

Environment for doing business from the pandemic: an analysis of the microenterprise sector

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Miguel Ángel Viramontes Romero

PhD in Administration

Institution: Polytechnic University of Querétaro

Address: State Highway, 420, S/N, El Rosario, 76240, 76240, Santiago de Querétaro, Qro

E-mail: miguel.viramontes@upq.edu.mx

Patricia Ducoing Rodríguez

PhD in Administration

Institution: Technological University of Queretaro

Address: Av. Pie de la Cuesta, 2501, Nacional, 76148, Santiago de Querétaro, Qro

E-mail: pducoing@uteq.edu.mx

Edith Olivo García

PhD in Education

Institution: Universidad Autónoma de Querétaro

Address: Cerro de las Campanas, s/n, Cp. 76010, Querétaro, Querétaro, México

E-mail: edith.olivo@uaq.mx

Ana María Cuéllar Castilla

PhD in Administration

Institution: Technological University of Queretaro

Address: Av. Pie de la Cuesta, 2501, Nacional, 76148, Santiago de Querétaro, Qro

E-mail: acuellar@uteq.edu.mx

ABSTRACT

The objective of this article is to investigate the environment for doing business that exists between formal and informal microentrepreneurs in the municipalities of Querétaro, El Marqués and Pedro Escobedo. A survey was carried out on 590 businessmen, both formal and informal, of all types of businesses and who have a maximum of 9 employees. The period in which the survey was carried out was between April and November 2022 and nine topics were investigated that included, among other topics: the concern they have about their sales, the evolution of their debts in recent months, the insecurity to carry out their activities, the support from the municipal and state authorities, the political instability and the economic situation of the country. Some of the results obtained are the growing insecurity perceived to carry out business, the insufficient support from municipal and state authorities and the growing indebtedness derived from the long period of the pandemic.

Keywords: environment, investment, microentrepreneurs, perception.

1 INTRODUCTION

Once the effects of the pandemic in Mexico have diminished and activities in general have returned to levels that allow a certain normality to be perceived, it is necessary to investigate the effects that this period has had on the economic performance of companies and in particular of micro-enterprises that, traditionally, are those that suffer the most during and after an economic imbalance. The current situation allows us to glimpse that the critical stage of the pandemic is on its way out, however, the economic situation does not seem to behave in the same way. The pandemic practically reduced economic activities to a minimum and many countries used orthodox economic policy instruments to make Facing the situation: an increase in public spending to counteract the cyclical effects of the pandemic and an expansive monetary policy mixed to face the negative effects of insufficient aggregate demand. Although it is true that the measures allowed the economies to not be affected in an even more profound way, inflation has begun to take its toll on this type of policy¹

Today, without a doubt, the main concern worldwide is economic. There is a consensus that the main economy, the US, will enter a recession and the discussion is how deep it will be and how long it will last. In the case of Mexico, the situation, although it has not been so severe, due to the interdependence that exists with the United States economy, suggests that our country can follow the trend that is seen worldwide. According to the magazine *Expansión* (2022), some problems are looming for the Mexican economy in 2023: lower demand from the US, that the effects of the pandemic or geopolitical conflicts are prolonged or intensified, that financial conditions are more astringent than expected. expected and episodes of volatility in international financial markets that affect financing flows for emerging economies. that the recovery of investment spending is less than expected or insufficient to support the reactivation process of the economy and long-term growth, that the COVID-19 pandemic continues to affect the supply and demand conditions of the global economy , adversely affecting the recovery of national economic activity and, lastly, that extreme weather phenomena, such as droughts, atypically high temperatures or cyclones, adversely impact national or regional economic activity.

In our country, microenterprises face an even more complicated environment since there are other factors, other than economic and pandemic, that can affect the expectations of microentrepreneurs and that affect them on a day-to-day basis: insecurity, corruption, political instability, over regulation, etc. In the case of the Mexican economy, the situation is laudable since according to figures from INEGI (2022)

¹ According to the April-June 2022 Monetary Policy report, Banco de México mentions the following: “World inflation continued to increase, in some cases more than expected, once again reaching maximum levels in decades in several of the main economies. Inflationary pressures have spread to a greater number of items, in addition to the high prices of energy and food. The foregoing, in an environment in which the imbalances between the recovery of demand and supply in various markets continue, given the persistence of bottlenecks in production and the pressures on the prices of raw materials derived from the conflict war between Russia and Ukraine. Although these latter factors have moderated recently, uncertainty remains about their forward evolution and their effect on world inflation.

at an annual rate and with seasonally adjusted series, in the third quarter of 2022, GDP increased 4.3% in real terms. According to the IMSS, the Mexican economy exceeded one million formal jobs created so far in 2022, reaching a record high of jobs and only so far in 2022, from January from 2022 to November 13 of this year, more than 1 million jobs have already been created in the country. At the same time, the growth of inflation has stopped its growth and the exchange rate has shown unprecedented strength.

