



# Iberoamerican Journal of Entrepreneurship and Small Business

## EDITORIAL

### ARE ENTREPRENEURS AND SMALL BUSINESSES PREPARED FOR CONTEXTUAL ADVERSITIES? A REFLECTION IN THE LIGHT OF THE COVID-19 PANDEMIC

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Dear Readers,

This editorial is unique! The outbreak of the new coronavirus (COVID-19), which began in China, in December 2019, invites us to reflect on important topics, some of which are indirectly covered in the articles of this edition. COVID-19, a virus outbreak that is still ongoing (as of this writing) and has been destabilizing different world contexts. Its impacts, part of which have not yet been measured, are reflected in the economy, society, health, trade, services, and, consequently, in entrepreneurs and their enterprises. There is an urgent need to seek new ways of doing things and there is an increased importance to execute the practice of adaptability. However, the impacts derived from this pandemic expand this concept and have demanded different types of adaptability in all areas, such as business, education, development of scientific research, the way consumers behave, decide and are forced to adapt in the current context.

When undergoing changes in consumption patterns, it is necessary for companies and entrepreneurs to think about modifying and adapting strategies to seek ways to meet the new demands of the market. Innovation is essential, especially in resource-constrained environments, which have become an increasingly present and necessary reality, often to maintain the minimum level of operation to maintain the business.

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## **Are Entrepreneurs and Small Businesses Prepared for Contextual Adversities? A Reflection in the Light of the Covid-19 Pandemic**

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The need to adapt to the present context has revealed arguments that make the dilemmas visible that are sustained in two main ways: the flattening of the curve or the prolongation of the global recession (Contractor, 2020).

The defense of the containment of COVID-19 at all costs, includes the establishment of strict social distance measures, part of them implemented by the federal, state and municipal governments at a global level. At the heart of initiatives of this nature is a fundamental principle to protect its population. Recent research released by Nature (Viglione, 2020), a renowned scientific journal, projected calculations performed by the research group at Imperial College London, indicate that the epidemic spread of COVID-19, could infect up to 90% of the world population, potentially resulting in the death of approximately 40.6 million people.

However, with the adoption of the recommended social distance measures to combat it, the results are more optimistic. Still, the number of confirmed cases of COVID-19 worldwide has already exceeded 800,000 (March 31, 2020), according to statistics compiled by the Johns Hopkins University Center for Systems Science and Engineering in Baltimore, Maryland (Inglesby, 2020). The COVID-19 pandemic already covers 178 countries and all continents, and the data shows the rates of infected and mortality have been increasing, with reporting deaths exceeding 40 thousand. Thus, all initiatives to protect citizens, including those that may be more restrictive, such as the promotion of social distance currently underway are being implemented.

Alternatively, there are growing concerns, especially in emerging countries with a weak economy, which aim to save the economy from imminent collapse. Measures such as social distancing, worry and intensify the debate regarding the existing alternatives to assess the impact, whether economic or on public health. Themes of great relevance emerge that we



believe require an appropriate discussion, above all to open research that brings greater understanding concerning the extent and gravity of the current economic scenario, its real relevance, its impacts on the markets, on entrepreneurial activities, among other themes that worries us.

Following the manifestations of the different sectors of industry, commerce and service companies, each with its specificities, we emphasize the importance of considering the impacts of COVID-19, in all its extension, on the enterprises and their entrepreneurs, particularly its impact on micro and small enterprises (MSEs) and we believe such an effort is fundamental. 98.5% of the approximately five million establishments in Brazil are comprised of micro and small companies (MSEs), which are more susceptible to market fluctuations and the weakened economic environment. Currently, they account for approximately 54% of formal jobs generated, and for 27% of all national gross domestic product (GDP) (SEBRAE, 2018), further increasing the potential negative impact on the country's economic activity.

