

## 100 years of Management in Mexico, background and current trends

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### **ABSTRACT**

Business Management (administration) has been a relevant topic in the Mexican economy in the last 100 years. In this essay we will analyze the different historical periods and their relationship with the administration, also, we will present the techniques and tools, most used at the time in our country. The paper begins with a brief introduction where management will be defined and the importance of the context of the Mexican economy and its relationship with management in Mexico will be explained. It will also present the research questions that will be addressed in the following sections. The second chapter will analyze the role of administration during the Porfiriato (1876-1911). It will analyze how the economic policies implemented during that period favored private investment and how foreign companies played a key role in Mexico's economic development and thus in the nascent concept of administration. The third chapter will study administration during the Revolutionary period. The role of the revolutionary leaders in the regulation of private investment and the nationalization of some foreign companies will be analyzed. The fourth chapter will discuss administration during the era of globalization. It will explain how the economic

liberalization of the 1990s and the signing of free trade agreements affected private investment in Mexico, as well as its influence on the administrative techniques used. Finally, the fifth chapter will present the current challenges of private administration in Mexico (the Internet era). We will discuss global competition, investment in technology (internet of things) and the need for regulation to ensure that private investment contributes to the economic and social development of the country.

**Keywords:** management, México, trends, management4.0.

## 1 INTRODUCTION

Management has been a relevant topic in the Mexican economy for the last 100 years (considering the study of management after the revolutionary period and only talking about management in the private sector). Investment and entrepreneurial activity are fundamental for economic growth and job creation in the country, and management plays a key role in this process. In this chapter, management will be defined and its importance for understanding the Mexican economy will be explained. It will also present the research questions that will be addressed in the following chapters (3 to be exact, one for each historical period).

Management refers to the planning, organization, control and direction of enterprises and organizations by individuals or private groups for profit. Management is essential for the economic development of any country, since it is through of investment and business activity that generates wealth and jobs. In Mexico, administration has played a key role in economic development and has been fundamental to the economic stability of our country.

In the last 100 years, Mexico has experienced different historical periods that have affected management and the business context. The Porfiriato, the Revolution, Globalization and the current challenges (internet of things) are some of the periods that will be addressed in this essay. Each of these periods has had a different impact on business administration in Mexico.

The research questions to be addressed in the following chapters are: How has private management influenced Mexico's economic development over the last 100 years? What has been the role of management during the different historical periods?

What have been the administrative techniques/tools used in Mexico throughout its history? What are the current challenges of private administration today and how can they be addressed? These questions will be answered in the following 4 chapters.

## 2 THE PORFIRIATO

During the Porfiriato (1876-1911), administration in Mexico experienced great growth. The government of Porfirio Díaz implemented economic policies that favored private investment and

entrepreneurial activity. New industries were created, infrastructure was improved and favorable conditions for international trade were established. Foreign companies played a key role in Mexico's economic development during this period (also with their foreign management techniques).

In terms of management techniques, business models of U.S. origin were mainly used (for obvious reasons of proximity). Companies adopted management practices and strategies that had been successful in the United States, such as those related to mass production and work specialization (nascent and in the process of improvement). In the industrial sector, mass manufacturing became the norm (it was produced under the paradigm of quantity and not quality), which allowed the production of large quantities of goods at lower prices.

In the commercial sector, large stores and chain stores were established, allowing the massive sale of products at lower prices. Companies sought to increase their purchasing capacity and reduce transportation and storage costs, which led to the creation of large distribution centers. Despite the economic growth and modernization of private administration during the Porfiriato, there was also criticism of the economic model implemented. The government was accused of favoring foreign companies to the detriment of national industry, and labor exploitation and the lack of workers' rights were criticized.

In conclusion, during the Porfiriato, private administration in Mexico was characterized by the adoption of techniques and strategies of U.S. origin, oriented towards efficiency and cost reduction.

### **3 THE REVOLUTION**

The Mexican Revolution, which began in 1910 and lasted until 1920-1921, was a period of political and social change that transformed the country on multiple levels. Here we analyze the impact of the Revolution on private administration in Mexico, its consequences on the business world and therefore on administration. Before the Revolution, private administration in Mexico was dominated by an economic elite that had been favored during the Porfiriato. The Revolution sought a more equitable distribution of wealth and greater participation of the population in the political and economic life of the country. These objectives were reflected in the economic and social policies promoted during and after the conflict.

Nationalization and redistribution of land. Nationalization and redistribution of land were two key measures in the Revolution that had a direct impact on private administration. The Agrarian Law of 1915, promoted by Emiliano Zapata, established the basis for agrarian reform in Mexico, leading to the expropriation and redistribution of land to peasant communities and ejidos. This reform affected large landowners and agricultural entrepreneurs, who saw their properties and, consequently,

their incomes reduced. Private administration in the agricultural sector had to adapt to the new regulations and a new land ownership structure, which generated a diversification and decentralization of agricultural production in Mexico.