By large groups of economic activities, the GDP of tertiary activities rose 4.5%; that of secondary schools, 3.7% and that of primary schools, 3.2 percent. Therefore, the understanding of the environment that surrounds the companies and the perception that entrepreneurs have about it, is fundamental to understand the future behavior of these, thus, the understanding of the formation of expectations constitutes a key factor in the study of economic dynamics and has been a controversial topic in recent theoretical discussion. However, although the theoretical literature that developed the link between expectations and the cycle is extensive, the empirical approaches are not to the same extent Lanzilotta (2014). In a recent investigation (Galeana, 2022) it is shown that the effect of the pandemic has been very profound on micro-enterprises in the State of Querétaro, which has had a profound effect on the closure of micro-enterprises.

For this article, we define perception as the cognitive process of consciousness that consists of recognition, interpretation and significance for the elaboration of judgments around the sensations obtained from the physical and social environment, in which other psychic processes intervene, among which there are learning, memory and symbolization Melgarejo (1994). Although perception can be considered as something subjective and inaccurate, the importance of perception on investment decisions, currently no business strategy that claims to be successful can ignore scientific research on the functioning of perceptions, memory, cognition, emotion, reason, and the mechanisms that interact during client learning and decision-making all occur in the brain. In other words, no smart business strategy can turn its back on neuroscience Braidot, (2006).

Companies around the world see their operation and management conditioned by a set of factors of an economic, political, socio-cultural, legal-legal, environmental and technological nature, which constitute what is called the business environment. Therefore, performance in organizations will no longer only depend on their (internal) business behavior, but also on the prevailing conditions in the external environment, which mark or establish the direction and strategies to be adopted by Fernández (2016). An indicator that, at a global level, helps to understand the perception of the business environment is the Business Confidence Indicator of the commerce sector, which registered a drop of 3.8 points compared to the previous month, according to figures from the Monthly Survey of Business Opinion (EMOE) of the Inegi; In addition, the Inegi's Business Confidence Index (ICE) fell in July 2022 to its lowest level in 14

months, and it was located in the contraction zone with 49.5 points, 1.1 points less than in the previous month, and 2.4 below the level reported 12 months ago by INEGI (2022).

Alonso and Galve (2008), and Kantis (2003) point out that any initiative or entrepreneurial activity in the creation of a new company or business depends on the motivation and the observation that the person makes of the changes in their environment. In other words, entrepreneurial people are those who are constantly looking for opportunities and have a special charisma to find the social relationships (contacts or links) that depend on or are triggered by their business; such is the case of the search or loyalty of its customers and suppliers. There are several factors that can limit investment and growth. For Cueva (2007) the fundamental factors: small size of the internal markets, low purchasing power of the population and the low growth potential of the markets. For Rueda (2008), the sociopolitical factor is essential, since if there are significant improvements in institutions, control of corruption, and better access to political and civil rights, the investment rate could increase by approximately 1.84 percentage points. Women are more willing to receive these services than the men interviewed. For the most part, the participants see the government as an obstacle rather than an enabler. One of the most worrisome phenomena in our country is insecurity and crime, and there is growing concern about the effect it has on perception and investment plans. For Estudillo (2019), the perception of the managers of the MyPEs analyzed in the state of Oaxaca, the crime that is generated in the area is perceived as worrisome and although 73% state that they have not been victims of crime, they consider that crime It is increasing, which is why they have considered adopting preventive measures, generating some changes in their activities, in decision-making and allocating resources aimed at avoiding being victims of any crime. The social factor contributes increasingly to the increase in insecurity, thus, the social environment is a decisive factor for this crime to exist; Characteristics such as the distance to a hospital and highly marginalized areas increase the probability, while proximity to parks, roads, and police stations decreases it Alvarado (2019).

Although it is not a central part of the research, the gender issue is important to explain the perception of microentrepreneurs in business performance, since women have a greater aversion to investing when the conditions for starting a business are riskier Aguilar (2021). At the same time, another determinant in the behavior of microentrepreneurs has to do with the lack of financial literacy, in his research, Sánchez (2022), shows that microentrepreneurs show low ability in Personal Finance Management, in Access to the Banking System and in the Precautionary Reason in Personal Finance, so it is very common for microentrepreneurs to resort to debts that are often acquired with high interest rates and the use of informal credit through family, friends or suppliers, which compromises business finances.

