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**Factors Conditioning Failure of Micro and Small Businesses of the Information Technology and Communication (ICT): Study of Multiple Cases, Aracaju (SE), Brazil**  
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**Abstract**

*Entrepreneurship as a role in the socio economic boost economic and social development. The strength of the economy of many countries is promoted by the success of micro and small enterprises. Despite all the stimulus to micro and small enterprises, the mortality rate of these companies is a concern because it represents a big challenge. This study aimed to identify the main factors that led to micro and small enterprises in the ICT sector in the city of Aracaju to failure and their main problems. This research was characterized as qualitative. The research method used was a multiple case study and the instrument for data collection was through interviews using a semi-structured. Additionally, documentation and file records served to highlight the information in this study. Realized that entrepreneur's profile and previous experience were not factors that influenced the corporate bankruptcy, as the education level of respondents was high and almost all had previous experience in the field. The most important failure factors identified in this study were: lack of customer service and not obsolescence monitoring technologies, lack of working capital, problems in managing the company's financial problems with partners, poor quality of products and services and delinquencies debtors. However, respondent had no managerial experience. And this evidence explains the failures in planning and management of the business.*

**Key words:** Entrepreneurship. Micro and Small Enterprises. Failure factors



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**INTRODUCTION**

There is an increasing interest both nationally and internationally on entrepreneurship. It is linked to the process of identifying market opportunities and create businesses through innovation. The fact is that entrepreneurship has attracted the attention of several countries, including Brazil, due to its role in the socioeconomic of stimulate the economic and social development.

Many were the factors driving the growth of entrepreneurship in Brazil. The media attention, the introduction of new technologies and the growth of society's desire for financial independence meant that entrepreneurship take large proportions. Not only these factors, but also the growth of the Brazilian economy, the reduction of social inequality, the expansion of credit lines in recent years, and the emergence of entities related to the theme and the involvement of the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE) favored the emergence of new companies.

According SEBRAE (2011), more than 1.2 million new formal are created each year and more than 99% of these enterprises are micro and small or entrepreneurs individual. Thus, it is possible to understand the role of Micro and Small Enterprises (MSE) in the Brazilian economy and how to streamline the economy, in the sense that generate new jobs, income and stimulate competitiveness in the market. Moreover, economic growth in developing countries is largely due to the increase of MSE, since they are considered a source of wealth (income generation, employment, taxes, products and services). According to the Yearbook of Labour Small and Micro Enterprise (2011), only in the state of Sergipe, in 2010, there were more than 30,000 micro and small enterprises. And almost 50 % of these projects were concentrated in Aracaju.

Despite all the stimulus to micro and small enterprises, the mortality rate of these companies is a worrying factor. This rate represents a major challenge for small businesses trying to survive in the market, since the chances of failure in business is a constant threat to entrepreneurs The great challenge

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of MSE is that they do not initially have the market generally are still developing products without many resources and often do not understand the business management.

The difficulties of MSE to establish them in the market are numerous and their risk of failure is much higher when compared to large companies already established in the market. According to the study by SEBRAE (2007) the major failure factors mentioned by entrepreneurs of MSE surveyed were related to failures management as point / improper location, poor management and lack of knowledge of the market, cyclical economic causes, among other factors.

This study used was a multiple case study with 4 (four) companies in the IT area of the city of Aracaju to failure and their main problems. The IT department, we can say that it is an area that concentrates a significant amount of micro and small business related. It is an area that society as a whole needs and reflects the needs of changing times. Today, IT is essential in organizations and therefore becomes an increasingly important area economically. The results show that the main reasons for failure were lack of customer service and obsolescence of not monitoring the market and technology, lack of working capital, problems in managing the company's financial problems with partners, poor quality of products and services and insolvency of debtors.

### **MICRO AND SMALL BUSINESS (MSBS)**

Companies can be classified according to their size or scale with micro, small, medium or large companies. There are several criteria that are used for the classification and conceptualization of firms as to their size, for example, sales volume, value of assets, number of employees and others.

