

MSEPs return to the market after confinement

Karine Rosália Felix Praça Gomes^{1*}, Emanuel Ferreira Leite²

¹Universidade Federal Rural de Pernambuco, Rua Dom Manuel de Medeiros, s/n - Dois Irmãos, Recife - PE, Brazil.

²Universidade de Pernambuco, Av. Sport Clube do Recife, 252- Madalena, Recife - PE, Brazil.

*Corresponding Author

Karine Rosália Felix Praça Gomes

Universidade Federal Rural de Pernambuco, Rua Dom Manuel de Medeiros, s/n - Dois Irmãos, Recife - PE, Brazil.

Article History

Received: 17.01.2024

Accepted: 26.01.2024

Published: 16.02.2024

Abstract: Humanity is facing one of the worst moments in its history with the spread of the New Coronavirus on a global scale. The aim of this research was to find out the perspectives of micro and small entrepreneurs in relation to the following factors: e-commerce and online transactions; distribution chains and sales cycles, as well as economic aspects. To this end, a quantitative/exploratory study was carried out within a pre-established time frame. A bibliographical study was carried out in order to contextualize the theme and form the theoretical framework that underpins the research. The data was collected through observation and the application of a structured questionnaire to a given population of micro and small companies in Brazil. The research is justified by the need to elucidate investigations into the survival of Micro and Small Enterprises - MSEPs. It is hoped that this work will provide useful information for MSEP entrepreneurs, as well as serving as a reference for those who intend to use the information contained in this research for future work. It can be inferred that information about the environment is scarce and entrepreneurs only become aware of the changes taking place in their respective sectors when they are already underway. They react to the changes by introducing new technologies, training their human resources, improving the quality of their products and adopting competitive prices.

Keywords: MSEP, entrepreneurship, post-pandemic.

1. Introduction

Humanity is facing one of the worst moments in its history. With the spread of SARsCov-2 (New Coronavirus or Covid-19) on a global scale, the expectations of faster growth in the world, which were in force until the end of 2019, have been patently replaced by an extremely troubled scenario full of uncertainties that tends to drag the world economy into a process of recession (Matos & Miranda, 2020). It should be noted that even with advances in science, it has not been possible to understand and combat the harmful effects of Covid-19. Science was not prepared for this, nor were people, let alone the economy.

Faced with the severity of the disease and the impotence of even the world's major economies to contain its spread, the "lockdown" of cities and regions as well as the closure of a large part of the productive sectors and activities considered non-essential that generated agglomeration of people became the most efficient alternative, at least in the short term, to minimize contagion and slow the growth of the contamination curve.

As a result of the limited supply of products and services caused by the current situation, all social and economic agents (individuals, companies and governments) have had to change their consumption behavior. In the current context, consumers, particularly individuals who are the main agents in the economic process and in maintaining commercial and financial flows, tend to

change their behavior in the face of adverse situations, especially those that threaten their lives, which is the case with this pandemic, given that it goes against the basic instinct for survival.

The aim of this investigation was to use quantitative research to find out the perspectives of micro and small entrepreneurs in relation to the following factors: e-commerce and online transactions; distribution chains and sales cycles, as well as economic aspects. Thus, finding strategies to generate, rethink and resize business in relation to profitable enterprises derived from the experience of health contingency. Since these play a fundamental role in economic scenarios, they are important contributors to the development of sustainability and entrepreneurship.

To this end, a bibliographical survey was carried out, with the aim of contextualizing the theme and forming the theoretical framework that underpins the research. Data was collected through observation and the application of a structured questionnaire to a given population of micro and small companies in Brazil.

The research is justified by the need to elucidate investigations into the survival of micro and small businesses (Vera & Mora, 2011). When companies start planning to return to the market, they have to consider that it will be different, but what will that market be like? To the extent that entrepreneurs need to make decisions about returning to the market, this brings new

perspectives on the effects of this new pandemic from the perspective of MSEs.

With this question, an investigation was launched to find out about the different perspectives that small businesses consider for re-entering the market or restarting their activities, interrupted by the health contingency derived from the SARS-CoV2 virus (COVID 19) in Brazil.

When a health emergency was declared in Brazil, social distancing was inevitable for a time yet to be determined and this, among other things, brings to mind that people (customers and consumers) will be forced to shop more online and, on the other hand, increase communication through social networks, accelerating the changes that will permanently manifest themselves in the buying and selling processes. E-commerce and virtual models will be concepts that are increasingly accepted and adapted (or adopted) by the markets.

It is not the purpose of this research to delve into the impacts of Covid-19 on humanity, but rather to observe the effect of the pandemic on the new sales strategies developed by micro and small businesses to maintain their revenues.

Thus, in order to identify answers to the central research question, this study is structured in four sections, in addition to this introduction. In the second part, a literature review is presented which seeks to take a historical look at other crises experienced around the world, as well as the solutions that were taken after they ended. The third section presents the methodology used to carry out the research, its characteristics and limitations. In the fourth section, an analysis will be carried out to verify their evolution, seeking to show their importance for the Brazilian economy, with a view to fostering their development and strengthening these ventures. Finally, the last section presents the conclusions, based on the findings and the theoretical basis presented.

2. Theoretical Framework

Unlike the 2008 crisis, which was triggered by the bursting of the real estate bubble in the US, and subsequently, by taking on a systemic character, impacted the real sector of the economy on a global scale, that is, a financial crisis that turned into a crisis in the productive sectors, the shock caused by Covid-19, by simultaneously affecting the supply and demand of economies, "lockdown" caused by quarantine, has the potential to generate pronounced financial instability, due to the increase in the default of households and companies, which increases the risk aversion of banks, leading to the hoarding of liquidity (Wren-Lewis, 2018; Wright, 2018) and the collapse of the credit system, with unprecedented unemployment rates around the world as a result of the "lockdown" in production chains. In addition to the factors that already exist in Brazil, the economic crisis caused by the Coronavirus pandemic is likely to make the situation even worse. Baker and Judge (2020) argue that Covid-19 has quickly become the biggest global economic threat of the century.

