

Theoretical approach to the Financial Impact on MSMEs in the San Martín Texmelucan region, Puebla, Mexico, in the application of the 2023 labor reforms

Acercamiento teórico al Impacto Financiero en las MIPYMES de la región de San Martín Texmelucan, Puebla, México, en la aplicación de las reformas laborales del 2023

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DOI: 10.35429/JLE.2023.13.7.21.31

Received: July 30, 2023; Accepted: December 30, 2023

Abstract

The labor reforms established in 2023 include modifications in social benefits such as an increase in vacations, a greater integration factor in the calculation of the base contribution salary and the increase in unemployment rates in advanced age and old age at the expense of employers. . Although this represents progress in workers' rights, the increase in quotas and vacation days causes companies to have to adapt their strategies for business productivity and competitiveness.

Financial impact, MYPIMES, Business productivity, Labor Reforms, Corporate Social Responsibility

Resumen

Las reformas laborales establecidas en 2023 incluyen modificaciones en los beneficios sociales como un aumento de las vacaciones, un mayor factor de integración en el cálculo del salario base de cotización y el aumento de las tasas de desempleo en edad avanzada y vejez a costa de los empleadores. Si bien esto supone un avance en derechos de los trabajadores, el aumento de cuotas y días de vacaciones provoca que las empresas tengan que adaptar sus estrategias de productividad y competitividad empresarial

Impacto financiero, MYPIMES, Productividad empresarial, Reformas Laborales, Responsabilidad Social Empresarial

Citation: SOTO-RIVAS, Soledad, IRIGOYEN-ARROYO, Luis Ernesto, AGUILAR-PEREZ, Esmeralda and HERNÁNDEZ-HERNÁNDEZ, María Elena. Theoretical approach to the Financial Impact on MSMEs in the San Martín Texmelucan region, Puebla, Mexico, in the application of the 2023 labor reforms. *Journal-Law and Economy*. 2023. 7-13:21-31.

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Introduction

The Mexican government, with the implementation of labour reforms in 2023, seeks to generate benefits for workers and for society in general, by reforming articles 76 and 78 of the Federal Labour Law, as well as with the gradual increase in employer contributions following the modification of the Old Age Unemployment and Old Age Insurance.

Following the implementation of these labour reforms, it is essential to analyse the challenges faced by SMEs in terms of the doubling of minimum holiday days for workers and the increase in employer contributions in the field of severance at advanced age, since protecting workers' rights and providing better access to labour justice, for SMEs a new need is created to analyse and make changes in their labour strategies, "and incorporate into it those issues that could represent important effects for the organisation, especially in terms of adjustments in payroll, compensation and compliance, among others" (Hernández, 2022). In addition, it is necessary for SMEs to be aware of the fiscal and accounting changes that the implementation of the reform implies, since with the increase in holidays and the minimum wage in 2023, the integration factor for the calculation of the base contribution wage increases, and with it, an increase in employer contributions to social security.

This research is developed in the body in consolidation called Strategic management, innovation and education for the competitive development of the organisations of the Tecnológico Nacional de México, campus San Martín Texmelucan, ITSSMT. This research is in the phase of the theoretical approach to the financial impact of the 2023 labour reform on companies in the study region.

Description of the method

The research is hermeneutic in the interpretation of labour legislation applicable to workers and employers in the business sector of San Martín Texmelucan Puebla. The research is in the phase of compiling the applicable labour legislation, which is why this article identifies the substantial knots in the application of the labour reform.

The study was conducted in the region of San Martín Texmelucan, the following data show a diagnosis of the main economic and social factors that shape it. According to the Intercensal Survey 2015 conducted by INEGI, the region has an employed population of 139,423 people, of this employed population, 31.4% are women and 68.6% are men. This indicates a clear gender disparity in terms of employment in the region, with men predominating in the labour market.

Regarding the economic sectors in which the employed population of the area is employed, 22.4% work in the primary sector, 30.4% in the secondary sector and 47.1% in the tertiary sector. This indicates that the tertiary sector has the largest presence in the region, which means that the majority of the employed population is involved in activities related to providing a service.

