

## **MICRO AND SMALL COMPANIES: A STUDY ON ITS CHARACTERISTICS AND PERSPECTIVES OF CONSTRUCTION MATERIALS STORES IN IMPERATRIZ-MA.**

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### **SUMMARY**

This article aims to present, discuss and analyze the main characteristics of Brazilian micro and small companies and also how is the market for the construction materials trade sector in Imperatriz-MA, as well as their difficulties and opportunities. Some guidelines will be described so that the entrepreneur can stand out in the midst of the crisis that affects the country, as it is a qualitative research, it was used as a data collection methodology, semi-structured interview applied to a commercial manager of a building materials store where it is intended to make an analysis according to the proposal of theorists, and bibliographic revision referring to the theme to obtain the vision of who already works in this segment, to analyze the perspectives of study.

**Key words:** Micro Companies. Construction Materials. Opportunity and Crisis.

### **INTRODUCTION**

The municipality of Imperatriz, founded in 1852, is located in the southwestern region of the State of Maranhão, inserted in the Legal Amazon area, is currently considered one of the medium cities that make up the list of regions with positive and dynamic socioeconomic development indexes in the country (IBGE , 2010).

According to a survey carried out by the G1 website in 2013, more than 3,400 formal jobs were created in civil construction in the month of August alone in the Maranhão labor market, according to data from the General Register of Employed and Unemployed (CAGED)).

Another point that favors the sector is the hot climate, which promotes the execution of works and boosts the sales of construction materials. According to a store in Imperatriz, in southern Maranhão, cement and iron are the most sought after products.

Three major reasons can be referred to as highly relevant to regional development. The construction of BR 010 Belém Brasília, making national interconnection the implementation of mineral exploration projects in the Carajás district, and in the early 1980s, the discovery of gold in the Serra Pelada mining, in addition to the construction of the Tucuruí Hydroelectric and Estrada Railway Station Ponta da Madeira - Carajás. And recently, the Estreito Hydroelectric construction and the installation of a paper and cellulose company can be added. These aspects allowed an evolutionary process of migration, urbanization and economic growth of the empress and the region.

The project that is being proposed by the Pulp and Paper Company will be inserted in Imperatriz and region, considered by the State government to be an industrial and agroforestry development pole, which offers countless opportunities for entrepreneurs from all branches of business and with the capacity to offer technicians and professionals with

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higher education with knowledge based on technical / scientific experiences to act in conducting the enterprise (SEBRAE, 2008).

With that, in 2009 Imperatriz established itself in the economic scenario of Maranhão, with its GDP reaching the value of R \$ 2,000,735, the year in which it surpassed Açailândia as the second largest city in terms of GDP at current prices (IBGE, 2009). What only shows the potential of the city that grew 14.61% in the period from 1999 to 2009, remaining above the national average according to a survey published in the online newspaper (OPROGRESSO) and one of the sectors that most advanced in Imperatriz was the construction sector civil.

## 1 THEORETICAL FOUNDATION

### 1.1 CONCEPT OF MICRO AND SMALL COMPANIES

According to SEBRAE-MA, the concept of micro and small companies has become much clearer with the advent of the General Law on Micro and Small Enterprises by framing them based on their annual gross revenue.

As a result, Complementary Law No. 123/2006 provides that the micro company “will be the entrepreneurial company, the simple company, the individual limited liability company and the entrepreneur, duly registered with the competent bodies”, and that has an equal annual gross revenue or less than R \$ 360,000.00.

For the small business, its annual gross revenue must be greater than R \$ 360,000.00 and equal to or less than R \$ 3,600,000.00.

<b>Framework Based on Gross Revenue</b>	
<b>Classification (Postage)</b>	<b>Annual Gross Revenue</b>
<b>Micro enterprise</b>	Up to R \$ 360,000.00
<b>Small business</b>	Greater than R \$ 360,000.00 equal to or less than R \$ 3,600,000.00

Law No. 123 / 2006. (Adapted)

SEBRAE in Santa Catarina uses the size classification criterion in terms of the number of IBGE employees.

<b>Number of Employees</b>		
<b>Classification (Postage)</b>	<b>Industry</b>	<b>Trade and Services</b>
<b>Micro enterprise</b>	0 to 19	0 to 9
<b>Small business</b>	20 to 99	10 to 49

Source: Sebrae-SC. (adapted)

### 1.2 PARTICIPATION OF MICRO AND SMALL COMPANIES IN THE IMPERATRIZ ECONOMY - GENERATION OF EMPLOYMENT

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Small and micro companies are responsible for the majority of jobs in the world (SEBRAE MA, 2010). In Brazil, of the 5.1 million formal companies, 98% are micro and small, responsible for 67% of the employed persons in the private sector. Each year, this segment occupies more niche markets, opened by the movements of outsourcing and the advancement of technical progress. In Maranhão, there are still many barriers to be overcome, but changes in legislation and support from entities such as the Brazilian Micro and Small Business Support Service (SEBRAE) have further boosted the economic growth scenario in Maranhão. Some regions, such as the south and southwest of the state, have an advantage for having aroused interest even in national publications on economics.