The normality of the economic environment is constantly affected by the entrepreneurial movements of the market, both in the innovation of products and services and in the development of these, when observing these transitional actions one sees a great impact on all industries related or correlated to the innovated or developed good.

Alvarez, Chaparro and Reyes (2015) mention that, due to the constant development of innovations and scientific progress, Latin American countries face a huge challenge in which changes must be considered not only in economic, social and political aspects, but also to promote critical and innovative thinking. Thus, the identification of an innovative idea is a central milestone in the stage of business management, which closely involves a creative process.

According to Ducker (1986), the ability to create does not require inspiration, but hard learning; an action of the will. Just as systematic examination can lead to invention, so too can an intentional search for favorable occasions to innovate. The entrepreneur is the one who sees where and how to find them. In the author's view, innovation is the key tool for managers, the means by which they exploit change as an opportunity for a different business or service. However, innovation matters, but it doesn't happen automatically. It can be presented as a discipline, taught and practiced. It is driven by entrepreneurship, a potent mix of vision, passion, energy, enthusiasm, insight, common sense and good old-fashioned effort, which allows ideas to become reality. The power behind changing products, processes and services comes from individuals, whether they are acting alone or within organizations. They are the ones who make innovation happen.

According to Schumpeter (1934), technological changes modify the status quo and for this reason, the solutions of the past cannot be considered. Governments, companies and families must be able to adapt to the waves of evolution. According to the author, the entrepreneur is the one who builds new goods and not necessarily the one who invents. He is the one who destroys the existing order of the economy by inserting new goods and services and generating new modes of organization or using new material means. These conditions include clear, simple and permanent rules in social relations and investments in knowledge that will improve the government's bureaucratic system, improving the competitiveness of companies and incentives for entrepreneurs to create "destructive creation".

An environment that favours event entrepreneurship is characterized by permanent "creative destruction", in Schumpeter's own terms. This "creative destruction", as Schumpeter called it, is the hallmark of capitalism's formidable innovative drive. Change brings advantages for some and disadvantages for others.

An important contribution to understanding the relationship between entrepreneurship and economic growth is that offered by one of Michael Porter's conclusions: "Invention and entrepreneurship are at the heart of national advantage." (Porter, 1990, p. 125). Therefore, as well as being important for economic growth, entrepreneurship is also particularly important for the development of economies, especially when they are going through times of transformation. This importance is largely due to the role played by creative destruction in the processes of economic change, i.e. the creation of new companies will lead to the exclusion from the market and closure of previously existing companies.

Porter basically proposes two competitive strategies: low cost and differentiation (Porter, 1980), the need to adapt to the environment as a condition for survival and the construction and defense of competitive advantage as a mandatory tool for success,

investigating its possible applications for greater competitiveness in the market.

Therefore, Mazzucato (2020) draws attention to the delicate moment that capitalism is experiencing, which simultaneously combines three crises: health, economic and environmental. Mazzucato's main idea is that we should not repeat the mistakes made in past crises, such as the 2008 crisis, when every effort to rescue the economy with public resources was directed towards strengthening the rentier model, optimizing shareholder returns in the short term, rather than the entrepreneurial model, whose returns are made in the long term, by channeling public resources into investments in education, S&T and the environment.

2.1 Micro-enterprise successes and challenges

Micro-enterprises are seen as a way of earning an income and not always with a sense of entrepreneurship. They are mostly family businesses, whose management is centered on the figure of the owner, and their common elements are the fact that they are closer to their customers and have leaner structures, making them more agile in their operations in the exploration of small market

niches (SEBRAE, 2017). It is therefore important to characterize MSEs based on elements that are capable of differentiating them.

The need to manage material, human, technological and financial resources is a major weakness, especially evident in the face of economic crises. Companies that try, especially in times of pandemic like the present, to keep up to date with the market and seek innovation in products and services, tend to survive longer in the market and achieve the long-awaited success. Another important factor in company survival is the development of a differentiation strategy, offering differentiated products and services, and making companies more competitive and with greater advantages to survive in the market.

There is a wide variety of MSEs in terms of industry, type and origin, operating in the various sectors of the economy. According to data from SEBRAE (2017), micro and small enterprises (MSEs) occupy an important space in both the Mexican and Brazilian economies, and the growth in the number of new companies, if associated with improved competitiveness, tends to have a significant impact on the economy, contributing to social and political stability due to their economic role in generating income and employment. As shown in Table 1.

Table 1. Stratification of Brazilian companies by number of people employed

Company size	Number of People Employed		
	Industry	Trade	Services
Micro	1-19	1-9	1-9
Small	20-99	10-49	10-49
Median	100-499	50-99	50-99

Source: SEBRAE, 2018.

Micro, small and medium-sized enterprises (MSMEs) are the backbone of the

Brazilian economy due to the trade agreements put in place in recent years and also because of their high impact on job creation and national production. They represent a fundamental and indispensable link for the country's growth. As Table 2 shows, more than 94.8% are micro-enterprises.

Table 2. Number of Brazilian companies by size

Size	Companies	
	Number	Share (%)
Micro companies	16 396 980	94.8
Small and medium-sized enterprises	896 336	5.2
Total	17 293 316	100.0

Source: Receita Federal do Brasil, 2020.

Dini and Stumpo (2018) point out that, as part of the project of better policies for micro, small and medium-sized enterprises (MSMEs) in Latin America, countries have made significant efforts to support businesses and agree that in practically all of them. National laws recognize the relevant role of MSMEs. Likewise, they consider administrative tax measures so that these companies can be formalized more quickly.