SEBRAE uses concepts and criteria for the classification of micro and small enterprises according to the number of employees in the organization, especially in studies and surveys of MSEs in the Brazilian economy.

The Statute of Micro and Small Businesses, created by Law No. 9,841 on October 5, 1999 and amended by Decree No. 5028 on March 31, 2004 , adopts the criterion of Gross Annual classify companies in microenterprise and small business (BRASIL, 2012).

Beyond this used by the Statute and Law No. 11,307 of May 19, 2006, declared as Integrated Payment of Taxes and Contributions of Micro and Small Enterprises and better known as National Single, regulates differential treatment for small and micro businesses regarding their taxes. According to this Law, it is deemed that:

- I- Microenterprise the law firm that has earned in the calendar year, revenues equal to or less than 144,000 USD.
- II - Small business the company has earned in the calendar year gross income exceeding 144,000 USD and equal to or less than 1,440.000 USD.

Much has been made with respect to the definition of small businesses using a number of criteria. However, there is no universally accepted classification. The standards used for the classification of these companies are generally arbitrary and are used for a specific purpose (LONGENECKER ET AL., 2007).

According to the Brazilian Institute of Geography and Statistics (IBGE) in 2003, the general characteristics of MSEs are: low capital intensity, high birth rates and mortality, strong presence of owners, partners and family members as labor -intensive used, centralized decision-making power, not adequate accounting records, direct hiring of skilled manpower, use of unskilled labor, low investment in technological innovation, more difficult access to finance working capital and relationship complementary and subordinate to the larger companies.

To IBGE (2003), in his study 'The Micro and Small Commercial and Services in Brazil in 2001', MSEs have an important contribution as they provide mattress pad unemployment. They are an alternative to a small portion of the population that is able to create their own business and an alternative to formal and informal employment for a large portion of the workforce who can't find jobs in large companies.

According to the study of the IBGE (2003) , in the 80s of last century, when there was an increase in unemployment due to a slowdown in economic growth, and MSEs will be considered alternative employment and were the first incentives for the opening of micro and small enterprises in the economy. Some of these incentives were:

- 1) Implementation of the first Statute of Micro (Law 7,256 of November 27, 1984) and the inclusion of micro and small enterprises in the Constitution of 1988, which went on to secure them differential treatment (Article 179 of Chapter Economic Order).
- 2) The transformation in 1990 of the Brazilian Center for Assistance to Small Business Management (SEBRAE), created in 1972, with the expansion of its functions.
- 3) The creation of special credit lines with Banks (BNDES, CEF, BANESE, Brazil BANK, NORDESTE BANK).
- 4) Law 9,317 of December 5, 1996, establishing the Integrated Payment and Taxes and Contributions of Micro and Small Enterprises (SIMPLE); and
- 5) Establishment of an Permanent Forum for Micro and Small Enterprises, created by the Ministry of Development, Industry and Foreign Trade in 2000, whose purpose is to defend the importance of micro and small enterprises for growth and economic development.

In addition to these incentives, there was the creation by the Federal Government other special programs such as the creation of the program's Employment Generation Program Income (PROGER) in 1990, coordinated by the Ministry of Labour and Employment, which seeks to support credit, management training, assistance technical and social participation, to strengthen the micro and small formal and informal. In addition, Brazil Entrepreneur Program also developed by the Federal Government and coordinated by the Ministry of Labour and Employment in 1999, was another program geared for this business segment that aims to provide financial support and improve training entrepreneurs.

Small businesses face different challenges and major corporations. Although some large companies have poor management, small businesses appear to be more sensitive to this weakness. So many small businesses are not profitable and are struggling every day to survive. Managerial and experience deficiencies are typical of small businesses and their managers have financial constraints that hinders his administration.