MSMEs

García and Mendoza (2023) refer to the importance of an ethical culture in companies, regardless of their size. The study focused on MSMEs. SMEs, according to Lizarazo (2023), are companies with no more than 250 employees in total, a moderate turnover and less access to resources or tools compared to large companies or franchises. Despite the fact that they have fewer administrative tools, the ethical work must be constant in order to achieve a common benefit for the different stakeholders involved in the enterprises under study.

The participation of MSMEs in the Mexican economy, as well as the different productive chains in a global world, requires the accounting of economic censuses. Such is the case of the National Institute of Statistics and Geography (INEGI) (2019), which states that these types of companies "represent the segment of the economy that contributes the largest number of economic units and employed personnel worldwide".

To stratify SMEs it is necessary to consider the following: the range of number of workers, the amount of sales in millions of pesos, and the maximum combined ceiling. The latter is determined by the following formula: $\text{Company Score} = (\text{Number of workers}) \times 10\% + (\text{Annual Sales Amount}) \times 90\%$, which must be equal to or less than the Combined Ceiling of its category.

Based on the stratification established by the Ministry, in agreement with the Ministry of Finance and Public Credit and published in the DOF on 30 June 2009, MSMEs are classified as follows:

| Size | Sector | Range of number of workers | Range of annual sales amount (mdp) | Combined ceiling |
|--------|-----------------------|----------------------------|------------------------------------|------------------|
| Micro | All | Up to 10 | Up to \$4.00 | 4.6 |
| Small | Trade | From 11 to 30 | From \$4.01 to \$100 | 93 |
| | Industry and services | From 11 to 50 | | 95 |
| Medium | Trade | From 31 to 100 | From \$100.01 to \$250 | 235 |
| | Services | From 51 to 100 | | |
| | Industry | From 51 to 250 | | 250 |

Table 0 Classification of MSMEs
Source: DOF (2009)

Competitiveness of SMEs

It is important to consider the competitiveness of SMEs, as Aguilera, González and Rodríguez (2010) point out that various factors make up the positioning of companies in the market, emphasising competitiveness as an important factor in their economic life.

In Mexico, the Law for the Development of Competitiveness of Micro, Small and Medium Enterprises in article three, section IV, refers to it as "the quality of the economic and institutional environment for the sustainable and sustainable development of private activities and increased productivity; and at the enterprise level, the ability to maintain and strengthen their profitability and participation of MSMEs in the markets, based on advantages associated with their products or services, as well as the conditions under which they offer them".

Competitiveness is a key concept in SME business management, which is defined as the ability of SMEs to remain profitable in the market through the creation and implementation of competitive strategies that allow them to stand out from other enterprises offering similar products or services.

To achieve competitiveness, SMEs must focus on several factors, both internal and external. External factors include the levels of investment in the country and public policies. On the other hand, internal factors include employee training and education, product or service innovation, digitalisation of processes, among others. The ability of SMEs to adapt and respond quickly to changes in the market and consumer demands is also key to maintaining their competitiveness.

The State Competitiveness Index 2022, generated by the Mexican Institute for Competitiveness (IMCO) identifies the state of Puebla in 22nd position nationally, with a medium-low level of competitiveness. These indicators identify areas of opportunity or risk in which action should be taken to raise the level of competitiveness in the state.

SME Productivity

In the context of SMEs, productivity is a fundamental aspect for business success. It represents a management index that allows the efficiency and effectiveness of a given process to be evaluated, making it possible to relate the resources invested and the results obtained. The capacity to generate quality products or services in less time and at a lower cost can be the difference between a company that stays in the market and one that does not.

Transposed to human resources, this indicator establishes the efficiency of human talent in the production process of goods and services with respect to the use of resources to carry out the activity (Palacios, 2021).

For their part, Baltodano-García & Leyva (2020) refer to labour productivity as "the relationship between the production obtained for a given period of work and is quantified by relating production, income or sales between the hours worked or number of workers performed during a given time INEGI (2016). Therefore, if increases are observed in the volume of production or in the amount of sales made and the labour input remains stable, average productivity increases, otherwise the production process will be lower".