It is also interesting that most governments in Latin American countries have created support instruments or programs in search of new challenges to stimulate entrepreneurship. This includes subsidies, credits, tax regimes and public purchases, financial resources, among others, which form part of the GDP (Gross Domestic Product). However, the achievements are still far from enough, so the performance of these companies is a cause for concern in terms of national and international competitiveness. The low performance of MSMEs shows a large gap in productivity compared to large companies.

2.2 E-commerce and online transactions

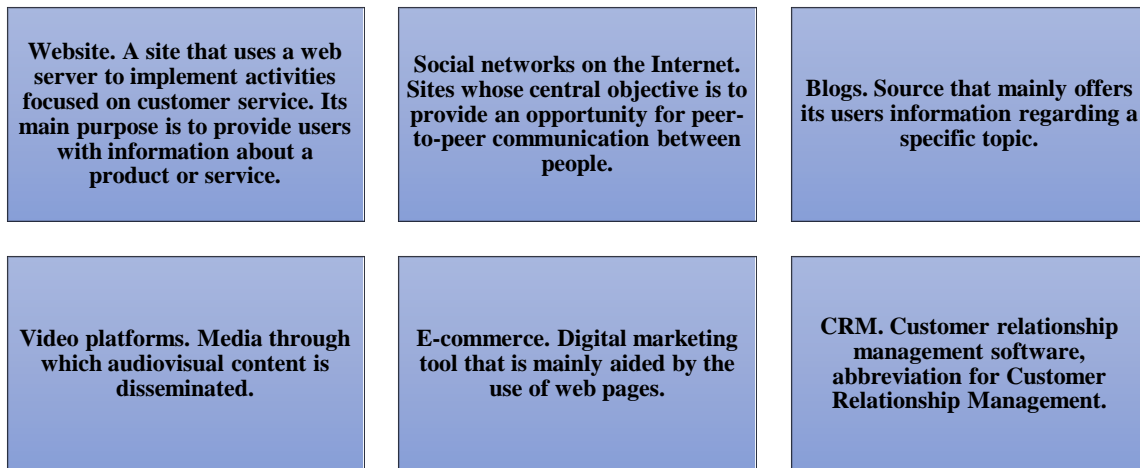
The Brazilian market is dynamic, especially in times of the pandemic caused by the New Coronavirus. The speed of change requires frequent adaptation and the need for constant innovation. Changes in the environment affect everyone and need to be addressed by organizations.

The pandemic has caused governments to lock down their inhabitants, inviting them to stay in their homes to avoid contagion. As a result, most businesses are closed, despite the protests of many entrepreneurs and, in particular, micro-entrepreneurs. The problem is undoubtedly serious, but it can also be an opportunity for MSMEs, especially with regard to new forms and trends in online sales. The exact data is not yet available, although the result of e-commerce has superlative numbers in the Brazilian market, according to research by Ebit|Nielsen (2020), the result of billing in the first four months of this year totaled R\$22.9 billion (from January 1 to April 30, 2020), 32% of the result for the whole of 2019, referring to performance in the midst of the COVID-19 pandemic.

E-commerce refers to "financial and information transactions conducted electronically between an organization and any third party with whom it has a business relationship" (Chaffey & Ellis-Chadwick, 2014, p. 20). This has led companies to hire staff to develop this area, even when they have laid off staff. It's a paradigm shift to which they've had to respond quickly and which, as the health crisis passes, could represent an area of opportunity if they prepare for it by setting up virtual stores. It will also be important to generate distribution strategies, create strategic alliances with suppliers and have good stock management and analysis.

New tools for the design, marketing and promotion of products and services have been promoted as a consequence of the Internet, forcing entrepreneurs to think consciously about the repercussions that will be observed in the implementation of digital media in their strategic business formulation (Gutiérrez, Azuara, Sánchez & Puente, 2019). Figure 1 shows some of the main digital tools that can be used by MSMEs and that are feasible to apply, derived from free software and the use of low-cost media.

Figure 1. Main digital tools



Source: Gutiérrez et al (2019)

According to Geraldo and Mainardes (2017) "growth has been consolidated and gaining more strength because it is providing shorter sales cycles, reduced costs, improved service and quality of services". In this sense, the growth and notoriety of e-commerce is related to the numerous benefits it offers, including: ease of purchase, convenience, availability, variety and, above all, the price, which is much lower compared to physical commerce.

Compulsory social isolation, as well as practicality, has been one of the aspects that has contributed to this growth, since e-commerce offers flexibility and, in general, the purchase is larger, the consumer doesn't need to go directly to the store, as they have the convenience and ease of buying from anywhere (de Andrade & Silva, 2017). However, as Kianto et al. (2017) point out, any innovation depends on people and it is from them that ideas come that generate new knowledge, which are the key factors for creating value in organizations, as human capital directly and indirectly influences innovation. Thus, in the Brazilian context, e-

commerce has come to help facilitate buying and selling, enabling ease, comfort, speed and low cost.

Furthermore, according to Conto et al (2016), in order to create a competitive advantage that translates into a financial return, the company must introduce a technological innovation (focused on products, materials or processes) or an innovation in its business model (focused on management aspects or market creation). As a result, new tools for the design, marketing and promotion of products and services have been promoted as a consequence of the Internet, forcing entrepreneurs to think consciously about the repercussions that will be observed in the implementation of digital media in their strategic business formulation (Gutiérrez, Azuara, Sánchez & Puente, 2019). In fact, MSEs have sought to use social media both for digital marketing and as an order management tool. As a result, Facebook, Instagram and WhatsApp have begun to serve as the center of operations for many businesses during the period of social isolation.

