

# Scientific Journal of Applied Social and Clinical Science

Acceptance date: 19/08/2025

## OVERVIEW OF ENTREPRENEURSHIP AND MANAGEMENT OF FAMILY BUSINESSES (MSMES) IN NAYARIT

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**Abstract:** The objective of this study is to analyze the implications of entrepreneurship and management of micro, small, and medium-sized family businesses in Nayarit. Documentary and descriptive research was used as the basis for the study. Case studies were used for data collection, with an emphasis on field research. The information was obtained from a survey of a sample of 32 family businesses in the capital, some localities, and municipalities in the state, showing results and conclusions that reveal the landscape of these businesses.

**Keywords:** management, entrepreneurship, micro, small and medium-sized enterprises (MSMEs), family businesses.

## INTRODUCTION

Family businesses, by their very nature, present certain challenges and have characteristics that make them very unique in their operations. The global economic relevance of family businesses seems to be a constant, as a large part of the business fabric in most countries is based on this type of enterprise. Due to the very nature of this type of business, where three systems overlap: family, ownership, and management, family involvement is a fundamental factor in management, as it can have a direct influence on both organizational and strategic performance. (San Martín & Duran, 2017, p.9).

In Mexico, most family businesses are considered the engine of the economy and are therefore an essential part of the national economy. In Nayarit, as in the rest of the country, family businesses predominate and are considered an important part of the economy as they generate sources of employment and are managed and controlled by one or more families. It is worth mentioning that these companies cover various sectors, such as agriculture, livestock, production, trade, and services.

Hence the interest in conducting this research, which aims to analyze the implications of entrepreneurship and family business management (MSMEs) in Nayarit, for which a sample of 32 entities from various sectors belonging to the capital, certain localities, and municipalities was used. This research aims to obtain a perspective on the entrepreneurship and management of these entities, with the purpose of providing an overview of the experiences they face in their activities.

## THEORETICAL FRAMEWORK

Conflicts tend to arise more often in family businesses than in non-family businesses due to the overlap between family and business, where the family system is governed by emotions and protection and loyalty prevail, while the business system is based on rationality and governed by performance and results (Acosta et al. 2019, p. 271).

Family businesses depend on the family itself to develop functional and learning activities based on the formation of human capital. They merge two systems, the family and the business, which are interdependent, and this sometimes causes conflicts of values, given that they are opposites in nature. Within the so-called family projects, it has been found that they promote solidarity, the achievement of collective goals, and coexistence (Delfín et al. 2020, p. 83).

One of the outstanding characteristics is the obtaining of both economic and non-economic benefits; therefore, performance in family businesses is more complex and . In addition to facing constant changes in their environment, they face challenges in terms of their structure, especially with regard to corporate governance.

On the other hand, studies on finance in MSMEs have paid relatively little attention to the role of financial literacy in decision-making compared to other business and

economic disciplines (Karolyi, 2016 cited in Aguilar, 2023); the level of financial literacy among microenterprise owners has become a matter of concern, especially when they seek access to sources of financing. It is therefore important to understand what financial knowledge entrepreneurs have and to what extent their knowledge of finance influences their decision-making (Lusardi, 2019 cited in Aguilar, 2023).

Gómez & Botero (2020) argue that, due to their nature, these types of companies present certain challenges that are unique to them and do not arise in companies of other types, such as when the founder hands over the company to the first generation, i.e., their children, which in general terms is succession. since they do not know how to separate family relationships from business, who will assume power, differences arise between siblings, whether social, economic, professional, or cultural, not having well-defined roles or responsibilities within the organization, who will make decisions within it, the lack of professionalization of the heirs, and problems with the chain of command because everyone wants to govern. Most family businesses survive from generation to generation, but not many survive over time, mainly due to the erroneous development of power legitimization.

Family businesses: strengths and weaknesses.

According to Delfin-Ruiz, Cano-Guzmán, and Peña-Valencia (2020, cited in Maldonado et al., 2020), the dynamics within the family are related to functional roles that involve the development of competitive, motivational, supportive, and adaptable , skills, which have a positive impact on social entrepreneurship.