2 METHOD DESCRIPTION

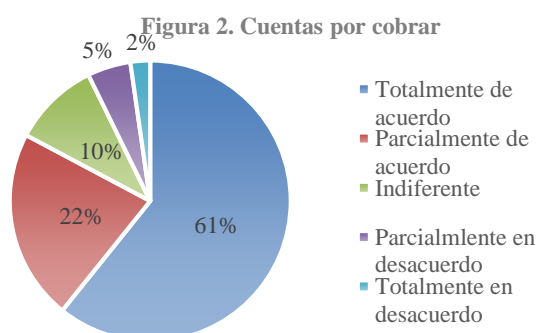
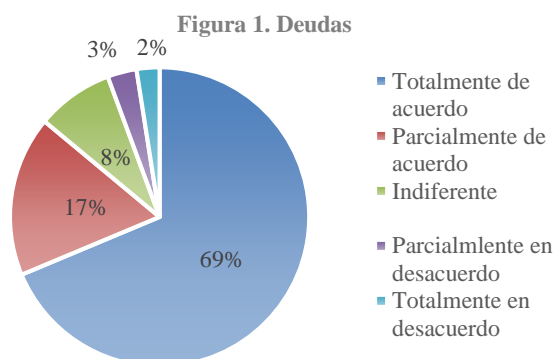
The survey was applied to both formal and informal businesses, since it is considered that the perception of the business climate does not depend on the fiscal situation of the businessmen involved. Table 1 shows some sociodemographic characteristics of the 590 businessmen interviewed for this research, highlighting the fact that in all cases the main manager or owner was interviewed. The surveys were collected by students of the Business Administration and Management and International Business careers of the Polytechnic University of Querétaro during the period already considered and were done in person and were part of a study carried out on a much larger scale and to analyze factors marketing, production, quality, gender, etc. For the present investigation, some questions were taken as a reference aimed at knowing the perception of microentrepreneurs about the environment that surrounds their businesses and that will appear soon in an article yet to be published called "Difference in management strategies between men and women directives of micro and small companies from El Marqués and Pedro Escobedo, Querétaro, México" see Table 2, however, they were complemented with surveys of 223 surveys from the municipality of Querétaro. Once the results were compiled, they were graphed and analyzed.

For the present investigation, it was determined that the questions and results, as well as the tables of socioeconomic factors, respect the original language, which is Spanish, in such a way that the context in which the questions were asked can be understood and not bias the meaning. of the answers obtained.

TABLA 1 DATOS SOCIOECONÓMICOS		TABLA 2 VARIABLES UTILIZADAS PARA MEDIR LA PERCEPCIÓN	
FACTOR	DATO	VARIABLE	PREGUNTA
ANTIGÜEDAD DEL NEGOCIO	2015	Deudas	En mi empresa nos preocupa todo el dinero que debemos
MANEJADO POR HOMBRES	56%	Cuentas por cobrar	En mi empresa nos preocupa todo el dinero que nos deben
MANEJADO POR MUJERES	44%	Entorno económico	En mi empresa nos preocupa la situación económica
FORMALES	47%	Inseguridad y violencia	En mi empresa nos preocupa la inseguridad y violencia
INFORMALES	53%	Proveedores	En mi empresa nos preocupa el abasto de mercancías y materia prima
PERSONAS PROMEDIO QUE TRABAJAN EN EL NEGOCIO	5	Ventas	En mi empresa nos preocupa las bajas ventas
		Impuestos	En mi empresa nos preocupa los altos impuestos
		Corrupción	En mi empresa nos preocupa mucho la corrupción
		Confianza gobierno federal	En mi empresa nos preocupa mucho la inestabilidad política
		Pandemia	En mi empresa nos preocupa la situación del COVID

3 RESULTS OBTAINED

Figure 1 shows that a high percentage of those surveyed fully or partially agree that debt is a factor that worries them. Figure 2 shows that accounts receivable is also a prevailing factor that can have a negative effect on your investment decision.



The perception of the country's economy is pessimistic and is not conceived as something positive. Until now, figure 4, the insecurity and violence in the country is what worries microentrepreneurs the most, which is worrying, since it is something that businesses experience every day.

