

Economic, financial and fiscal analysis of the microenterprises of Valle de Santiago Guanajuato

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Abstract

The economic, financial and fiscal analysis, allows to understand the behavior of an entity and to know its capacity of financing and investment. The analysis is carried out through the implementation of an evaluation tool, which serves to obtain the relevant information and allows to have a broader panorama of the economic situation that the microenterprises of Valle de Santiago Guanajuato. The information provided by the companies helps to show how they distribute their economy, the type of financing they usually request at a given time and how they comply with their tax obligations. In the same way, the analysis allows to know the antiquity of the microenterprises of the region near the city of Valle de Santiago, its permanence and growth of the same ones. The current conditions of the market, competitiveness, are decisive factors for the success of micro-enterprises, as well as the economic support that the authorities offer for this type of companies and the fiscal facilities, which allow the growth and permanence in such a competitive market. This research contributes to understand the success or failure of microenterprise establishment in the city of Valle de Santiago and its surroundings.

Microenterprises, Economic, Financial, Fiscal

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1. Introduction

In Mexico the classification of the companies is established according to their size, their turn and the contribution they make, the economy, finances and the fiscal aspect, are important constants for the growth of our country, this is how the interest of this work. Analyze the microenterprises located in the city of Valle de Santiago Guanajuato and its surroundings, its economic situation, its sources of financing and the way in which they receive taxes for the fulfillment of their fiscal obligations and how they influence their permanence in the market, with the purpose of obtaining information to understand their economic growth.

Microenterprises are a fundamental part of the economy of a region, state, country, for the growth of the economy. The support to the micro-enterprises through a financing that allows them to improve their economy and the fulfillment of their fiscal obligations, are factors of the success and permanence, that allows to improve the economic situation of their environment.

The application of a questionnaire distributed for the determination of three variables (economic, financial and fiscal), will facilitate obtaining the information that allows to perform the corresponding analysis. The surveyed businesses range from grocery stores, tortillerías, garages, ironworks, cenadurías, etc.

1.1 Justification

Nowadays, many micro-companies have appeared that soon disappear after being established. Few manage to remain in the market, for this reason the need to perform an analysis of the economic, financial and fiscal situation, to understand more this growing trend.

1.2 Problem

Some micro-enterprises, due to their economic situation and to be able to subsist, require economic support, financed either publicly or privately, in the same way in compliance with fiscal obligations, sometimes they lack sufficient information and require advice from of specialists in the field.

1.3 Hypotesis

The microenterprises of the region of the city of Valle de Santiago Guanajuato require financial support to be able to stay and grow in the market.

1.4 Objectives

1.4.1 General objective

Analyze the economic and financial situation of the microenterprises of the city of Valle de Santiago Guanajuato and its surroundings.

1.4.2 Specific objectives

- Obtain the economic, financial and fiscal information of the microenterprises of the entity, through the application of a survey.
- Analyze the information and present results obtained.

2. Theoretical framework

To carry out the economic analysis we must take into account the definition of economic facts, which are those related to activities that men develop, not in isolation, but as members of human groups, which authorizes us to describe them as social, it is of quantifiable facts, measurable and reducible to numbers. (Méndez, 2005)

Similarly analyze different definitions of the economy, among which we have:

Economics is the social science that studies the choices made by individuals, companies, governments and all societies, to confront the shortages and the incentives as they influence those elections and reconcile them. (Parkin, 2014). Economics is the study of how people use resources to meet their needs. (Van Sicle, 1959)

Economics is the study of the way in which societies use scarce resources to produce valuable commodities and distribute them among different individuals. At the same time, it explores the behavior of financial markets and analyzes how capital allocates the rest of the economy. (Samuelson, 1996)

Microenterprises in Mexico are classified by sectors in Industry, Commerce and Service, which have a range of personnel ranging from 0 to 10 workers and annual sales of up to 4 million pesos. (INEGI, 2010). According to the National Survey on Productivity and Competitiveness of Micro, Small and Medium-sized Enterprises (ENAPROCE), conducted in 2015, 97.6% of 4 048 543 companies are micro-enterprises, and account for 75.4% of participation of employed personnel. (INEGI, 2017)

Finance in a microenterprise is the best instrument in business life to evaluate and rationalize any business, so that good ideas become sustainable businesses in the long term, generating an adequate dividend for shareholders, if they are companies with profit motive, or that allow to continue investing and growing, if they are organizations with social vocation. If they do not meet these requirements, businesses simply die. (Barajas, 2013). On the other hand, the impact of the tax reform on microenterprises is an important point for the growth of the region's economy. The Tax Incorporation Regime is the easiest way to comply with the fiscal obligations for this type of business.