In addition, in recent years different studies have emphasized the importance of small enterprises in social development, poverty reduction and economic growth (Kim & Kang, 2014; Ribeiro-Soriano, 2017; Si, Ahlstrom, Wei, & Cullen, 2020; Urbano & Aparicio, 2016). “Since the 1980s, entrepreneurs and small business owners have received greater recognition as drivers of economic growth” (Ribeiro-Soriano, 2017, p. 1).

In a recent editorial by Entrepreneurship & Regional Development, the authors highlight how entrepreneurship has been increasingly recognized as significant for economic development and the solution to worldwide poverty; how the role of entrepreneurship “has become an increasingly important topic in management” (Si et al., 2020, p. 1-3) and how theory and practice should direct researchers to observe and explain adversity in real time (Thompson, Verduijn, & Gartner, 2020).



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Although pandemics are different from each other, looking at the recent past and searching history for evidence of similar situations may perhaps help us to reflect on the current moment. It is not the first time that the world has experienced epidemics and / or pandemics that have impacted, the economy and enterprises to a similar extent as the new Coronavirus has been presenting itself in the current scenario.

Historical records indicate that since the 16th century, the world has faced at least three pandemics caused by the influenza virus every hundred years (Barifouse, 2020). The 1957 Asian flu (H2N2) caused more than 1.1 million deaths, and from an economic point of view, it impacted the drop of three percentage points in the GDP of the United Kingdom, Canada, Japan and the USA. Severe Acute Respiratory Syndrome (SARS), which started in China in 2002, infected 8,000 people, killing approximately 780 people in 17 countries (CDC, 2020).

Economists estimate that the disease, which was controlled four months after its outbreak, generated an economic impact of around \$40 billion between 2002 and 2020, which corresponded to 0.5% of the world GDP. Swine Flu, which originated in Mexico and was declared by the World Health Organization (WHO) as a Pandemic in April 2009, spread to more than 75 countries in just three months. Studies by the Center for Disease Control and Prevention (CDC) in the United States estimate that 700 million to 1.4 billion people were infected with Swine Flu, causing between 150 and 545 thousand deaths worldwide in the first year of the virus (CDC, 2020). In the economy, the pandemic is estimated to have cost approximately 85 billion reais (Tempo, 2020).

In all the pandemics, the role of governments and their importance in initiatives to minimize the impact of pandemics is highlighted; not only in public health by implementing actions that aimed to reduce their incidence and dissemination, but also in the business



context, seeking to protect the productive segment. In response to Swine Flu, from a health point of view, Brazil implemented a series of measures, such as the creation of an Influenza barrier system at all airports and in Brazilian capitals, intensified the flu vaccination campaign, expanded priority vaccine groups, etc. In the economic field, there were actions aimed to protect, above all, the national agribusiness.

Credits were released to the BNDES (Banco Nacional de Desenvolvimento Econômico e Social - National Bank for Economic and Social Development) and other funding agencies to restore working capital, in addition to creating agreements to strengthen economic activities in the regions most affected by the epidemic (Temporão, 2010).

In the current pandemic context of COVID-19, actions are understood as necessary to reduce the economic and social impact in the country. Reflecting on the factors and the importance of measures that impact the survival of small and medium-sized companies, especially in times of crisis and greater susceptibility to mortality, presents, in our view, relevance that goes beyond the idiosyncratic nature of the businesses themselves. Achieving economic and social impacts derived from its direct and indirect performance raises the relevance of questions, still unanswered today: What can entrepreneurs do to remain active in the market? How should entrepreneurs behave in times of crisis? What to do to protect companies, entrepreneurs and employees? How to mitigate the impacts derived from Pandemics in the market, such as COVID-19?

Answers to these questions are neither simple nor unique. However, we present some concerns that intend to arouse interest for the development of new research and studies that assist these investigations. Thus, we suggest the search for answers that, from the perspective of entrepreneurs and small companies, contribute to the understanding and generation of solutions, strategies, managerial, social, environmental applications, or even,



that contribute to the generation of public policies that support this audience in extreme moments like what we are experiencing today.

