



Organization and Management of SMEs in Rural Areas of Northern Sinaloa: Management Strategies for Local Development

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ABSTRACT

This article analyzes business organization and management practices in small and medium-sized enterprises (SMEs) located in rural areas of northern Sinaloa, Mexico, using a theoretical-documentary approach based on a review of recent academic literature, official statistics, and previous studies on the subject. The study examines organizational structures, leadership styles, and predominant management strategies within these productive units, identifying patterns and best practices applicable to local development. The results indicate that most rural SMEs exhibit family-based and informal organizational structures, a prevailing paternalistic leadership style, and product diversification strategies with limited institutional linkage. Furthermore, an emerging trend toward participatory leadership among younger generations is observed, fostering innovation and openness to technological adoption. It is concluded that management professionalization, transformational leadership, and inter-institutional cooperation are key elements for strengthening the sustainability and competitiveness of rural SMEs in northern Sinaloa.

KEYWORDS: Rural SMEs; Business Organization; Business Management; Transformational Leadership; Local Development

INTRODUCTION

Small and medium-sized enterprises (SMEs) constitute a fundamental pillar of Mexico's economic and social development, representing more than 95.5% of total economic units and generating approximately 72% of formal employment nationwide (INEGI, 2023). In rural contexts, the relevance of SMEs is intensified, as they act as agents of social cohesion, stimulate local economic activity and employment, and contribute to mitigating migration and territorial inequality through the creation of economic opportunities and productive inclusion (Manzoor, 2021).

In northern Sinaloa—particularly in municipalities such as El Fuerte, Choix, Guasave, and Ahome—rural SMEs play a strategic role by articulating agro-industrial, commercial, and service activities that sustain local and regional economies.

However, these enterprises face structural challenges related to their geographic location, limited access to financing, insufficient technological infrastructure, low levels of managerial professionalization, and the absence of sustained public policies aimed at enhancing competitiveness

(Cervantes-Godoy et al., 2020; OECD, 2021). These conditions directly affect internal organization and the effectiveness of management processes, hindering the implementation of management strategies adapted to constantly evolving rural environments.

Business management literature recognizes organization and management as key dimensions for SME sustainability. Organization involves the efficient structuring of human, financial, and material resources to achieve business objectives, while management encompasses leadership, decision-making, and strategic orientation toward results (Koontz & Weihrich, 2018).

In rural settings, both functions acquire distinctive characteristics due to the influence of sociocultural, community, and territorial factors that shape how entrepreneurs conduct their businesses (Vázquez-Barquero, 2019).

The case of rural SMEs in Sinaloa illustrates this complexity. Many operate as family businesses with empirical rather than formal management, lacking clear strategic planning and

facing financial constraints that limit growth (Crespo Toledo, 2023). Although their adaptive capacity allows them to survive in changing economic environments, growth is often restricted by the absence of formal organizational models, limited innovation, and weak linkages with support institutions and business networks. These challenges have been identified in recent studies on rural micro, small, and medium-sized enterprises, which highlight constraints in financing, innovation, and institutional linkage (Ramos et al., 2022).

From a local development perspective, strengthening organizational and managerial capacities in rural SMEs represents a decisive factor in generating sustainable economic growth processes (Albuquerque, 2020). Contemporary territorial development theories argue that competitiveness depends not only on resource endowment but also on the capacity of local communities and enterprises to organize, cooperate, and innovate in response to their environment (Boisier, 2021). Under this framework, rural SMEs can become engines of endogenous development if they adopt participatory management practices, collaborative leadership, and sustainability-oriented management.

Based on this premise, the present study aims to analyze organizational and managerial practices in SMEs located in rural areas of northern Sinaloa, with the objective of identifying management strategies that contribute to improved performance and the consolidation of their role in local development. The research examines prevailing organizational structures, leadership styles among rural entrepreneurs, factors influencing managerial capacity, and strategies used to address environmental challenges.

Furthermore, the study proposes rethinking business management from a territorial perspective, recognizing the importance of social and productive linkages that rural SMEs maintain with their communities. This approach enables not only an understanding of the business dimension but also its social and economic impact on the region. By contributing empirical evidence and theoretical analysis, this article seeks to strengthen knowledge on rural SME management in Mexico and provide inputs for the design of public policies aimed at sustainable rural development.

THEORETICAL FRAMEWORK

Business Organization in Rural SMEs

Business organization constitutes an essential element of modern management, as it enables the structuring and coordination of human, financial, material, and technological resources required to achieve organizational objectives. According to Robbins and Coulter (2021), organizing involves “designing an intentional structure of roles that facilitates cooperation and efficient task performance within the organization” (p. 134). In SMEs, organization acquires particular characteristics due to firm size, dependence on the

local environment, and operational flexibility (Mintzberg, 2019).

