

Identification of key factors for the implementation of a planning culture in micro and small businesses

Identificación de factores clave para la implementación de una cultura de planeación en la micro y pequeña empresa

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Abstract

Planning as a business tool allows specifying and establishing the objectives to be achieved, as well as the operational processes that must be followed to achieve them. However, the main factors that cause failure or mortality in micro and small enterprises (mses) in the Mexican territory are mainly attributed to three factors: the absence of a planning culture, the problems derived from the management of the organization and resistance to change. The objective of this research was the identification of factors that positively influence the implementation of a planning culture in the mses of the Texmelucan region, through the development and application of a measurement instrument with a Likert-type scale. As a contribution, they highlight four key factors to consider; organizational structure, human capital, production and planning, as organizational development tools, in order to maintain competitiveness and permanence of these.

Factors, Planning culture, Mses

Resumen

La planeación como herramienta empresarial, permite precisar y establecer los objetivos que se pretenden alcanzar, así como los procesos operacionales que deben seguirse para lograrlos. Sin embargo, los principales factores que provocan el fracaso o mortandad en la micro y pequeñas empresas (mypes) en el territorio mexicano, se atribuyen principalmente a tres factores: la ausencia de una cultura de planeación, las problemáticas derivadas en la gestión de la organización y la resistencia al cambio. El objetivo de esta investigación fue la identificación de factores que influyen de forma positiva en la implementación de una cultura de planeación en las mypes de la región de Texmelucan, mediante el desarrollo y aplicación de un instrumento de medición con una escala tipo Likert. Como contribución, destacan cuatro factores clave a considerar; estructura organizacional, capital humano, producción y planeación, como herramientas de desarrollo organizacional, con la finalidad de mantener competitividad y permanencia de estas.

Factores, Cultura de planeación, Mypes

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Introduction

Globally, SMEs are of great importance, since for thousands of families they represent not only their daily sustenance, but also contribute to the social and economic development of their communities.

Based on the fact that SMEs have a great influence on the development and growth of any country, they have been the subject of several investigations.

In Mexico, there are more than five million companies, in which more than 29 million people work; of the total number of companies, micro, small and medium-sized companies constitute 99.8%, generate 73% of the jobs and contribute 35.9% of the national Gross Domestic Product (GDP), according to data from the National Institute of Statistics and Geography (INEGI) of 2019.

In this sense, the National Survey on Productivity and Competitiveness of Micro, Small and Medium Enterprises, applied in Mexico in 2015, points out that these, make up 99.6%, generating an occupation of 88.9% of active personnel (ENAPROCE, 2015). In Mexico, MSMEs face various vicissitudes framed in the constant competition of global and emerging markets.

The sustainability and permanence of Mexican MSMEs is in constant vulnerability, as 14.7% reported that they do not intend to expand or grow their business, justifying this by keeping a low profile so as not to attract the attention of organized crime, which is unfortunately a serious problem in several areas of the country (ENAPROCE, 2015).

On the other hand, Mexican mypes are family businesses, managed by the microentrepreneurs or owners, assisted by family members, whose knowledge and skills are acquired empirically and generally do not have a formal administration (Saenz et al., 2016).

In this regard, INEGI revealed that the mortality rate of MSMEs is 37.6% and considering that they are an essential element in the national economy, strategies should be sought and implemented to contribute to their stability and permanence (INEGI, 2016).

A relevant fact to highlight is related to the three main causes of mortality of micro and small enterprises in Mexico, which can be summarized in three main factors: the lack of strategic planning, the problems themselves, derived from the operationalization of the organization and resistance to change (Posada et al., 2016).

Speaking of planning, Alvarez (2015), determined that 37% of micro and small companies do not carry out any type of planning in their businesses. On the other hand, research conducted by Cárdenas (2013), on a sample of 322 micro and small companies in Mexico, mentions that 83% of the companies analyzed have a strategy in mind, but not formally established. However, only 45% have a well-defined and established written planning. This results, in the short term, in inconsistent decision making due to the difference between what is thought and what has been previously planned.

In general, the life cycle of a mype ranges from two to three years because it does not have adequate business planning and management; 95% of the mypes that are established or opened remain in the market for one year at most; another alarming fact is that only 50% of them survive eight years with difficulty (Santana, 2017).

