

Empirical self-employment and skills development in local markets**Autoempleos empíricos y el desarrollo de habilidades en los mercados locales**

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Abstract

The informal or family trade is an issue of great importance in society, considering that part of the economically active population is immersed in the informal sector, although it is a phenomenon that has been a constant in the Mexican economy since ancient times, is not establishing simple family businesses that are profitable; for this, you have to identify several related markets, competition, points of sale, demand, consumer profiles, among other criteria. In order to conduct a preliminary analysis of the market and develop strategies for business growth and trade in the locality; however, most of these family businesses emerging from an economic necessity, lack these skills.

Trade, Employment, Informal, Administration, Marketing**Resumen**

El comercio informal o familiar es un tema de gran relevancia en la sociedad, considerando que parte de la población económicamente activa se encuentra inmersa en la informalidad, si bien es un fenómeno que ha sido una constante en la economía mexicana desde épocas remotas, no es tan simple el establecimiento de negocios familiares que sean rentables; para ello, se tienen que identificar varios criterios relacionados con los mercados, competencia, puntos de venta, demanda, perfiles del consumidor, entre otros. Con el objetivo de realizar un análisis previo del mercado y establecer estrategias para el crecimiento de las empresas y el comercio en la localidad; sin embargo, en su mayoría de estos negocios familiares que emergen de una necesidad económica, carecen de estos conocimientos.

Comercio, Empleo, Investigación, Informal, Administración, Mercadotecnia

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Introduction

There is a great diversity of family businesses that persist in Mexico in which this activity is assumed as normal, although these businesses are the cause of the difficult economic situation that prevails in the country, in addition to the lack of employment due to various circumstances, including the lack of education that citizens have. (ILO, 2014).

According to statistics, the unemployment rate is 4.51% of the EAP, including both men and women (INEGI, 2015). Likewise, high employment in the informal sector of the economy with a contribution of 24.8% of the total population (INEGI, 2013), low wages and low participation are some of the distinctive characteristics of the Mexican economy.

Nowadays, family commerce can be seen in the streets and avenues of any city, however it can also be observed in people's own homes or simply does not have its own establishment to be carried out, so that the business is carried out in street shops, because they do not have a fixed place to sell their merchandise, which leads them to offer both their service and their products in any part of the city, such as parks, markets, traffic lights, public roads, etc. More and more people are engaged in some type of informal trade. (Osorio, 2014).

However, this type of family commerce can in turn have certain consequences for those who are involved, since the workers who carry it out do not have any social protection or labour rights, which is a daily risk, or they lack the knowledge for the growth and profitability of the business.

However, it is also an opportunity to obtain economic support for the families, due to the demand that the markets have for what they offer, given that the existing variety of products and low prices is what characterises a family business.

In view of this situation, an investigation is carried out in the informal sector in the city of Dolores Hidalgo C.I.N., Guanajuato, which seeks to present, through a conclusive exploratory investigation, the reality that concerns this sector.

For the purpose of collecting information, an instrument was designed with 15 items, with a sample of 200 businesses, mainly concentrated in the central area of the city and main avenues. We worked with a confidence level of 95% and a degree of error of 5%, the method of application was probabilistic by clusters. The aim was to find out the current situation with regard to the form of organisation and administration of businesses offering street food services.

Background

As part of an exploratory analysis, the economic and statistical situation in the context of the sector under study is presented. In its first study on "Measuring the informal economy 2003-2012", the National Institute of Statistics and Geography (INEGI) reported that the informal economy represented 26% of the Gross Domestic Product in that period. It highlights the following (Tinoco, FORLAC, 2013):

In 2012, the productivity of the total economy increased by 1.6%, a consequence of the 4.3% growth registered by the formal economy, which differs with the 0.5% decrease of the informal economy.

The performance of the informal sector (micro-businesses) recorded an average increase of 2.09% for the series 2004-2012. The productivity of the formal economy has been 2.3 times higher than the productivity of the informal economy in the period 2003-2012. Trade is the most important sector as it contributes 32.5% of the informal Gross Value Added. For every 100 pesos of the country's GDP generated, 75 pesos are generated by 4 formal workers out of 10, while 25 pesos are generated by 6 informal workers out of 10 (INEGI, 2014).

