

## Consulting and Advice in the Business Administration Area, for Microenterprises in Baja California

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### ABSTRACT

This research aims to meet the informing gap in Baja California's MSME consulting, most specifically in administrative and operational areas. The mixed method is used in this study with the use of questionnaires and interviews with owners of established MSMEs operating in Baja California's food and beverages industry. Information was then extracted from the survey to determine the sectors where business entities are likely to benefit from external consulting. The results of the study demonstrate that there is significant interest in acquiring consulting services to address various financial and strategic issues and improve operational efficiency. 70.5% of the respondents expressed that the utilization of consulting was essential for career growth. Professional consulting of MSMEs is essential offers a perspective on the creation of a consulting model that is responsive to the needs of a given region and can be further adapted to other developing economic

**Keywords:** SMEs, consultancy, sector service, areas of chance.

### 1. INTRODUCTION:

Consulting is a role very highly regarded within business operations, particularly for Micro, Small, and Medium Sized Enterprises (MSMEs), as engaging in consulting is a constant need due to the difficulties economies of MSMEs contend with in their growth and sustainability. But consulting services are essentially external expertise to businesses to help overcome operational hurdles, improve efficiency, raise their competitiveness, and much more (O'Mahoney and Markham, 2013). While MSMEs lack access to valuable resources, larger firms have succeeded in integrating consulting into daily operations. However, MSMEs based in regional economies represent a gaping hole that is particularly worrisome (Duarte Alonso et al., 2021). However, small businesses often lack sufficient management expertise, lack of resources, and knowledge to optimize their operations and therefore lack their growth potential (Valadez et al., 2016).

MSMEs are very important in the national economy in Mexico, representing 99.8% of the establishments, 68.4% of the jobs, and producing 52.2% of GNP (Hernández et al.). Even though these businesses are important to the economy, they overcome many difficulties such as administrative inefficiency, accounting issues, and poor strategic management, which hinder their growth as well as their survival (Karadag, 2015). In particular, the absence of specialized consulting services to support MSMEs is felt as a problem in a region of large economic potential such as Baja California (Contreras, 2004). The limited availability of professional consulting limits local businesses in improving operational performance long-term growth and full potential (García Alvarez, 2021).

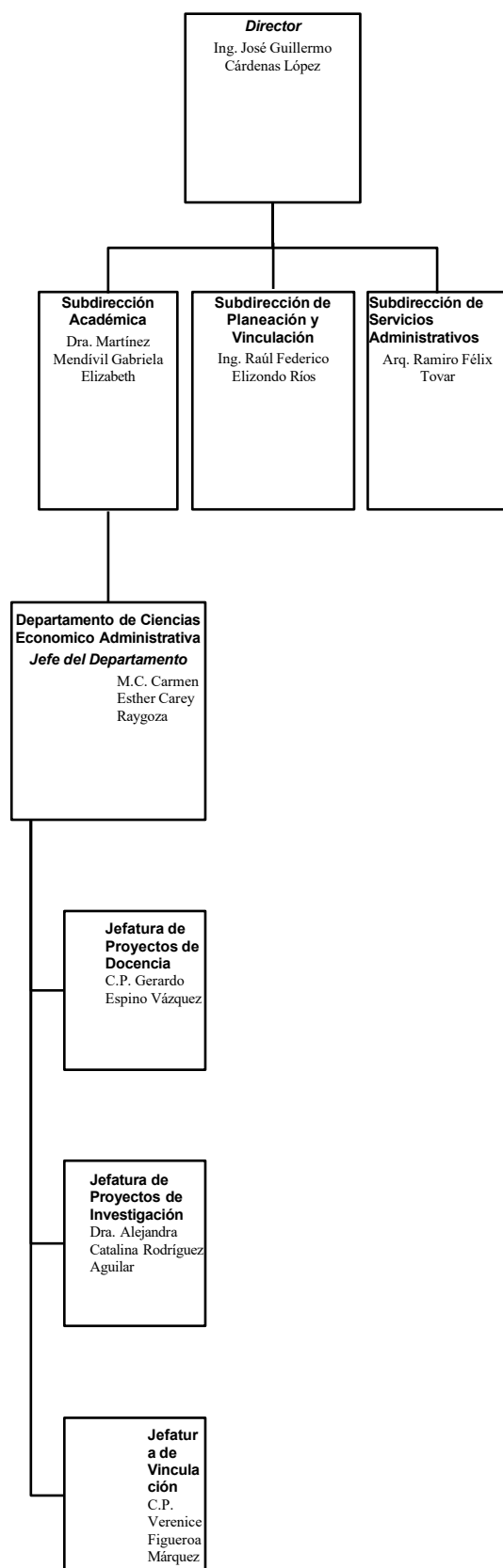
This calls to investigate and design consulting models that fit the special needs of MSMEs in Baja California.

This literature gap is the lack of specialized consulting services for MSMEs in this area of Mexico. This gap is not an inconvenience but rather a significant obstacle to the future growth and development of MSMEs in the region (Singh et al., 2018). Small businesses suffer from a lack of professional expertise in Critical areas like management, operations, and accounting and this can severely put them at an inferiority level where all they can do is fold or just adapt (Saenz, 2010). Like anywhere else in the world, MSMEs in Baja California are typically faced with a challenge: They lack the tools, knowledge, and advice they need to make wise and implementable business decisions (Garcia et al., 2022).