Given this reality, it is important to identify the positive and negative aspects represented in strengths and weaknesses when undertaking an entrepreneurial venture.

The strengths of family businesses include:

- Family commitment: the family's commitment to the business project must be directed towards the growth and prosperity of the company and the transmission of this practice to future generations.
- Continuity of knowledge: some family members start working in the family business at a very early age, which means that over time they will acquire an innate sense of commitment, as well as extensive experience and skill in the economic activity.
- Reliability and pride: referring to a sense of belonging and pride in protecting the good name and reputation of the family business, they strive to improve the quality standards of their products or services and to provide good customer service to their customers, suppliers, employees, etc. (p.568).

In this scenario, some weaknesses inherent in the nature of family businesses stand out:

- Complexity: complexity is inherent in the structures of family organizations, making them more susceptible to various conflicts, mainly influenced by emotional aspects involving family ties.
- Informality: due to the lack of an adequate structure, organization, distribution of functions and roles, ranks, etc. Most of these family businesses are run in an informal manner, that is, managed on their own, which leads to others generating internal conflicts, reducing performance and little interest in work activities, causing a threat to the continuity of the business.

- Lack of discipline: this behavior is common in family businesses, due to an excess of confidence based on the blood ties that unite them, generating negative behaviors within the company, such as: lack of leadership in strategic decision-making, violation of the hierarchical order and the middle management that directs and represents the company. (p.569-570)

## **METHODOLOGY**

To develop this research, the case study method was used. A qualitative study was proposed, as it describes a phenomenological design by exploring, describing, and understanding people's experiences, which can be as varied as the broad human experience itself. It is descriptive-explanatory in scope, as its purpose is to specify the characteristics of phenomena in a given context and determine the causes of events or phenomena in a specific context where a sense of understanding of the phenomena or problems under examination is generated.

## **TECHNIQUES AND INSTRUMENTS**

The responses of the people surveyed were taken into account in the collection of information. The survey consisted of 10 open-ended questions, guaranteeing the confidentiality of each of the respondents. The conclusions were obtained through an analysis of the information.

## **PARTICIPANTS**

The population consisted of 32 family businesses (MSMEs) from various sectors that served as case studies.

# RESULTS

The results presented below were obtained from a sample of 32 family MSMEs in localities, municipalities, and the capital of Nayarit, divided as follows and shown in Table 1:

Industry	Number
Grocery store	1
Butcher shop	1
Deli	1
Chicken farm and egg sales	1
Restaurants (seafood, Mexican snacks)	4
Car accessories	1
Car wash	2
Barber shop	1
Snack preparation (home delivery)	1
Coffee production and marketing	1
Sale of office equipment	1
Hardware store	2
Preparation and sale of desserts	2
Blacksmith	1
Local soccer league	1
Miscellaneous	1
Bakery	2
Stationery	1
Charcoal-grilled chicken (takeaway)	1
Auto parts and agricultural tire sales	1
Taco restaurant	3
Tortilla shop	1
Shoe store	1
Total	32

Table 1. Number of family businesses and their sectors.

Source: own elaboration.

Ten items or questions were asked to the owners of these businesses (Appendix 1), which yielded the following results.

The family businesses (MSMEs) surveyed were established in different years between 1986 and 2023.

Table 2 below shows the number of family members who are owners, family members who are not owners, and non-family workers, in the order shown in Table 1.

The following conclusions can be drawn from the table above:

- The number of owner-employees varies between 2 and 5 family members. It should be noted that there is a blood relationship between the owners, such as parents (mother and father) and children, mother and children, father and son, siblings, cousins, grandmother and granddaughter, as well as a marital relationship.
- There is one case where there are no employees, either family members or outsiders, so all the work is done by the owners, who manage and perform the operational functions.
- Most family businesses have family or non-family workers, with the owners in charge of administration and the workers in charge of operational activities.
- The classification of MSMEs in Mexico can be seen in the following table, number 3 (below).
- According to the table above and based on the information provided in Table 2, 24 of the businesses studied are micro, 6 are small, 1 is medium, and 1 is large, all belonging to the commerce sector.