Labour productivity within SMEs is related to the management of business resources, which translates into an increase in efficiency and, therefore, an improvement in financial results in a holistic manner.

Employee motivation is an important factor in improving labour productivity. Motivated employees are more productive and more committed to their work. This can be achieved through a variety of measures, such as recognition of a job well done, constant feedback and the setting of clear and achievable goals.

Training and motivation are key to improving labour productivity. When employees are trained in the skills and knowledge necessary to perform their jobs effectively, they can complete tasks faster and with higher quality.

San Martin Texmelucan Region

San Martin Texmelucan is a city located in the central western part of the state of Puebla, which has a population of 155,738 inhabitants (48.1% men and 51.9% women).

According to the article "Puebla, fourth place with the highest number of companies", during the month of May 2022, the State of Puebla occupied the fourth place at national level with the highest number of companies, since according to INEGI data, it has 328,340 micro businesses; 12,774 small businesses; 2,062 medium-sized businesses; and 403 large businesses, the municipalities with the highest number of businesses being the capital, San Pedro Cholula, San Andrés Cholula, Tehuacán, Huejotzingo, San Martín Texmelucan and Cuautlancingo (Zambrano, 2022).

San Martin Texmelucan is one of the municipalities of Puebla with the highest number of businesses, mainly due to the economic activity of the region, which is centred on commerce. The city is renowned for having one of the largest tianguis in Latin America, which takes place every week and attracts thousands of visitors from all over the region. This tianguis generates thousands of direct and indirect jobs in the region, making it one of the main sources of employment in the city. In addition to commerce, manufacturing is also an important activity in the region, especially in the production of textiles.

Together, these economic activities have contributed to the growth and development of the city, generating new employment opportunities and fostering business development in the region.

Important economic sectors

According to data from INEGI, in the 2019 Economic Census, the economic sectors that concentrated the most economic units in San Martin Texmelucan were: retail trade (5,166 units), other services except government activities (1,349 units) and manufacturing industries (1,088 units).

The economic sectors with the highest total income in the municipality were: manufacturing industries (\$12,244M MX), retail trade (\$6,568M MX) and wholesale trade (\$2,840M MX), according to data from the same census.

In addition, the economic sectors with the highest concentration of employees dependent on the economic unit in San Martin Texmelucan were retail trade (10,156 employees), manufacturing industries (7,627 employees) and temporary accommodation and food and beverage preparation services (2,748 employees).

Public policies applied to the municipalities are important guidelines that frame the development of the region, an example being the regional programmes. Thus, the Regional Programme of San Martin Texmelucan is an initiative that seeks to address the needs and problems of the region, with the objective of contributing to the fulfilment of the objectives and goals established in the State Development Plan 2019-2024.

In particular, theme 3 "Economic development of the San Martin Texmelucan region for all" aims to promote sustainable economic growth in the region through various strategies. Strategy 1 "Promoting productive chains and attracting investment for job creation" includes different lines of action that directly benefit SMEs:

- Promote entrepreneurship with social responsibility to enhance the productive vocations of the region.

- Promote the generation and consolidation of MSMEs to increase their productivity and competitiveness with a sustainable approach and a gender perspective.

While in strategy 2 "Strengthen decent work to boost productivity and well-being" we can find lines of action related to the objective of the 2023 labour reforms, where the aim is for workers to have access to decent and well-paid work:

- Promote mechanisms for the comprehensive development of the workforce as an essential element that dignifies work.
- Provide legal certainty and labour justice to generate labour stability.

Federal Labour Law

The Federal Labour Law (LFT) is the regulatory legal provision of article 123 of the Constitution, which regulates labour relations in our country. The current LFT was published in the Official Journal of the Federation (DOF) on April 1, 1970, and has been amended several times over the years, the last one on December 27, 2022.

The LFT is composed of 1010 articles divided into 16 titles, which establish the rights and obligations of employers and workers, as well as procedures, responsibilities and sanctions. The thematic titles are as follows:

- General Principles (Article 1 - Article 19).