The objective of this research is to investigate the demand for consulting services used in MSMEs in Baja California, thereby determining which areas within MSMEs are in greatest need of external expertise. The study discusses the key consulting needs of local businesses and tries to design a managing consulting model that will facilitate responses to local businesses' consulting needs (Tavoletti et al., 2022). The research process is conducted at the Technological Institute of Tijuana by the Department of Economic and Administrative Sciences (CEA) as outlined in **Figure 1**. The aim is to develop a complete, practical consulting model that is practice-friendly to the circumstances of MSMEs in the area.

The role of consulting in larger organizations is well known, yet there is little known about how MSMEs can adopt consultancy effectively (Lwesya et al., 2021). In particular, very little research is available regarding the

adoption and impact of consulting on MSMEs in Baja California (Díaz-Arancibia et al., 2024).



**Figure 1. Organization chart of the Department CEA**

Note: Information adapted to the Department of Economic and Administrative Sciences (CEA) from the

information provided by the Board of Directors of the Tijuana Institute of Technology.

The literature gap fails to consider the problems facing these enterprises such as inadequate funding, human resource shortfalls, and restricted sourcing of professional knowledge (Prasanna et al., 2019). In addition, there are no complete consulting models specifically targeting these businesses. This represents a gap that this research seeks to close by developing a consulting model based on these theoretical frameworks and practical application, which is accessible and effective for the MSMEs of Baja California (Vasquez, 2017).

An analysis of the specific areas where MSMEs need external help to enhance their operational efficiency will be made so that this model can be briefed (Bhat et al., 2021). The study examines the various consulting services a business needs to solve its problems and heighten performance. To build this, research will be conducted using different questionnaires and interviews with MSME owners and managers to obtain details concerning the practical needs and challenges they encounter.

### Research Questions:

The research questions used in this study are:

*RQ<sub>1</sub>: What are consulting services that micro enterprises in Baja California require?*

*RQ<sub>2</sub>: which of the administrative and operation functions require consulting services?*

*RQ<sub>3</sub>: what kind of consulting model can be implemented to serve the micro enterprise in Baja California?*

Overall, the insights from this research can be applied to other regions with similar economic characteristics and assist MSMEs in other regions in overcoming challenges and achieving success in a highly competitive global economy.

## 2 Theoretical Framework

### Micro, Small, and Medium Enterprises (MSMEs) in Mexico

MSMEs are important to the Mexican economy and participate actively in both employment and the GDP (Tekola and Gidey, 2019). These enterprises include more than 99% of all businesses in Mexico, representing 52% of the GDP and generating more than 70% of formal employment (Maravalle and Pandiella, 2022). MSMEs are important not only for economic development but also for competitiveness in Baja California, where they are key in manufacturing and trade (Hurley, 2018). These businesses are however very important but they are confronted by many challenges such as a lack of finances, inadequate training, and inefficient management (Nuñez Huerta, 2021). Their growth is hindered by these obstacles and they are exposed in a rapidly changing global market.

### Background and Evolution of MSMEs

MSMEs have a long history in Mexico just after World War II, and in Europe, small enterprises became vital for economic recovery (Agarwal et al., 2018). Similarly, Mexico and Latin American countries followed suit to foster MSMEs as engines of economic growth (Jabang, 2024). Mexico's development of MSME has gone through

several stages, beginning with the adoption of the “Import Substitution Model”, in the 1940’s, aimed at building up domestic production (Angeles et al., 2022). In the 1970s and 1980s, later economic challenges resulted in government interventions and classifying businesses as micro, small, or medium-sized (**Table 1**). Since then, these measures have served as the basis that has formed the basis of the current MSME landscape in Mexico, allowing us to create the boundaries of the business size and growth trajectories.

**Table 1. Stratification of the Industry Manufacturer: Micro, Small and Medium Companies (1985) (Padachi et al., 2012)**

| Size of the industry | Staff busy                 | Sales net annual                       |
|----------------------|----------------------------|--|
| Microindustry        | Until 15 people            | Until 30 mdp                           |
| Industry small       | Between 16 and 100 people  | Further of 30 mdp and until 400 mdp    |
| Industry median      | Between 101 and 250 people | Further of 400 mdp and until 1,100 mdp |

### MSMEs in Baja California

One of Mexico’s most economically dynamic regions, Baja California is in a strategic position near the U.S. border (Ganster and Collins, 2017). Foreign direct investment (FDI) in the state has been considerable and much of it in manufacturing. It is recorded that Mexico received \$17.552 billion in FDI during 2010, while Baja California attracted 4.1% of this total with US\$725 million. However, despite investment in this field, Baja California MSMEs are still facing challenges in this sense, such as financial constraints, the lack of skilled labor, and the lack of access to advanced technologies (Altman and Sabato, 2023, Bernal et al., 2024). The trading of products from MSMEs to external markets exposes these MSMEs to vulnerabilities since they are dependent on external markets, with the current global economic challenges, for instance, the COVID-19 pandemic, negatively impacting local businesses (González-Prida et al., 2025, Engidaw, 2022).