Nationalization of the oil industry. In 1938, President Lázaro Cárdenas nationalized the oil industry, expropriating the properties of foreign companies and creating *Petróleos Mexicanos* (PEMEX) as the state-owned company in charge of oil exploitation and production in Mexico. This measure reconfigured the business landscape and private administration in the energy sector, while reaffirming the country's economic and political sovereignty.

The Revolution also led to the emergence of new companies and economic sectors. Industrialization, driven by protectionist and import substitution policies, led to the creation of manufacturing, textile, chemical and metallurgical companies. Private management in these new sectors was characterized by the search for efficiency, modernization and diversification in production, as well as the adoption of fairer and more equitable labor practices.

The Mexican Revolution also favored the emergence of a stronger and more diversified business class. Mexican businessmen began to establish strategic alliances with the State and to actively participate in the promotion of economic development policies and programs. The National Chamber of the Transformation Industry (CANACINTRA), founded in 1941, is an example of a business organization that emerged in response to the need for representation and support of national industry.

The impact of the Mexican Revolution on private administration was profound and lasting. The change in the structures of ownership and control of natural resources, the consolidation of a diversified entrepreneurial class, the emergence of new economic sectors and the promotion of fairer and more equitable labor practices, as well as the training of management professionals, contributed to the transformation of the Mexican economy and society in the 20th century. Private administration in Mexico was, and continues to be, influenced by the legacy of the Revolution and its quest for a more equitable distribution of wealth and social justice.

The following are some of the trends and practices that characterized private administration in Mexico during this period: Paternalism, Centralization and control, Focus on the family and networks of personal relationships, Adaptation to government policies and regulations, and Adaptation to government policies and regulations.

In summary, private administration in Mexico during the period of the Revolution and the following decades was influenced by various international administrative theories, as well as by practices and approaches adapted to the specific conditions of the country.

#### 4 GLOBALIZATION

In this chapter, we analyze the impact of globalization on private management in Mexico, exploring how Mexican companies have faced the challenges and opportunities derived from growing economic, political and cultural interdependence at the global level. We will address issues such as trade openness and economic integration, adaptation to new technologies and innovation, competition and market diversification, as well as social and environmental responsibility.

The globalization process in Mexico accelerated in the 1980s and 1990s with the adoption of trade liberalization and economic liberalization policies. Mexico's entry into GATT (General Agreement on Tariffs and Trade) in 1986 and the signing of the North American Free Trade Agreement (NAFTA) in 1994 were key to Mexico's economic integration into the global economy. These changes forced Mexican companies to face increased foreign competition and adapt to the new rules and opportunities of international trade. Globalization also spurred the adoption and diffusion of new technologies and innovative processes in private management in Mexico. Globalization has also generated a greater awareness of social and environmental responsibility in private management in Mexico. Mexican companies face increasing pressure from consumers, investors and governments to adopt sustainable and socially responsible practices. This has led Mexican companies to implement policies and programs aimed at reducing their environmental impact, promoting inclusion and diversity in the workplace, and contributing to the sustainable and equitable development of their communities.

During the era of globalization, Mexican companies adopted various management techniques and approaches to face the challenges and take advantage of the opportunities of an increasingly interconnected world. The following are some of the most relevant management techniques adopted in Mexico during this period:

Total Quality and Continuous Improvement, Process Reengineering, Supply Chain Management, Knowledge and Innovation Management, Corporate Social Responsibility (CSR) and Sustainability (table 1).

Table 1 techniques mentioned and their source:

<b>Theories</b>	<b>Source</b>	<b>Management Techniques and tools</b>
Classical management approaches (Taylorism, Fayolism, Fordism)	Barragán Solís, J. F. (2015)	Adaptation to new technologies and innovation, Competition and diversification of markets, Social and environmental responsibility.
Humanistic approaches to management (Hawthorne, Maslow, McGregor)	González, S. (1993)	Management theories
Contingency and systems theory approaches.	Cárdenas, E. (1997)	Systems Theory
Paternalism	Sánchez, M. A. (2010)	Social and environmental responsibility

<b>Teories</b>	<b>Source</b>	<b>Management Techenics ando tools</b>
Centralization and control	Bazdresch, C., & Levy, S. (1991)	-
Focus on family and personal relationship networks	-	-
Adaptation to government policies and regulations	Maurer, N., & Haber, S. (2007)	Social and environmental responsibility
Trade openness and economic integration	Dussel Peters, E. (2000), Hernández, R. A., & Cooney, K. (2006)	Adaptation to new technologies and innovation, Competition and diversification of markets, Social and environmental responsibility
Adaptation to new technologies and innovation	Ramírez, G., & González, J. J. (2013)	Social and environmental responsibility
Competition and market diversification	Carrillo, J., & Gomis, R. (2014)	Social and environmental responsibility
Social and environmental responsibility	-	-

Own elaboration

## 5 THE AGE OF THE INTERNET (MANAGEMENT 4.0)

In this chapter, we explore the impact of the Internet era on private administration in Mexico, focusing on how Mexican companies have adopted new technologies and digital tools to improve their efficiency, innovation and competitiveness. We will cover topics such as digital transformation, digital economy, e-commerce and information security.