It is a simple regime that allows to be formal to those who have a small business. In it, you can issue invoices or, if you prefer, you can report bi-monthly your global sales. (SAT, 2015) The fulfillment of fiscal obligations generates a tax culture which is understood as the set of values, beliefs and attitudes, compared by a society with respect to taxation and the laws that govern it, which leads to the permanent fulfillment of tax duties. To comply with the constitutional obligation to monitor for the common good and give the population the services that it requires, the State, Federation, Municipality, needs resources that it obtains mainly from taxpayers through the taxes it pays through taxes. . (Oseguera, 2012)

3. Research methodology

The method used was inductive of a descriptive type, proposing a situational analysis that was evaluated through a field investigation through the application of a questionnaire consisting of 16 questions, related to 3 variables: economic situation, financial situation and fiscal situation. The sample was selected for convenience and consists of 164 micro businesses in the municipality of Valle de Santiago and its surroundings. The classification of the questions according to the 3 variables, Variable 1 Economic Situation, Variable 2 Financial Situation, Variable 3 Fiscal Situation, is as follows:

Variable 1. Economic Situation
Is the business turn?
How long has your business established?
Are you satisfied with the profits that the business is generating at this time?
Do you have strategies that allow you to increase sales in the coming years?
Do you know where the profits of the last six months were invested?
Do you think that earnings have decreased compared to the previous period?
Why do you think sales have gone down?

Table 1 Questions of the variable 1
Own elaboration

Variable 2. Financial Situation	
Is your business in a financial situation that allows you to continue growing?	
If you needed to invest more money to your business, would you request financing?	
What type of financing would you request?	
Do you use the information provided by the accountant to make financial decisions and control the business?	

Table 2 Questions of the variable 2*Own elaboration*

Variable 3. Fiscal Situation	
Have you contracted the services of an accountant who keeps your accounts and is responsible for the tax compliance of your business?	
Is it clear what information the Accountant gives you each month and keeps you updated on tax updates?	
Do you know what your tax obligations are?	
To what degree do you think the current tax system is fair?	
In your opinion, we must pay taxes, why ...?	

Table 3 Questions of the variable 3*Own elaboration*

The data and results for each question of Variable 1, are shown in detail in table 4.

Q1: Is the business turn?	
Industrial	8
Commercial	117
Of service	39
Total	164
Q2: How long has your business established?	
more than 2 years	103
from 1 to 2 years	41
for months	20
Total	164
Q3: Are you satisfied with the profits that the business is generating at this time?	
Extremely satisfied	30
Very satisfied	58
A little satisfied	60
Slightly satisfied	13
Nothing Satisfied	3
Total	164
Q4: Do you have strategies that allow you to increase sales in the coming years?	
Yes	71
No	93
Total	164
Q5: Do you know where the profits of the last six months were invested?	
New merchandise	71
General expenses	57
Payment of credits	25
Purchase of furniture	10
Other	1
Total	164

Q6: ¿Considera que han bajado las ganancias en comparación del período anterior?	
Yes	98
No	66
Total	164
Q7: ¿Por qué motivo cree que han bajado las ventas?	
Economic situation	64
Price increase	51
Little variety	16
Lack of publicity	13
Without answer	20
Total	164

Table 4 Results to the questions of the Variable 1*Own Elaboration*

The table above shows the frequency generated by the turn of economic activity of the surveyed businesses, obtaining that 72% are commercial companies 24% of service and 4% of industrial turn. In relation to the age of the business, 63% say they have more than 2 years, 25% between one and two years and 12% recently created. With respect to the profits generated in the business today, 18% say they are extremely satisfied, 35% satisfied, 37% say they are a little satisfied, slightly satisfied represents 8% and nothing satisfied 2%.