In 2018, Tijuana became one of the Mexican municipalities with the highest incomes, primarily for manufacturing, trade, and services. Nevertheless, the MSMEs in the region are limited as they lack financial management, outdated technology, and lack of human resources training hindering their growth potential (Hendrawan et al., 2024, Mer and Viridi, 2024).

### Definition, Characteristics, and Stratification of MSMEs

MSMEs are differentiated based on the number of employees, annual sales, and scale of operation. Micro, small, and medium businesses are those businesses that

meet the specific criteria outlined in **Table 2**. These classifications are necessary to know who are the companies that can be eligible for certain government policies and financial support programs.

**Table 2. Stratification of the micro, small, and medium companies of Mexico.**

| Size          | Sector             | Range of Number of Workers | Range of Annual Sales (MDP) | Maximum Stop |
|---------------|--------------------|----------------------------|-----------------------------|--------------|
| <b>Micro</b>  | All sectors        | Until 10                   | Until \$4                   | 4.6          |
| <b>Small</b>  | Trade              | From 11 until 30           | From \$4.01 to \$100        | 93           |
|               | Industry & Service | From 11 until 50           | From \$4.01 to \$100        | 95           |
| <b>Median</b> | Trade              | From 31 until 100          | From \$100.01 to \$250      | 235          |
|               | Services           | From 51 to 100             | From \$100.01 to \$250      | 250          |
|               | Industry           | From 51 to 250             | From \$100.01 to \$250      | 250          |

MSMEs in Mexico share several common characteristics. **Table 3** shows that these businesses are generally owned by the family and they generally have horizontal structures with less number of managers. While they are very flexible, their limited resources limit their capacity to scale effectively (De Massis et al., 2018, Thom, 2019). For example, MSMEs are particularly agile when they adjust their country lines, but they are not well equipped to handle the variations of large orders or to adopt sophisticated technology solutions (Febriani et al., 2025).

**Table 3. Characteristics general of the SMEs**

| Author  | Size of Company          | Features   |
|---|--------------------------|--|
| <b>Guarantee and Development Fund, National</b> | Micro, small, and medium | - Staff with technical and commercial experience |

|  |                          |   |
|--|--------------------------|---|
| <b>Financial and the Bank from Mexico (1961)</b> |                          | <ul style="list-style-type: none"> <li>- Flexibility in adapting production lines to changes</li> <li>- Produce basic or semi-basic inputs for large industries</li> <li>- Small and medium-sized industrial companies use local raw materials</li> <li>- High elderly occupation per unit of capital invested</li> <li>- Manufacture of artisanal products</li> </ul>                      |
| <b>Amaro (2009)</b>                              | Small and medium         | <ul style="list-style-type: none"> <li>- Few shareholders or family-related ties</li> <li>- Entrepreneurial, innovation, and action orientation</li> <li>- Horizontal organizational structure with few managers and close contact between owner-manager and operating area</li> <li>- Require financing</li> <li>- Constant need for consulting on tax structuring and planning</li> </ul> |
| <b>Fisher &amp; Mirror (2011)</b>                | Micro, small, and medium | <ul style="list-style-type: none"> <li>- Constant need for consulting on tax structuring and planning</li> </ul>  |

|  |  |  |
|--|--|--|
|  |  | <ul style="list-style-type: none"> <li>- Owners are often physical entities rather than legal entities</li> <li>- Constant need for consulting on tax structuring and planning</li> <li>- Median annual sales around \$35,000 (range varies by size)</li> <li>- Major challenge is business expansion</li> </ul> |
|--|--|--|

#### Distribution of the activities economic of the SMEs

The sector based on which SMEs are engaged determines the distribution of economic activities. The manufacturing sector is the units that transform materials and or substances to produce new products (Black and Kohser, 2020, Mazzarol, 2015). Bought and sold raw materials and capital goods at the wholesale level and sold goods to be used for personal use at the retail level in the trade sector. Intangible goods are provided to individuals and businesses by the service sector to meet their needs which include medical, education, or cultural services (Evans et al., 2015). Agriculture, livestock, mining, construction, and transportation are included as 'other activities' sector. **Table 4** classifies these sectors into 20 specific activities, making them clear categories under which statistical analysis can be performed.

**Table 4. Activities economic of the sectors in Mexico**

| Sector             | Code  | Activity   |
|--------------------|-------|--|
| <b>Manufacture</b> | 31-33 | Industries Manufacturing                                     |
| <b>Trade</b>       | 43    | Trade to the elderly   |
|                    | 46    | Trade to the minor   |
| <b>Service</b>     | 51    | Information in media mass                                    |
|                    | 52    | Financial and Insurance services                             |
|                    | 53    | Real estate services and rental of furniture and intangibles |
|                    | 54    | Professional, scientific, and technical services             |

|                         |       |   |
|-------------------------|-------|---|
|                         | 55    | Corporate services  |
|                         | 56    | Business support services, waste management, and remediation services                             |
|                         | 61    | Educational services  |
|                         | 62    | Health and social services  |
|                         | 71    | Recreation, cultural, sports, and other recreational services                                     |
|                         | 72    | Temporary accommodation services and food and drink preparation                                   |
| <b>Other Activities</b> | 81    | Other services except for governmental activities   |
|                         | 11    | Agriculture, animal husbandry, forestry exploitation, fishing, and hunting                        |
|                         | 21    | Mining  |
|                         | 22    | Generation, transmission, distribution, and marketing of electricity, water, and gas to consumers |
|                         | 23    | Construction  |
|                         | 48-49 | Transport, mail, and storage  |
|                         | 93    | Legislative, governmental, justice, and international organizations activities                    |