About 60% of workers in Mexico are employed in informal jobs. However, in some states, practices have been identified that have reduced informality and a national programme to formalise employment has been launched. These initiatives, together with the creation of unemployment insurance and a universal pension, in the context of stable and robust economic growth, can boost the generation of formal and productive jobs and discourage remaining in informality (Tinoco, FORLAC, 2013).

The Mexican economy has recorded relatively low growth in economic activity, averaging 2.6 per cent per year over the past 20 years, which has been insufficient to absorb the growth in labour supply. This low dynamism was exacerbated by the recent international financial crisis, which caused GDP to fall by 6% in 2009.

Since then, there has been a relatively rapid recovery and growth, registering an average annual rate of 4.4 per cent between 2010 and 2012, double that of the pre-crisis years. It is estimated that this year and next year, the Mexican economy will continue to grow, albeit at lower rates, close to 1.2% and 3.5% per year, respectively (Tinoco, FORLAC, 2013).

This high rate of informal employment has occurred in a context in which the open unemployment rate has been at relatively low levels. For example, in 2009, in the midst of the financial crisis, it rose to 5.47% of the labour force - from 3.97% in 2008 - and then tended to stabilise at around 5%. This implies that informal employment is, for a significant proportion of those losing their jobs, the main alternative for generating income. This is a consequence of the relatively low dynamism in the creation of new productive jobs and the absence of mechanisms to support the unemployed worker in the search for a new job. In addition, the information gathered by INEGI shows that informal employment is highly heterogeneous across the different states. (Tinoco, FORLAC, 2013).

The population of Dolores Hidalgo C.I.N. according to the 2010 Census is 27,308 people, of which 13,071 are men (47.86%) and 14,237 (52.46%) are women, with 1,166 more women than men. (Ministry of Social and Human Development, 2012).

There is a total economically active population of 50,932 people, all of whom are over 12 years of age and are engaged in some kind of economic activity.

Likewise, there is an employed population of 48,093 people and the unemployed population represents 2,839 people. (Ministry of Social and Human Development, 2012).

Regarding jobs in the city, the most representative employed population in the municipality are traders and workers in various services, with 20,229 people. Professionals, technicians and administrative workers 6,985; Agricultural workers 8,586; Industrial workers 12,140; Unspecified 646. (Ministry of Social and Human Development, 2012).

Objective

To find out the causes involved that lead self-employed people to establish informal businesses in the city of Dolores Hidalgo, as well as to identify the development of administrative and marketing activities in their businesses.

Justification

Informal businesses in the city of Dolores Hidalgo are becoming more and more common, thus increasing the possibilities of having a better economic livelihood for their families and with this, being able to obtain socio-economic security.

In recent years, families have opted to start their own business, which is known as informal commerce, since it is not an established business, nor a high impact business. For this reason, the aim is to get to the bottom of the causes that lead families to establish their own businesses and not to be employees of specific companies. This, with the aim of finding out how many of the businesses are of their own initiative, with projects or feasibility studies, or out of necessity.

Literature review

Self-employment consists of carrying out a professional or entrepreneurial activity created and exercised by the individual himself/herself, who directs this activity and obtains profits from it. Self-employment is a way of integrating into the labour market by working in the sector that is considered most appropriate according to one's own training or according to the business expectations that are foreseen (Alicante).

People who work for themselves are called self-employed or self-employed, and may in turn have other employees under them.

Self-employment is, therefore, an important element of the labour market, since in addition to the creation of one's own employment, one can also create the workers needed to develop the activity (Alicante).

Self-employment, or business creation, begins with the existence of an idea that the entrepreneur wants to turn into a business. Entrepreneurs have a series of well-defined capacities and characteristics (Alicante):

Ability to take risks

- Capacity for organisation and management
- Creative and innovative capacity.
- Adaptability.
- Social skills
- Ability to make decisions.
- Observation and foresight.
- Ability to take responsibility
- Self-confidence.
- Learns to be enterprising

Perseverance

These qualities may be innate, but they can also be acquired through the necessary training and advice. It is possible to deepen the search for ideas and prepare a business plan that analyses their viability in order to provide security and minimise the risks when starting a business (Alicante).