In the question that allows to know where the profits obtained in the last six months have been invested, 43% acquire merchandise, 35% use it to cover general expenses, 15% pay credits obtained, 6% acquire furniture and / or equipment and 1% use it for other things not related to the business. When asked if profits have decreased from one period to another, 60% say yes and the rest say they have been constant or better. And when asking why they believe that the profits fall at a given time, 39% say that the same economic situation that the country is living, 31% for the price increase, 10% for the little variety with which they have, 8% for not implementing advertising and 12% do not answer this question.

The following table shows the results obtained for each question of Variable 2.

Q8: Is your business in a financial situation that allows you to continue growing?	
Yes	128
No	36
Total	164
Q9: If you needed to invest more money to your business, would you request financing?	
Yes	102
No	57
Unanswered	5
Total	164
Q10: What type of financing would you request?	
Bank financing	28
Caja Popular	70
Other	4
unanswered	62
Total	164
Q11: Do you use the information provided by the accountant to make financial decisions and control the business?	
Always	23
Sometimes	36
Regular	11
Rarely	6
Never	0
unanswered	88
Total	164

Table 5 Result to the questions of the Variable 2.
Own elaboration

Table 5 shows the results obtained by each of the questions related to the financial situation of the microenterprises. 78% say that the financial situation in which it is, allows it to continue growing, while 22% comments otherwise. 62% of the owners of microenterprises say that if they will need to invest more money, they would request financing, 35% would not be willing to request a loan and 3% will not answer. If they requested financing 17% would be banking, 43% would be in a financial institution (Caja Popular), 2% would borrow from a relative or friend and 38% would not answer. And finally in this financial variable with respect to the information generated by the accountant and that serves to make decisions and control the business, 14% say always use it, 22% sometimes, 7% regularly, 4% few times and 54% do not answer, since some do not have accounting advice or simply do not require it.

Table 6 shows the results obtained for each question of Variable 3.

Q12: Have you contracted the services of an accountant who keeps your accounts and is responsible for the tax compliance of your business?	
Yes	76
No	86
Unanswered	2
Total	164
Q13: Is it clear what information the Accountant gives you each month and keeps you updated on tax updates?	
Extremely clear	22
Very clear	40
Regular	13
Unclear	1
Nothing clear	0
Unanswered	88
Total	164
Q14: Do you know what your tax obligations are?	
Yes	95
No	69
Total	164
Q15: To what degree do you think the current tax system is fair?	
Very unfair	16
Unfair	34
Regular	77
Fair	30
Very fair	7
Total	164
Q16: In your opinion, we must pay taxes, why ...?	
- It is a solidary way of giving back the wealth	18
- We all have to contribute to the nation's spending	57
- The law obliges us to pay	89
Total	164

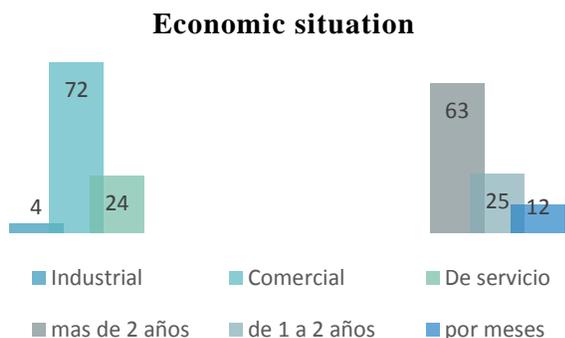
Table 6 Result to the questions of the Variable 3.
Own elaboration

The frequency in the variable of the fiscal situation is shown in the table above. 46% of respondents say they have contracted the services of an Accountant. With respect to the fact that if the owners of the businesses are aware of their tax obligations, 58% answered affirmatively, so we can determine that actions are still needed to make the tax authorities aware of the tax obligations taxpayers Similarly, when considering whether the fiscal system was just 47% external on a regular basis, 21% said it was unfair, while 18% said it was fair.