We also emphasize that REGEPE (Revista de Empreendedorismo e Gestão de Pequenas Empresas - Ibero-american Journal of Entrepreneurship and Small Business) expects researchers, like the authors who composed the articles in this edition, to present dense studies with scientific and methodological rigor on the importance of entrepreneurial activities in the country, strengthening the literature still under development. Furthermore, we draw attention to the importance of developing studies that emphasize the factors that allow the support of entrepreneurs and small and medium businesses in conditions of uncertainty and in resource constrained environments.

Propositions in these directions could contribute, from a theoretical and empirical point of view, to support the country's socioeconomic development. The reflections presented here suggest that, between containing COVID-19 at all costs or saving the economy and the enterprises immersed in it, this may be a dilemma to be questioned with the presentation of new alternatives to those currently available. From the dispute of arguments between the two institutional logics, we are left with the feeling that both are fundamental, complementary and related.

This issue draws the readers' attention to the economic and social importance of SMEs in Brazil. Although, without the specificities of the current COVID-19 pandemic, this edition brings important considerations regarding the global context, in addition to adverse situations to entrepreneurship, which, above all, can assist companies and entrepreneurs in the development of their current and future activities.



the perspective of entrepreneurship in extreme situations, this issue contributes two articles. The article entitled “Entrepreneurial Skills: Building an Evaluation Scale”, by Luciana Padovez Cualheta, Gardenia Abbad, Cristiane Faiad and Candido Borges Junior (Cualheta, Abbad, Faiad, & Borges Junior, 2020), presents the process of elaboration and validation of a scale that evaluates entrepreneurial skills developed in undergraduate courses in entrepreneurship. This was conducted through focus groups, validation by judges, semantic validation and empirical validation with 182 respondents.

The validated scale has 36 items, divided into five factors that include competencies for the elaboration of the business model, for selling and taking risks, for identifying opportunities, for accepting mistakes and teamwork skills. The authors warn that evaluating the teaching of entrepreneurship meets the demands of different stakeholders, in addition to identifying which skills are valued and useful for the job market. Although the context of this article reflects results from undergraduate students, we infer that these students will be the entrepreneurs of the future and that they will have to prepare for leadership in an adverse context, thus requiring entrepreneurial skills to creatively handle critical moments, aiming at sustainability and the survival of its businesses.

The other article that involves entrepreneurship in extreme situations presents reflections on the incubation process, by helping the development of adaptive, absorptive and innovative capacities (Borges & Bueno, 2020). The authors Marcílio Ribeiro Borges and Janaína Maria Bueno bring multiple cases of companies developed in the Triângulo Mineiro and Alto Paranaíba region, and claim that for micro-enterprises, the possession of information, strategies, technologies and resources does not necessarily contribute to the generation of competitive advantage, but contribute to a company’s growth. This study had the participation of three incubators in the region and 23 of their developing companies.



Regarding the forces of the external environment and involving technology and entrepreneurship, it is essential to reflect on the impact that unpredictable and unexpected events have on the economy and entrepreneurship. Two articles in this edition contribute to the understanding of the impact of investments in technology on strategic and organizational variables, in addition to presenting situations about the functionality of information technology and communication. The article developed by Samuel Maffacioli Basso, Antônio Carlos Gastaud Maçada, Aline de Vargas Pinto and Guilherme Lerch Lunardi (Basso, Maçada, Pinto, & Lunardi, 2020), entitled, “Impact of Investments in Information Technology on Organizational Strategic Variables and Performance of Micro and Small Enterprises (MSEs)”, sought to measure the impact of investments in Information Technology (IT) on strategic organizational variables and on the performance of micro and small companies (MSEs). They performed a quantitative and explanatory research through the application of a survey with 235 MSEs and indicate that the increase in investments in Information Technology has led an increasing number of companies to adopt IT as a strategic tool to improve their performance to obtain a competitive advantage.