According to IBGE (2008), in 2000, in Brazil, there were approximately 4.1 million MSEs, since in 2004 there were 5 million. The IBGE estimates for the year 2015 is that there are 8.8 million micro and small establishments. This strong growth of MSEs during the years 2000 to 2010 was due to the policies that led to the stabilization of the economy and the creation and expansion of social programs ( family allowance, PROUNI, etc.). Furthermore, it is believed that in the coming years that entrepreneurs have higher income, higher education will have, will be older and will use the internet more intensively, there will be strong growth in the service sector and new business creation associated with new needs and increase of new innovations and new technology trends that will certainly contribute to the growth of MSBs in the Brazilian scenario.

There is a concern regarding the MSBs because have a great importance in the growth and development of a strong economy in the sense that they generate a considerable income in the economy and focus a good portion of the economically active labor market.

### **Factors Failure Micro and Small Business (MSBs)**

MSBs are considered an important source of job creation and economic growth. However, their survival is a difficult task for managers is that they have typical characteristics that end up becoming barriers to their development.

Many entrepreneurs have difficulties connecting science to the market. They lack managerial skills, marketing ability or financial resources. Moreover, entrepreneurs often do not know how to relate to entities such as banks, suppliers, customers, venture capitalists, distributors and advertising agencies.

Due to the climate of uncertainty and challenges, business survival depends largely on the education and training of entrepreneurs with regard not only to the technical and managerial skills, but also skills such as creativity and innovation. However, the factors that influence the survival and sustainability of companies cannot be associated only to the behavior of the entrepreneur, they can also be related to managerial practices in the conduct of business, such as the quality of products and services offered, the economic situation and the tax system of the Brazil (SOUZA, 2005).

There are external factors, according to Ferreira (2006), which also interfere early mortality of micro and small enterprises. These technological factors, economic, political (laws and policies) and social factors may have little or no control by entrepreneurs so it's important to always be alert and prepared for them. Previous experience of the entrepreneur in the field of activity that is intended to open a new business is a fundamental aspect for the success of the business, its experience in previous business reduces the risk of the entrepreneur making the same mistakes. In addition, knowledge management allows a decision more efficiently.

According SEBRAE (2007), the main Brazilian agency that studies the MSBs, the main difficulties or reasons for the failure of the companies were: lack of public policies and legal framework, high taxes, lack of bank credit, competition strong, lack of customers, management failures, financial problems, point / inappropriate location, lack of market, poor quality of products and services, lack of skilled labor, problems with the operational logistics, inadequate facilities, etc.

The crucial factor for the survival of small businesses is the difficulty of access to the market, especially on issues related to advertising and improper disclosure, inadequate training of prices of products / services, lack of market information and poor logistics, thus demonstrating the lack of planning of entrepreneurs (SEBRAE, 2007).

As Mizumoto et al. (2010), variables such as educational level of the entrepreneur and his prior preparation before opening the business (human capital), and the experience of family members with similar business and mostly adopting management practices such as prefetching of events and searching for relevant information are significant in explaining the probability of survival of fledgling company. According to the authors, the management practices have a larger to explain the survival of start-ups, so entrepreneurs can compensate for the low social and human capital by adopting these practices.

The most common hazards of new ventures, in view Chiavenato (2007), are inadequately identify what will be the new business or type of client to be serviced, do not plan enough financial needs; error in choosing the suitable location for the new business, not knowing how to manage the progress of operations, have little knowledge about the market, not knowing how to sell or promote products or services, don't know how to treat their customers properly and especially the competition.

For the author, the entrepreneur who wants to be successful you need to plan and your business. Plan is linked to the early study of the actions that will be performed and what goals are pursued. The business plan describes the idea of new development projects and market aspects, operational and financial. The preparation of the plan allows the entrepreneur to prepare for the future and avoid decaying trajectories that lead the entrepreneur to a disappointment and failure. In addition, the plan does not prevent the occurrence of possible errors, but helps them face and leads to best efforts.

When a company grows and its management becomes more complex and demanding methods more sophisticated controls and effective. Thus, the presence of an administrator is critical to manage and cope with the difficulties of the business.