This title highlights the importance given to the right to dignified or decent work in the second article, where it is defined as that in which the human dignity of the worker is respected, without discrimination, with access to social security, obtaining a remunerative salary, continuous training and optimal conditions of safety and hygiene to prevent occupational hazards.

Arteaga (2028) conceives decent work as "that productive occupation that is fairly remunerated and that is carried out in conditions of freedom, equity, security and respect for human dignity. To better understand this concept, it is essential to know what human dignity is and how it influences decent work.

For Aparisi, "when it is argued that man is a dignified being, it is necessary to show that he is a person and can never be objectified, or used as a mere instrument, at the service of ends that are alien to him" (Arteaga 2018).

The importance of the concept of dignified work in the workplace lies in the fact that workers should not be considered as mere productive resources, but as people capable of contributing to the growth of the company with their skills, talents and dedication. Management must take the necessary measures to offer decent work to employees, based on the provisions of the laws that protect labour rights. This fosters a positive organisational culture and contributes to the motivation, satisfaction and commitment of employees, which is reflected in their productivity and the success of the company. Corporate social responsibility is committed to respect for workers' rights and awareness of employers' obligations.

As part of an ethical business culture, there must be knowledge of the rights based on the Federal Labour Law, and this research summarises the key points of the LFT:

- Individual labour relations (Article 20 - Article 55).
- Working conditions (Article 56 - Article 131).

Within Chapter IV called "Vacations", there is a set of provisions that regulate the right of workers to enjoy a period of paid rest known as holidays. This chapter is of vital importance to guarantee the well-being and occupational health of employees, establishing the days to which each employee is entitled according to his or her seniority, as well as the manner in which this right must be granted in the form and time required by the employee.

- Rights and obligations of workers and employers (Article 132 - Article 163).
- Women's Work (Article 164 - Article 172)
- Work of Minors (Article 173 - Article 180)
- Special Employment (Article 181 - Article 353-U)
- Collective Labour Relations (Article 354 - Article 439)

- Strikes (Article 440 - Article 471)
- Occupational Hazards (Article 472 - Article 515)
- Statute of limitations (Article 516 - Article 522)
- Labour and social service authorities (Article 523 - Article 624)
- Legal staff of conciliation and arbitration boards. (Article 625 - Article 647)
- Workers' and Employers' Representatives (Article 648 - Article 684)
- Labour Procedural Law (Article 685 - Article 938)
- Enforcement procedures (Article 939 - Article 991bis)
- Liabilities and penalties (Article 992 - Article 1010)

Employer's rights and obligations

According to Article 10 of the LFT, the employer is the natural or legal person who uses the services of one or more workers. This occurs through an employment relationship, which according to Article 20 of this law, is the provision of subordinate personal work to a person, through the payment of a salary.

Employer obligations are regulated in Article 132 of the same law, among which the following are highlighted for the purposes of this investigation:

- Comply with the provisions of the labour regulations applicable to their companies or establishments;
- Pay wages and compensation to workers in accordance with the regulations in force in the company or establishment.

It is important to note that these employer obligations are fundamental to guarantee workers' labour rights and compliance with applicable labour standards. Employers must comply with these obligations to protect the employment stability and quality of life of their employees.

Labour rights and obligations

According to article eight of the LFT, a worker is defined as a natural person who performs subordinate personal work for another natural or legal person, where work is understood as any human, intellectual or material activity, regardless of the degree of technical preparation required for each profession or trade.

The obligations of workers are regulated in Article 134 of the same law, among which the following are highlighted for the purposes of this research:

- Comply with the provisions of the labour regulations applicable to them;
- Observe the provisions contained in the regulations and official Mexican standards on safety, health and the working environment, as well as those indicated by the employers for their personal safety and protection;
- Perform the work with the appropriate intensity, care and attention, and in the manner, time and place agreed upon.

Among the most important labour rights are: a living wage, a working day with a maximum duration of eight hours, rest days, holidays, holiday bonus and Christmas bonus.