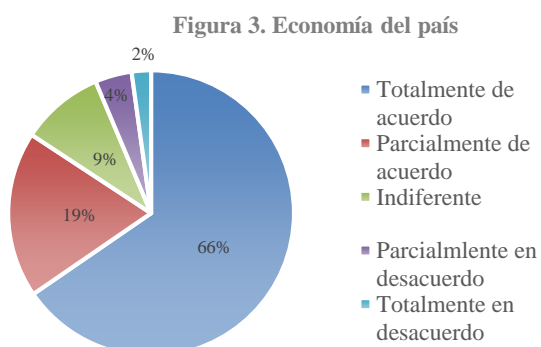
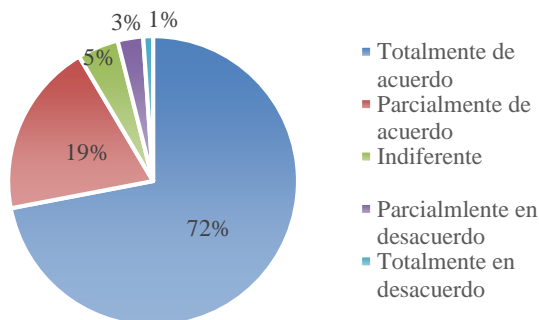


Figura 4. Inseguridad y violencia



The concern for the lack of raw materials and merchandise is noticeable but slightly less than the concern for sales.

Figura 5. Mercancías y materia prima

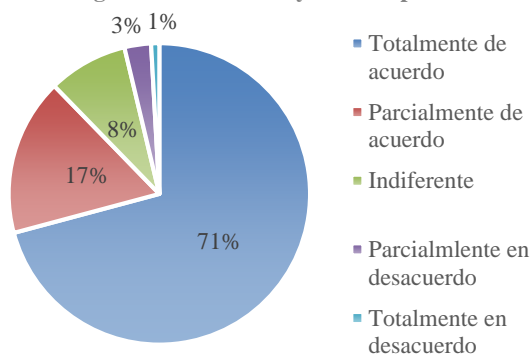
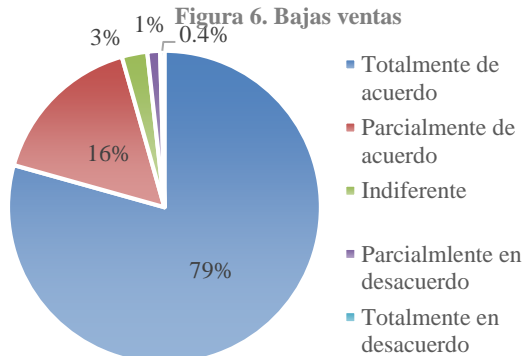


Figura 6. Bajas ventas



Curiously, paying taxes and corruption show much lower levels of concern than security or low sales.

Figura 7. Pago de impuestos

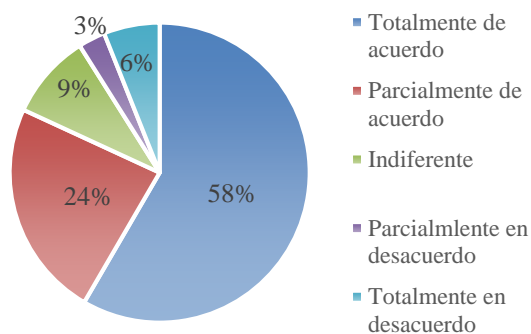
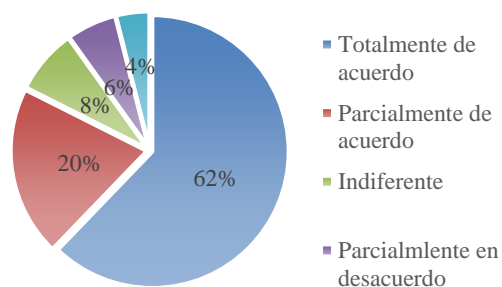


Figura 8. Corrupción



The least concerns of businessmen in the surveys carried out are political instability and the work of the federal government, figures 9 and 10, where the percentages are the lowest in the entire survey. Finally, in a graph not shown, concern for COVID shows 71%.