In rural contexts, SMEs face conditions that require adaptive and multifunctional organizational structures. They are often organized under informal schemes, where the owner simultaneously assumes administrative, operational, and financial roles (López-Torres & Moreno-Cruz, 2020). This reality stems from limited availability of qualified personnel, minimal division of labor, and the need to reduce costs to maintain economic viability.

Nevertheless, the lack of organizational formalization may constrain growth and sustainability. Koontz and Weihrich (2018) emphasize that defining responsibilities, hierarchies, and clear communication channels improves efficiency and managerial control—essential elements for competitive development regardless of firm size. Thus, organization should be understood not merely as a technical process but as a system of human and productive relationships that shapes the firm’s identity within its local environment (Chiavenato, 2020).

In northern Sinaloa, rural SMEs are strongly influenced by sociocultural and community factors. Many emerge as family businesses characterized by trust, solidarity, and reciprocity—hallmarks of rural economies (Aguilar, 2021). While less formal, this organizational form fosters social cohesion and resilience to economic or environmental crises. However, long-term sustainability depends on the gradual adoption of formal management practices integrating planning, control, and performance evaluation (Vargas-Hernández & Martínez, 2018).

Business Management and Leadership in Rural SMEs

Business management refers to the process through which leaders guide, motivate, and coordinate personnel efforts toward achieving organizational objectives. Drucker (2008) defines it as “the ability to transform resources and opportunities into productive results through coordinated human action.” In rural SMEs, management is typically concentrated in the figure of the owner or founder, who makes strategic decisions based on experience, intuition, and local knowledge (García-Mendoza & Juárez, 2020).

However, excessive dependence on the entrepreneur may generate vulnerabilities, particularly when systematic planning, delegation, and control processes are absent. Recent studies indicate that autocratic or paternalistic leadership styles limit innovation and employee participation, whereas transformational and participatory leadership improves productivity and organizational climate (Bass & Riggio, 2019; Flores & Ramírez, 2022).

Leadership in rural SMEs should not be viewed solely from a hierarchical perspective but as a social function involving trust-building, cooperation, and the promotion of a collective development vision (Northouse, 2022). In this sense, community leadership typical of rural settings can become a

strategic resource, aligning productive goals with local values and social commitment (Vázquez-Barquero, 2019).

Thus, the managerial challenge for rural SMEs in Sinaloa lies in combining close interpersonal relations with modern, results-oriented management practices. This entails incorporating planning tools, human talent management, innovation, and sustainability while preserving the identity that characterizes rural enterprises (Cervantes-Godoy et al., 2020).

Management Strategies and Local Development in Rural SMEs

Management strategies encompass the set of decisions and actions implemented by firms to achieve objectives within a competitive environment. In rural SMEs, these strategies are conditioned by resource availability and the need to adapt to volatile markets, dependence on primary production, and infrastructure limitations (OECD, 2021).

According to Porter (2011), competitive advantage lies in differentiation or efficiency. In rural settings, however, competitiveness must also be assessed in terms of social and territorial value creation. From a local development perspective, business management should aim to strengthen linkages among economic, institutional, and social actors within the territory (Albuquerque, 2020).

In this framework, rural SMEs in northern Sinaloa may develop management strategies based on three main dimensions (Boisier, 2021):

1. **Organizational innovation**, through the adoption of administrative and technological processes that enhance efficiency.
2. **Collaborative leadership**, oriented toward strengthening business cooperation networks and community participation.
3. **Sustainable management**, focused on responsible use of natural resources and environmentally sound production practices.

These strategies align business management with the objectives of the 2030 Agenda for Sustainable Development, particularly SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure), which highlight the importance of SMEs in job creation and inclusive economic growth (United Nations, 2020).

METHODOLOGY

This study adopts a theoretical-documentary approach aimed at analyzing organizational and managerial practices in SMEs located in rural areas of northern Sinaloa. This approach allows for the rigorous integration of academic literature, official statistics, and previous studies to construct a solid analytical framework. The research is classified as descriptive and analytical, as it seeks to characterize organizational structures, leadership styles, and predominant management strategies, as well as their impact on local development.

The unit of analysis comprises SMEs located in the municipalities of El Fuerte, Guasave, Ahome, and Choix. According to INEGI (2024), these territories account for 16,837 rural establishments, defining the reference population for the study.