Finally, 54% of the micro-entrepreneurs think that the law obliges them to pay taxes, without having a benefit, 11% say it is a solidary way to redistribute wealth and 35% are aware that they have to contribute the expenses of the nation.

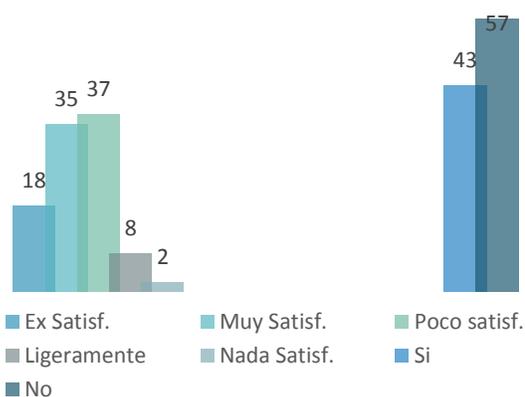
4. Results

The objective of the research is to obtain the economic, financial and fiscal information of the microenterprises of the entity, through the application of a survey, which was achieved with the application of the survey of 16 items to 164 micro-enterprises, obtaining the following results. The graphics that show the results of the research by variable and the questions that comprise them are presented.



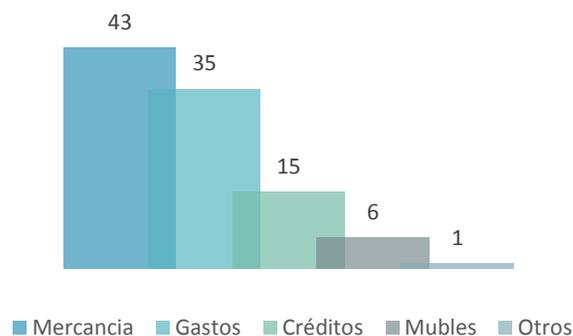
Graph 1 Questions 1 and 2
Own elaboration

In Graph 1, it shows the result of the first two questions, which comprise the first variable, which defines the economic situation of the microenterprises of the city of Valle de Santiago and its surroundings, where 72% are commercial companies and the 63% of them are more than two years old.



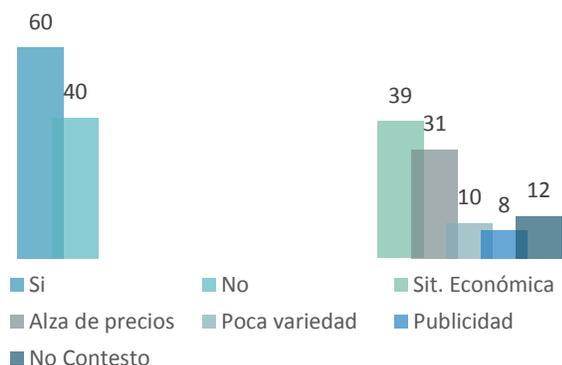
Graph 2 Preguntas 3 y 4
Own elaboration

The previous Graph shows the result of questions 3 and 4 of the economic variable, where the satisfaction of the owners of the microenterprises with respect to the profits generated at the time of the survey is not very satisfactory, which is represented by the 37% of respondents, while 35% reported being very satisfied.



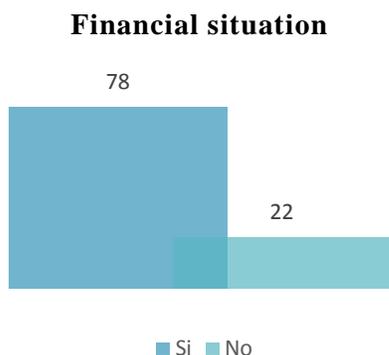
Graph 3 Question 5
Own elaboration

Graph 3 shows in which item the profits of the last months invest, the owners of the microenterprises, indicating 43% in the purchase of new merchandise, 35% use the profits to pay general expenses, 15% for the payment of credits, only 6% invests in the purchase of furniture and equipment.