Industry	No. of family members who are owners	No. of family workers	No. of non-family workers	Total number of people involved
Grocery store	2	2	0	4
Butcher shop	2	3	2	7
Deli	2	0	5	7
Chicken farm and egg sales	4	4	50	58
Restaurant 1	2	2	0	4
Restaurant 2	3	0	5	8
Restaurant 3	2	5	0	7
Restaurant 4	3	0	7	10
Car accessories	3	3	2	8
Car wash 1	2	1	8	11
Car wash 2	2	0	13	15
Barber shop	2	1	0	3
Snack preparation (home delivery)	2	1	0	3
Coffee production and marketing	2	11	5	18
Sale of office equipment	2	0	3	5
Hardware store 1	5	0	15	20
Hardware Store 2	2	1	0	3
Preparation and sale of desserts 1	2	0	5	7
Preparation and sale of desserts 2	2	2	0	4
Blacksmithing	2	0	8	10
Local soccer league	2	2	11	15
Miscellaneous	2	2	3	7
Bakery 1	2	3	0	5
Bakery 2	4	1	30	35
Stationery	2	4	19	25
Charcoal-grilled chicken (takeaway)	3	0	0	3
Auto parts store and agricultural tire sales	2	1	3	6
Taco restaurant 1	2	1	0	3
Taco Bar 2	2	2	1	5
Taco Bar 3	2	4	0	6
Tortilla shop	2	1	1	4
Shoe store	5	0	0	5
Total	74	53	146	263

Table 2. Number of owner, family, and non-family workers.

Source: own elaboration.

Size	Sector	Range of number of workers
Micro	All	Up to 10
Small	Commerce	From 11 to 30
	Industry and Services	From 11 to 50
Medium	Commerce	From 31 to 100
	Services	From 51 to 100
	Industry	From 51 to 250

Table 3. Stratification of MSMEs.

Source: own elaboration based on information from INEGI 2025 and the Official Gazette of the Federation 2009.

Business	Year founded	Seniority
Grocery store	2022	3
Butcher shop	2019	6
Delicatessen	2000	25
Chicken farm and egg sales	1987	38
Restaurant 1	2010	15
Restaurant 2	2022	3
Restaurant 3	1998	27
Restaurant 4	1986	39
Car accessories	1999	26
Car wash 1	2019	6
Car Wash 2	2019	6
Barber shop	2023	2
Snack Preparation (home delivery)	2022	3
Coffee production and marketing	2012	13
Sale of office equipment	1988	37
Hardware store 1	1987	38
Hardware Store 2	2021	4
Preparation and sale of desserts 1	2018	7
Preparation and sale of desserts 2	2019	6
Blacksmithing	2010	15
Local soccer league	1999	26
Miscellaneous	2020	5
Bakery 1	2005	20
Bakery 2	1997	28
Stationery	1988	37
Charcoal-grilled chicken (takeaway)	2013	12
Auto parts store and agricultural tire sales	2020	5
Taco restaurant 1	2023	2
Taco Bar 2	1988	37
Taco Bar 3	2010	15
Tortilla Shop	2014	11
Shoe store	2007	18

Table 4. Age/Seniority of family businesses in 2025

Source: own elaboration



- Twenty-two of the businesses studied, representing 68.75%, employ family members, which shows the strong bond in family life and the desire to help their own families by providing them with opportunities and job security.
- Nineteen businesses, representing 59.37%, also employ people outside the family, generating sources of employment.
- Based on the information presented in Table 4, it can be seen that the youngest businesses (13) range from 3 to 7 years old, with an average age (7) that could be considered to be between 11 and 18 years old, and the oldest businesses (12) range from 20 to 39 years old. This leads to the following reflection: the length of time in the market, which is generally considered low in the world of family MSMEs, is characterized by informality in their processes, procedures, and administration in general, which leads to a failure to achieve generational transfer. However, according to the sample population of 32 businesses studied, it can be observed that 40.6% can be considered young businesses that are expected to survive and remain stable in the market, 21.9% have been in the market for more than 10 years, which implies a certain stability, and 37.5% show stability and consolidation in the market with more than 20 years of existence.
- Based on the above, we will address the problems or challenges these businesses have faced, as well as their strengths/advantages, since longevity, stability, and consolidation, as well as the achievement of generational transfer,

are largely due to the events that they face and overcome with the management that each one applies, which may vary according to the knowledge, capabilities, skills, and vision of the owners.