According Mizumoto et al. (2010), many new companies have difficulties settling down in their markets. These problems are: lack of regulatory specifics of your industry, lack of experience in dealing with clients and lack of technical aspects of its products and services offered. Moreover, the vast majority of start-ups is very small and thus have higher costs due to low productivity and less bargaining power facing suppliers.

Build the company and make it grow, fulfilling the goals of the business plan, generating profits, creating jobs, meeting the needs of customers and rewarding investors is a rather complicated task. This is perhaps the biggest problem of the entrepreneurs, build your business gradually. Many entrepreneurs fail to develop tactical plans and solve specific problems (DORNELAS, 2005).

According Minello (2010, p.13), the speed with which emerge technological and economic changes in the social and business world of entrepreneurs is demanding more adaptive attitudes and behaviors in order to maintain the competitiveness of your business. The he said, "the success or failure of business are subject to the ability of this person to overcome the adversities that characterize the world of business".

The main reasons for failure of small businesses are: incompatibility of lifestyle required by the business with the aspirations of the entrepreneur, no proper identification of business risks, incorrect assessment of the potential profit and business growth, lack of financial planning, lack of managerial capacity of the

entrepreneur, lack of market knowledge, insufficient or excessive capitalization in fixed assets, poor location, poor quality of products or services, the debtors default, cost and quality disadvantage relative to competing products, rapid obsolescence of the product or service incompatibility between the partners, etc (DEGEN, 2009).

The failure factors most frequently cited by the authors were: lack of managerial skills lack of capital, innovation and business planning. Besides these external factors were also cited by some authors.

## **METHODOLOGY**

According to the study objectives, this research was classified as descriptive because is tentative understand the factors that influence mortality MSBs.

Thus, given the objectives of this research, a qualitative approach was used because it sought to describe on mortality MSBs enabling a broader knowledge about the phenomenon and social problem. This method was the most suitable for this research because it allows further study on the topic (COLLIS; HUSSEY (2005); DENZIN; LINCOLN (2006).

The research method used in this study was the case study that is used to contribute to the knowledge of the phenomena individual, group, organizational and related. (Yin, 2010). For this study, the case study method was more appropriate, as it seeks to analyze the problem with proximity researched. In addition, we sought to study in detail why and what problems have studied each company bankrupt.

For this study we used the type of semi-structured interviews because interviews were guided by an interview guide and the possibility to arise questions not included in the script, allowing greater flexibility in the interviews. Interviews were conducted with 27 questions including multiple choice and open questions. Moreover, the interview was divided into: profile of the entrepreneur, previous experience, motivation, characteristics of MSEs, prior planning, management of the company and failure factors.

### **Cases**

The companies studied in this research have failed in the area of Information Technology (IT) in the city of Aracaju. For an area fairly new and growing it is relevant to this study, as it aims to verify what are the main issues and factors that lead to failure MSEs that area. The choice of cases in this study had the support of Sergipe Technology Park (SergipeTec), the Business Incubator Center of Sergipe (CISE), Federal University of Sergipe (UFS) and the Tiradentes University (UNIT) who provided some contacts (such as business name, company name, telephone and other) companies extinguished. At most, the choice adopted the criterion of accessibility, because it was not possible to establish contact with all contacts received and further research was subject to availability of the entrepreneur to participate in the interview.

For this study, interviews were conducted with five businessmen from 5 companies. Companies were called Company A Company B Company C Company D and Company E to preserve the names of companies and entrepreneurs, as it was established at the beginning of each interview.

The following is a short description of the companies selected for the study:

- Company 'A': Founded in 1986, was located in the neighborhood Saint Joseph After a few years settled in the Coconut Bar, which includes the city Aracaju Grande and soon after went to work in SergipeTec. As the profile of the entrepreneur, the respondent was 46 years old , married and a degree in economics from the Federal University of Sergipe and graduate . According to him, already had some experience in IT, he worked at PETROBRAS in the field of Informatics. However, he states that spent about two years trying to understand the industry before you form the company.

- Company B: Founded in 2007 in Incubator Center Business Sergipe (CISE), but the company stopped its activities and had a total of 11 employees and only one partner.

