Development and results of micro and small business in Mexico and Nayarit, from the training of microentrepreneurs

Desarrollo y resultados de la micro y pequeña empresa en México y Nayarit, desde la formación de los microempresarios

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Abstract

The research results presented below are developed within the framework of collaboration between the Academics Group of the Universidad Autónoma de Nayarit and the Universidad Tecnológica de la Costa, in Mexico. This research aims to analyze the different possible relationships between education and development in a region, in order to find the ways in which higher education can help to strengthen microenterprise development, as an element of general development. A descriptive statistical analysis of the survey developed in the project "Effect of crime and corruption in the management strategies of micro and small companies" of the Relayn is carried out, considering the results of the 4 main municipalities of the state of Nayarit, comparing them with the data of the national base. Finally, the results presented here show that, at least from the perception of the same microentrepreneur, there is a better performance of companies (in each of its different dimensions) and a better assessment of future expectations among those with a higher level of education, both at the national level and at the state level.

Resumen

Los resultados de investigación presentados a continuación se desarrollan en el marco de la colaboración entre los Cuerpos Académicos de la Universidad Autónoma de Nayarit y la Universidad Tecnológica de la Costa, en México. Para esta investigación se pretende analizar las distintas relaciones posibles entre la educación y el desarrollo de una región, a fin de encontrar las maneras en que, desde la educación superior se puede ayudar a fortalecer el desarrollo microempresarial, como un elemento del desarrollo general. Se realiza un análisis estadístico descriptivo de la encuesta desarrollada en el proyecto "Efecto de la delincuencia y la corrupción en las estrategias de gestión de las micro y pequeñas empresas" de la Relayn, considerando los resultados de los 4 principales municipios del estado de Nayarit, comparándolos con los datos de la base nacional. Finalmente, los resultados aquí presentados demuestran que, al menos desde la percepción del mismo empresario, hay un mejor desempeño de las empresas (en cada una de sus diferentes dimensiones) y una mejor valoración de las expectativas de futuro entre quienes tienen mayor nivel de escolaridad, tanto a nivel nacional, como a nivel estatal.

Higher education, Microenterprises, Local development

Educación superior, Microempresas, Desarrollo local

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Introduction

Much has been written about micro and small enterprises (mypes) in our country, in principle, because of the great weight they have in the economic structure by presenting 98.74% of the total number of incorporated companies (INEGI, 2021), and generate 61.20% of the total number of paid jobs (INEGI, 2019). Even though one of the criteria for microenterprises is to have 10 or fewer employees, and small enterprises have from 11 to 50 employees, the truth is that it is not possible to standardize the many realities they face, so it is necessary to delve deeper into their conditions to better understand them and from there, find alternatives for their strengthening.

It can be considered that the microenterprise arises because there is someone willing to undertake because an opportunity presents itself or, in the greatest number of cases, out of necessity (Martínez & Milone, 2016) and from that premise is that we seek to better recognize the characteristics of microentrepreneurs, on this occasion we try to answer the question Is there a relationship between the level of schooling of entrepreneurs and the results of the microenterprise?

Within the framework of the inter-institutional research project "Higher Education and Development in Nayarit" which aims to analyze the different possible relationships between education and the development of a region, and thanks to the work of the CA Business Development that participates in the Latin American Studies Network of Administration and Business (Relayn), we had access to the database (Peña Ahumada, Posada Velázquez, Aguilar Rascon, et al., 2019) of the survey "Effect of crime and corruption on the management strategies of micro and small enterprises" (Peña Ahumada, Posada Velázquez, & Aguilar Rascon, 2019b).

From the use of the 2020 Database (Aguilar Rascon et al., 2020) at first was what gave rise to the inter-institutional collaboration agreement to continue with the research, the profile of micro-entrepreneurs in the municipality of Santiago, Ixc was analyzed.

On this occasion, with information from a little more than 41,000 microenterprises at the national level and 1,086 in the state of Nayarit, the profile of the microentrepreneur takes the level of schooling as a central variable to confront it with their own perception of the performance of the microenterprise, its results and possibilities of success or failure for the future.

Here we present a comparison of the national and state results, finding that there are elements to affirm that there is variation in the perception of the present and future of microenterprises according to their level of schooling, being more positive the higher the level of schooling.

