

# Scientific Journal of Applied Social and Clinical Science

## STRATEGIC PRACTICES FOR SERVICE MICROENTERPRISES: LITERATURE REVIEW AND CURRENT PERSPECTIVES

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Acceptance date: 31/10/2024

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**Abstract:** In Mexico, microenterprises represent more than 95% of economic units, but 75% do not exceed five years of operation. This research proposes a guide for microentrepreneurs in the service sector to implement strategic planning, improving their competitiveness and survival. It analyzes successful practices, international examples and common barriers in Mexico, such as lack of financing and training. The results show that strategic planning favors growth and reduces the failure rate. Future research on the integration of technological tools and training programs in strategic management is suggested.

**Keywords:** Strategy, Microenterprises, services.

## INTRODUCTION CONTEXT

In Mexico, microenterprises represent more than 95% of all economic units and contribute significantly to job creation, especially in the service sector (INEGI, 2023). However, their high mortality rate -75% do not survive more than five years- highlights the urgent need to adopt effective strategic planning to improve their competitiveness (OECD, 2020; Chofo Ortega et al., 2024). The lack of knowledge and resources limits the implementation of strategic tools, affecting their sustainability in volatile and competitive markets.

## JUSTIFICATION

The need for proper strategic planning in microenterprises is more relevant than ever, since their survival depends largely on the ability to adapt to the changing environment. Recent studies show that microenterprises with well-structured strategic planning achieve greater stability and growth, especially in sectors with high competition (Chiavenato, 2017; Teece, 2018; Porter, 1985).

The development of this research is based on the need to provide a clear and practical guide for micro-entrepreneurs in the service sector in Mexico. Given that this sector dri-

ves the local economy and contributes significantly to social development, it is essential to offer innovative strategic tools to increase its operational efficiency and competitive capacity. Recent studies have shown that the implementation of well-structured strategic planning reduces the probability of business failure (Maldonado, G., 2016). However, many microentrepreneurs lack the knowledge and resources to design and implement an adequate strategic plan, which justifies the relevance of this research.

## TARGET

The main purpose of this study is to generate a theoretical guide to assist microentrepreneurs in the service sector in the development of their strategic planning. Based on existing literature and documented best practices, it seeks to provide a roadmap that will enable microenterprises to compete efficiently in the marketplace. This research is based on previous studies that have proposed practical models for strategic planning in microenterprises (OECD, 2024), adapting them to the particularities of the Mexican environment.

## RESEARCH QUESTIONS

1. What are the best practices for microenterprises to implement strategic planning?
2. What international examples of success can be applied to the Mexican context?
3. What impact does strategic planning have on the survival and growth of microenterprises?
4. What are the main barriers to adoption in Mexico?
5. What recommendations can be derived for future research?

## SCOPE

This paper focuses on analyzing the implementation of strategic planning in service microenterprises in Mexico, considering comparative examples with developing countries that share similar economic characteristics. The focus will be on how strategic planning can help microenterprises face their specific challenges, such as high staff turnover, changes in demand and financial constraints, evaluating both its benefits and areas of opportunity.

## THEORETICAL FRAMEWORK

### DEFINITION AND CHARACTERISTICS OF MICROENTERPRISES

The term microenterprise refers to those organizations that have a small number of employees and generate limited annual revenues. According to the Ministry of Economy (2023), in Mexico, a microenterprise has between 1 and 10 employees and its revenues do not exceed 4 million pesos per year. These companies are common in sectors such as commerce, food services, health and tourism, where initial investment is low and operating costs can be kept under control. However, they face significant challenges during their early years, such as lack of financing, poor training and weak administrative infrastructure (Miño et al, 2019).

### COMMON PROBLEMS AND MORTALITY RATE

Microenterprises face difficulties in accessing financing, limited training and little formalization of processes (OECD, 2019). The lack of adequate strategic planning is a key factor in their high closure rate (Morales and Pérez Vargas, 2019). In addition, microenterprises with strategies poorly aligned to their environment tend to fail quickly (Ponce et al., 2013).