The respondent Company B was 27 years old, graduated in Business Administration from the Federal University of Sergipe (UFS) and Master student in the same area and institution. According to him, knew the market well, studied it for a period of 2-3 years or so before opening the company and had experience in having worked in Tiradente University (UNIT) in the Technology Department.

- Company C: Founded in 2010 and ceased to exist after a year and two months only. Their services were offered: enterprise data base systems, attendance systems online, etc. The company was composed of a partner and 4 employees.

As the profile of the entrepreneur C, owned 31 years, married, graduated in Computer Science from the University Tiradentes (UNIT) and master's student in the area. Already had some experience in the area, he worked for a private company in the field of Information Technology. As I have thought about having your own business and was dissatisfied with the previous employer decided to create the company. According to him, had a lot of knowledge in the field as your previous job lasted about three years.

- Company D: Established in late 2008 worked until 2011. Their services offered were basically two: software ready for ecommerce systems (inventory control) and tailored software (software developed according to the needs of each client). Company D, least of all the companies studied in this research had three people involved in the business. Its formal structure was formed by two directors (a commercial and technical) and an employee. The entrepreneur interviewed D, one of the firm's partners, was 37 years old, married, and graduated in Computer Science from UNIT, Computer Science course today, and had postgraduate also by UNIT in informatics. Was an employee of a private company in the same industry so already had some experience in the business, he said, only the technical experience. Worked for about five years and this private company after it went out of business and decided to create his own company, because he had saved money and found a person to be your partner with experience in sales.

- Company E: The company was active in the area of information technology through trade of goods and services over the internet (Virtual Enterprise). The products were marketed coupons to purchase products or services diverse as: products and beauty services, restaurants, theater, entertainment, etc. Each partner was responsible / director for a sector of the company, was responsible for the technology industry, design, business and sales, finance and administrative sector marketing industry. Later hired a person responsible for disclosure in social networks because, according to the interviewee, this type of disclosure was very important to the company. As the profile of the interviewee and he had 27 years old, single and had higher education in Computer Science from the Federal University of Sergipe (UFS) and also master. His previous job before becoming a partner of the company was an employee of a public company and, according to him, have wished to have his own business and has identified an opportunity to open the company. According to him, none of the members had previous experience in this business because it is a fairly new area, however they spent six months studying on the subject.

## ANALYSIS OF CASES

The Tables 1 shows the respondents related to wich questions related to the study.

**Table 1 - Profile of the Entrepreneur**

	A	B	C	D	E
<b>AGE</b>	46 years old	27	31	37	27
<b>GENDER</b>	Male				
<b>MARITAL STATUS</b>	Married				Single
<b>EDUCATION</b>	Higher level education (Economics) and Upper Level	Higher level education (Administration)	Higher level education (Computer Science)	Nível superior (Informática) e Pós-graduação	Higher level education (Computer Science) and Upper Level

Source: Research (2013)

The questions related to the study of the past experience of the respondents aimed to identify what entrepreneurs did and what jobs they had before opening the business. The Table 2 shows the respondents related to this category.

**Table 2 - Previous Experience**

	<b>Experience</b>
<b>A</b>	Employee of mixed economy company in computer science
<b>B</b>	Employee of private company in the area of technology
<b>C</b>	Employee of private company in another branch company
<b>D</b>	Employee of private company in another branch company
<b>E</b>	Government Employee

Source: Research (2013)

The Table 3 presents the main motivations of entrepreneurs to open the company. Were given some response options, and also the respondent could choose freely some other motivation. The choice options were: desire to have his own business, was unemployed and not arranged employment, identified a business opportunity to a better life (increase income), requirement of customers and suppliers (need to have a CNPJ).