Methodology to be developed

In this work we continue the statistical analysis of the cited base, extending the sample to information from the municipalities of Tepic, Xalisco, (Ledesma Hernández et al., 2019), Bahía de Banderas (Enciso Peña et al., 2019) in addition to Santiago, Ixc. (García-González et al., 2019), thus integrating the results for the state of Nayarit, without being a representative sample of the reality of the entire state, except for the municipalities where it was applied.

The results presented for the state are compared with the data from the national base, specifying that it cannot be considered a national sample stratified by region, since it includes information only from the municipalities of the academic bodies participating in the survey. Even though the sample design cannot be considered statistically significant, the number of microenterprises contained in the database is high and attractive for identifying possible relationships between the variables included. In this exercise, moreover, the number of variables was reduced, considering the level of schooling of the microentrepreneurs as the central axis of the analysis. Finally, the aim is to find ways in which higher education can help strengthen micro-entrepreneurial development as one of the elements of the general development of the regions.

The survey used is based on the method of (Peña Ahumada, Posada Velázquez, & Aguilar Rascon, 2019b) and was applied by students at the participating technological universities in the month of February 2019 in direct interview and subsequent capture to the national platform created for the project. The variables selected for the present descriptive analysis, both for the state and national sample, are:

- Of the microentrepreneur: gender, age, whether he/she has children, marital status, level of schooling, type of higher education institution, personal perception of the operation, success or failure of his/her business.

- Of the enterprise: business activity, type of association, relationship with the founder, year of start of operations, number of workers, working family members, operating results, administration, sales.

For the comparative analysis, the variables or items were organized into 4 dimensions: a. Administration, b. Production, c. Sales, d. Personal perception of the company and 3 additional variables: personal satisfaction with the company's achievements, variation of the company's results with respect to the previous year and its success vs. the risk of bankruptcy, all crossed by the level of schooling of the microentrepreneurs and contrasting the state data with the national data.

Results

Characteristics of microenterprises

At the national level, 52% of the microenterprise production units are concentrated in 6 economic activities: miscellaneous, retail food and specialty stores, prepared food, small-scale food products and professional services activities. In terms of their type of association, 43% are informal, 39% are formal personal services and only 16% are formal businesses. In 56% of the microenterprises, the current owner is the founder, which can be explained by their youth, since 75% of them are less than 8 years old, a quarter are less than 3 years old, and the trend is found in microenterprises that are barely one year old.

The average number of workers is 4, with a trend of 2, and 85% state that they have female employees and 68% have family members among their employees.

In the economic structure of Nayarit, 54% of the microenterprise production units are concentrated in the same 6 economic activities: miscellaneous, retail food and specialty stores, prepared food, small-scale food products and professional services activities; however, fewer of them operate informally, only 38.5%, 40.5% are formal personal services, while 19.4% are constituted as formal companies, 3 points more than the national average. In 61% of the microenterprises, the current owner is the founder, coinciding in that the trend is in the first year of life of the enterprises. The average number of workers is 4, with a trend of 2, the same as in the national data, and 72.5% have family members among their employees.

Characteristics of microentrepreneurs

At the national level, 51% of microentrepreneurs are male, 49% female. The average age is 41 years, with the youngest being 16 and the oldest 98; 50% of the microentrepreneurs are between 30 and 50 years old. Seventy-eight percent have children and 67% have a partner. Regarding their level of schooling, 14% only have primary school, 24% have secondary school, 31% have high school and 31% have higher education; the latter were asked about the institution in which they were educated, and 27% went to public universities, 24% to technological and polytechnic universities, 21% to teacher training colleges, 15% to technological institutes and 13% to other subsystems. Regarding their perception of their own companies, 71% say that they consider their company to be successful and only 11% consider their company to be at risk of bankruptcy.

In the state sample we find that 52% of microentrepreneurs are male, 48% female. The average age is two years older than the national average, at 43 years, but with a lower range, with the youngest being 17 years old and the oldest 86 years old; 50% of the microentrepreneurs are between 34 and 50 years old. Eighty-one percent have children, 3 points above the national average, and 71% have a partner.