### The Role of Consulting in MSMEs

MSMEs can consult services to overcome the barriers in place by having expert guidance on issues like financial management, operations, and so forth (Lwesya et al., 2021). Szeiner et al, describes consulting as a professional service that assists organizations to identify and solve management, operation, and other important problems (Szeiner et al., 2022). Consulting therefore offers external expertise that many MSMEs don't internally have. It helps businesses streamline operations and optimize resources as well as remain competitive and is much easier for them to compete locally.

In general, a typical consulting process encompasses phases of diagnosis, action plan, and implementation. The consultant works in the diagnostic phase where he assesses the current state of the organization, looks for weaknesses, and produces solutions (Burke, 2022). Strategies are developed and presented to the organization in action planning phase. Therefore, in the implementation phase, the consultant goes through the company to apply the changes suggested and to integrate them into the business (Ramos and Rees, 2008, Tavoletti et al., 2022).

### The Importance of Consulting for MSMEs

Consulting for MSMEs is important because it can provide specialized knowledge and resources; on which enterprises simply cannot afford them internally. MSMEs can improve their productivity, and operational efficiency, and navigate through the complex business environment with the help of consulting. MSMEs in Mexico across different sectors such as manufacturing, trade, and services have different problems. Consulting services for these specific sectors assist businesses in terms of identifying growing opportunities, dealing with some inefficiencies, and maintaining competitiveness in the market (García Alvarez, 2021, Organization, 2020).

Moreover, the rise of digital technologies and the increasing demand for sustainability present new challenges for MSMEs (Alfarizi et al., 2024, Afdal et al., 2021). These businesses can choose to consult these businesses with making changes, incorporating modern technologies and sustainable business practices. However, with Mexico's economy developing as it has, the role that consulting plays in facilitating MSME's ability to cope with this shift in the economy has become significantly important.

The theoretical framework focuses on the role that MSMEs have in the economy of Mexico and the challenges they face. Consulting services would help MSMEs deal with internal weaknesses and external threats and make them more competitive and sustainable. MSMEs operating in Baja California face specific regional challenges, but consulting services serve as a path for growth and resilience. Consulting that addresses the specific requirements of MSMEs can support the region's long-term economic development by unlocking the full potential of these businesses.

### 3 | Methodology

This study used a mixed-method approach to comprehensively evaluate Tijuana's food and beverage sector consulting needs (Creswell, 1999). This approach can study both breadth and depth kinetics in a manner that allows analysis of the statistical trends together with the contextual factors impacting these trends. The findings are reinforced with a greater validity by combining these methods so that a more nuanced understanding of Tijuana service sector consulting needs can be constructed (Axinn and Pearce, 2006). Quantitative data speaks to demand levels, while qualitative data explains business owners' challenges and what they think about consulting services.

### A Likert-Type Questionnaire



A questionnaire was developed using a Likert scale that addressed the needs of the target users. A Likert scale was used because it can measure attitude and opinion on a wide range of topics and provide an answer to the study questions with precision (Roberts et al., 1999).

### Study Population and Sampling

The study was carried out in Tijuana, Baja California, a region hosting a large number of SMEs in the food and beverage field. A final sample of 254 businesses was randomly selected out of the National Statistical Directory of Economic Units, such that the selected sample represented a representative cross-section of the target population (Grineski et al., 2015). Tijuana was chosen since is the more concentrated economic unit of economic units especially in the food and restaurant area (Alegría, 2005). This sample size is adequate because it includes enough wickedness and scale of effort associated with these enterprises.

### Sample Size

The sample size must be calculated to make sure that the results of the study are statistically valid and reliable. The optimal sample size was calculated using a statistical formula given the desired confidence level and margin of error. The formula to calculate sample size is:

$$n = \frac{z^2 P(1-P)}{e^2}$$

Where:

n = Sample size

Z = Z-score for the desired confidence level (1.96 for 95% confidence)

P = Proportion of the population expected to require consulting services (0.35)

e = Margin of error (0.05)

The number of SMEs in the food and beverage sector that require consulting services is assumed to be about 35% from preliminary estimates and previous studies (Frąckiewicz, 2018). It was calculated that the sample size should be 254 businesses using this estimate with a 95% confidence level and 5% margin of error. The margin of error in the estimates of demand for consulting services can be no more than  $\pm 5\%$ .

### Data Collection

The data collection was done electronically to maximize reach and convenience for the respondents. The survey was distributed to the selected businesses on an online survey platform. An email was sent to everyone with an invitation to participate and a link to the survey with detailed instructions on how to complete it. Reminders were sent at regular intervals to those who had not yet completed the survey to make sure they had a high response rate.