Planning is a concept that is not part of the daily activities of most MSMEs; therefore, the objective of this research was to identify key factors for implementing a planning culture in microentrepreneurs as a strategic tool.

It should be noted that the geographical location of the Texmelucan region has favored the development and growth of commerce, however, the arrival and installation of new businesses puts the already established ones at a disadvantage, whose capital and organizational structures, as well as the culture of planning and strategies that emanate from them, are key factors that allow them to be competitive leaders. Derived from the above, the need arises to address this economic sector, seeking and identifying the important elements that should be taken into consideration when implementing or promoting a culture of planning in micro-entrepreneurs that favors the permanence, development and sustainability of these businesses that drive the economy and employment in the region.

Research design

The present work was developed applying the quantitative type of research, the quantitative approach is sequential and evidential. Each stage precedes the next and steps cannot be avoided. The order is rigorous, although, of course, some phases can be redefined. It starts with an idea that is gradually delimited and, once delimited, research objectives and questions are derived, the literature is reviewed and a framework or theoretical perspective is constructed.

From the questions, hypotheses are established and variables determined; a plan is drawn up to test them (design); the variables are measured in a given context; the measurements obtained are analyzed using statistical methods, and a series of conclusions are drawn with respect to the hypothesis or hypotheses.

The research approach was quantitative and the scope was descriptive, the design was non-experimental as the results obtained in the survey elaborated were not intentionally provoked since there was no direct control (Hernández Sampieri, 2018).

Sample design

The target population for this study focused on microentrepreneurs or local business managers or mypes in the region of San Martin Texmelucan, Puebla, in order to identify the characteristics of these in their various areas and thus focus on the key factors in the implementation of a culture of planning for micro and small businesses as a strategic tool, in addition to knowing whether each of them applies or has identified the appropriate process for proper management of the same, in order to achieve each of their goals. The type of probability sampling used in this research was simple.

The demographic segment was 11,381, data taken from INEGI (2019), number of SMEs in the region under study. The formula applied was for finite population, which implies that:

$$n = \frac{N * \frac{Z^2 * p * q}{\alpha}}{e^2 * (N - 1) + Z^2 * p * q} \tag{1}$$

Where:

n = Sample size

N = Population size

Z = Statistical parameters that depend on the confidence level (CN)

e = Maximum accepted estimation error

p = Probability of occurrence of the statistical event (success)

q = (1-p) = Probability of occurrence of the studied event (Anderson et al., 2019).

This equation is for known populations. As a result, n = 372 was obtained, which was the number of microentrepreneurs to be surveyed initially, considering that a value of success and failure of 50% was taken, because it was the first time that this survey was applied, therefore, there were no antecedents.

As for the operationalization of the variables, a contextual dimension was established with six variables and the variables around the topic of planning culture, which served as the basis for the development of the measurement instrument.

Measurement instrument

The measurement instrument for this research was a questionnaire consisting of two parts. The first section sought to determine the characteristics of the microentrepreneurs (demographic data, contextual dimensions) and in the second, the constructs or dimensions of the variables (factors) related to the culture of planning. A total of 28 statements were established, 22 of which originated from the established variables.

Additionally, a five-point Likert-type scale (Table 1) was established to evaluate the perceived importance of each of the statements.

| Scale | Item |
|-------|---------------|
| 1 | Never |
| 2 | Almost never |
| 3 | Regularly |
| 4 | Almost always |
| 5 | Always |

Table 1 5-point Likert scale

Source: Own elaboration

The scale ranges from unimportant critical factor (number 1) to extremely important critical factor (number 5) in the implementation of a planning culture.

Validation of the instrument

To evaluate the reliability or trustworthiness (degree to which an instrument gives consistent and coherent results) of the measurement instrument, the Cronbach's alpha coefficient was calculated.

By calculating Cronbach's alpha coefficient, the reliability of the instrument was evaluated to ensure that the data collected were consistent and coherent, and thus to determine the reliability of each of the variables taken into account to identify the key factors in the planning culture.

For an exploratory research, obtaining alpha values between 0.50 and 0.60 are to consider that the instrument has reliability for the study (Nunnally 1987). On the other hand, Hernández Sampieri (2018) suggests that the value of 0.75 is acceptable and if it is higher than 0.90 the reliability is high to take very much into account.