Despite the fact that labour rights are protected in various laws such as the Political Constitution of the United Mexican States in its article 123, in the LFT and in the Social Security Law (LSS), according to the National Council for the Evaluation of Social Development Policy (CONEVAL) in its Study Diagnosis of the Right to Work 2018, refers that "the first deficit of the sectoral policy regarding the right to decent work is the lack of plural participation of society in the design, implementation and evaluation of the sectoral policy, which would be a necessary condition (not sufficient) to review the objectives and instruments of that policy with the purpose of closing the gaps and ensuring access to decent work, by taking into account the right to decent work, taking into account the right to work, the right to work and the right to social security.

Decent work, taking into account the needs of all workers"

On the other hand, the informal economy is yet another problem faced by workers, as "labour informality is one of the main problems of the Mexican labour market: almost 31 million workers have informal occupations, which implies that they face greater vulnerability in terms of access to basic labour rights" (García, 2022). CONEVAL (2018) points out that "labour informality is a product of social inequality in Latin America. This situation arises from an impact on social gaps that produce exclusion from the social system of people of productive age, especially in the labour sphere, who find themselves without the opportunity to access formal employment".

Minimum benefits under the Federal Labour Law

According to Rodríguez (2022), legal benefits in Mexico are those benefits that you have when you enter into an employment relationship. The minimum benefits are those that cannot be evaded or modified, and that must be provided to employees on a mandatory basis. In the LFT of labour we can find the following:

- Article 87.- Workers shall be entitled to an annual Christmas bonus that must be paid before the twentieth day of December, equivalent to at least fifteen days of salary.
- Article 76.- Workers with more than one year of service shall enjoy an annual period of paid holidays, which in no case may be less than twelve working days, and which shall increase by two working days, until reaching twenty, for each subsequent year of service. As of the sixth year, the holiday period shall increase by two days for every five days of service.
- Article 80.- Workers shall be entitled to a bonus of not less than twenty-five percent of their wages during the holiday period.
- Article 71.- Workers who render services on Sundays shall be entitled to an additional bonus of at least twenty-five

percent over the salary for ordinary working days.

- Article 69.- For every six days of work, the worker shall enjoy at least one day off with full pay.
- Article 74. Compulsory rest days are
 - I. January 1st;
 - II. The first Monday in February in commemoration of February 5th;
 - III. The third Monday in March in commemoration of 21 March;
 - IV. On the 1st of May;
 - V. 16th September;
 - VI. The third Monday in November in commemoration of 20 November;
 - VII. On 1 December of every six years, when it corresponds to the transfer of the Federal Executive Power;
 - VIII. On 25 December, and
 - IX. The date determined by federal and local electoral laws, in the case of ordinary elections, for the holding of Election Day.

Decent holidays

On 27 December 2022, amendments to Articles 76 and 78 of the LFT were published in the DOF to increase the vacation period to which workers are entitled from six to twelve days in their first year of service. The reform preserves the gradual increases based on seniority.

| Years worked | Holidays 2022 | Years worked | Holidays 2023 |
|---------------|---------------|---------------|---------------|
| 1 year | 6 days | 1 year | 12 days |
| 2 years | 8 days | 2 years | 14 days |
| 3 years | 10 days | 3 years | 16 days |
| 4 years | 12 days | 4 years | 18 days |
| 5 a 9 years | 14 days | 5 years | 20 days |
| 10 a 14 years | 16 days | 6 a 10 years | 22 days |
| 15 a 19 years | 18 days | 11 a 15 years | 24 days |
| 20 a 24 years | 20 days | 16 a 20 years | 26 days |
| 25 a 29 years | 22 days | 21 a 25 years | 28 days |
| 30 a 34 years | 24 days | 26 a 30 years | 30 days |
| | | 31 a 35 years | 32 days |

Table 1 Comparison of holiday days by years of work in 2022 and 2023

Source: Own elaboration (2023)

The decent holiday reform has had a significant impact on the days of holiday granted to workers. The table above shows a comparison between the holiday days granted in 2022 and the holiday days in force in 2023.