### Statistical Analysis

The statistical tests were used to analyze the data from the survey to estimate the business demand for consulting services in the service sector of Tijuana. A one-sample proportion test at the 95% significance level was applied to estimate the proportion of businesses that needed

consulting services in the study. These tests are significant because they give us a more accurate reading of the variability of consulting service needs, which is quite relevant to Tijuana's service sector. (Borja-Vega et al., 2019).

A confidence interval for the sample proportion was also calculated to determine the range of the true population proportion. The demand for consulting services is given by the confidence interval which estimates the potential variability to help with more precise knowledge of which consulting services are needed in the region.

The formula to calculate the confidence interval was as follows:

$$\theta = P \pm Z\sigma_p$$

Where:

$\theta$  = Confidence interval

P = Sample proportion (0.35)

Z = Z-score for 95% confidence (1.96)

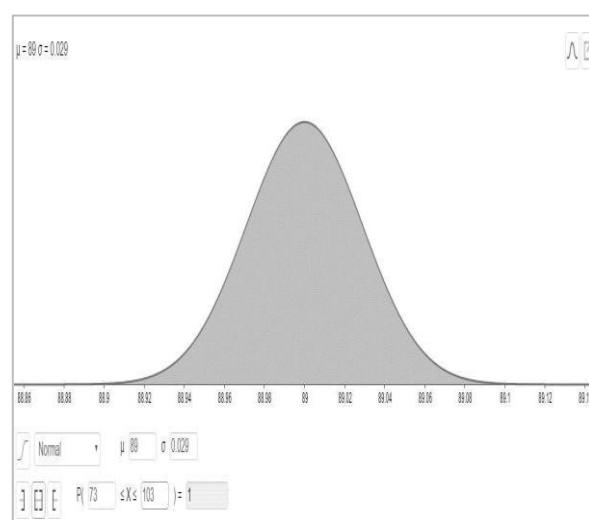
$\sigma_p$  = Standard deviation of the sample proportion

The standard deviation was calculated using the formula:

$$\sigma_p = \sqrt{\frac{P(1-P)}{n}}$$

The values are substituted and the standard deviation is found to be 0.029. The confidence interval for the true proportion of businesses needing consulting services was found to be between 0.294 and 0.405 (at 95% confidence).

Besides, the data spread was also assessed using a normal distribution approach. **Figure 2** below shows the distribution of the consulting service demand with confidence interval range probability of consulting services demand for the SMEs within the range. The visualization provided helps put these statistical findings in context, but also in a way that underlines the possibility of consulting service demand.



**Figure 2. Normal Distribution of Consulting Service Demand among SMEs in Tijuana's Food and Beverage Sector.**

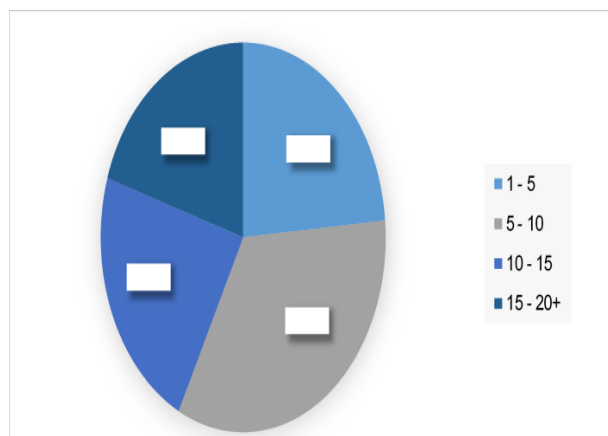
### Ethical consideration

The ethical guidelines followed in this study made sure that the integrity of the research and the protection of the participants were guaranteed. All participants provided written informed consent, were informed of the study purpose, that they were taking part voluntarily, and that they could withdraw at any time. Anonymity was kept and no personal identifiers were attached to the survey responses. Comparatively, the data were securely stored and only made accessible to those authorized individuals. In the study, data integrity was maintained as there was transparency in the conduct of the research process and reporting the findings correctly. Proper citation and ethical standards are maintained by using secondary data from DENU and INEGI.

## 4Results

### Business Classification Based on Size

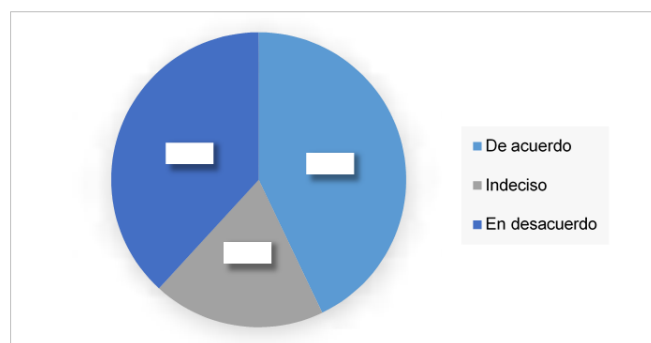
According to **Figure 3**, most of the restaurants surveyed are classified as micro (58%) and small (42%) businesses based on the number of employees. For the micro business, the characteristic of employing no more than 10 workers, the survey revealed that out of the 100 companies, 24% have up to five employees and 34% have 5 – 10 employees. These small companies have those who are by 11 – 50 workers, employees 10 – 15 workers (22%) and 57 have 15 – 20 employees (20%).