**Table 03- Motivation**

	<b>Motives</b>
<b>A</b>	1. Identified a business opportunity 2. Wished to have their own business
<b>B</b>	1. Identified a business opportunity 2. Wished to have their own business 3. Requirement of customers / suppliers
<b>C</b>	1. Wished to have their own business 2. To improve life
<b>D</b>	1. Wished to have their own business 2. To improve life 3. Identified a business opportunity
<b>E</b>	1. Wished to have their own business 2. Identified a business opportunity 3. To improve life

Source: Research (2013)

**Table 4 - The factors failure**

	<b>Factors</b>
<b>A</b>	Technology became obsolete and the company failed to adapt the speed the Market. Problems with employees, clients and the debtors default.
<b>B</b>	The company hadn't growth perspective and lacked working capital for invest in growth company. The business man decided if dedicating to a másters and solved leave the company. Problems with employees, suppliers, cash flow, working capital, bad debt of borrowers and high taxes.
<b>C</b>	Lack of customers. Problems withflow of cash and cash working capital. Problems with staff, cash flow, working capital, debtor defaults, high competition and lack of customers.
<b>D</b>	Low profitability due to lack of customers (preferred the services from the competition cheaper). Problems between partners (lack of clear definition ofactivities caused a charging of both parties). Problems with partners, customers, debtors default, tax burden, high competition and lack of customers.

E	<p>Lack of customers due to high competition          Low product quality/service of suppliers          Bad debt of borrowers (suppliers).          Problems with the quality of the product / service, partners, suppliers, customers, cash flow, working capital, bad debt of borrowers, operational logistics, high competition and lack of customers.</p>
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Source: Research (2013)

The respondent stated that: The main reason was that the technology that the company had been deprecated and the company then failed to adapt with speed and had to get rid of that business obsolete, managed to undo and could not get into another market with different speed.

Furthermore, the respondent company adds that in the period that the company was in trouble, the commercial automation segment has become very competitive, and it was during this period that decided that this was no longer an interesting segment. and decided to suspend the activities of the company. According to Hisrich et al (2009) adversity from external factors such as changing consumer needs and technologies could result in business failure, depending on the severity of these adversities. As the area of information technology area that grow and evolve since its emergence, entrepreneurs should be aware of the changes that have occurred in the market, the development of technology is fast and the company must adapt to new technologies that are emerging, otherwise, the products or services that are offered tend to be stocked or without customers interested, as was the case of Company A.

The reason that conditioned the failure of Company B was the result of a union of two factors: the lack of growth prospects of the business because the entrepreneur did not have the necessary capital to invest in the company and he desire to complete the master's degree. According to Degen (2009 ), the incompatibility of the lifestyle demanded by business and the aspirations of the entrepreneur and the lack of working capital are reasons for failure of businesses.

The company C was gradually losing customers and the profitability has come to be insufficient so I can pay my employees and other expenses.

Gradually, the entrepreneur was losing enthusiasm for the company , especially when he began to have financial problems. Furthermore, he claims that he did not know how to plan income and expenses.

According to SEBRE (2007 ), the lack of customers in enterprises are one of the main reasons that lead the company to fail, if companies do not have customers to sell your products and services do not produce revenue.

To Degen (2009), the planning and administration of the financial resources of the organization are needed to avoid the main causes of failure of new businesses. Financial problems such as lack of working capital resulting from a lack of cash flow indicate planning cash flow inefficient.

As the C Company, the company A e D also failed due to a set of two factors. The relationship between partners was seen as the main reason for failure of the company. The partners had problems since had charge of both partners while they had a specification of the activities of each, creating a conflict that influenced the decision not to continue with the company.

The entrepreneur says that D failed to have a sufficient range of clients to increase profitability. According to the respondent, the company could not compete with the competitors because they had more customers and lower values could practice. Already members are also factors of failure of companies, according to Ferreira (2006), the choice of partners affects the functioning and success of the company because the company depends largely on the harmony between members and balanced management.

The interviewee of Company E, when asked about what factors led the company to fail, said that the factors were "high competition, lack of customers, the debtors default and the issue of quality of products and services provided by suppliers. The most important factor was the lack of customers...".

He said the company had problems with lack of customers because they stopped buying or because they were behind the products and services competition, which grew considerably after a few months after the company created.