As for their level of schooling, the proportion is more or less similar to the national data in the first levels, since 12% only have elementary school, 23% have secondary school, 29% have high school and 36% have higher education, the latter 5 points higher than the national average, which coincides with the difference in favor of our entity in the coverage at this level. Regarding the type of training institution of those who have a higher level of studies, there is also coincidence with the national data, since 29% did so in public universities, 28% in technological and polytechnic universities, 21% are normal students, 10% in technological institutes and 8% in other subsystems. Regarding their perception of their own companies, 75% say they consider their company to be successful, 4 points higher than the national average, and only 9.5% consider their company to be at risk of bankruptcy.

The operation of the business vs. the schooling of the microentrepreneur

In the survey through which the information was obtained, the microentrepreneurs were presented with a series of indicators to be valued through a Likert scale, which were averaged and then broken down by the level of schooling of the microentrepreneurs in both the state and national samples as presented below, using green for positive qualities, and red for negative ones, differentiating with the hue the state and national samples.
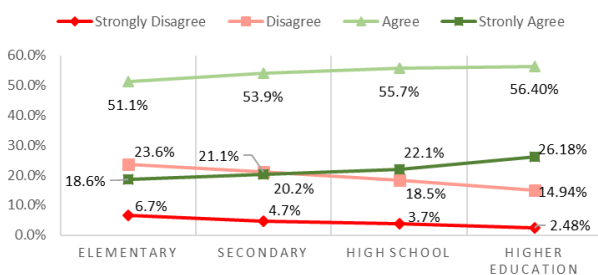
Graphic 1 Mexico - Results of management activities
Source: Prepared by the authors with information from the research
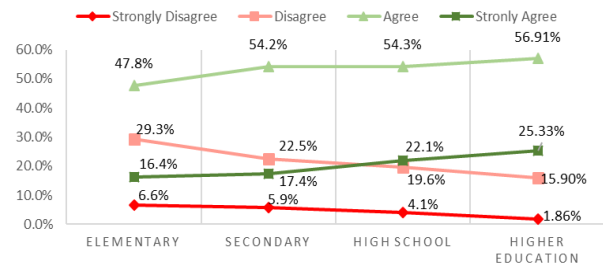
Graphic 2 Nayarit - Results of management activities
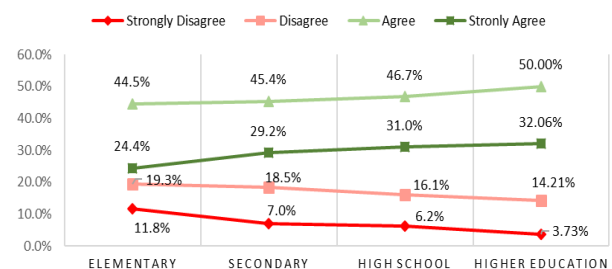*Source: Own elaboration with information from the research*

In this "Administration" dimension, indicators related to Human Resources, Management, Finances and Suppliers were concentrated, as elements that can account for the internal organization of microenterprises. In both cases the trends are confirmed, being clearer in the case of the state. It is relevant that, in both cases, it is around 83% of the microentrepreneurs with higher education who consider that their companies function well in these aspects, compared to 57% of those with primary education in the national sample and 54% in the state sample.
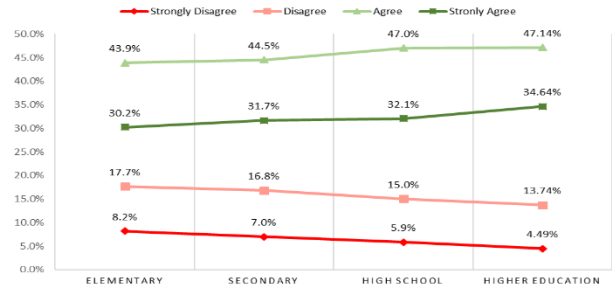
Graphic 3 Mexico - Production/Operation
Source: Own elaboration with information from the research

Graphic 4 Nayarit - Production/Operation
Source: Own elaboration with information from the research