For Cronbach (1951), a value above 0.65 is acceptable. The Cronbach's alpha value obtained in this research according to the criteria of the authors cited in the previous paragraphs, the Cronbach's alpha value obtained indicates an extremely high reliability since it was 0.942.

Application of the measuring instrument

The surveys were applied to micro-entrepreneurs in the Texmelucan region with the support of students of the 7th semester Business Management Engineering course, in person, the period of application and data collection took place between the months of February and March of this year, collecting a total of 415 valid questionnaires for their corresponding analysis. The determined sample size of 342 was exceeded, which contributed greatly to the analysis and field study.

Results and discussion

The analysis of the survey is divided into two categories, the first in contextual dimensions in which it was of interest to know about the company data that help to learn more about the microentrepreneurs, such as the sector that their business focuses on, whether it is a product or service, in which it was learned that in the region of San Martín the activity to which the microentrepreneurs are most dedicated is the commercial field, given that, of the total of 415 surveys applied, 66.5% belong to the commercial activity.

Regarding the size of the MSMEs, according to the number of workers, 87.3% have between one and ten employees, which indicates that the majority of these are micro and small enterprises in the region. On the other hand, 49.9% of the SMEs have been in operation for between one and five years. It is worth noting that 55% of the SMEs are managed or directed by women between the ages of 36 and 45.

In terms of educational level, 34.5% of the microentrepreneurs only have a high school education, which confirms the fact that most of the SMEs are managed empirically or their managers do not have adequate academic preparation to face the daily challenges.

In relation to the dimension of planning culture, this was divided into six categories around the topics of planning, production, demand, human capital, management and sales. The purpose of these was to identify how much is known about the planning culture and strategies that microentrepreneurs apply on a daily basis. The following results are relevant: only 40% of the managers or microentrepreneurs set short and medium-term goals and 33% make adjustments to their planning to assign new priorities.

Another relevant data identified has to do with the activity of programming or planning daily tasks in the productive sphere; in this area, 32.7% indicated that they do it regularly.

By virtue of the analysis of the data and results obtained, it can be assumed that, in the mypes, the object of this study, the culture of planning daily activities is not a habit.

Conclusions

The period for the elaboration of this project was a limitation, derived from the COVID 19 pandemic, since it did not allow the development of the project in greater depth as would have been required.

According to the results obtained, the mypes in the region of San Martín Texmelucan, do not have a planning culture, it can be intuited that this is a consequence of running their businesses in an empirical way. In addition, they lack knowledge and soft skills for the development of their daily activities from an administrative approach, but not from an operational one.

In addition, the lack of information on the subject and ignorance of it leads to poor planning.

As a result of this research, it can be concluded that microentrepreneurs in this region, whose main activity is commerce, generally lack a culture of planning, so they carry out their activities according to how they arise in their daily lives and program as they go along.

It was also observed how important it is to have planning in SMEs, implementing a culture of planning in microentrepreneurs, directors or managers of companies, has different benefits not only for employees or collaborators of these.

The analysis of the field study in this research helped to identify and confirm four key factors, involving organizational structure, human capital, production and sales. These elements are important because they will facilitate the implementation of a planning culture, which will permeate in all areas of the mypes, contributing to the sustainability and permanence of these, especially in these times, where competition is the biggest challenge to overcome and sustain a good positioning in emerging markets so competitive.

The objective of the planning culture is not only to plan the management and operation activities, but also to carry them out in a coordinated manner, establishing and assuming responsibilities and obligations in each of the members of the mypes, it is recommended to maintain a sequence of activities that includes, from the administrative part, human resources, as well as focusing on the processes related to the supply of materials and necessary components, in order to avoid interruptions or delays due to the lack of these.

During the documentary research, it was observed that there is currently no research in the region under study related to the culture of planning as a habit among microentrepreneurs in the region. At the national level, works were identified in relation to this topic, but the vast majority are focused on large companies, mainly transnationals, therefore, it is suggested to develop projects that consider this important sector, not only at the local level, but also at the national level.

For future research, it is suggested to design a model with the four factors identified to give continuity to the implementation of the key elements that influence MSMEs, in order to corroborate its application and relevance.

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