Therefore, the success and survival of a company stems from the competitive advantage it acquires by innovating in its products or processes and although MSEs face obstacles, it is possible for them to gain this advantage by betting on innovation.

2.3 Distribution chains and the sales cycle

The last few decades have seen an increase in the importance of the supply chain in the overall management of companies, and nowadays, an effective supply chain is a differentiating factor, which makes it possible to create more value for products and/or services and is crucial for the good performance of companies. Supply chains are growing in complexity. The origin of this growth in complexity is linked to various factors, including globalization, where more and more production and distribution units are dispersed around the world, products with shorter life cycles, more demanding consumers looking for products and the constant pressure to innovate as a way of entering new markets and retail channels.

According to Christopher (1997, p. 13), "the supply chain represents a network of organizations, through two-way links, of the different processes and activities that produce value in the form of products and services that are placed in the hands of the end consumer". Thus, supply chain management is a strategic process, which works with demand forecasting, supplier selection, material flow, contracts, financial movements and analyzes information and creates new facilities such as warehouses, distribution centers and factories; establishes relationships with customers, and also deals with broader issues such as the economy, the environment and society.

Compressing the sales cycle: as the main cash flow factor (payables accumulate during sales and receivables are mainly determined in most companies by what is sold, at what price and at what price). During the post-pandemic recovery process, the efficiency of sales models and strategies aimed at the market segment served by each small business, identifies the impact that sales cycles would have shortened, speeding up collection by a week or two, and if you don't know what you need to do? New forms of communication with the customer: priorities must be established (Pareto 80/20). In the face of social distancing, closer proximity to the customer with consistent and coherent messages. Understood in the same way between internal departments as between customers.

Using information, not accumulating data. Return to the importance of information held by customers in order to survive and restart business after the downturn. Relevant information is not the property of the salesperson, but of the company. Customer focus must be an organizational reality that demands information.

2.4 Online transactions

As the coronavirus continues to spread, there are signs of changing consumer behavior. Social isolation and emerging concern about public places will provide opportunities for the e-commerce business to thrive even more. As consumers turn to digital options as a way of bypassing physical shopping environments, it creates new consumer habits, which should endure even after the quarantine. It will be the new normal, with more connected and digital consumers.

There is an accelerated shift from stores to e-commerce, especially marketplaces. According to Bretzke (2000), the benefits

and statistics provided on the Internet show enormous potential for companies to sell their products, relate to customers and open up new businesses, but few have delved into the aspects linked to the theory of buying behavior, and we believe that this knowledge can help define a more appropriate use of the Internet as a sales and relationship channel. Thus, in the current pandemic scenario, e-commerce sales in general are expected to increase, as shoppers stay at home during the lockdown.

People will have new habits, seeking more comfort and convenience. Always remembering that the customer is "omnichannel", he integrates physical stores, virtual channels (website, social networks, call center, catalog, among others) and buyers bringing with him a concept of convergence, being an evolution of the concept of multichannel and completely focused on the consumer experience (SEBRAE, 2020), so companies also need to be. It's about "online", when customers sometimes buy in a physical store, but often "online", or go to a physical store just to try things out. Retailers need to be prepared for this reality.

Not only have communication and sales channels changed, but so have consumers. According to Kotler et al. (2017), the new type of consumer is distinguished from other markets by their strong tendency towards mobility. As people remain sheltered in their homes due to the coronavirus outbreak, online shopping has risen as a substitute for an old-fashioned trip to the store. The companies that adapt to this reality most quickly will stand out and even survive.

E-commerce also opens up new business possibilities that would previously have been unthinkable. The view of e-commerce as any kind of support for commercial transactions through the use of digital infrastructure has the advantage of encompassing a wide range of uses of the Web to favor or encourage commercial transactions.

Although direct selling is certainly the first way of thinking about making a profit in a consumer-seller relationship, using the Web as a vehicle for e-commerce makes it possible to visualize a number of other ways of adding value to a business.

2.5 Economic aspects

The global impact of the pandemic initially caused a shock in demand, given the reduction in mobility and the population's perception of risk (Di Mauro, 2020). In this sense, social isolation brought a financial crisis for all companies of all sizes, but what was not imagined was the dark cloud that still hangs over small businesses. A few companies had an escape route ready, since they were active in the digital environment, but this number is small compared to the number of companies and entrepreneurs. Those who hadn't invested in the digital market during the pandemic have started to turn their eyes in this direction, but few are structured for e-commerce.

Baker and Judge (2020) argue that in order to minimize the adverse impact on small businesses, legislators should take advantage of existing mechanisms to grant credit to companies with potential for success and renegotiate the terms of existing loans.

Based on this premise, Gurrea-Martínez (2020) points out that financial regulators and international organizations are responding with a package of legal, economic and financial measures. Although these responses differ between jurisdictions,

they can be classified into three main categories: a) measures to protect consumers and employees affected by company closures or labor restructuring; b) protection for workers and self-employed companies against the economic losses and liquidity needs generated by Covid-19; c) lockdown imposed in many countries; and measures that seek to protect the stability of the financial system as a result of the lack of confidence and the number of defaults likely to exist in the following months.

Thus, Ferreira Júnior and Rita (2020) suggest as measures the creation of emergency credit lines with low rates for working capital; expansion of debt refinancing programs and implementation of a financial bailout program for state and municipal governments where, in order to gain access, companies would have to commit to not making layoffs. Mainly because according to the United Nations (2020) the Brazilian scenario points to a drop in supply and interruption of supply in different production chains, generating loss of income and unemployment.

2.6 Subsidies

The disease pandemic caused by the SARS-CoV2 virus (COVID 19) has prompted the federal government to provide tax compliance facilities for taxpayers and promote actions related to the administration, control or payment of taxes. The granting of subsidies or tax incentives encourages the revival of the economy.