According to the information gathered, the most common problems faced by family businesses are:

- Non-compliance by suppliers.
- Conflicts of interest.
- Not knowing how to differentiate between family and work boundaries.
- Centralized decisions, which slow down the organization.
- Poor organization.
- Lack of financial planning.
- Inadequate hiring of personnel.
- In some cases, lack of parking.
- Staff tardiness.
- Demand exceeding operational capacity.
- Lack of authority over employees, excessive trust.
- Discrepancy in decision-making.
- Problems related to succession.
- No inventory control or records are kept.
- Communication problems at all levels.
- Debts.
- Competition.
- Strengths/Advantages:
  - Adequate customer service.
  - Training in certain areas and topics.
  - Commitment.
  - Trust.



- Consensus-based decision-making.
- In some cases, if they have adequate financial planning.
- Product quality.
- Control of income and expenses.
- Teamwork.
- Good location.
- Respect
- Favorable work environment.
- Some owners mentioned good management.
- Sense of belonging.
- Good relationship with suppliers.

This section of results concludes that the management of family businesses varies greatly and depends largely on the formality of their processes. Most family businesses are characterized by informality in their activities, which makes it very difficult for them to remain in business and pass on to the next generation.

Those that prepare themselves, work together toward their goals, and apply proper management are the ones that survive and thrive in the competitive market, which is known to be full of challenges and uncertainty.

## CONCLUSIONS

Family businesses are an important part of a country's economy and are considered the engine of the economy. In Nayarit, they are no exception, as they are the most prevalent and generate sources of employment. Trust and commitment are important characteristics that strengthen this type of business.

Despite their advantages, family businesses (MSMEs) in Nayarit face challenges and difficulties, especially in terms of formality, professionalization, and generational trans-

cendence. Most lack a succession plan, are unaware of the issue, or do not give it due importance, since their efforts and energy are focused on surviving in the market and consolidating their position, leaving aside this preventive measure, especially when there are descendants or others interested in continuing the leadership of the company.

Much less do they form and install governing bodies to support the interests of the company. This action is more common in large companies such as corporations, where there is considered to be considerable wealth and proper administration is required to meet needs.

As for the changes in ownership that family businesses have undergone, some have had to go through this due to the growth of the businesses themselves, such as property expansions, renovations, additional furniture purchases, adaptations, and technological innovation.

On the other hand, in terms of changes in control, only in the oldest businesses, as shown in the results, has there been a generational transfer to a second or third generation. Most have not achieved generational succession (but the possibility cannot be ruled out).

Another aspect to consider is the tangible (material assets) and intangible (knowledge, skills, experience, talent, recipes, formulas, etc.) wealth that family business owners build up and that provides security and economic and emotional stability, which translates into quality of life. It also acts as financial backing in the event of possible economic crises. It is essential to try to preserve the family legacy, which also allows and supports the education and preparation of the new generations who will surely continue as leaders of their businesses.

In general, the outlook for family businesses in Nayarit, as in the rest of Mexico, is that they face high risks due to inadequate ma-

nagement, informal processes and activities, and poor succession planning.

Even though the business world is uncertain, proper management can make a difference and is a great support in steering the business in the right direction.

Family unity, shared vision, and values are also essential in the life of family businesses, as they help them weather times of crisis and come out ahead.

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## APPENDIX 1

### Questions or items asked of family business owners

No.	Items
1	Name and address of the business
2	History or background story.
3	Description of the current situation.
4	Description of the composition of the family's assets (tangible and intangible assets).
5	Description of the most common problems in the family business.
6	Description of the pillars for sound management of the family business.
7	Has the company undergone changes in ownership (real estate)?
8	Has there been a change in control (owners/leadership) of the company?
9	Does it have established governing bodies?
10	Does it have a succession plan?

Source: own elaboration.