comunidad, esta investigación identifica los elementos que las caracterizan, con que elementos cuentan los empresarios y como los aplican. Para la presente investigación se utilizó una metodología de investigación de tipo exploratoria con enfoque cuantitativo y transversal, para conocer las principales características de las Micro y Pequeñas empresas (MYPE's) en los municipios de San Blas, Tecuala y Santiago Ixcuintla en Nayarit categorizando a las micro y pequeñas empresas como aquellas con un rango de empleados de 1 a 10 trabajadores, se aplicaron un total de 840 encuestas cuyos resultados y análisis pretenden contribuir a determinar el impacto de la economía de la zona, visualizando su potencial aprovechamiento en beneficio del sector empresarial a nivel local. El tema central de este estudio es una aproximación al estado actual de las MYPE's en la Costa Norte de Nayarit (CNN) sin embargo, se observó que la empresa familiar no cuenta con una estructura apropiada y que muchas de las actividades se realizan de manera aislada y con un marcado desconocimiento de lo que implica el funcionamiento de la misma, lo que con frecuencia impide su permanencia en el mercado dado que ya existen algunas tiendas departamentales que ejercen presión sobre las micro y pequeñas empresas.

**Empresa, Familiar, Micro, Pequeñas**

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† Researcher contributing first author.

## Introduction

The small business is dedicated to retail sales with a small profit margin and is a very competitive sector, since its creation is considered relatively easy and the risks in the operation are lower, it becomes a great attraction for entrepreneurs. The activities in the rural environment imply a great challenge for communities with poor economic development that have natural and heritage resources but have not been given the necessary promotion. According to the state development plan 2011-2017 the North Coast of Nayarit (which comprises three municipalities: San Blas, Tecuala and Santiago Ixcuintla) has these attributes, however, according to CONEVAL Nayarit is a stagnant state in terms of economic growth.

This region is primarily dedicated to primary activity, over the years these municipalities have been losing importance, were recognized for their great participation as producers of tobacco, indigenous culture, beaches, palapares, areas that have been neglected.

And even when farmers own farmland, (Barkin, 1998: X) they are usually stuck in the marsh of bureaucratic restrictions, with no possibility of growing valuable commercial products or modern varieties of their traditional crops, they are often forced to sell, transfer or simply abandon their land. Therefore, it is important to review the basic profile of the companies that are based in this region.

## Objective

Know the profile of the family business that strengthens the local growth of the area on the North Coast of Nayarit.

## Developing

Commercial activity is of fundamental importance in business life, in Mexico 80% of companies have trade or service activities, the remaining 20% are dedicated to transformation. The Ministry of Economy (SE) and the Ministry of Finance and Public Credit (SHCP) modified the classification for Micro, Small and Medium Enterprises (MSMEs), in order to expand access to programs designed for these units.

The modification, which was published on June 30, 2009 in the Official Gazette of the Federation (DOF), takes into account the number of jobs it generates and establishes as a determinant the level of annual sales. MSMEs are essential for the economic development of the country, since they constitute 99% of the total economic units and represent about 52% of the Gross Domestic Product (GDP), generating more than 70% of formal jobs.

Stratification						
Size	Sector	Range number workers	of	Annual sales amount (mdp)	range	Maximum combined stop
Micro	All	Up to 10		Up to \$ 4		4.6
Little	Commerce	From 11 to 30		From \$ 4.01 to \$ 100		93
	Industry and Services	From 11 to fifty		From \$ 4.01 to \$ 100		95
Median	Commerce	From 31 to 100		From \$ 100.01 to \$ 250		235
	Services	From 51 to 100				
	Industry	From 51 to 250		From \$ 100.01 to \$ 250		250

**Table 1** Business Classification

Source: Ministry of Economy

Some of the characteristics of the MYPES according to Carrasco (2005) are that they respond to the specific demands of consumers, create products and services, generate jobs and contribute to economic growth. In addition Sánchez (2007) bases that other characteristics are that they are constituted with little investment; they use simple production, distribution and marketing processes; research on market development is scarce; they are vulnerable to economic policy changes; the regulations for its promotion and consolidation have been wrong, incomplete and inappropriate;