It is important to mention that this reform seeks to guarantee workers' right to rest and recreation, as well as to promote productivity and competitiveness of companies. By granting workers more holiday days, they are given the opportunity to rest and recover their energy, which translates into better job performance and greater job satisfaction.

Similarly, the doubling of minimum holiday days can be a problem for companies, as they will have to find ways to cover workers' absences during this time so as not to affect their operation and productivity.

In addition, the proportional increase of the holiday bonus also represents a financial impact for SMEs. They will have to analyse how they will be able to cover the additional costs this will entail in order to avoid affecting their financial viability. It is important for companies to anticipate these changes and plan strategies to maintain productivity and profitability during their workers' holiday periods, while complying with the labour obligations established by law.

Wage integration

Article 84 of the LFT mentions that the wage is integrated with the payments made in cash for daily quota, bonuses, perceptions, room, bonuses, commissions, benefits in kind and any other amount or benefit that is given to the worker for his or her work.

This is also foreseen in article 27 of the LSS, where it also indicates which factors are excluded from integrating the salary, which are:

I. Work instruments such as tools, clothing and other similar items;

II. Savings, when they are made up of a weekly, fortnightly or monthly deposit of the same amount from the worker and the company; if they are made up in a different way or if the worker can withdraw them more than twice a year, they will not be included in the salary; nor will the amounts granted by the employer for social purposes of a trade union nature be taken into account;

III. The additional contributions that the employer agrees to grant in favour of his workers by way of retirement, advanced age severance and old age insurance contributions;

IV. The contributions that, under the terms of this Law, the employer must cover, the contributions to the National Workers' Housing Fund Institute (INFONAVIT), and the shares in the company's profits;

V. Food and housing when they are provided onerously to the workers; it is understood that these benefits are onerous when the worker pays for each of them at least twenty per cent of the general daily minimum wage in force in the Federal District;

VI. Allowances in kind or in cash, provided that their amount does not exceed forty percent of the general daily minimum wage in force in the Federal District;

VII. Attendance and punctuality bonuses, provided that the amount of each of these concepts does not exceed ten percent of the basic contribution salary;

VIII. The amounts contributed for social purposes, being considered as such those delivered to constitute funds of any pension plan established by the employer or derived from collective contracting. Pension plans shall only be those that meet the requirements established by the National Commission of the Retirement Savings System;

IX. Overtime within the margins indicated in the LFT.

With the minimum legal benefits and the minimum wage established for 2023 (\$207.44) the integration factors and the Integrated Daily Wage are as follows:

| Years worked | Minimum wage | Bonus days | Holidays 2023 | Vacation bonus | Integration factor | SDI |
|---------------|--------------|------------|---------------|----------------|--------------------|----------|
| 1 year | \$207.44 | 15 | 12 | 25% | 1.0493 | \$217.67 |
| 2 years | | | 14 | | 1.0506 | \$217.95 |
| 3 years | | | 16 | | 1.0520 | \$218.24 |
| 4 years | | | 18 | | 1.0534 | \$218.52 |
| 5 years | | | 20 | | 1.0547 | \$218.81 |
| 6 a 10 years | | | 22 | | 1.0561 | \$219.09 |
| 11 a 15 years | | | 24 | | 1.0575 | \$219.37 |
| 16 a 20 years | | | 26 | | 1.0589 | \$219.66 |
| 21 a 25 years | | | 28 | | 1.0602 | \$219.94 |
| 26 a 30 years | | | 30 | | 1.0616 | \$220.23 |
| 31 a 35 years | | | 32 | | 1.0630 | \$220.51 |

Table 2 Integrated Daily Wage with minimum statutory benefits 2023

Source: Own elaboration (2023)