**Figure 3: Distribution of Employees in the Restaurants Surveyed**

### Presence of Internal Consultants

The respondents were also asked if their businesses have internal consultants. A large number of the respondents were found to have not had access to internal consultants (Carey, 2015). This is the same as the 57% of all companies that have not been given the chance to receive that benefit. This demonstrates a large gap in consultancy resources in these businesses. However, 43% (109 businesses) thought they did have internal consultants at their disposal to address operational challenges. **Figure 4** shows the number of companies that have consultants at their disposal.

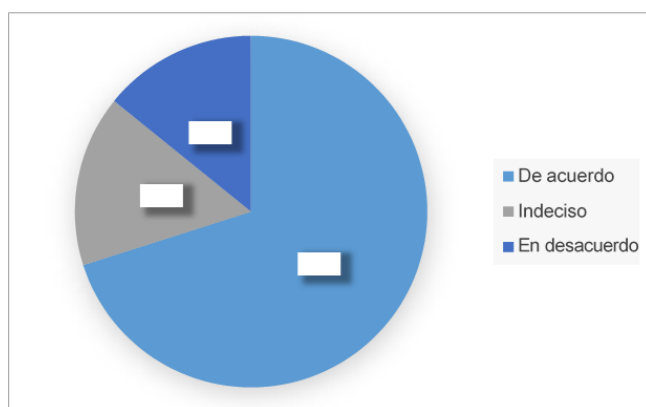


**Figure 4. Availability of Internal Consultants in Businesses**

*Note.* In the results of Figure 4 43% (Of agreement) are 109 companies, 19% (undecided) There are 48 companies, and 38% (Disagree) are 97 companies. With the data from 'Undecided' and 'Disagree' it was decided to pool the results because they belong to the same type (response).

### Perceived Need for Consultancy Services

As shown in **Figure 5**, 70% (178 businesses) of respondents agreed that consulting services will generate significant growth potential for the food and beverage preparation service sector (gastronomic), the sample analyzed is a possible demand (Davis et al., 2018). However, 30% expressed uncertainty or disagreed with the statement that consultancy had no impact.



**Figure 5: Perceived Impact of Consultancy on Economic Growth**

*Note:* In the results of Figure 5, 70% (Of agreement) are 178 companies, 16% (undecided) are 40 companies and 14% (Disagree) are 36 companies.

### Areas of Consultancy Demand

In the survey, Respondents were also asked to indicate which aspects of their business consultancy services would be likely to be most beneficial (Bruhn et al., 2018). Interestingly, the accountant or finance consultancy had the highest demand of 71.3% amongst the respondents who felt financial consultancy is very important.

Planning (70.5%) was followed closely by production and quality (70.5%) which suggests that companies are seeking consultancy for improvements in their operational planning and the quality of their products. Moreover, human resources (69.7%), market research (68.9%), and

customer service (68.9%) were also discussed as important sectors which can benefit from consultancy's positive contribution.

The respondents specifically mentioned accounting and finance are the priority areas to be worked on and many organizations mentioned that better financial management and strategic planning could improve the whole performance of the company. Furthermore, many respondents mentioned that market research as well as customer service are becoming more and more important to stay competitive in an overcrowded market.

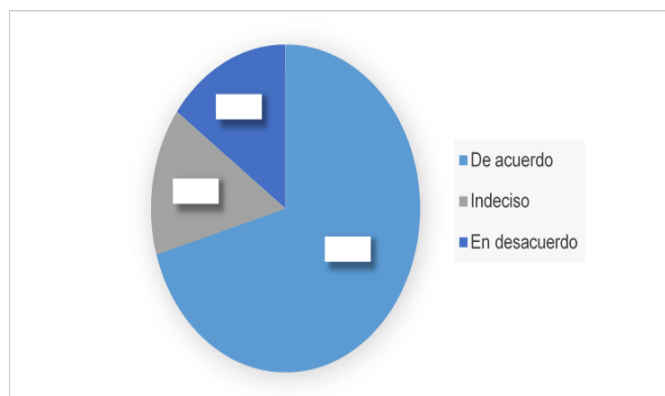
|              | Service to the customer | Human Resources | General Management | Accounting or Finance | Planning | Production and Quality | Marketing, promotion and diffusion |
|--------------|-------------------------|-----------------|--------------------|-----------------------|----------|------------------------|------------------------------------|
| Of agreement | 69.7                    | 69.3            | 68.9               | 71.3                  | 70.5     | 70.5                   | 68.9                               |
| Undecided    | 15.4                    | 15.4            | 15.4               | 13.0                  | 15.4     | 15.0                   | 15.7                               |
| Disagree     | 15.0                    | 15.4            | 15.7               | 15.7                  | 14.2     | 14.6                   | 15.4                               |

**Figure 6: Areas of Consultancy Demand in Businesses**

*Note: The data of the graph are in values percentages.*

### Need for Staff Training

The respondents also evaluated the importance of training in consultancy services. As per the respondents, 70% (179 businesses) agreed that staff training should be part of consultancy services (Cunningham et al., 2018). After consulting, these respondents believe that training is necessary to increase employee performance and more specifically, where consultancy services have uncovered opportunities for improvement in the business. This finding indicates that businesses understand that workforce development is equally important as efforts to assist consultancy for business efficiency improvement.