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In this dimension "Production-Operation", indicators that reflect the "actions taken by the company to generate something of value that the market needs and for which it is willing to pay" () were concentrated. Although the difference between microentrepreneurs with only primary schooling and those with higher education is not very marked, there are clear upward trends of a better perception with higher education at both the state and national levels.
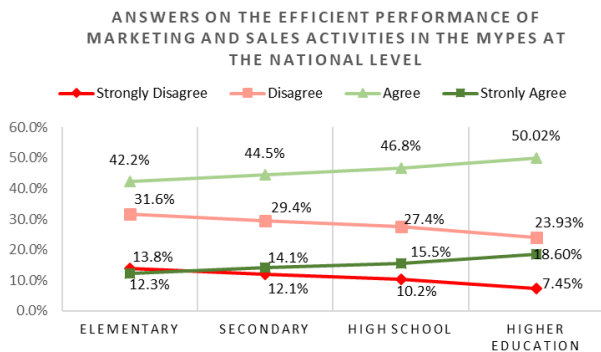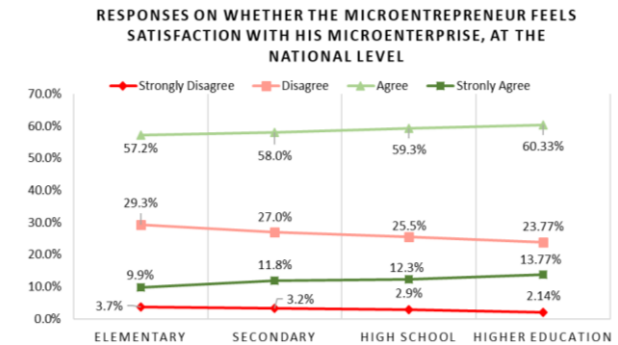

Graphic 5 Mexico - Marketing/Sales
Source: Own elaboration with information from the research
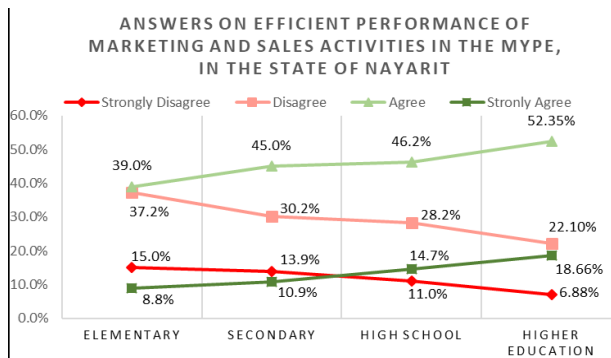

Graphic 6 Nayarit - Marketing/Sales
Source: Own elaboration with information from the research

This dimension "Sales" integrates information related to market analysis, marketing, customers and sales management. It refers to elements that show how the microenterprise carries out the processes of recognizing its potential market and the competition, territory, customer opinion, product placement strategies, etc. As can be observed at both the national and state level, although more accentuated in the latter, there is a clear tendency to value their work positively to the extent that they have more schooling.

The fourth dimension "Personal Satisfaction" is composed of three variables: 1. the personal satisfaction of the microentrepreneur with the results of the microenterprise, 2. the evaluation of the results of the enterprise for the current year (2019) compared to the results of the previous year, and 3. a combination of their perception of the success of the enterprise compared to the risk of bankruptcy they consider themselves to have.


Graphic 7 Mexico - Satisfaction with the company
Source: Own elaboration with information from the research
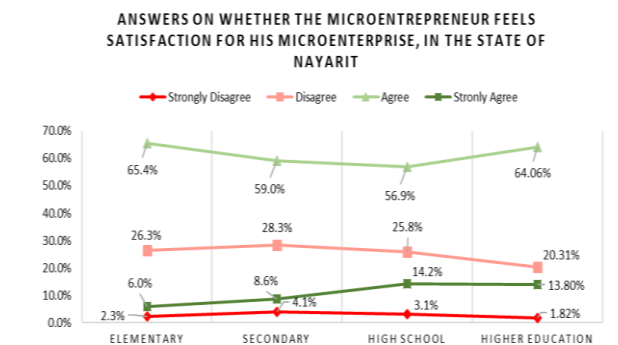
Graphic 8 Nayarit - Satisfaction with the company
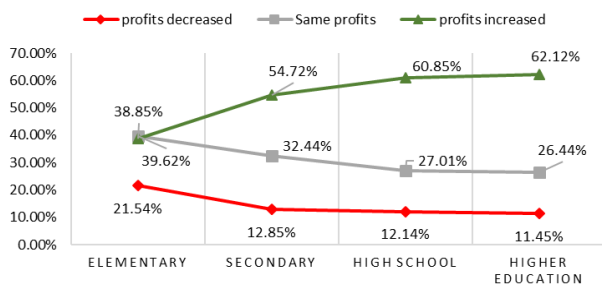*Source: Own elaboration with information from the research*

