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## PANDEMICS AND ECONOMIC CRISES: CHALLENGES AND OPPORTUNITIES FOR THE SUSTAINABILITY OF SMALL AND MEDIUM-SIZED ENTERPRISES

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### ABSTRACT

The present work aims to outline the challenges that small and medium-sized companies face in times of economic crises, particularly when associated with cases of pandemics, such as the currently Covid-19, and to consider the opportunities that emerges from this scenario, in the context of sustainability, as a competitive advantage and sustainable development, as a goal or objective to be achieved. This is an exploratory and qualitative research based on the collection of bibliographic data. This approach is prescriptive, as it seeks to observe different ways of assessing how the concepts involved integrate and complement each other. As a result, challenges and opportunities are suggested so that companies can prepare themselves to face the occurrence of adverse and unexpected factors such as those dealt with in this work. As a conclusion, it is presented that creating value to the customer in the delivery of products and services adding them to the values of sustainability is an important competitive differential in times of crisis.

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## INTRODUCTION

Sustainability is a fundamental concept to provide the survival of the Human Being in all senses, aspects, and activities, whether as a person, citizen, professional, entrepreneur, among others. The constant search for balance between the eco-economic and socio-environmental practices is a precept that, when adopted, can guarantee not only the life and satisfaction of the fundamental needs of users of goods and services, but also become a way to achieve competitive advantage for the business world. In this specific context, according to Barbosa (2019), more and more companies are implementing strategies designed towards sustainability, seeking business practices aligned with socio-environmental values. According to Laville (2009), it is necessary for the business community to develop a long-term vision, both for the planet and for the company. Almeida (2007) adds that sustainable development has as its paradigm the inclusion of the social and environmental dimensions, which must be considered from the planning stage to the operation and evaluation of an enterprise or development policy. Surviving in a sustainable way means that the company must act within the three dimensions of sustainability scope: economic, social, and environmental, called the Triple Bottom Line (TBL). The economic dimension is based on profitability and financial results; the social is focused on people and includes issues of job creation and social responsibility; the environmental, consists of the conscious use of natural resources with responsibility (Elkington, 2012).

In this direction, and to confirm the tendency of companies as agents of transformation for a more sustainable world, a survey carried out between Nov 24<sup>th</sup> and Dec 15<sup>th</sup> 2017, by the Brazilian Micro and Small Business Support Service (Sebrae) on the Engagement of Small Brazilian Businesses in Sustainability and the Sustainable Development Goals (SDGs) established by the United Nations General Assembly, integrated by 1,887 businessmen working in the four main economic sectors (agriculture, industry, trade and services) in the five Brazilian regions (North, Northeast, South, Southeast and Central-West), revealed some important results, among which it is worth mentioning: 93% are committed to sustainability; 93% hire local labor; 85% support the local community; and 80% give preference to local suppliers (Sebrae, 2018b). Despite the important role that small and medium-sized companies can play in the context of sustainability, the year 2020 and some subsequent ones will be marked in history, mainly by the effects of the coronavirus pandemic (Covid-19). The new version of the coronavirus, which appeared in late 2019, is characterized by being a serious, infectious, emerging acute respiratory disease, with a high rate of contagion and rapid spread (Liu & Liu, 2020). The World Health Organization (WHO, 2020), on January 30, 2020, declared the coronavirus outbreak as a public health emergency of international interest. In Brazil, as reported by Rodriguez-Morales et al (2020), the first case of Covid-19 was registered on February 21, 2020 and showed rapid growth. For this reason, measures of social isolation were taken across the national territory, following what had already been done in many other countries, as a means of curbing the spread of the virus and the increasing in the number of deaths. Social isolation contributed

decisively to the economy reducing its dynamics or even stopping activities in most segments. Only so-called essential services, such as supermarkets, gas stations, pharmacies, bakeries, and restaurants restricted to delivery services, were allowed to operate. To assess the effects of this scenario, Sebrae (2020) conducted a survey with businesspeople from all over Brazil and found that small businesses have been strongly affected. In the data collection, carried out between April 3<sup>rd</sup> and 7<sup>th</sup>, 2020, the interviewed declared a drop in average weekly revenue of 69%, in relation to what would be verified in a week of normal operation. Despite the initial negative results, after about a month of quarantine, some segments are moving towards stabilization at levels lower than the pre-crisis and, according to a report by Nielsen (2020), sectors such as e-commerce have grown considerably. In another survey carried out by Sebrae (2020b), in the same period, almost 90% of individual microentrepreneurs (MEI) say they have suffered a reduction in their turnover. 78% of interviewed work in activities that had their operation suspended due to the determination of state or municipal decrees; more than 60% would like to receive temporary assistance in order to support their families; and 51% stated that they would need loans to keep the business running. If the Covid-19 crisis, on the one hand, brought major economic and social impacts, on the other, social isolation contributed positively regarding the environmental dimension. In a report released on April 29, 2020 by the American Space Agency (NASA, 2020), it was found that the level of nitrogen dioxide in the atmosphere of the northeastern region of the United States of America has significantly decreased.