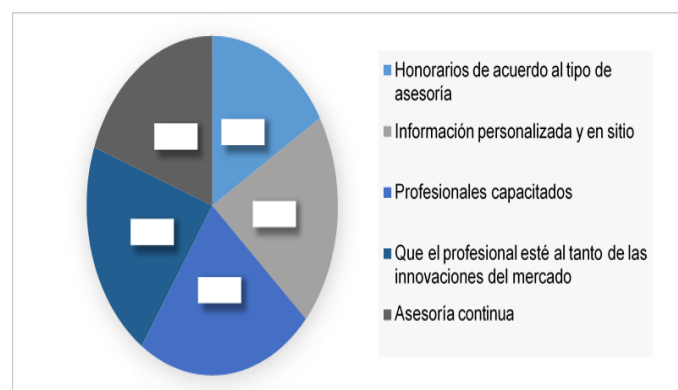
**Figure 7: Importance of Staff Training in Consultancy**

*Note: In the results of Figure 7, 70% (Of agreement) are 179 companies, 15% (undecided). There are 37 companies and 15% (Disagree) are 38 companies.*

### Consultant Requirements and Expectations

Respondents were then asked about the characteristics they look for in a consultant and the results reflected several expectations (Boero et al., 2015). The survey put trained professionals as the most important aspect, as 23 percent of businesses stated that they need consultants who are experienced in their fields. Moreover, respondents emphasized that consultants have to know the market innovations (21%), signifying that the consultant has to be updated regarding the latest trends and technological advancement. Many respondents also said personalized and on-site information (20%) was key because this means consultants can give customized solutions addressing the specific needs of each business.

Continuous advisory services (20%) were also another important requirement from respondents that consultancy should provide. This indicates that businesses want long-term partnerships rather than them and then letting them go. Finally, 16% of businesses also agreed with fees that were aligned with the type of consultancy, that is fair and reasonable pricing for the services rendered.



**Figure 8. Key Requirements for Consultants**

### Areas of Opportunity for Consultancy

The respondents suggested that there are also opportunities for substantial improvements within themselves in numerous capacities of their operations. The most significant areas of opportunity were strategic planning and supervision where businesses said that having expert guidance to create and drive business strategies could help in better long-term growth (74.02%). Respondents also highlighted that sustainability (73.62%) was another area that consultancy had the potential to assist in their integration of environmentally friendly practices and long-term resource management into their operations (Goodson, 2022). Highly valued was the analysis of business profit (or loss) (73.23%), which showed that businesses would benefit from external expertise in terms of improving the financial health of their business and various areas for cost-cutting and revenue generation. Participants also mentioned the significance of input and output controls (73.23%), which could aid in inventory optimization as well as help manage orders more efficiently.



The respondents also indicated other areas like training (71.26%) and work environment (70.47%). These respondents believed consultancies could help with employee training and help make a more productive and efficient work area (Okechukwu, 2017).

## 5 Discussion

This study aimed to examine the consultancy services demand among MSMEs in Tijuana's food and beverage sector and identify the challenges faced by the businesses.

The results of the survey reveal that there is a strong demand for consultancy services as 70% of respondents agreed that consultancy services would contribute immensely to the economic growth of their businesses. This is in line with previous research where it has been established that external support is key to SME's business growth in competitive industries (Alkahtani et al., 2020). As a result, external consultancy is often an important resource for MSMEs in the food and beverage sectors, particularly due to the absence of in-house expertise to solve complex business challenges (Kutscha, 2016). The results show that 57% of respondents reported no internal consultants, which reveals a huge gap in expertise, thus verifying the necessity of external consultancy services.

The analysis of the survey indicates SMEs usually lack the necessary expertise needed to enhance their growth potential, hence consultancy services are in demand (Mahieu, 2019). The results underscore why businesses understand the value of these services but the cost it requires to make it an integral component of the business cannot be funded. This finding implies that many businesses seeking professional advice as a way out of employing experts full-time could resort to flexibility in the form of external consultancy services.

Additionally, the study lists a series of operational challenges faced by businesses, with administrative inefficiency being the most important; 71.3% of respondents cited the need for consultancy in accounting and finance, and 70.5% for consultancy in strategic planning and production optimization. These challenges are consistent with the literature of SMEs as often challenged by financial management, strategic planning, and operational efficiency (Wapshott and Mallett, 2018). The results indicate that these businesses have neglected the other potential areas that have been traditionally recognized by SME managers as the main areas to be strengthened: financial management and strategic planning (Ruscitasari et al., 2022).

The strength of the demand for financial management and strategic planning consultancy has to do with the growing awareness in MSMEs that acting in this way helps them to grow sustainably. Williams Jr et al, believe that strategic planning is important to SMEs in highly competitive environments and it facilitates aligning business activities with otherwise broader market trends (Williams Jr et al., 2020). The demand for consultancy in production optimization also indicates the operational inefficiencies that many businesses suffer from and hence, cannot scale or even stay competitive. There is consistency with other studies which found that SMEs rarely possess the resources to fully optimize their

production processes and cost control (Moeuf et al., 2018).