The article that addresses information and communication technology, developed by Luisa Tondo Vendruscolo and Simone Vasconcelos Ribeiro Galina (Vendruscolo & Galina, 2020), contextualizes “The Internationalization in the Innovation Process of the Brazilian Startups of Information and Communication Technology (ICT)”. The authors emphasize that the managerial relevance of this study is based on the innovation process as a way for startups to remain competitive. The results show that large accelerators require these companies to internationalize by direct investment in the foreign country at the end of the acceleration program.

Additionally, a relevant topic addressed in this issue focuses on sustainability and creativity in times of crisis. There are three articles that help to understand how companies





dealt with crisis in times of extreme situations. These articles look at opportunities related to the needs for participation, social contribution, the challenges of cultural entrepreneurship, in addition to understanding the importance of indicators as a balance point for business sustainability.

Thus, the article entitled “The Antecedents of Entrepreneurial Orientation in Social Businesses”, by Viviane Celina Carmona, Cristina Daí Pra Martens and Henrique Mello Rodrigues de Freitas, present the antecedents of entrepreneurial orientation in social business startups (Carmona, Daí Pra Martens, & Mello Rodrigues de Freitas, 2020). The authors identified that the background, such as social mission, opportunities, access to capital and stakeholders, show that the opportunities are related to the needs of participation and social contribution by the founders, as the main antecedent for contributing to the quality of life of the company and general population.

The authors Janaína Martins dos Reis and Luciano Pereira Zille discuss cultural entrepreneurship and creative economy (Reis & Zille, 2020), through the experience of the theater company “grupo galpão”, based in the city of Belo Horizonte / MG. In the article, the authors explain that the main challenges are concentrated in the difficulty of planning events and generating revenue, with the need to count on the contribution of the Cultural Center and the Rouanet Law.

Closing these reflections we present the article by Andrezza Aparecida Saraiva Piekas, Carlos Eduardo Carvalho, Hilka Pelizza Vier Machado and Eduardo Kunzel Teixeira who analyze the relationship between sustainability indicators and the creation of companies (Piekas, Carvalho, Machado, & Teixeira, 2020), and questioned whether these variables favor or not the creation of companies in the municipalities of Santa Catarina. In the study, the authors conclude that the Municipal Sustainable Development Index (MSDI) influenced



the number of companies created and that the socio-cultural and environmental dimensions were those that had the greatest impact.

Despite the importance of the articles in this edition, REGEPE brings, in due time, in this issue, a technological report that addresses an experience about “Entrepreneurship in a Health Segment”, developed at the QueroQuiro clinic, specialized in chiropractic (Almeida Neto & Marcondes, 2020). Its authors, Maurício de Almeida Neto and Reynaldo Cavalheiro Marcondes, point out that the development of a successful enterprise is based on a scientifically based methodology that allows replication and is valid for dealing with reality.

We also highlight the contribution of Luiza Moreira Arantes de Castro for providing us with a review of the work of Emmendoerfer, ML (2019), “Innovation and Entrepreneurship in the Public Sector”, which presents the need to seek incentives to generate changes in the public service and entrepreneurship as a process of introducing innovation in public organizations and policies (de Castro, 2020).

There is no doubt about the importance of entrepreneurial activities for the economy, whether local or global. The role played by entrepreneurs, businessmen, employees, decision makers and public policy makers, as well as their ability to analyze, adapt and foresee complex situations become unique and highly desirable. Unexpected and uncontrollable events will always be a threat to economic and entrepreneurial activities in any market. However, the current context makes us reflect on the fundamental importance that activities, such as constant monitoring of the environment, planning, capacity and speed of adaptation, creativity and innovativeness, constitute desirable and expected capacities, skills and competences in future days. Each of the articles published in this edition contributes to the construction of a wall of knowledge. Thus, we hope that a careful reading of the works



presented here can somehow contribute to the formation of the increasingly essential skills for an increasingly entrepreneurial future.

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