Nakada & Urban (2020) report that in the metropolitan region of São Paulo, until March 24, 2020, when the measures were adopted, the pollution indicators showed an increase of 12% in comparison with the same period of 2019, indicating a growing trend for 2020. However, with the adherence of 50% of the population to the isolation measures adopted, a significant reduction in the level of pollution was observed. Although the Covid-19 pandemic results in an ongoing economic and social crisis and, therefore, without it being possible at the moment to assess the magnitude of all its impacts, similar crises have already occurred in the recent history of mankind, which are worth to highlight: the Spanish flu of 1918; the great depression of 1929 and the 2008 crisis that plagued the United States of America with worldwide repercussions. Osterholm (2005) adds that the flu pandemic has always been a global threat, and in the past 300 years, 10 influenza A pandemics have been reported, with the 1918 pandemic decimating between 50 and 100 million people worldwide. According to Wisman (2014) financial crises have been endemic to capitalism since its early days, however, the recovery was generally rapid because, in addition to unemployment, the biggest consequence was the destruction of wealth held by a small elite of wealthy. The first major economic crisis in the era of capitalism, which led to the beginning of “The Great Depression”, according to Piketty (2014), occurred in 1929, lasting more than 10 years, striking rich countries with brutality without precedents, with unemployment reaching in 1932 a quarter of the active population of the United States, Germany, the United Kingdom and France. Stiglitz (2009) strongly criticizes the 2008 crisis, stating that it seems evident that economic growth in America was not sustainable, as it was based on a housing bubble fostering a consumption boom. In this regard, Stiglitz (2009) raises an important question: “How could prices continue to rise, especially for housing for low and middle income individuals, given that income has stagnated?”. By “bursting” this housing bubble, the Americans withdrew hundreds of billions of dollars invested in mortgages. In the global context, according to Stiglitz (2009), the financial crisis of 2008 started in the United States, spread across Europe, and quickly became global. Faced with the historically recurring fact that pandemics and economic crises will happen and are likely to continue to happen, affecting the economy and the lives of thousands of people and companies, especially small and medium-sized enterprises (SMEs), the challenge is to face the following questions: What strategic and business opportunities can be adopted by SMEs to deal with the impacts that major economic and social crises impose on them? Could a look in the context of the dimensions of sustainability contribute to mitigating these impacts?

In order to answer such questions, this work sought to outline, in general terms, the challenges that small and medium-sized companies face in times of economic crises, especially regarding to pandemics, such as the current Covid-19, and to consider the opportunities presented to it in the context of sustainability, as a competitive advantage, and of sustainable development as a goal to be achieved. The present study is characterized as an exploratory research, as the “[...] chosen theme is little explored [...]” (Gil, 2002, p.43), since it is current and there are no references that jointly address the themes of sustainability and sustainable development, economic and social crises, such as those arising from the Covid-19 pandemic and similar, and competitive advantages in the context of small and medium-sized companies. According to Silveira & Córdova (2009), this type of research also provides more familiarity with the theme and, thus, makes it better known. It is also a qualitative research, where the study data were obtained through bibliographic and documentary research in the CAPES, Scielo and Sebrae publications portal. For the development of the argument and the hypotheses suggested in the study, technical and scientific articles and publications were selected in which the theme of sustainability was associated with the themes of sustainable development (topic 2), of small and medium-sized companies (topic 3) or as a competitive advantage (topic 4). This approach is prescriptive, since it seeks to observe different ways of assessing how the concepts involved integrate and complement each other in order to propose and discuss various challenges and opportunities for the sustainability of small and medium-sized companies in times of crisis (Lakatos, 2007).