The study also looks at the 70% of businesses citing staff training as an essential part of consultancy. The fact that training is recognized by businesses as a necessary step to improve individual employee performance and at the same time to foster overall operational development. This is consistent with Rakićević et al, observation that SMEs commonly use consultancy services that extend to provide training aimed at increasing internal capacity (Rakićević et al., 2016). If combined with consultancy, the training helps businesses build a force of more skilled, able to adapt to change and drive improvements in the operations workforce.

Respondents also had several key expectations from consultants, which included 23% of them saying that they want trained professionals who are experts and 21% of respondents said that they expect consultants to be aware of market innovations. This shows the characteristic nature of the food and beverage sector, where a business should always be aware of the changing trends and consumer needs. Additionally, about 20 percent of the respondents mentioned their businesses require personalized on-site consulting, meaning they want services that are designed for them. The literature on consultancy supports this finding as it argues that most SMEs require specific solutions rather than generalized advice (Mahieu, 2019).

There's also the demand for continuous advisory services since 20% of businesses prefer solving problems with continuous advisory services. The complexity that MSMEs face in terms of challenges is proven in this desire for sustained guidance over time and implies the difficulty in developing and executing strategies that have long-term impacts. This also fits Darkow et al, who found that businesses in competitive industries are advantaged by ongoing consultancy support that enables them to adapt to changing market conditions (Darkow et al., 2015).

The last aspect of the study focused on areas in which consultancy services can play a large role. The areas of improvement were identified to be strategic planning and supervision (74.02%) sustainability (73.62%) and profit and loss analysis (73.23%). These findings stress the need to have a defined direction for the financial health of the business. Businesses' interest in sustainability is a result of the fact that companies are becoming increasingly aware of the fact that being environmentally friendly is of great importance, and this should be incorporated into the operations of a business. In the food and beverage industry it is becoming more important to have such a focus as consumers are placing more importance on sustainability and ethical business practices (Taheri et al., 2018). Secondly, profitability calculation shows that businesses tend to desire to better understand their financial situation to enable better decision-making and resource allocation.

The study shows that there is a high demand for consultancy services in the food and beverage sectors of the MSMEs in Tijuana. This affirmation proves the need for external consultancy due to the lack of internal competent experts, and following strong literature references gives empirical evidence. Therefore,

consultancy services are seen as one of the significant functional enablers of business growth and sustainability as they offer key support in areas like finance, strategy, production, and staff development. The findings of the study are valuable for policymakers and practitioners, indicating that an increase in the capacity of MSMEs must address the issues connected with the availability of professional consultants. Thus, based on the findings of this study, it can be concluded that external consultancy can help to enable real change at the operational level and create conditions that will ultimately ensure the sustainable development of Tijuana's F&B industry over the long term.

## 2. LIMITATIONS OF THE STUDY

This study has several limitations. First, the sample is restricted to MSMEs in the food and beverage sector in Baja California, and not all industries or regions. Furthermore, the survey responses are self-reported, which implies that respondents may be providing socially desirable answers. The cross-sectional design of the study also does not permit observation of such long-term changes in the need for consultancy. The study also did not measure the effectiveness of consultancy services in terms of actual outcomes for businesses, which would need to be studied further.

## 3. RECOMMENDATIONS

It is recommended that consulting firms incorporate their services to the demands of the MSME particularly in areas like financial management, strategic planning, and production optimization. The services should be flexible and scalable for businesses to choose either one-time consultation or ongoing support. Moreover, involvement in sustainability practices should also find its place in the offerings of consulting firms as rising demand for environmentally responsible business solutions exists. Therefore policymakers should consider giving more support to MSMEs by providing subsidized consultancy services and training to help businesses in their financial planning, strategic capability, and overall operational

efficiency. Moreover, MSMEs should proactively take advantage of consultancy services to tackle operational challenges and aid in the growth of the long term. Businesses can maintain competitiveness in an increasingly difficult market environment if training increases internal capacities and practices are adopted as sustainable methods.

## 4. CONCLUSION

This Research found that MSMEs in Baja California, and specifically in Tijuana, contribute largely to the region's economic development with a major demand for consulting and advisory services. These businesses have their own internal and external challenges that restrict their growth and put the entrepreneurs in situations that they have no control over because they lack expertise. The study concluded that there is a tremendous demand for consulting services, especially in administration and accounting for help in these operational tasks as businesses realize that external help is needed for such tasks. Through a survey, it was revealed that the municipality of Tijuana, with many businesses in this particular municipality, was the best location for this study to shed light on the needs and demands of MSMEs. However, the research was limited at certain points, such as the lack of current business data in Baja California and the inability to conduct interviews with businesses, due to the Baja California lockdown caused by the COVID-19 pandemic. The first phase of its development provides the basis for the creation of a business consulting model designed to meet the needs of MSMEs in the region. Future studies should further refine this model and enlarge the scope to warrant business with ongoing support to allow the businesses to strive and grow sustainably. The study concludes with the argument that consultancy plays a pivotal role in steering the MSMEs to overcome the challenges and thrive in a market environment that is becoming more and more competitive; hence the constant development of a formal consulting model that will, in turn, be able to efficiently cater for the specific needs of these businesses..

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