The new entrepreneurs are class C people, whose economic growth is the result of a legacy of hard work, perseverance and, above all, courage to face challenges, characteristics of entrepreneurs. The city of Imperatriz, due to its excellent geographical location, as it is the economic, political center and large student center in the southern region of Maranhão, has attracted the attention of small entrepreneurs, who seek to invest in various sectors of the local economy such as: food, clothing, services, technological, among others. And in 2013 it provided a revenue for the municipal coffers of approximately 4.3% of the municipality's Gross Domestic Product, according to the municipal administration secretary, however there are still many entrepreneurs in the informal sector, however this scenario is changing, mainly with the help of Sebrae.

### 1.3 ECONOMIC ACTIVITY; EVOLUTION IN THE PERIODS FROM 2010 TO 2013.

The growth of the civil construction sector in Imperatriz is evidenced by the visual change in the landscape with a large volume of buildings in the vertical, and also through the volume of permits.

As highlighted by Scherer (2007 apud Oliveira, 2012).

“The construction industry has its macroeconomic specificities, in which the variables of business trends and expectations contribute to stable development, and a financial system with favorable credit policies for the performance of man, being based on the generation of employment product. ”

According to studies carried out in 2013, the sectors with the greatest contribution to GDP in the municipality of Imperatriz were trade, construction and service provision, which accounted for 54.2% of the volume of resources added in the city. The agricultural sector accounted for 24.8% and industry, 21%.

### 1.4 NUMBERS OF COMPANIES IN THE PERIOD FROM 2010 TO 2013.

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Number of companies in the period from 2010 to 2013

<b>YEAR</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
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<b>Number of active companies</b>	5,673 units	5,752 units	5,761 units	6,208 units
<b>Number of local units</b>	5,974 units	6,077 Units	6,141 units	6,630 units

Source: IBGE, Central Register of Enterprises 2010 to 2013 (adapted).

## LEGALITY FACTOR

According to data from the Commercial Registry of the State of Maranhão - Jucema.

<b>YEAR</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>LEGALITY FACTOR</b>			
Registered Companies	2,148 legalized companies	2,249 legalized companies	1,631 legalized companies

Source: Board of Trade of the State of Maranhão - JUCEMA

### 1.4.1 Determinant Factor for the Growth and Development of Companies in Imperatriz

Two historic dates for Imperatriz, July 1, 2009 and December 15, 2010. In the first, Complementary Law No. 128/2008, which creates the figure of the Individual Microentrepreneur (MEI), came into force. The second marks the day on which Municipal Law 003/2010 was sanctioned, popularly known as the 'Economic Development Incentive Law'. Both, especially the second, were mainly responsible for the increase in the number of companies in the city, which reaps the fruits of this new reality.

It was a contribution for many entrepreneurs to leave informality, being able to participate in a larger share of the market. The MEI benefited small and micro-entrepreneurs that carry out commercial activities without registration with the competent bodies.

However, only companies with an annual income of up to 36 thousand reais are benefited. The main objective was to reduce the number of entrepreneurs working in the so-called 'informal market'.

In the case of companies such as the Pulp and Paper Factory, the two malls and a Wholesale Supermarket, the explanation would be closer to the Law of Incentive to Economic Development of Imperatriz, which reduced taxes for large enterprises, not covered by the MEI. The advantage granted to entrepreneurs is in the reduction of fees. The Property Transfer Tax (ITBI), the Service Tax of Any Nature (ISSQN) and the Urban Property and Land Tax (IPTU) are some of those affected.

According to data from Jucema, in 2009, 944 new companies were registered in Imperatriz. More than in 2008, when there were 798. By coincidence, the number was the same in 2007 (798).

The jump in the number of registrations took place in 2010. Altogether, there were 2,148 registrations. The following year, a new record: 2,249 new companies. For Márcio Patrício, the expectations generated by the arrival of large companies and the development of

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civil construction also contribute to this increase. “Many small companies have appeared in the civil construction area that end up with a large part of the services outsourced by large construction companies. ”

In addition, we opened two new malls in the city. The opening of the Suzano factory. Only the expectation of the arrival of these ventures already makes some companies prepare to be able to participate in these new ventures.

In 2012, so far, 1,631 companies have already registered at the local Jucema unit. With the opening of the new mall, with the implantation of Suzano, Imperatriz certainly still has a lot to grow despite the crisis that is defined in the national and international scenario.

In addition to the Economic Development Incentive Law and the creation of the MEI, the location of Imperatriz also contributes to the installation of new companies in the city. The municipality has the passage of the BR-010 highway (Belém-Brasília) and the Tocantins river. Renato Cortez Moreira airport also contributes to the city's structure to receive large developments.