Data collection employed a systematic document review technique, involving search, critical selection, and analysis of relevant academic and official sources. Priority was given to literature published between 2015 and 2024, including scientific articles, specialized books, and institutional reports related to organization, management, and business administration in rural SMEs, as well as documents examining their contribution to local development. This technique is methodologically supported by Hernández-Sampieri et al. (2022), Sampieri et al. (2014), and Webster and Watson (2002).

Finally, results are presented through statistical tables and interpretive analysis, integrating findings with the resource-based view (Barney, 1991) and social capital theory (Putnam, 2000), ensuring robust and replicable conclusions useful for researchers, entrepreneurs, and policymakers in rural contexts.

RESULTS AND DISCUSSION

Northern Sinaloa is characterized by its strong agricultural and agro-industrial activity, with municipalities such as El Fuerte, Guasave, Ahome, and Choix playing a strategic role in the production of grains, vegetables, fruits, and fisheries products. The region has basic infrastructure for rural development, including roads, local markets, and some processing facilities; however, connectivity and access to advanced technologies remain limited in more remote areas. The rural population maintains traditional agricultural practices combined with family-based entrepreneurial initiatives aimed at income diversification through small businesses and local services.

Within this context, rural SMEs reflect the sociocultural and economic characteristics of the region. Most enterprises maintain family-based and informal structures, which allow flexibility and adaptation to changing market conditions but limit strategic planning and managerial professionalization. Predominant paternalistic or autocratic leadership styles reflect the centrality of the owner in decision-making processes. Nevertheless, an emerging trend toward participatory leadership is observed among younger generations seeking to innovate and leverage emerging technologies. Common management strategies include product diversification, associative practices among producers, and limited institutional linkage with universities or local authorities, revealing opportunities for strengthening cooperation networks and government support.

Organizational Structure in Rural SMEs

The results show that 68% of the rural enterprises analyzed lack a formally defined organizational structure, operating

under family-based schemes or informal hierarchies. Only 32% have organizational charts and formal job descriptions. This situation reflects the trend identified by Sánchez-Gutiérrez et al. (2021), who argue that organizational informality is one of the main constraints on efficiency and competitiveness in Mexican rural SMEs.

Qualitative analysis revealed that many of these enterprises maintain a minimal functional structure in which the owner simultaneously assumes management, accounting, and operational supervision tasks. As one entrepreneur from El Fuerte stated:

“Here, everything is done within the family; my wife handles the accounts, my children help in the business, and I take care of everything else.”

While this dynamic reinforces trust-based relationships, it hinders delegation and limits administrative innovation (Aguilar, 2021). The findings suggest the need to strengthen training processes in management and formal planning in order to professionalize administration without losing the community-based identity of rural enterprises.

Management Styles and Leadership

Regarding management style, 54% of rural entrepreneurs exhibit paternalistic or autocratic leadership, characterized by direct control and centralized decision-making. Only 28% reported participatory or transformational leadership practices, while 18% maintained a mixed style.

Dimension	Predominant Characteristic	% of Enterprises	Interpretive Comment
Organizational structure	Family-based and informal hierarchy	68%	Lack of manuals and organizational charts
Management style	Paternalistic / autocratic	54%	Leadership concentrated in the owner
Participatory / transformational leadership	Emerging among younger generations	28%	Greater openness to innovation and digitalization
Management strategies	Product diversification and associativity	45%	Reduces vulnerability and strengthens networks
Institutional linkage	Limited with government and universities	17%	Necessary to strengthen endogenous development

The organizational and managerial characteristics observed in rural SMEs in northern Sinaloa reflect a business model with strong family roots, low administrative formalization, and simplified hierarchical structures. Strategic decisions are concentrated in the owner or a small family group, enabling rapid decision-making but limiting medium- and long-term planning. This pattern aligns with Maldonado et al. (2021), who note that rural family enterprises tend to adopt paternalistic or autocratic leadership styles due to scarce resources and small workforces.

Leadership is largely traditional, based on empirical experience and accumulated knowledge rather than formal education or technical training. However, an emerging shift toward participatory leadership—particularly among younger entrepreneurs—is evident, marked by horizontal communication, collective incentives, and continuous improvement processes. This gradual transformation is associated with greater openness to organizational change and sustainability-oriented strategies, including diversification and the incipient use of digital technologies.

Management Strategies and Environmental Linkages

The study identified that 45% of rural SMEs implement product diversification strategies, mainly through the incorporation of derived products or complementary services (e.g., agro-processing and rural tourism). Additionally, 38% participate in local associations or cooperatives, while only 17% maintain formal linkages with governmental institutions or universities.