The type of problem that all respondents said they had been the problem related to the default of borrowers. Another problem was that the company was very problems related to lack of customers. A, D and E said they experienced this kind of problem, either because of increased competition, either by not being able to retain customers or even because customers were interested in paying lower prices for services, although this is a problem completely on the lack of advertising and publishing.

Another problem that was also very presented by entrepreneurs (C, D and E) was high concurrency. Three of the entrepreneurs surveyed (A, B and C) have argued that had problems with employees. They all said that this problem existed due to the lack of skilled labor of employees to work in the area. This is a kind of typical problem area corporate IT.

Problems presented by clients were interviewed A, D and E. Factors related to late payment, the implementation of technology in the client company, difficulty of customers in understanding how the processes worked and sales (related to the acquisition and generation of purchase coupons - Entrepreneur E).

A problem that was presented in companies B, C and E was the problem related to cash flow. An entrepreneur said the company was undergoing serious cash flow problems because revenues were increasingly causing a deficit of decreasing values. And the entrepreneur E said the problem was there was a time limit for the amount of revenues come into the company.

With respect to the business plan, four out of five respondents (A, C, D and E) stated that they have developed the business plan formally. Implementing the business plan is a key task in the planning of the company, according Dornelas (2005), action planning is important that the entrepreneur should do for your business. Also, follow and fulfill the goals of a business plan is a way to build the business and make it grow.

Only the interviewee B said it carried out the business plan, he said: "I performed the business plan because the company was in an incubator, but I knew nothing of it".

Have the interviewee of Company C, claimed that: "There was no prior planning well prepared, what happened was basically a study of the potential customers and competition. There was no business plan. The planning took place very quickly; in fact, I had capital and open the company". And the respondents D and E also have not developed the plan.

Problems such as: lack of working capital, partners, point / inappropriate location, inadequate facilities, problems with operational logistics, lack of bank credit and high taxes were problems that had little or no influence on the failure of the companies, as discussed in the answers of respondents. There were problems that were not mentioned very often and thus had little relevance.

## CONCLUSION

Entrepreneurship is essential for the generation of wealth of a country, as it promotes economic growth and improves the living conditions of the population through social development. It is also an indispensable factor in the generation of jobs and income. The nature of entrepreneurship is based on identifying and exploiting new opportunities available, either with a new form of combiners or existing resources. It is through this process of resource use that arises innovation and stimulates the economy.

Micro and small enterprises have their importance in the Brazilian economy, despite the difficulties they face. Micro and small enterprises are the main source of jobs created in the country and generate a high income in economia. As turbulence of the business environment in recent years have brought increasing challenges to the survival of MSBs. Thus, the support and encouragement to companies is important since it brings benefits to the economic development of the country and location.

In this study it was found that it is not possible to identify a single factor responsible for the failure of micro and small enterprises. Companies went bankrupt due to a number of problems and failures that have not been settled and progressed to her mortality. However, the lack of customer factor was indicated by the failure of most companies in this study. The lack of customers is a problem not only covers companies in IT, but all kinds of companies that do not conduct marketing activities.

As seen in the data analysis, the entrepreneur's profile and previous experience were not factors that influenced the corporate bankruptcy, as the education level of respondents was high and almost all had

previous experience in the field of business. However, lack of knowledge or managerial experience may explain the failures in planning and management of the business.

The business plan is a tool often used by entrepreneurs when they plan to start a business; it serves to plan the initial actions of the company and how it is managing. Companies were initially created without planning and formal business plan, if the plan had been prepared could have helped companies better manage their resources and enfrentarsuas difficulties.

On the other hand, the lack of government policies to support small business, the lack of bank credit and high taxes were not aspects relevant to explain the failure of the companies studied.

This study proved to be very relevant since studying the reasons for MSEs fail collaborate to expand the knowledge of the main difficulties that are faced by micro and small entrepreneurs in the city of Aracaju, especially in IT. Micro and small businesses drive the local economy and heat, thus, the present study contributes in that offers micro and small entrepreneurs, information about how to manage their business and avoid some errors.

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