When performing this same table with the minimum wage values of 2022 and with the holiday days before the reform of the LFT, we can find a significant difference in both the integration factors and the corresponding Integrated Daily Wages:

| Years worked | Minimum wage | Bonus days | Holidays 2023 | Vacation bonus | Integration factor | SDI |
|---------------|--------------|------------|---------------|----------------|--------------------|----------|
| 1 year | \$172.87 | 15 | 6 | 25% | 1.0452 | \$180.68 |
| 2 years | | | 8 | | 1.0466 | \$180.92 |
| 3 years | | | 10 | | 1.0479 | \$181.16 |
| 4 years | | | 12 | | 1.0493 | \$181.40 |
| 5 a 9 years | | | 14 | | 1.0507 | \$181.63 |
| 10 a 14 years | | | 16 | | 1.0521 | \$181.87 |
| 15 a 19 years | | | 18 | | 1.0534 | \$182.11 |
| 20 a 24 years | | | 20 | | 1.0548 | \$182.34 |
| 25 a 29 years | | | 22 | | 1.0562 | \$182.58 |
| 30 a 34 years | | | 24 | | 1.0575 | \$182.82 |

Table 3 Integrated Daily Wage with minimum legal benefits 2022

Source: Own elaboration (2023)

Conclusions

Based on the results obtained in this research, it is concluded that the labour reforms and the modification of the quotas for Old Age Unemployment and Old Age (CEAV) have a significant financial, accounting and fiscal impact on SMEs in the region. However, the research suggests that SMEs are not prepared to face these effects, as most of them have not implemented any business strategy that would allow them to project and budget for the effects of these reforms on their finances and internal control.

In addition, there has been a worrying lack of information about tax issues and the benefits that the reform may bring to companies in terms of productivity and competitiveness. It has also revealed a tendency of SMEs towards commercial informality and the violation of workers' rights, in an effort to avoid the financial impacts that the labour reform brings with it. This situation is worrying and requires immediate attention.

It is therefore important that authorities and entrepreneurs work together to address these problems and ensure compliance with labour and tax laws, while providing adequate education to SMEs so that they are better prepared to face future challenges. Businesses need to take proactive measures to adapt to changes and minimise the risks associated with labour reforms. This may include implementing new business strategies, improving operational processes, optimising available resources, and using innovative tools and technologies.

In summary, it is crucial that SMEs recognise the importance of being informed and prepared to deal with the financial and fiscal impacts of labour reforms, and work together with authorities and experts to develop effective solutions to enable them to adapt and grow in a sustainable manner.

Recommendations and Input

As a result of this research project, it is essential to conduct an analysis of the economic situation in the region in order to understand the causes of employers' non-compliance with employer and tax obligations.

Once the main causes of commercial informality and the violation of labour rights have been identified, it is advisable to design information campaigns to orient employees about their labour rights and to inform them about the legal tools available to enforce them. These campaigns should also target employers, so that they are aware of the benefits of complying with their tax and labour obligations, such as access to credit and government programmes, strengthening their reputation and improving the working environment.

It is necessary to address this issue in a comprehensive manner, involving all relevant actors in the solution of the problem. Information, education and the promotion of a culture of formality are key tools to achieve this.

One way for SMEs to take advantage of regional policies is by modifying their business strategies to adapt to the initiatives and programmes promoted by local and state government. In particular, businesses can benefit from aligning their objectives with those of the Regional Programme of San Martín Texmelucan or the State Development Plan 2019-2024.

In addition, SMEs could consider implementing the VELAVO (Verificación Laboral Voluntaria) programme, which according to the Ministry of Labour and Social Welfare (2023), is a free digital platform where workplaces can declare compliance with labour regulations. The main advantages of this programme are that registered companies will not receive ordinary inspection visits for one year in the accredited areas, as well as being able to receive advice on how to improve labour compliance and facilitate the submission of their compliance reports.

Finally, it is essential that SMEs stay informed about future labour reforms, such as the proposal to reduce weekly working hours and provide two rest days for every five days worked. These reforms can have a significant impact on companies' operations and finances, so it is crucial to investigate their possible effects in order to develop business strategies to help minimise their accounting, tax and financial impact, as well as to take advantage of the potential benefits that may arise from these changes.

Acknowledgements

The research work was developed thanks to the support of the Tecnológico Nacional de México, campus San Martín Texmelucan Puebla, ITSSMT. An institution concerned with knowledge applied to the improvement and strengthening of economic regions with the participation of teachers, researchers, students and the productive sector.

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