Jucema intends to promote the reduction of days for the opening of the company and the beginning of its operations, with the streamlining of licenses and permits. As a result, it will reduce the bureaucracy of company records, encourage business formality, contributing to the development of the state.

### **1.5 - PUBLIC INCENTIVE POLICIES FOR THE DEVELOPMENT OF MICRO AND SMALL COMPANIES IN BRAZIL**

Micro and Small Companies have a significant participation in the Brazilian economy. According to official data from the Ministry of Labor and Employment - MTE of the Annual List of Social Information - RAIS, in 2010, there were 3.4 million establishments in Brazil, of which 97.5% are Micro and Small Enterprises that contributed with 40.4% of formal jobs and approximately 40% of the economy's remuneration.

One of the outstanding characteristics of the Micro and Small Company is its performance in segments that contain low technology and the presence of workers with low professional qualification. Most of these companies are limited to operating in the local or regional market, which has little demand on the quality of services and products.

To foster microenterprises, Law 123/2006, known as the General Law on Micro and Small Enterprises, provides for all issues of incentives, reduction of bureaucracy and exemption related to SMEs.

And data from the booklet Industry Profile in the 2014 States of the National Confederation of Industry points out that Maranhão is the state that charges the lowest average effective tariff of Simples Nacional for industries in the Northeast by an average of 6.5%, which benefits the micro and small industrial companies. In the municipality of Imperatriz, it would be no different that a municipal law 003/2010 was created, which is known as the “Economic Development Incentive Law”, this law benefits large companies that have settled in Imperatriz by reducing taxes such as ITBI, IPTU and ISSQN, in addition to being a great incentive for new companies to settle in the municipality.

## **2 METHODOLOGY**

This research is of a qualitative nature considering that it seeks to explain the current perspectives of a building materials store in Imperatriz-MA and can be classified as

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exploratory because, according to Gil (2007), exploratory research aims to provide greater familiarity with the problem, with a view to making it more explicit or to build hypotheses. And their purpose is to identify and solve possible problems in the researched environment (GIL 2010).

As for the classification criterion of the research VERGARA (2005) as for the purposes and as for the means to the research, it has its exploratory purposes and as means, semi-structured interview and bibliographic review related to the theme. And as a data analysis technique, it used content analysis that According to Bardin (1979), content analysis represents a set of analysis techniques for the communication of messages, indicators (quantitative or not) that allow the inference of knowledge related to the conditions of production and reception of these messages.

### **3 RESULTS AND DISCUSSIONS**

With the bibliographic survey on the subject done and the interview with the Manager of a company in the sector that deals with the main difficulties of an enterprise in a sector of commerce that is already affected by the crisis, it is possible to present the following results.

The building materials sector is in a delicate moment and according to the sector's entrepreneur, "Imperatriz shows itself to be a city with great growth potential in this sector, even in the face of a global crisis that already affects the local market.

According to him, the forecasts pointed to a good start to the year and estimates were for a 15% growth in sales compared to previous years, which was not confirmed during this year and according to the Brazilian association of construction materials ( ABRAMAT) up to the month of October the sector registered a decrease of 6%.

And when asked what he has done to stand out from the crisis that is affecting the construction sector and this consequently reduces the sales of construction materials in stores, and he replies that, "the strategies are to reduce the profit margin to bring to the customer a more affordable price, and planning before buying trying to negotiate better prices with suppliers, I can also mention that it is time and be creative and try to attract the customer into the store, make promotions and discounts. "

Even with the crisis Imperatriz shows itself to be a city with great growth potential in this sector, as in addition to achieving high growth rates in this sector in recent years, it was one of the last cities to feel the effects of the crisis.

As for what the company has done to differentiate itself from its competitors, the Commercial Manager replies, “We want to provide customers with not only a differentiated product, but a good relationship combined with great prices, including the strategy adopted for this end of the year. was to decrease the profit margin to make the price more attractive and competitive. "

The strategy now is to use creativity to save money and not lose customers. In October, the store registered a growth of 10% and this is part of the company's strategy to try to overcome the crisis, which in order to attract consumers the company has made advantageous promotions and even reduced its profit margin a little to lose customers , pointed out the Manager

### **4 FINAL CONSIDERATIONS**

The crisis does not favor the building materials market and the micro and small companies in Imperatriz are already beginning to feel the effects of the crisis in the sector, but

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as already seen in this present work, Empress has a very good growth history and it cannot be said that the municipality will overcome this moment as soon as possible.

But the study shows that the city has great growth potential given the increase in the rate of increase in the opening of new companies in recent years.

As the building materials store sector, what is shown is that the entrepreneur who wants to be differentiated and competitive has to adopt strategies such as promoting increased sales.

Counting on the proposal to exceed customer expectations is also counting on having a well organized store with a diversity of products and betting on the quality of these products.

Planning when buying the stock, caution when making a larger investment and in fact the entrepreneur always seeks to sell, but the unfavorable moment means that we have to adopt new strategies because the moment of crisis is also a moment to know if the organization's planning is adequate.

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