In this same sense, the SME Observatory, which started as a dependency of the Ministry of Economy is now part of the Mexican Council for Economic and Social Development (COMDES), in 2003 identified that a large percentage of SMEs in Mexico have a structure of family business, so their needs in matters of management and administration of the company are different from those of a "traditional" business; The company's sales structure is highly concentrated. First, about 50 percent of sales are concentrated in the four most important clients, and second, almost 65 percent of the demand is commercialized in a radius of less than 100 kilometers from the company, putting them in a weak position.

At consider that a large percentage of its sales depend on a small number of companies (and regional level) the same happens for the structure of the supply; The credit approval rate by commercial banks is relatively high, close to 75 percent on average. Those entrepreneurs who did not receive the credit, argue that one of the main reasons is the lack of guarantees.

On the other hand, Castillo (sf) mentions that these types of companies suffer from a lack of technological innovation because they do not have timely information and access to financing, their processes are outdated, as well as their scarce work organization, with family-based structures and absence of quality, safety and hygiene strategies, resulting in many MYPE's being unable to survive in a globalized world and only subsisting because they remained isolated in small market niches where competition has not affected them so far.

The organization of work in rural communities is regulated by several formal and informal institutions, such as ejido and community organizations, as well as domestic units and networks that are established in each community, many of which have to do with the production and self-consumption work of their plots and the raising of poultry that allows them to support their economy, in addition to incorporating a family member into commercial work, either inside or outside the community to obtain income that Help family expenses.

For Garduño, Guzmán and Zizumbo (2009:12) The pragmatic aspect of rural tourism leads to thinking about microenterprises and a multidisciplinary fusion of knowledge areas to support sustainable management in relation to landscapes and the recognition of management capacities, the richness of their forms of organization and socio-cultural values of local communities for the use of heritage.

The small business lacks a formal structure in all its areas, the owner of the company articulates several positions at the same time, characterizing him as an independent administrator where he operates and directs the actions, taking control of his income and expenses, however the area Fiscal and financial is usually handled by an external advisor.

In Mexico there are a total of 3.7 million economic units of the private and parastatal sector that started operations before 2009 of them 95.05% are microenterprises and generate 41.56% of employment, so it is vital to support their development, consolidation and modernization.

Therefore Rodríguez and Orozco (2009) determine that there is evidence that the patterns of the new world economy offer important opportunities to local governments, granting them the ability to weave local business networks, attract investments and integrate these elements into a development project. balanced and sustainable. This is stated by Weidenfeld, Butler, & Williams, (2011: 598) "Strategic alliances are institutionalized agreements that companies develop with each other to access complementary resources and skills that reside in other companies" contributing to the development in an interactive way.

Just as Fernández (2009) determines that local entrepreneurship, in order to consolidate its achievements and have synergies with public agents, needs stable actors to represent it in intermediation in the sphere of public policy, so it is important to resume the community so that they are themselves who make the decisions of the projects that are carried out and above all that are participants in the benefits that local development could bring.

The participation of the local government should also be considered, which should be more effective, as Gauna (2014) affirms, being closer to citizens and their problems, having greater management capacity and, above all, having financial resources to generate actions. that benefit the community.

### **Methodology**

The tool used to gather the information was a structured questionnaire, applied individually, with 131 closed questions according to Aguilar, Peña and Posada, (2015) formed as follows: a) Company characteristics b) General data of the director c) Infrastructure and ICT of the organization d) Marketing, sales and innovation e) Finance, management and human resources f) Responsibility and sustainability, which was resumed from the research Systemic analysis of the micro and small business in Mexico.