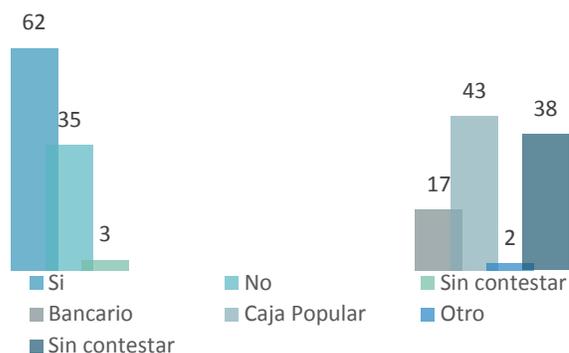
Graph 4 Questions 6 and 7
Own elaboration

In the previous Graph show the results obtained from question 6 and 7, where 60% of the microenterprises analyzed say that they have lowered profits and the main reason is the economic situation that represents 39%, following the rise in prices with 31%. In the same way, the questions of the variable where the financial situation is shown are graphed.



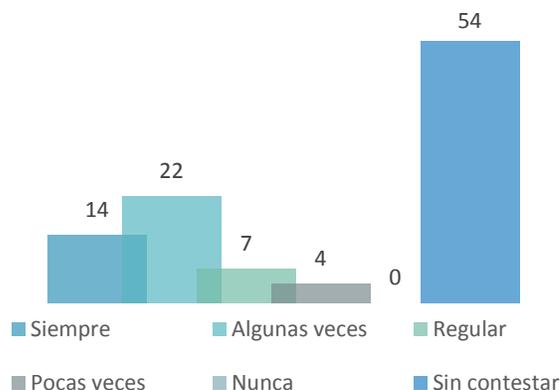
Graph 5 Question 8
Own elaboration

Graph 5 shows the result of the first question of variable 2 that talks about the financial situation, indicating that 78% of the micro-companies surveyed, are in a financial situation that allows them to continue growing.



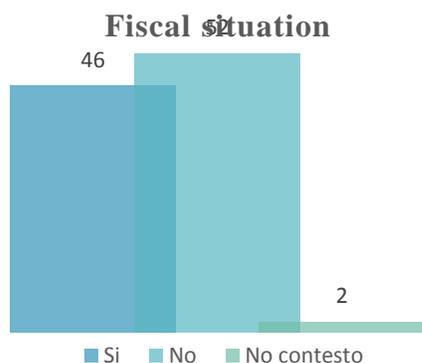
Graph 6 Questions 9 and 10
Own elaboration

The previous Graph indicates that 62% of the interviewees, would be interested in requesting a financing in case of needing it, and of these 43% would do it to a popular fund, for the ease that represents the completion of the process.



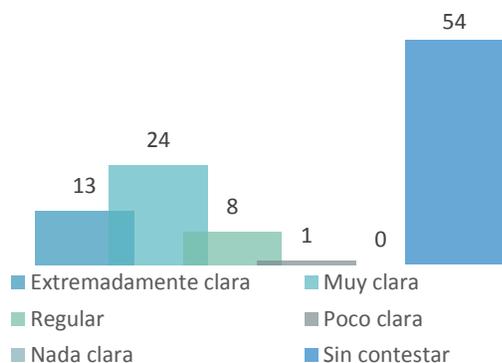
Graph 7 Question 11
Own preparation

Graph 7 shows the result of the question: Do you use the information provided by the accountant to make decisions and control the business? To which 54% did not answer most because they do not use the services of an accountant, and those who have it 22% answered that sometimes and 14% argue that always.



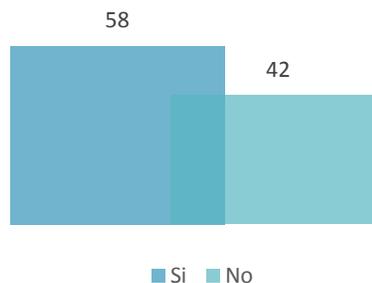
Graph 8 Question 12
Own elaboration

52% of the surveyed microenterprises have contracted the services of an accountant to keep their accounts and be responsible for tax compliance, 46%, does not have professional advice, as shown in Graph 8, where from this question, the results of the third analysis variable are shown.