**Sustainability and sustainable development:** Since the end of the twentieth century, the sustainability theme has been gaining ground in many sectors of society, in addition to being part of intense debates at various events on climate change around the world. Minimizing environmental impacts, reducing social inequalities, and ensuring the balance of natural resources so that future generations do not perish has been shown to be more than urgent and necessary. The idea of sustainable development actually entered in the global agenda in 1987, when the Brundtland Commission defined sustainable development as the ambition for humanity to meet its current needs without compromising the possibility that future generations can also do it (Brundland, 1987). And later, says Veiga (2015), in the various agreements on the impacts of climate change established within the scope of the United Nations, the Millennium Development Goals for the period 2000-2015 were set as a target for the signatory countries and the Sustainable Development Goals, for 2015-2030. The concept of sustainability, points out Boff (2014), must have a broader scope, including people, communities, culture, politics, industries, cities and, especially the Earth. Sustainability is the way of being and living that requires aligning human practices with the potential of each biome and the needs of all generations (present and future). A society is sustainable when it is organized and committed to ensuring the lives of citizens and ecosystems. It can only be considered sustainable if it has overcome the levels of poverty or is able to increasingly decrease it; if its citizens are engaged in significant work; if social and political equality, also of gender, is continually sought; if economic inequality is reduced to acceptable levels and finally; if its citizens are socially participative, cultivate a conscious care for the conservation and regeneration of nature and disposal can make socio-ecological democracy concrete and continuously perfectible”. (Boff, 2014, p. 128).

Sachs (2008) characterizes development as an elusive and evolving concept. According to him, economic growth, because of its concentrated and excluding nature, it is not synonymous of development. And that instead of maximizing the growth of the Gross Domestic Product (GDP), it should promote equality, reduce poverty, and maximize the conditions of those who live in situations of extreme need. The concept of sustainable development must therefore unite the economic dimension to the environmental and social ones. According to Furtado (2005), the term “Sustainability” has been used extensively and, often, as a synonym for “Sustainable Development”. For him, it is essential to understand the distinction between them, since growth presupposes access and accumulation of physical and

financial materials in quantity and that development is related, in qualitative terms measured by efficiency indexes, to access to goods. Almeida (2007) argues that everyone in the world depends on nature and the services provided by ecosystems to live in a decent, healthy, and safe way. Sen (2010) warns that not only is it important to recognize the role of wealth in determining the conditions and quality of life, but also to understand the restricted and dependent nature of this relationship. In the author's view, regardless of the importance of economic growth, development must be related to the improvement of people's lives and the freedoms they enjoy, as it allows them to be more complete social beings, interacting with the world in which they live and influencing it. For Capra & Luisi (2014), the obsession of politicians and economists for unlimited economic growth needs to be recognized as one of the original causes of the global crisis that the planet is currently experiencing. They add that such growth is unsustainable, and that the notion of qualitative growth aimed at increasing the quality of life, can be sustained, as it involves a dynamic balance between growth, decline and recycling.

Boff (2014), once again, points out that the model presented by John Elkington in 1981, the so-called tripod of sustainability or the Triple Bottom Line (TBL) is based on a set of three dimensions: the economic, the social and environmental, with the central idea that in order to be sustainable, development must be economically viable, socially fair and environmentally correct. According to Elkington (2012), sustainability must be understood as a management model with the goal of not only profit, but economic and social development must be considered, taking into account the protection of the planet's natural resources in an integrated way. For him, business needs to be guided from a financial, social, and environmental perspective. Furthermore, it is a huge challenge for individuals and nations to view sustainable development as a balance between the three dimensions: economic, social, and environmental. But it is a matter of survival that this change is immediate and collective, otherwise we cannot expect uninhabitable planet for the next generations. Sustainability is more connected with ethics than with economic growth, as it is about the search for the common good in a more comprehensive and complete way, interacting with the planet Earth as a great living ecosystem.

**Sustainability in small and medium-sized companies:** The reason why the spotlight should be focused on the sustainability of small and medium-sized companies is associated with the social and economic changes that have occurred over the past few years, especially with regard to the new way of doing business; new demands for services; and the challenging role of technology, which for many may be a sign that jobs are disappearing, but for others are opportunities for new enterprises. Furtado (2005) argues that the definition of "sustainable development" used in the business area must consider the adoption of business strategies and activities that meet the needs of the organization and its stakeholders, with the aim of protecting, improving, and maintaining the human and natural resources that will be needed in the future. According to Elkington (2012), companies will operate in markets that will be increasingly driven by competition both nationally and internationally. In this challenging environment, a growing number of companies are being tested by their customers and the financial market for commitment and performance related to the three pillars of sustainability. Berlato, Saussen, & Gomez (2016) argue that, due to the great influence that companies have on human, social and environmental resources, it is essential that sustainable development is adopted as a long-term strategic vision. They also add that the company's success, despite its central objective still being profit, is associated with its broader participation in society, participating in the solution of problems in the social and environmental spheres. Sachs (2008) considers that growth, driven by employment, should be better exploited, covering all spheres of non-tradable production, through labor-intensive methods, which means, it is necessary to find out how it can be reached by this route. Sachs (2008) adds that: "micro and small companies account for the majority of jobs in the modern economy." (Sachs, 2008, p.49). In fact, jobs are increasingly scarce in large companies and industries, and in recent years the social role of

employing people has come to be primarily played by small and medium-sized companies. According to the information provided by Sebrae (2018b), small and medium-sized companies represent 50% of all jobs generated and 27% of Gross Domestic Product (GDP) only in the state of São Paulo. The current scenario, according to Barbosa (2019), requires a transformation of the traditional management paradigm, rooted in maximizing financial return regardless of resource depletion, for management based on sustainable development.