Since the coronavirus crisis emerged, the BNDES, in the Brazilian case, has launched a package of measures to safeguard Brazil's micro and small businesses. Among the actions are: the transfer of R\$20 billion from PIS-PASEP (Social Integration Program - Public Servant's Equity Formation Program) resources to the FGTS (Workers' Support Fund). Workers can withdraw up to R\$998.00 from the fund, if the beneficiary has a balance (BNDES, 2020). Another measure taken was the suspension of payments: companies affected by the crisis will have the temporary suspension for a period of up to six months of loan repayments contracted with the BNDES, in the direct and indirect modalities - a measure known in the market as "standstill".

The company that takes out the financing will not be able to lay off employees with financed salaries for two months. The payroll financing can be paid back in 36 months (grace period of 6 months and 30 installments), at an interest rate of 3.75% p.a. The measure is expected to benefit 1.4 million small and medium-sized companies in the country, a total of 2.2 million people.

Along with these actions, the BNDES has been offering loans to micro, small and medium-sized companies and individual entrepreneurs, which consists of expanding the supply of capital for the day-to-day needs of companies, by expanding the scope of the "BNDES Small Business Credit" line, which will now cover everything from micro-companies to those with annual turnover of up to R\$300 million. The credit limit per beneficiary per year will be raised from R\$10 million to R\$70 million, helping with the need for working capital. Companies will have a 24-month grace period and a total of five years to pay back these new loans (BNDES, 2020). However, according to Maranhão and Senhoras (2020), the BNDES has belatedly launched the first measures to strengthen the cash flow of companies and support workers facing the effects of

the coronavirus. Thus, the measures will help companies cope with cash flow difficulties and keep a few more jobs, but they will not be enough.

The diversity of lines, rates, deadlines, limits, grace periods, solutions sought and required counterparts being announced means that companies have difficulty finding the most suitable solution for their needs in the context of the pandemic, without drawing an extensive and difficult comparison. Thus, Mancilla (2020) concludes that the financing proposed by the federal government is not necessarily the most convenient for micro and small entrepreneurs in the face of an economy interrupted by the health emergency, without consumption and without the capacity to make financial commitments.

Thus, companies must select credit lines that are suitable for sustaining their obligations in the face of different working, payroll or investment needs, and ensure that in the event of a recovery, the cost of the loans is not the factor that overconsumes revenues to the point of making the resumption of business activity and survival itself unfeasible.

Therefore, these reflections contribute to reinforcing concerns, diligence, caution or aspects to be considered in the selection of credit lines and direct some possibilities for future studies for MEIs, MEs, EPPs and startups: comparative studies on the financial strategies adopted in Brazil; the role of government organizations in supporting and stimulating each type specified; barriers to accessing credit lines; studies on the new systems of credit lines and long-term interest rates in the context of the pandemic.

3. Methodology

This exploratory research was carried out in the first half of 2020. It was carried out as a quantitative, non-experimental, cross-sectional and descriptive study.

For this purpose, micro and small companies located at the time of the study in the Recife Metropolitan Region (RMR-PE), Brazil, were considered as a sample. In order to meet the research objectives, a survey-type online questionnaire was sent to the 273 MSEs, duly mapped, from which their respective e-mails were collected from the data made available by the Federal Revenue Secretariat (SRF). The questionnaires were then sent to the valid e-mail addresses of all the companies. The questionnaires were also sent via the official social networks provided by the entities themselves.

The self-administered instrument was structured with closed questions on a survey-type scale, presented as follows: 16 closed, objective, direct and clear questions on the subject. In terms of application, the free Google Forms online questionnaire platform was used in order to reach a greater number of respondents. MSEs were used because they are one of the groups most affected by the effects of social isolation policies, with the intention of finding out what decisions micro-entrepreneurs will have to make when they enter the so-called "new normal".

The survey instrument has 20 questions subdivided into four blocks, as shown in the table 1 below.

OUTLOOK	QUESTION
- E-commerce and online transactions.	9. Is your company present on the Internet and social networks? 10. How prepared is your company for e-commerce?
- Distribution chains and the sales cycle	8. How is your relationship with your employees? 11. Are the geographical coverage and scope of your company defined? 12. Are your sales processes documented? 13. Are your sales processes synchronized with the distribution or delivery of your products or services? 14. Do you have your distribution and delivery processes documented? 15. What do you consider to be your level of autonomy in the distribution and delivery processes?
- Economic aspects	5. From a financial point of view, how much has the health contingency arising from the SARS-CoV2 virus (COVID 19) affected you? 6. What capacity do your financial reserves provide for tolerating the closure of operations? 7. Are you ready to resume operations?
- General for statistics	Type of business Sex of owner Age of owner 1) Age of company 2) Type of legal constitution 3) Number of employees 4) Employer-employee employment relationship

Source: Authors(2020)

However, despite these efforts, only 61 files from Brazil were returned, which can be considered a research limitation. This data corroborates the thinking of Leone (1999), who points out that there is a difficulty for researchers in studying MSEs, mainly due to their heterogeneity. This may explain why research on these companies is so scarce, especially in the Northeast (Barbosa & Teixeira, 2003).

In addition, this specific group spends practically all its time on action-related work (Lima, 2000). However, a larger number of respondents was expected, given the social contribution that research makes, but many investigations depend on the collaboration of individuals (Petroianu, 2010). The data was then tabulated using Microsoft Office Excel and analyzed using descriptive analysis.

4. Discussion and analysis of the data

4.1 Company profile

The information on the profile of the MSEs and owners who responded to the survey is grouped in Tables 2 and 3 below.