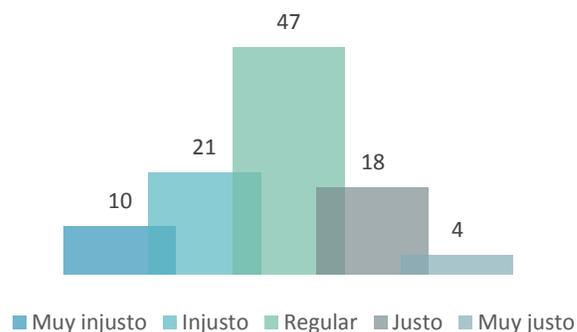
Graph 9 Question 13
Own elaboration

In the question if it is clear the information that each month is given by the accountant, shown in Graph 9, 24% of the surveyed microenterprises answered that very clear, 13% extremely clear, 1% said nothing clear, but the 54% did not answer, this was for 46% of the microenterprises that do not have professional services and the rest because they did not know to answer.



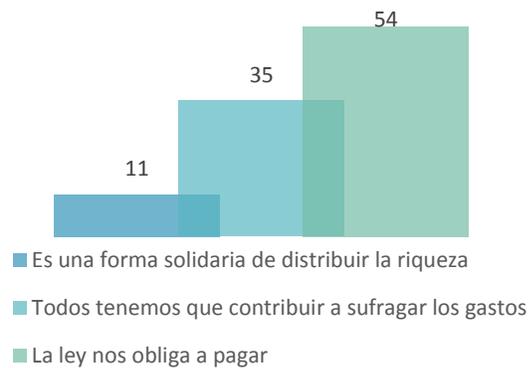
Graph 10 Question 14
Own elaboration

Graph 10 shows the knowledge that microenterprises have about tax obligations, 58% say whether they know about them and 42% do not have sufficient knowledge, which in many cases, they do not comply in time and form with the payment of their taxes.



Graph 11 Question 15
Own elaboration

Is the tax system fair? 10% of respondents say that it is very unfair, 21% unfair 47% on a regular basis, 18% say it is fair and only 4% very fair, so the majority seems to be an indifferent topic fiscal system, this as shown in Graph 11.



Graph 12 Question 16
Own elaboration

Graph 12 shows the opinion of the respondents, with respect to why we must pay taxes, 54% say that because the law obliges them, 35% believe they have to contribute to defray public expenses, and 11% say it is a solidary way to distribute wealth.

5. Conclusions

The 164 family businesses surveyed in the city of Valle de Santiago Guanajuato and its surroundings, show the reality in which microenterprises are currently in economic, financial and fiscal matters, and the possibilities they have to continue with their daily activities.

With respect to the economic situation shown in variable 1, we can conclude that the majority of microenterprises are more than 2 years old, 72% of the micro-enterprises surveyed are commercial, in which 37% are little satisfied in the generated profits and 57% do not have strategies that allow them to increase their sales, another relevant factor is the investment of the profits obtained the last six months and 43% do so by acquiring new merchandise, but 35% use it to cover expenses, so they get to have a shortage of products, likewise 60% have decreased profits and argue that it is because of the current economic situation in our country.

The Financial Situation is another of the analyzed variables and from there we can summarize that in spite of the current problems, 78% of the microenterprises have a financial situation that allows them to continue growing at a slow but steady pace; More than half of them come to request a financing when they need to invest and most of them do it to a financial institution (popular savings bank), because of the facilities they provide, likewise the businesses that have hired a professional service, use the information generated, to take investment decisions.

Fiscally speaking, 52% of microenterprises do not have the services of an accountant and those who have it, most say that the information provided by this is very clear and allows them to know their tax obligations, on the other hand 42% it is not clear enough what its fiscal obligations are and generates dissatisfaction when contributing with the payment of its taxes since 54% have the opinion that the law obliges to pay, and only 35% have the conception that we have to contribute to defray public expenses

According to the analysis carried out, it can be said that there are many areas of opportunity, both economic, financial and fiscal, that can be strengthened, for these microenterprises to be more solid and able to remain in the market.

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