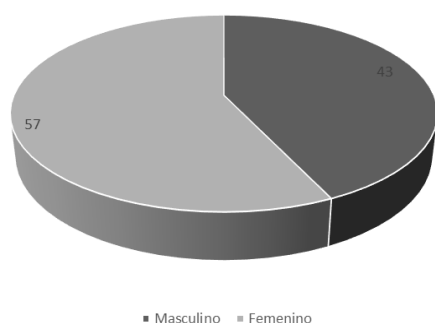
The questionnaire was applied to the owners and managers of the companies or businesses through personal interviews, 200 students from the Technological University of the Coast participated as information collectors who served as interviewers. The results were captured, to process the information and edit the results tables, the information was given a statistical treatment, absolute, relative frequencies and descriptive statistics were obtained, through the calculation of the average to obtain the average, with which the information could be given greater reliability, subsequently the information was graphed and interpreted descriptively.

This study is of a descriptive nature of a quantitative nature, oriented to the perception that businessmen have according to Hernández, Fernández and Baptista (2014) explained by means of a sample composed of merchants from the North Coast of Nayarit.

The sample calculation was taken randomly using a finite formula with a 95% confidence level, 5% error and 50% for probability in favor and equal against and thus obtain the number of surveys to be applied in the municipalities from San Blas, Santiago and Tecuala.

## Results

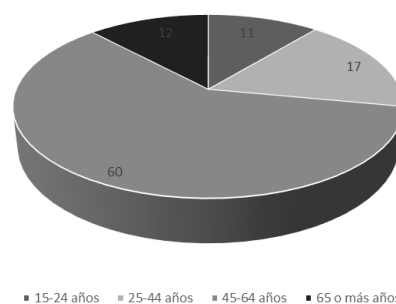
The total surveys were 840 in the three municipalities, where 57% were female and 43% male (Figure 1).



**Figure 1** Gender

Source: Own elaboration based on field work

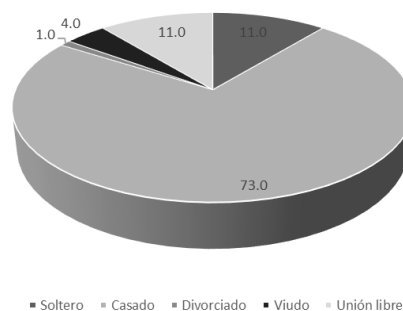
Oscillating the ages between 15 to 24 years with 60%, from 25 to 44 of 17%, from 45 to 64 60% and above 65 years with 12% (Figure 2)



**Figure 2** Age

Source: Own elaboration based on field work

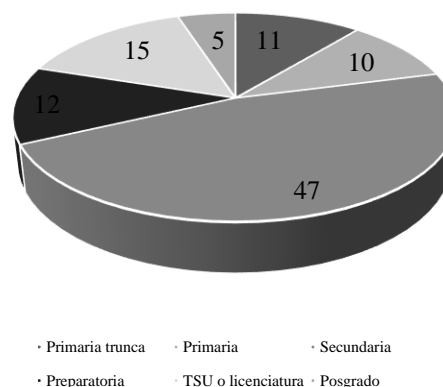
The marital status of the respondents with 73% were married, singles and free union made up 11% each, divorced 1% and widowers 4% (Figure 3)



**Figure 3** Marital status

Source: Own elaboration based on field work.

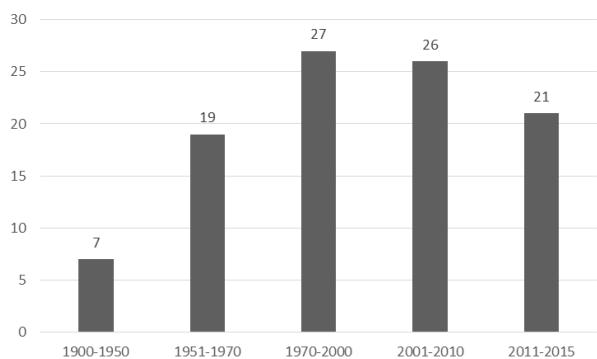
We can see that 11% have truncated elementary school, 10% finished it, then high school finished 47%, high school 12%, attended 15% professional and there is a 5% postgraduate degree (Figure 4)