Table 2 - Profile of Brazilian Companies

Type of Company	F		Time in Business	F		Line of business	F		Number of employees	F	
	F	%		F	%		F	%		F	%
Empresário Individual Entrepreneur (EI)	11	18	More than 10 years.	29	47,5	Everyday items	12	19,7	From 1 to 5.	34	55,7
Individual Microentrepreneur (MEI)	26	42,6	Between 5 and 10 years.	6	9,8	Luxury consumer goods	3	4,8	From 6 to 10.	15	24,6
Limited Company (Ltda)	21	34,4	Between 3 and 5 years.	7	11,5	Provision of personal services	22	36,1	11 to 20	6	9,8
Corporation (S.A.)	1	1,64	One to three years.	15	24,6	Provision of ancillary services.	15	24,6	From 21 to 50	3	4,95
I'm not registered with the SAT (Tax Administration Service)	2	3,36	Less than a year	4	6,6	Provision of food services	9	14,8	More than 50	3	4,95
Total	61	100		61	100					61	100

Source: Survey data, 2020.

During 2020, micro and small entrepreneurs circulated R\$ 420 billion in the Brazilian economy. Around 42.6% of all Brazilian businesses are micro and small enterprises. They have an average operating life of 9.8%, which represents an average of 5 to 10 years on the market. Most of them operate in the consumer goods sector and are responsible for 24.6% of the country's employment opportunities.

Table 3 - Profile of the Owners of Brazilian Companies

Owner's gender	Frequency	%	Age	Frequency	%	Working relationship	Frequency	%
Men	42	68,9	between 18 and 25	12	19,7	Excellent, everyone is on full pay and waiting for the reopening.	34	55,7
Woman	18	29,5	between 26 and 35	7	11,5	Good, although we had to reduce salaries by mutual agreement.	17	27,9
I'd rather not say	1	1,6	between 36 and 45	9	14,8	More or less, some employees had to be laid off.	7	11,5
			between 46 and 55	17	27,9	Errado, demitimos todos os funcionários.	2	3,3
			over 55	16	26,2	Terrível, além de não ter pessoal, estamos enfrentando a ameaça de litígios trabalhistas.	1	1,6
Total	61	100		61	100		61	100

Source: Survey data, 2020.

In the survey, the profile of business owners operating in this model reveals that MSEs have the following characteristics: the majority are male, young and have a good working relationship with their employees. This is followed by an estimated 29.5% of women, who are of a more mature age (between 26 and 35) than men (between 18 and 25) and account for 11.5%.

4.2 E-commerce and online transactions

The information about e-commerce from the point of view of the Brazilian entrepreneurs who responded to the survey has been grouped together in Table 4 below.

Table 4 - E-commerce in the view of Brazilian entrepreneurs.

Prepared for e-commerce	Frequency	%	Internet presence and social media	Frequency	%
We've fully incorporated it.	31	50,8	Yes, our website and social networks are synchronized and updated at least every three days.	24	39,3
We're in the process of launching it, but we already have a website, a current account.	13	21,3	Yes, but there is no synchronization and updates are 2 or 3 times a week.	17	27,9
We're just starting out and we already have or are in the process of getting a current account.	8	13,1	Yes, but there is no synchronization and updates are once a week.	8	11,5
We don't have a current account or a website.	3	5,0	Yes, but there is no synchronization and updates are 2 or 3 times a month.	7	13,1
We don't know what e-commerce is.	6	9,8	We don't have a website or social networks.	5	8,2
Total	61	100		61	100

Source: Survey data, 2020.

The data shows this turning point and the change in behavior on the part of Brazilian entrepreneurs. The table above shows that in 2020 Brazilian e-commerce had around 50.8% new entrepreneurs. This shows that Brazilian e-commerce is on the rise and there is room for more physical stores to migrate to e-commerce.

For managers, this change imposes the need to try to cover all business fronts in the best possible way: physical store, website, mobile, messaging apps, social networks, telesales.

It is the customer who chooses the most appropriate channel and it is up to managers to ensure that operations are integrated so as to reduce the risk of failures.

4.3 Distribution chains and the sales cycle

The information on the distribution chain and sales cycle of the Brazilian retailers who responded to the survey has been grouped together in Table 5 below.

Table 5 - Distribution chains and sales cycle of Brazilian entrepreneurs.

Documented sales processes	F	%	Sales process synchronized with distribution	F	%	Documented distribution and delivery process	F	%	Level of autonomy distribution and delivery	F	%
	Yes, there are up-to-date sales procedures and policies in place.	35		57,4	Yes, they are synchronized and integrated in an automated way, so that as soon as a sale is made, the preparation, production and/or distribution process starts immediately		34	55,7		Yes, they are current and up-to-date and we have clear indicators that allow us to measure quality and performance	30
We are updating the sales procedures and policies.	11	18	They are synchronized manually, because when an order arrives and the sale is closed, there is an operator who starts the preparation, production and/or distribution process.	15	24,6	Yes, they are current and up-to-date, but we don't have clear indicators that allow us to measure quality and performance	8	13,1	It's partial, we have our own transportation infrastructure, personnel and equipment with limited capacity, which doesn't allow us to meet all the demand.	13	21,3
We are creating sales procedures and policies.	-	-	The person responsible for preparation, production	12	19,7	Yes, but they are not current or up-to-date.	2	3,2	We have a strategically that supports us in	4	6,6

We don't have documented sales procedures or policies, but we will adopt them.	10	16,4	and/or distribution must be aware of Internet sales to cover the subsequent processes. They are not synchronized and this leads to delays in deliveries and customer complaints. The processes are not defined and a single person carries out the commercial and operational activity.	-	We are developing them.	14	11,5	distribution and delivery. We are analyzing how to do this	12	19,6
We don't see the point in documenting procedures or having policies for that matter.	5	8,2		-	We don't have documented processes.		23		2	3,3
	61	100		61	100	61	100		61	100

Source: Research data, 2020.