Digital transformation refers to the integration of digital technologies in all aspects of private administration, from supply chain management to marketing and customer service. The internet era has accelerated this process in Mexico, forcing Mexican companies to adopt new technologies and redefine their business models to adapt to the digital environment. Digital transformation has enabled Mexican companies to improve efficiency, reduce costs and enhance the customer experience.

The digital economy refers to the set of economic activities that use digital technologies as the basis for their operation. In Mexico, the digital economy has experienced significant growth in recent years, driven by the adoption of digital technologies.

Of new technologies and the growing demand for digital services. Mexican companies have taken advantage of this trend to develop new business models and expand their presence in the digital market.

E-commerce. E-commerce has become a fundamental part of private administration in Mexico, enabling Mexican companies to reach new customers and markets through digital platforms. E-commerce has experienced exponential growth in Mexico in recent years, driven by increasing internet penetration and the use of mobile devices. Mexican companies have had to adapt their sales and marketing strategies to compete in this digital environment.

**Information Security.** The Internet era has generated new information security challenges for private administration in Mexico. Mexican companies have had to adopt security measures to protect their confidential information and that of their clients in an environment increasingly threatened by cyber-attacks and data theft. Information security has become a key factor for customer confidence and the reputation of Mexican companies.

**Management 4.0** has profoundly transformed private administration in Mexico, driving the adoption of new technologies and digital tools to improve the efficiency, innovation and competitiveness of Mexican companies. Digital transformation, digital economy, e-commerce and information security are some of the key issues that are transforming the way Mexican companies operate today. In an increasingly competitive and globalized environment, adapting to these trends has become a crucial factor for the success and survival of Mexican companies. The Internet era has profoundly transformed private administration in Mexico, driving the adoption of new technologies and digital tools to improve the efficiency, innovation and competitiveness of Mexican companies. Digital transformation, digital economy, e-commerce and information security are some of the key issues that are transforming the way Mexican companies operate today. In an increasingly competitive and globalized environment, adapting to these trends has become a crucial factor for the success and survival of Mexican companies (Table 2).

Table 2 shows a summary of the techniques mentioned and their source in section 5:

<b>Input mentioned above</b>	<b>Resorce</b>	<b>Management Tools</b>
Digital transformation	Alarcón, L. G., Gómez, M. L., & López, J. E. (2017)	Online collaboration tools, automation tools
Digital economy	Larios, J., & Ramírez, G. (2018), INEGI. (2020)	Data analysis tools
E-commerce	Ochoa, C. (2019)	Digital marketing tools
Information security	Quintana, A. M., & Rodríguez, D. R. (2019)	IT security tools

Own elaboration

## 6 CONCLUSIONS

This essay has explored the evolution of private management in Mexico over the last 100 years, focusing on the periods of the Porfiriato, the Revolution, globalization, the Internet era and the management tools associated with each era. The main challenges and opportunities faced by Mexican companies in each period have been highlighted, as well as the management theories and tools that have been adopted to face them.

During the Porfiriato, private administration in Mexico was marked by a centralized and

authoritarian approach, which favored large companies and foreign investment. During the Revolution, greater social justice and equity were sought, but political and economic instability limited the development of private administration. With globalization, Mexican companies had to adapt to an increasingly competitive and globalized environment, adopting tools such as total quality and process management. In the Internet era, private administration in Mexico has undergone a radical transformation, driven by the adoption of new technologies and digital tools. Digital transformation, digital economy, e-commerce and information security are some of the key issues that are transforming the way Mexican companies operate today. The administrative tools associated with this era include online collaboration tools, automation, data analysis, digital marketing and information security.

It is important to note that, despite the advances and evolution of private management in Mexico, there are still companies that are managed in a traditional manner, as family businesses. These companies often present unique challenges, such as the need to keep control and management in the family, and may face difficulties in adapting to changes in the business environment. However, they also have unique advantages, such as employee loyalty and the ability to make quick decisions. In any case, it is important that all Mexican companies, whether they are large corporations or family businesses, adopt the right management tools and theories to face current and future challenges. The ability to adapt and evolve in response to changes in the business environment is critical to the long-term success and sustainability of any company.



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