**Figure 4** Level of studies

Source: Own elaboration based on field work

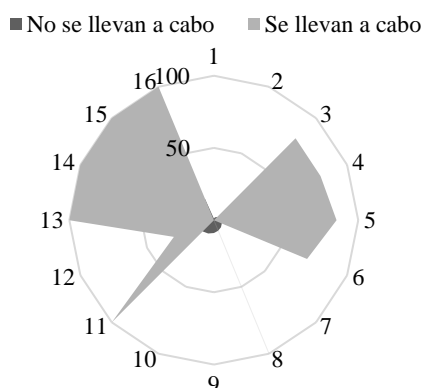
Regarding the year of foundation (Figure 5) 7% was between 1900-1950, 19% between 1951-1970, as well as 27% between 1970-2000, 26% from 2001-2010 and 21% between 2011 - 2015



**Figure 5** Foundation year  
Source: Own elaboration based on field work

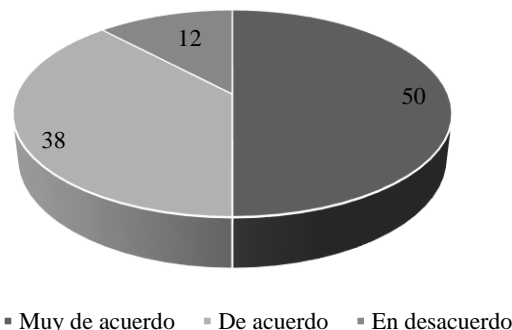
In the companies surveyed, they asked about the functions that are carried out and who performs them, within the most structured departments were Sales, Payments, purchases, product promotion and the least structured were strategic planning and market analysis. The departments were, (Figure 6):

1. Strategic planning
2. Market analysis
3. Accounting and Finance
4. Shopping
5. Payments
6. Sales
7. Production
8. Services
9. Logistics
10. Information technologies
11. Human resources
12. Communication
13. Product promotion
14. Plans to increase sales
15. Customer service
16. Post-sale service



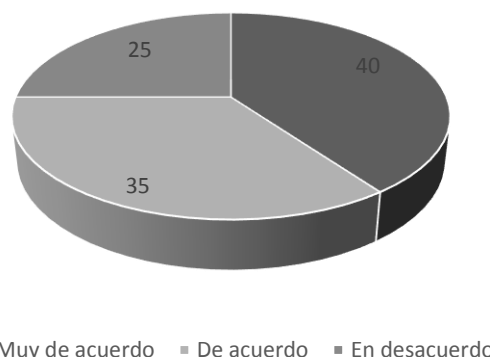
**Figure 6** Functions of the company  
Source: Own elaboration based on field work.

Within the items and in the area of Marketing they were asked if they did advertising and promotion activities 50% answered 38% strongly and 12% disagree.



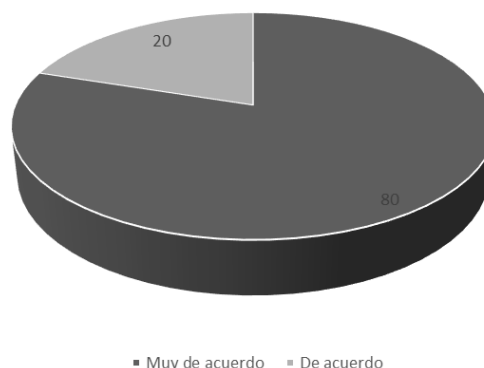
**Figure 7** Advertising and promotion activities  
Source: own elaboration based on field work

They were asked if they invested time and / or money to improve customer relationships and 40% strongly agree, 35% agree and 25% disagree.



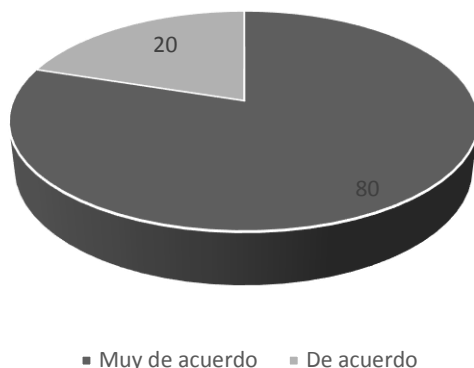
**Figure 8** Relationship with customers  
Source: own elaboration based on field work.