Figura 9. Inestabilidad política

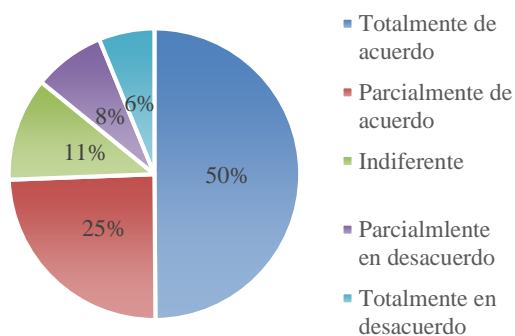
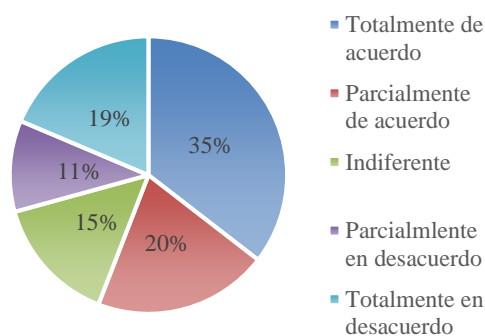


Figura 10. Buen trabajo del gobierno



4 DISCUSSION

Companies during the pandemic had to face an unusual reality expected than the traditional one, the contact with the client was different and the interaction it was purely virtual. Given this, the business microenvironment has been modified and adapted to the new consumer behavior, especially in technological application, innovation, collaborative activities and execution of the business model aimed at electronic commerce. An important study for microenterprises in Ecuador (Macanel,2022) shows that Marketing Digital and electronic commerce as strategic paths due to confinement through digital tools such as Facebook, Instagram and WhatsApp. Therefore, the new proposal must provide added value based on the business strategy, such as: processes, technology and people.

The Covid-19 has generated an uncertain future in several industries, but in the case of e-commerce it generated a chance. It is not known how long the pandemic will last, nor what its effect on society will be, and for this reason it is Business resilience is important. It is time to adapt to the new way of life and change our mindset. It is time to stop seeing Covid-19 as a threat to companies, which implies the closure or disappearance of the same and begin to see it as an opportunity to open new channels of business, which can be summed up in one word "Reinventing" (Ayala,2021).

In a study carried out for the case of Paraguay and focused on microenterprises (Ferrer, 2021) it is mentioned that it is crucial that the government adopt and promote economic measures that aim to maintain employment and the operational capacity of microenterprises so that they can survive the devastating effects generated by the pandemic and the consequences that these effects will have once the crisis passes and the recovery phase begins. A way must be found to reduce the pressure on microenterprises through the granting of credit, the reduction of expenses and taxes and with the progressive return to normal operations, which will cause an increase in their income and maintaining your ability to pay. The government must stimulate market demand to promote production and thus encourage a return to the normal flow of business.

In another study carried out for the case of all types of Spanish (Bandrés-Goldaraz,2021) companies and the effect of the pandemic, it is mentioned that the functional areas most affected by the

health emergency have been people management, treasury and commercial management. Faced with this crisis, large companies have applied different measures, including teleworking, which has been adopted by most SMEs consulted, reaching 96%. Also, marketing and commercial strategies have been modified and, among other things, commercial trips and those carried out by staff have been eliminated, in addition to suspending events, both internal and external. Likewise, the protocols and communication systems of companies with their stakeholders have been modified and the digital transformation of companies has been streamlined, as well as their digital communication, with the opening of new online channels, in the environment of the web 2.0.

In the case of Mexico, an interesting study (López,2021) proposes that to alleviate the situation derived from COVID it is important that all taxpayers comply with this obligation in an equitable and proportional manner based on the income received. This change in the collection exercise will allow greater support from the government in emergent situations such as the pandemic caused by COVID-19. However, taxpayers must actively participate so that the government has the capacity to solve this type of situation. Likewise, it is of interest for taxpayers to know what tax scenario can be foreseen derived from the pandemic that COVID-19 has caused worldwide. In this regard, various organizations and business confederations have expressed themselves through letters and requests, to obtain some opportunities.

5 CONCLUSIONS

The results show that the concerns of the microentrepreneurs surveyed differ from those that are regularly shown in the media and in the narrative of large business groups such as (COPARMEX, 2018; COPARMEX 2022). A quick review of current business communications is focused on their concern about the lack of governability in the country, the lack of democracy or the militarization of the country, however, they are different factors from those that concern "ordinary" micro-entrepreneurs in our country. For microentrepreneurs, low sales, insecurity, violence or debt are factors that affect them definitively. It is necessary for the business discourse to be depoliticized and for both the government and the groups that claim to represent businessmen to focus their attention on a sector that, regardless of whether it is informal, is essential for the creation of employment and wealth in our country.

The perception they have of the country's global situation has a high influence on their decisions to continue investing, creating jobs and continuing to be the basis of our country's economic activity.

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