Efficient channel management makes it possible to devise strategies capable of improving the company's performance and increasing its market share, making the business much more profitable for everyone involved in the distribution chain.

Since the supply chain is a sector that is already facing major difficulties in Brazil, it is very important to pay attention to the cases presented in the table above: 57.4% of micro-entrepreneurs use technology as an important ally for their success. This means that the number of product deliveries and the handling of materials in general is increasing.

Since the challenges of logistics in Brazil are great, it is essential that companies in the sector look for strategies to stay ahead of the market. In addition to growing demand and a lack of infrastructure, the segment still has to deal with high operating costs and a lack of security in transportation.

One of the biggest challenges for entrepreneurs is to keep sales growing in an increasingly competitive environment. To do this, you need to structure your sales cycle, which, as shown in the table, is 49.2% autonomous in terms of distribution and delivery. It is therefore important that you have a round sales cycle that is feasible for the teams involved in the sales process.

4.4 Economic aspects

The information on economic aspects has been grouped together in Table 6 below.

Table 6 - Economic aspects in the view of Brazilian entrepreneurs

Financial point of view	Frequenc y	%	Financial tolerance	Frequenc y	%	Ready to resume activity	Frequenc y	%
A lot	30	49,2	I have no more reservations.	20	32,8	Fully, as soon as they authorize it, I'll start immediately.	46	75,4
Somewhat	13	21,3	I have very few reservations.	13	21,3	Partially, it would take a few days to restart.	7	11,5
Not much	2	3,3	I have a reservation for another 15 days.	3	4,9	I need to make major adjustments before reopening.	6	9,8
Almost nothing	6	9,8	I have reservations for another month	14	23	I don't know if I can reopen	2	3,3
It didn't affect me	10	16,4	I have reservations for more than a month	11	18	I'm definitely not going to reopen	-	-
Total	61	100		61	100		61	100

Source: Survey data, 2020.

From this perspective, as a result of the economic crisis and unemployment, in the first four months of 2020, the number of companies that opened 75.4% was higher than the number of companies that closed 3.3%. According to the federal government, the net balance of companies opened is the highest in the last decade. For the first time in history, Brazil exceeded the number of 10 million Individual Microentrepreneurs (MEIs), reaching around 10,016,984 registrations (FEDERAL GOVERNMENT, 2020).

Sebrae (2020) found that companies have been financially affected through a survey of small business entrepreneurs and that 49.2% of them recorded a drop in monthly sales. It also adds that this figure is largely due to the closure of physical stores and the change in consumer behavior, which seeks

to avoid crowds. Furthermore, in times of crisis, many consumers prefer to postpone non-essential spending.

Therefore, the crisis caused by the pandemic brings about a number of changes and, unfortunately, leads to a drop in people's incomes, so individuals looking for an income to support themselves or to make up their monthly income will have to find other ways to adapt and one of them may be entrepreneurship.

Final Considerations

Brazil is one of the most entrepreneurial countries and according to data from Agência Brasil (2020), in 2020 the country recorded the highest number of entrepreneurs in its history, not exactly out of vocation, but mainly out of necessity. The purpose of

this study was to investigate the movement of entrepreneurship in Brazil in the resumption of activities after the period of mandatory social isolation resulting from the Coronavirus pandemic.

Thus, it is emphasized that this research contributes, not only to the country's bibliographic collection, but also provides a foundation for future studies on the economic impacts of Brazilian financial crises, supporting data for other research and expanding knowledge about the applicability of the actions employed by MSEs as a way of adapting to the new normal of the Brazilian market.

The main limitations of this study are the size of the participants, as we had hoped for a larger number than we obtained. Although the sample was small, the results corroborate other studies, which have presented the impasses experienced by entrepreneurs, such as shortages of raw materials and loss of profit, as well as the strategies adopted by them.

Finally, we hope to have contributed to the results of this research, encouraging other entrepreneurs or people who want to undertake, to use the perceptions presented through the interviews as a basis to look for solutions or paths that can make the scenario more stable, given the challenges and factors implied by the pandemic. As future studies, it is suggested that this research be applied to other municipalities in the region, for comparison purposes, as well as exploring the challenges by sector, and the initiatives of bodies that promote entrepreneurship.