They were also asked if sales to customers in their colony were important to the company and 80% strongly agreed and 20% agreed.



**Figure 9** Relationship with customers in your neighborhood  
Source: Own elaboration based on field work

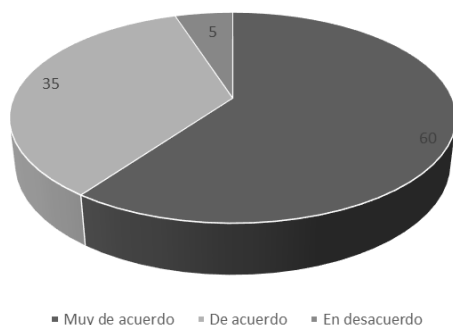
Another question was that if he knew how much his clients owed him and 80% said they totally agree and 20% agree.



**Figure 10** Customer debts

Source: own elaboration based on field work.

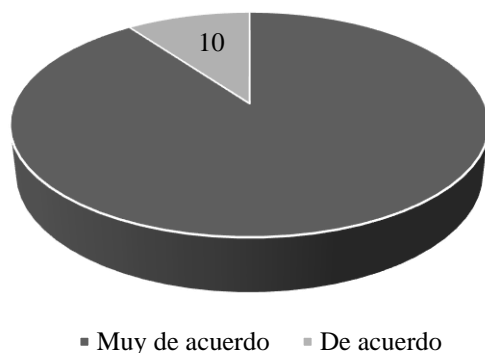
In the same way, they were asked if they knew the value of their inventory and 60% agreed totally, 35% agreed and 5% disagreed.



**Figure 11** Inventory knowledge

Source: own elaboration based on field work

Finally he wondered if they knew how much he owed his suppliers and 90% agreed totally, 10% agreed.



**Figure 12** Debt to suppliers

Source: own elaboration based on field work.

## Discussion

Esteban, Coll and Blasco (2005) in their study Competitiveness and innovation in micro and small businesses? Challenges prior to overcoming, which they carried out in the regions of L'Horta in the province of Valencia, Spain, analyzed the innovative and competitive capacity of the micro and small business where they identified some formative or capacity aspects in the entrepreneurs, finding that they are not lacking of knowledge in terms of technical production (related to product engineering) but if they have deficiencies in terms of preparation / training in the business or management field.

In fact, several interviewees described the employer as a worker, but not a manager, as this study shows, where the entrepreneur carries out almost all the activities of the business even if he had staff in his charge. This information supports the theory previously presented by Castillo (nd) who mentions that this type of companies uses outdated processes lacking strategies and poor work organization, as well as the lack of management and strategic planning that provide technological innovation and access to financing; these activities being characteristic of the managerial function of the entrepreneur.

On the other hand, the majority of the interviewees highlighted their flexibility as a first-order strength in the MYPE, understood as the ability to adapt to changes, the entrepreneur is focused on day to day, although it may not be an advantage by not allowing plan in advance some activities that could generate greater profitability, as well as allow a renewal in it.

## Conclusions

Local development programs in communities based on adequate studies, well planned and well managed, have a good chance of improving the economy and the quality of life of residents.

The most relevant results obtained with the information from the surveys were, for example, that the area with the greatest development in them is finance, sales and payments, considering that businesses have not received support from financial institutions of the municipality, which provide credits difficult to obtain by entrepreneurs.

Most small businesses tend not to change their area of operations, that is, they remain in the same place where they started. They try to preserve their market and want to have a close relationship with their clientele, since the owner believes that it will be faithful for a long time, reinvest their profits since they are not subject to credit very easily.

The activities are concentrated in the owner of the company, the operation and direction of the company and most of the time they are unaware of the operation of institutions with public or private financial support.

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