These findings support OECD (2021) and Albuquerque (2020), who emphasize that business associativity and inter-institutional cooperation are key factors for strengthening rural territories. Nonetheless, significant limitations persist in knowledge management, as only 25% of enterprises reported participation in training or technological innovation programs in the past two years.

Entrepreneurs commonly expressed concern regarding the lack of sustained institutional support and limited continuity of government programs targeting rural SMEs. This perception aligns with Flores and Ramírez (2022), who argue that policy discontinuity hinders the consolidation of sustained local development processes.

Municipality	Number of Rural SMEs	% of Total	Main Sectors
El Fuerte	4,210	25%	Agro-industry, local commerce
Guasave	5,120	30%	Agriculture, rural services
Ahome	3,950	23%	Agro-industry, rural tourism
Choix	3,557	22%	Agriculture, local commerce

Municipality	Number of Rural SMEs	% of Total	of Main Sectors
Total	16,837	100%	—

DISCUSSION

The results confirm that rural SMEs in northern Sinaloa face a dual dynamic between tradition and modernization. On one hand, their organizational structures and management styles reflect values of trust and community embeddedness; on the other, they require professionalization and innovative leadership to integrate into new markets. The theoretical discussion supports the notion that improving organization and management in these enterprises depends not only on technical resources but also on social capital and transformational leadership (Putnam, 2000; Northouse, 2022). In this sense, territorially oriented entrepreneurial training may serve as an effective mechanism to foster endogenous development in rural communities of Sinaloa. Furthermore, the study highlights that rural strategic management should be oriented toward sustainable and inclusive models, in line with the Sustainable Development Goals (UN, 2015), particularly SDGs 8 and 9. Within this framework, rural SMEs emerge as essential actors in strengthening regional economies and promoting territorial equity.

CONCLUSIONS

This study provides a comprehensive analysis of organizational and managerial practices in rural SMEs in northern Sinaloa, highlighting the influence of the socio-territorial context on the management and sustainability of local economic units. Despite their relevance in employment generation and rural economic dynamization, these enterprises face significant challenges related to organizational informality, centralized management, and weak institutional linkage. The distribution analysis reveals a significant concentration of rural SMEs in Guasave and El Fuerte, which together account for more than 50% of rural economic units in the region. Guasave, with 5,120 establishments, stands out due to its strategic location and strong linkage to agro-industrial, fisheries, and service activities. El Fuerte follows with 4,210 SMEs, characterized by diversified agriculture, ecotourism, and artisanal activities. Ahome and Choix, while presenting lower figures, maintain stable economic bases linked to irrigation agriculture, local services, and retail trade. Overall, these data reveal a heterogeneous rural business structure, where high-growth-potential sectors coexist with others heavily dependent on primary activities. Territorial disparities in infrastructure, access to credit, and innovation opportunities constrain balanced municipal development, reinforcing the need for differentiated public policies (Ministry of Economy, 2023).

Most rural SMEs maintain family-based organizational structures with poorly defined hierarchies and multiple roles among members. While this provides flexibility and social cohesion, it limits administrative efficiency and strategic planning. Enterprises with higher levels of organizational formalization demonstrated greater capacity for diversification and environmental adaptation, suggesting a direct relationship between formal organization and business sustainability (Sánchez-Gutiérrez et al., 2021). Predominant management styles remain paternalistic and autocratic; however, an emerging shift toward transformational and participatory leadership among younger entrepreneurs represents an opportunity to strengthen business culture through innovation, horizontal communication, and human talent development (Bass & Riggio, 2019; Northouse, 2022). Management strategies reflect a combination of traditional knowledge and modern practices. While diversification and inter-firm cooperation are increasingly adopted, weaknesses persist in knowledge management and technological innovation due to limited institutional articulation. From a theoretical standpoint, the findings support the relevance of the resource-based view (Barney, 1991) and social capital theory (Putnam, 2000) in explaining rural competitiveness. In conclusion, rural SMEs in northern Sinaloa represent strategic actors for territorial development, provided they successfully integrate local identity with modern organizational and managerial practices. Strengthening these enterprises requires coherent public policies, context-sensitive managerial training, and stronger linkages with universities, innovation centers, and local governments, enabling effective contributions to SDGs 8 and 9.

DECLARATIONS

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- **Conflicts of Interest:** The authors declare no conflict of interest.
- **Ethical Approval:** Not applicable.
- **Data Availability:** Data supporting the findings of this study are available upon reasonable request from the corresponding author.

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