References

1. Botello, J. Á., Salinas, E. M. C., & Pérez, D. E. R. (2015). Estudio de la Satisfacción de los Estudiantes con los Servicios Educativos brindados por Instituciones de Educación Superior del Valle de Toluca. *REICE. Revista Iberoamericana sobre calidad, eficacia y cambio en educación*, 13(2), 5-26.
2. às Micro, S. B. D. A., & Empresas-SEBRAE, P. (2017). MEI Survey 2017. Accessed on August 3, 2020.
3. a Micro, S. D. A. (2018). Small businesses-SEBRAE. (2018). Special report - Promising businesses in 2018.
4. Baker, T. H., & Judge, K. (2020). How to help small businesses survive COVID-19. *Columbia Law and Economics Working Paper*, (620).
5. National Bank for Economic and Social Development (2020). BNDES against the economic effects of the coronavirus. *BNDES Electronic Portal [2020b]*. Retrieved April 9, 2020, from: www.bndes.gov.br.
6. Barbosa, J. D., & Teixeira, R. M. (2003). Strategic management in small and medium-sized companies.
7. BNDES - National Bank for Economic and Social Development. "BNDES against the economic effects of the coronavirus". *BNDES Electronic Portal [2020b]*. Available at: <https://www.bndes.gov.br/wps/portal/site/home>. Accessed on: 06/04/2020.
8. Bretzke, J. T. (2000). Through thick and thin: Teaching ethics from a cross-cultural perspective. *Horizons*, 27(1), 63-80.
9. Chaffey, D., Ellis-Chadwick, F., Isaac, H., Volle, P., & Mercanti-Guérin, M. (2014). *Digital marketing* (n hal-01635807) p.20.
10. Christopher, M. (1997). *Logistics and Supply Chain Management: strategies for cost reduction and service improvement*. 1.ed. São Paulo: Pioneira, p.13.
11. Conto, S. M. D., Antunes Júnior, J. A. V., & Vaccaro, G. L. R. (2016). Innovation as a factor of competitive advantage: a study of a cooperative producing organic juice and wine. *Gestão & Produção*, 23(2), 397-407.
12. de Andrade, M. C. F., & Silva, N. G. (2017). Electronic commerce (e-commerce): a study with consumers. *Perspectives on Management & Knowledge*, 7(1), 98-111.
13. Di Mauro, B. W. (2020). Economics in the Time of COVID-19. *Washington: CEPR Press. Farwis, M., Siyam, MM, Nazar, MCA, & Aroosiya, MACF (2021). The nexus between corporate governance and firm performance during COVID-19 Pandemic in Sri Lanka. Journal of Economics, Finance and Accounting Studies*, 3(1), 81-88.
14. Dini, M., & Stumpo, G. (2018). MSMEs in Latin America A fragile performance and new challenges for development policies. *MSMEs and structural heterogeneity. United Nations, Santiago: Division of Productive and Business Development of the Economic Commission for Latin America and the Caribbean. Obtained from cepal. org: https://repositorio.cepal.org/bitstream/handle/11362/44148/1/S1800707_es.pdf*.
15. Drucker, P. F. (1986). *Innovation and entrepreneurship. Pioneira*.
16. EBIT. Webshoppers: the most complete report on e-commerce in Brazil. Home page. Available at: . Accessed on: June 08, 2020.
17. Ferreira Júnior, R. R.; Santa Rita, L. P. (2020). Impacts of Covid-19 on the Economy: limits, challenges and policies. *Cadernos de Prospecção*, 13(2).
18. Geraldo, G. C., & Mainardes, E. W. (2017). Estudo sobre os fatores que afetam a intenção de compras online. *REGE-Revista de gestão*, 24(2), 181-194.
19. Gurrea-Martínez, A. (2020). Insolvency law in times of COVID-19. *Ibero-American Institute for Law and Finance, Working Paper*, 2.
20. Gutiérrez, Azuara, Sánchez and Puente, 2019
21. Gutiérrez et al (2019)

22. Kianto, A., Sáenz, J., & Aramburu, N. (2017). Knowledge-based human resource management practices, intellectual capital and innovation. *Journal of Business Research*, 81, 11-20.
23. Kotler, P., Kartajama, H., & Setiawan, I. (2017). Marketing 4.0: from traditional to digital. *Rio de Janeiro: Sextante*.
24. Leone, NMCPG (1999). The specificities of small and medium-sized enterprises. *Revista de administração*, 34 (2), 91-94. (Barbosa & Teixeira, 2003
25. DE LIMA, J. B. (2000). Temas de pesquisa e desafios da produção científica sobre PME.
26. de Albuquerque Maranhão, R., & Senhoras, E. M. (2020). Orçamento de Guerra no enfrentamento à COVID-19: entre manobras parlamentares e batalhas políticas. *Boletim de Conjuntura (BOCA)*, 2(6), 113-132.
27. Matos, S.; Miranda, L. (2020). In Focus IBRE: Growth scenarios for Brazil's GDP in 2020. *IBRE. Macro Bulletin, March*.
28. Mazzucato, M. (2020). *The triple crisis of capitalism*. Project Syndicate, 20.
29. Nielsen, M. (2011). *Reinventing discovery: the new era of networked science*. Princeton University Press.
30. United Nations. Economic Commission for Latin America and the Caribbean (2020). ECLAC: crisis due to covid-19 will be one of the worst in the world. 2020. Retrieved April 26, 2020, from: <https://agenciabrasil.ebc.com.br/economia/noticia/2020-03/cepal-crisepor-causa-de-covid-19-will-be-one-of-the-worst-in-the-world>.
31. Petroianu, A. (2010). Criteria for authorship and evaluation of a scientific paper. *REVISTA DE PSIQUIATRIA CLINICA*, 37(1), 1-5.
32. Porter, M.E. (1980). Clusters and competition: New agendas for governments, businesses and institutions in Porter, M. (ed.), *On Competition*, Harvard Business School: Boston, Massachusetts, p.125.
33. _____(1990). *The Competitive Advantage of Nations*. Free: New York.
34. Schumpeter, J. A. (1997). *Theory of economic development: an investigation into profits, capital, credit, interest and the business cycle (1934)*. Translation by Maria Sílvia Possas. *The Economists Collection*. São Paulo: Nova Cultural.
35. SEBRAE - Micro and Small Business Support Service (2020). What is omnichannel? *SEBRAE Electronic Portal* [2020a]. Available at: <https://sebrae.com.br/sites/PortalSebrae/artigos/o-que-e-omnichannel.97cf67a819615810VgnVCM100000d701210aR> CRD . Accessed on: 25/04/2020.
36. Vera-Colina, M. A., & Mora-Riapira, E. (2011). Lines of research in micro, small and medium-sized enterprises. *Documentary review and development in Colombia. Tendencias*, 12(1), 213-226.
37. Wren-Lewis, S. (2018). Ending the hegemony of micro-foundations. *Oxford Review of Economic Policy*, 34 (1-2), 55-69.
38. Wright, J. H., Brown, G. K., Thase, M. E., & Basco, M. R. (2018). *Aprendendo a Terapia Cognitivo-Comportamental: Um Guia Ilustrado*. Artmed Editora.