It could be concluded that microentrepreneurs in general are satisfied with what they do, regardless of their level of schooling, which responds more to the appreciation of their own effort than to the results obtained.
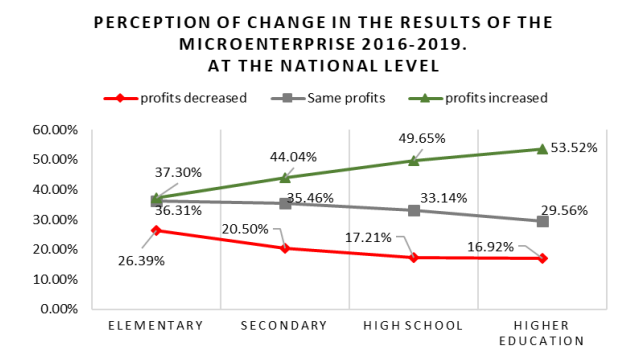
Graphic 9 Mexico - Variation in Results
Source: Prepared by the authors with information from the research

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PERCEPTION OF CHANGE IN THE RESULTS OF THE MICROENTERPRISE 2016-2019. IN THE STATE OF NAYARIT

Graphic 10 Nayarit - Variation of Results
Source: Own elaboration with information from the research

Looking again at the results of the company, it becomes more evident that there is a direct relationship with schooling, since 54% of those with higher education in the national sample and 62% of the state sample consider that they improved, compared to 17% and 11% of the national and state samples who consider that they decreased; following the downward trend, the most unfavorable evolution is found in the companies run by microentrepreneurs with primary education.

PERCEPTION OF EXPECTATIONS OF SUCCESS OR CLOSURE OF YOUR MYPES, AT THE NATIONAL LEVEL AND IN THE STATE OF NAYARIT
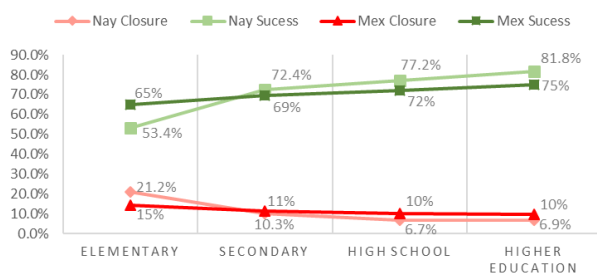
Graphic 11 Nayarit - Success vs. Risk Closure
Source: Own elaboration with information from the research

Finally, the microentrepreneurs were asked how much they consider their business to be successful and, in another question, how much they considered it to be at risk of bankruptcy; the results show once again that among those with more schooling, the evaluation is much better; in the national sample of businesses, those with higher education rate the conditions of their businesses 10 points higher than those with only primary education; while for the sample of businesses in Nayarit, the difference is more marked, since among those with higher education their evaluation is 28 points higher than those with only primary education.

Conclusions

Although microenterprises cannot be considered a space for professional practice given that most of them are located in economic activities for which specific training is not necessary, the results presented here show that, at least from the perception of the entrepreneurs themselves, there is a better performance of the enterprises and a better valuation of future expectations among those with a higher level of schooling.

The results of the national and Nayarit samples were presented, showing few variations, which allows us to infer that even though microenterprises respond mainly to the conditions of their immediate context, the general characteristics (and problems) are shared throughout the country.

Although the responses on the performance and results of the companies are based on the perception of the entrepreneurs themselves (i.e., they were not confronted with tangible evidence of the same), the fact that the more schooling they have, the more optimistic they are, opens new questions regarding what higher education is contributing to them, since it is confirmed that it is not technical preparation, since in general the line of business of the microenterprise is not linked to their training. What is undeniable is that higher education provides a series of general competencies, in addition to the disciplinary ones, such as the development of organizational skills, work culture, greater understanding of institutional life, records and procedures, teamwork, as well as social skills, which we should continue to explore. The fact that the state reality is very similar to the national one confirms the need to find our own explanations and strategies to ensure that the higher education - microenterprise development link has an intentionality, is proactive and does not only react to general tensions.

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