The fastest growing sector of the economy in some countries is "informal trade". This type of commerce can be classified into two groups: the stationary and the itinerant (Digital).

Every day we can see more and more street traders, who have parked their shacks in the main streets of big cities. In some of these already narrow streets, it is no longer possible to pass through.

They are crowded with informal traders offering all kinds of knick-knacks, clothes, socks, watches and even small electrical appliances in front of well-established businesses. Both seem to have reached peaceful coexistence agreements (Digital).

On the other hand, there are the street traders, who sell their wares in the streets or park at the crossroads of large avenues to offer motorists and pedestrians mainly fruit, flowers and vegetables. But not only that, but now also watches, cameras, mobile phone cases, glasses, walkmans and even small power tools (Digital).

The exponential increase of this phenomenon cannot be attributed, like most of our ills, to the current globalisation. The origin is the need to earn to eat, without being a slave to anyone, and it has millenary antecedents that go back to the cities of the Mayas, and before that to the enigmatic Babylon (Digital).

When the Spaniards arrived in Mexico they found the indigenous people already organised for trade. They took their products to the large travelling markets called tianguis (a term still used today) where they sold, bought or traded goods. Surely there were many other traders who did not accept Montezuma's control and who supervised the prices that had been fixed for each product (Digital).

Through informal trade, whether stationary or itinerant, a lucrative activity can be generated that allows a small family to earn a minimum income to subsist. But, at the same time, it is an activity carried out by those who have that curious "entrepreneurial" spirit, who want to be independent, not dependent on anyone (Digital).

Censuses on informal traders are very scarce. Informal trading activities have grown in most countries in the region (Digital).

The informal trader is a micro-entrepreneur, an entrepreneur, an individualist, who exercises a very sui generis capitalism in the middle of the "open veins" of our main cities. But, in the long run, capitalism pure and simple. With a lot of audacity, honesty, order and relentless work (Digital).

Methodology

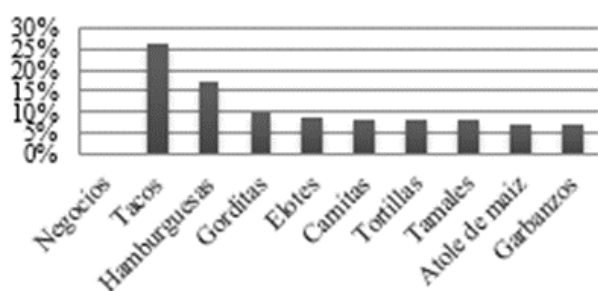
An exploratory research was carried out in order to have a broader vision of the situation in which family businesses, established in the city of Dolores Hidalgo, operate, manage and organise; quantitative and qualitative methods were used to collect the information.

In the first exploratory study, the qualitative method was used with the support of the observation technique, mainly the most recognised and popular family businesses were located in the busiest avenues and streets of the city; useful information was collected on the personal and commercial aspects of the entrepreneurs, which involve the establishment of the businesses. Subsequently, a questionnaire was designed and applied to a sample of 200 businesses, aimed mainly at the owners who started the microenterprises.

Results

Characteristics of the sector

The results of the instrument applied show that 26% of the entrepreneurs sell tacos, 17% sell hamburgers, 10% sell gorditas, 9% sell corn, 8% sell carnitas, 8% sell tortillas, 8% sell tamales, 7% sell corn atoles and 7% sell chickpeas, see graphic 1.