## BACKGROUND OF STRATEGIC PLANNING

Strategic planning is a discipline that emerged in large corporations, but has proven to be equally effective in microenterprises. Its implementation allows aligning resources with clear objectives, thus improving overall performance (Kaplan and Norton, 2016; Chofo Ortega et al., 2024).

## LITERATURE REVIEW

Recent studies have explored the application of strategic planning in different contexts. In Hidalgo, for example, the implementation of a strategic model increased operational efficiency and consolidated the presence of technical services companies in the market (Maldonado Guzman, et al., 2016). In addition, research in Colombia and Brazil suggests that microenterprises that integrate strategic tools achieve greater resilience (Amit, R., & Zott C., 2012).

## METHODOLOGY

The research is of an exploratory qualitative type based on literature review in databases such as *Scopus*, *SciELO*, *Google Scholar*, *DOAJ* and *EBSCOhost*. More than 50 relevant studies published between 2015 and 2023 were analyzed. The selection was made using thematic criteria focused on strategic planning and its application in service microenterprises.

## ANALYSIS AND INTERPRETATION OF RESULTS

### QUESTION 1: BEST PRACTICES FOR IMPLEMENTING STRATEGIC PLANNING

Best practices include the use of the SWOT matrix to assess the company's current situation and establish clear strategies for differentiation or cost leadership (Kaplan and Norton, 2016). These practices have proven to be effective in sectors such as tourism and education.

nal services (OECD, 2023). And these can be summarized in five basic steps to follow:

1. **Diagnosis of the current situation (SWOT Matrix).** The SWOT matrix allows the identification of a company's strengths, weaknesses, opportunities and threats. It is crucial for microenterprises, as it gives them a clear perspective on how to position themselves in the market (Kaplan & Norton, 2016).
2. **Definition of vision, mission and objectives.** The mission and vision provide a clear purpose for the company, while the operational objectives translate these principles into concrete actions (Steiner, 1979).
3. **Selection of a competitive strategy.** Microenterprises can opt for cost leadership, differentiation or segmentation, depending on their business model and target market (Porter, 1985).
4. **Development of partial plans.** These plans detail the resources and responsibilities necessary to achieve the strategic objectives (Maldonado, G., 2016).
5. **Performance control and monitoring.** Control allows validating the effectiveness of strategies and making adjustments as needed (Kaplan & Norton, 2016).

## **QUESTION 2: INTERNATIONAL EXAMPLES APPLICABLE IN MEXICO**

Brazil and Colombia present successful examples where microenterprises have used strategic planning to adapt to changing markets (Chofa Ortega et al., 2024). These experiences can serve as a reference for designing strategies adapted to the Mexican context.

## **QUESTION 3: IMPACT OF STRATEGIC PLANNING ON SURVIVAL**

Companies that implement formal strategies are more likely to grow and remain in the market, significantly reducing their mortality rate (Maldonado, G., 2016). Studies show that sales increase up to 20% with the adoption of these models (Maldonado Guzman, et al., 2016).

## **QUESTION 4: BARRIERS TO ADOPTION IN MEXICO**

Among the main barriers are lack of financing, poor training and distrust in formal management processes (Teece, 2018). In addition, many entrepreneurs start their businesses out of necessity rather than opportunity, which limits their strategic vision (Morales and Pérez Vargas, 2019).

## **QUESTION 5: RECOMMENDATIONS FOR FUTURE RESEARCH**

It is recommended that future research focus on the integration of technological tools in strategic planning for microenterprises, as well as on the creation of training programs focused on strategic management (Redalyc, 2020).

## **CONCLUSIONS**

Strategic planning is a determining factor for the survival and growth of service microenterprises in Mexico. The adoption of strategic models makes it possible to face environmental challenges, improve operating efficiency and consolidate market positioning. However, it is necessary to continue researching how to overcome the current barriers to its adoption.

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