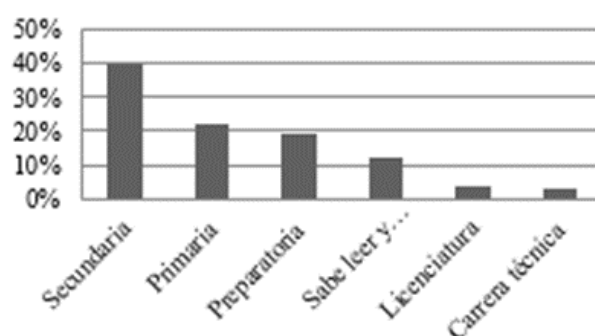


Graphic 1

The place where the business is located, 23% are located in the downtown area, 11% on South Avenue, 10% on North Avenue, 8% in San Cristobal, 8% in the Guanajuato subdivision, 7% on José Alfredo Avenue, 7% in the El Pípila subdivision, 6% in the Concepción neighbourhood, 5% in the San Agustín subdivision, 4% in the La Esperanza subdivision, 4% in the Valle Verde neighbourhood, 3% in the La Libertad subdivision, 2% in the Vista Hermosa neighbourhood and 2% in the Calzada de los Heroes subdivision.

Business formation

In order to find out the causes that lead citizens to start a business, it was found that it stems from the lack of academic preparation, considering the following results: regarding the level of studies of the business owner, 40% have secondary school, 22% have primary school, 19% have high school, 12% have no formal studies, but can read and write; 4% have a bachelor's degree and 3% have a technical career, see graphic 2.



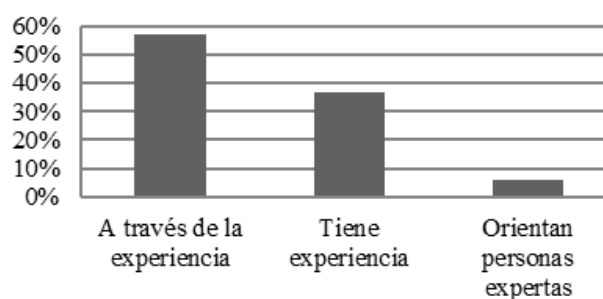
Graphic 2

Likewise, 70% of the self-employed are not aware of programmes that can help them to grow and formalise their businesses, and 30% are aware of some support programmes. Also, 74% indicated that they would like their business to grow and 26% did not.

Administrative activities

Of the 100% of the respondents, 60% have at least 1 to 2 employees and 40% have no employees at all, i.e. they do the work and maintain the business on their own.

Once the business is established, 41% of the respondents mentioned that they train daily through experience gained through practice, 37% do not train, 17% ask for information from people they consider to be more experienced than themselves, and 5% seek guidance from experts, see graphic 3.



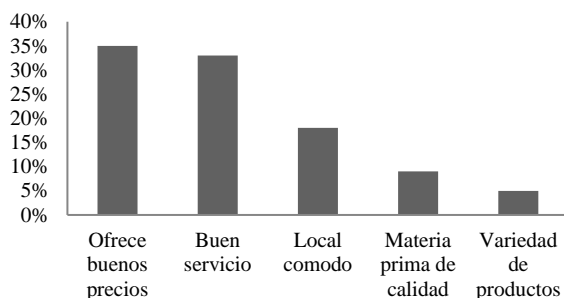
Graphic 3

They motivate their staff to provide good service to their customers in the following way: 71% train them empirically, 24% use financial compensation and 5% use sanctions defined by the business owner, see graphic 3.

The way in which raw materials are purchased, 49% are purchased from local markets, 30% from shops close to their home or business, 7% from a supermarket, 7% from local farmers and 7% from another city.

Marketing activities

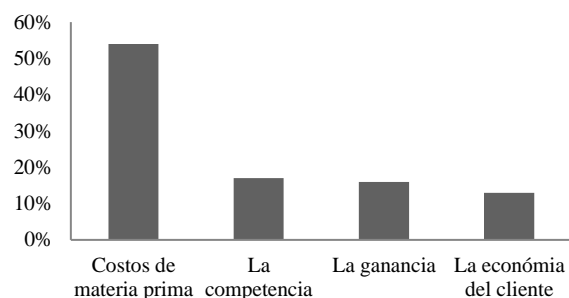
The preference of customers in the places of consumption is fundamental. Considering that the company must meet their needs and expectations in terms of the products and services offered. Thus, 35% believe that they offer good prices to the client, 33% consider that they offer a good service, 18% believe that they have comfortable premises to be able to offer an excellent service to their clientele, 9% make the decision to acquire raw material of very good quality for their products and 5% provide a variety of products to satisfy the needs of the client; see graphic 4.



Graphic 4

How they know that the location of their establishment is the right one: 31% because it is a busy place, 30% because they have good sales, 27% because they live there and 12% because there is no competition nearby.

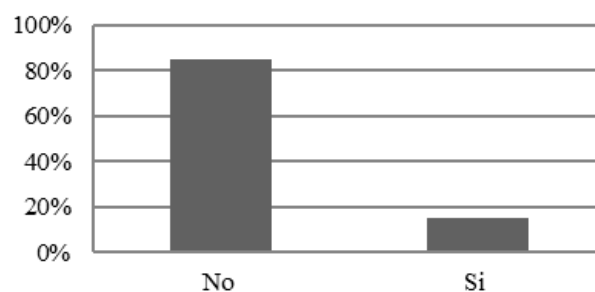
To establish the price of their products, they take into account various factors; 54% take into account the costs of raw materials, 17% their competition, 16% their profits over a given period, 13% the economy of their customers and the market where they sell, see graphic 5.



Graphic 5

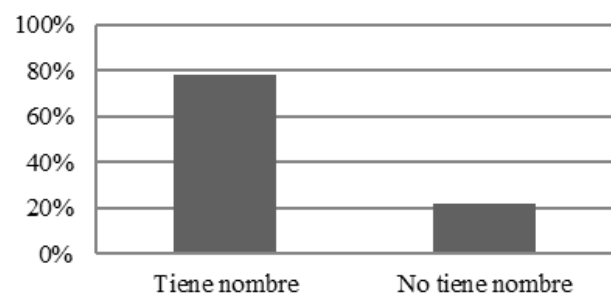
The most favourable hours for sales, 45% in the evening, 23% in the afternoon, 16% in the middle of the day and 16% in the morning.

The seasons with the highest sales during the year, 38% at public events in different parts of the city, but mainly in the downtown area and main avenues throughout the year; 32% during holiday periods. 21% in religious or popular festivals and 9% by contracting customers. 85% of the business does not make offers and promotions, while 15% do, see graphic 6.



Graphic 6

Likewise, 78% of the businesses do not have an establishment name, while 22% do have a name that identifies them, see graphic 7.



Graphic 7

On the other hand, 81% do not wear uniforms as part of their image and 19% do.

Discussion

According to the results of the research carried out on informal businesses in the city of Dolores Hidalgo C.I.N., Gto., and the situation presented in this research, all institutions and organisations that support this sector should consider the areas of opportunity to design projects and strategies. That allow the support and growth of the businesses that are carried out by the people who wished and found themselves in the need of self-employment. Some of them can have a resounding success in our society and, above all, consider the impact they have on the livelihoods of families in our society.

A basic and relevant factor to consider is that these businesses were implemented by enterprising people whose attitude, without hesitation, analysing the results of the research, is that they want their business to grow. This is the starting point for the creation of training and incentive programmes to support the strengthening of these self-employed businesses that are starting to grow in an economic sector, to become micro-enterprises.

Conclusion

Mexico in general has a high percentage of informal businesses due to various situations, such as lack of employment, lack of professional education, lack of administrative and commercial knowledge of running a business. Since they are often trades or businesses inherited at an early age among family members, in which most of the time the educational and cultural level is basic, where they do not have the opportunity to study due to the lack of economic resources in the family and are forced to abandon their studies and start working. This situation has an impact on the profitability of the business or trade, since there is no corporate image, no formal salary retribution, no training and motivation, no marketing activities, which leads families to make ends meet, i.e., they argue - there goes the business, at least for the potato. This situation is becoming a cultural factor among the shops or businesses in this sector.

However, it is a challenge for the Mexican economy, since it is necessary to formalise the business, even if it is a family business, where administrative and commercial management is the basis for the structure and profitable growth of the companies.

For this reason, it is necessary to generate a series of strategies, training, and seek financial support based on the viability of a sustainable project. It is also necessary to understand the need for a professional education that allows family members to have an innovative vision and have an impact on their socio-cultural level.

Collaborators

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