The concern with sustainability has become a prerequisite even when it comes to opening new businesses. Environmental and social issues are increasingly present, and many entrepreneurs have seen opportunities, not only to generate economic value, but also to add value in their relationship with society through the delivery of goods and services aimed at solving problems in a sustainable way. In this sense, Boszczowski & Teixeira (2012) point out that sustainable entrepreneurship stands out for acting in the solution of society's problems, as it explores the potential of opportunities to create social and environmental value from the generation of economic value, enabling the introduction of new ones. goods and services that maximize, in an integrated way, the solution of society's social, environmental, and economic problems. The concept of sustainability being adopted for its intrinsic value for SMEs (Small and Medium-Sized Enterprises), can go beyond their competitive advantage, but above all a question of survival. It is not possible to conduct business solely from the perspective of the economic, with the objective of making a profit at any cost, even more important is to integrate social and environmental issues as part of the companies' identity.

**Sustainability as a competitive advantage:** One of the fundamental questions that arises for a company to operate in increasingly demanding markets is how to be competitive in this scenario in which natural resources are progressively scarce, everything that is produced must benefit the community, be environmentally responsible and still make a profit? The competitive advantage of a company can, in many situations, be the reason for its existence, but also for its failure, if it is not aware of the economic, social, and environmental changes that the current competitive situation demands. To obtain competitive advantage, the long-term challenge for any company is, according to Porter (1990), to put itself in a position where it is able to perceive the opportunities to expose itself to new markets, preparing for change, updating, and expanding the skills of employees, improving the scientific base and knowledge of the company and, even overcome inertia to act positively in new opportunities. Barney (1991) warns that a company's resources can only be a source of competitive advantage or sustainable competitive advantage when they are valuable. However, not all of the company's resources have the potential for sustainable competitive advantages. Porter & Siggelkow (2008) highlight that sustainable competitive advantage must be aimed at superior profitability in the long run. If interactions between a given set of activities are common among companies, it is likely to be more easily imitated by competitors, thus becoming a less sustainable competitive advantage. For Machado-da-Silva & Fonseca (2010), competitiveness is related to the dispute between organizations, or set of organizations, for scarce resources, but essential to their survival. They add that their success or failure will depend on their ability, given the conditions of similarity in the use of resources, to achieve competitive advantage over their competitors.

Roman et al (2012) affirm that the best method for the development of products and processes that can be achieved is through the use of best practices, such as excellence in costs, quality, and time, in the search for better performances, meeting the mission requirements. In addition, it is important to note the critical factors of competitiveness, such as: strategic alliances, human capital, reliability, knowledge, cost, cultural factors, flexibility, innovation, quality, speed, relationship with customers, social responsibility, control systems, production techniques and information and communication technologies. Silva & Dacorso (2013) assure that for the company to achieve high performance, it is up to the decision maker to establish which strategy to focus on, considering the external and internal

factors of the company that determine and influence competitiveness. In order to compete, it is necessary to be aware of changes in order to transform obstacles into opportunities. Although the competitive advantage is essentially the creation of value, especially based on the value perceived by the customer or consumer, it is essential to add to this value the social and environmental aspects, in which the company is inserted. In this sense, the most complete definition of competitive advantage could be to create value for the customer in the delivery of products and services, going beyond meeting their needs, committing to the least possible environmental impact, and acting in their role of social agent in reducing poverty in the community. Being competitive and adding value in an increasingly demanding consumer market is, in fact, a huge challenge for small and medium-sized companies. However, despite its limitations, there are spaces and opportunities that can be explored, among which it is possible to mention: establishing leaner processes; speed in decision making; development of its strategy focused on local and sustainable development.

In Porter (1990) the ideal of stability based on obedient customers, captive and dependent suppliers, and sleepy competitors would be possible only in a closed and static world. The competition is dynamic! A company must actively position itself to capture the benefits and if it does not have the pressures for improvement and innovation it must create them. Porter (1990) adds that companies gain a competitive position when they perceive possibilities for new strategies, positioning themselves more actively to see the signs of change before their competitors and are able to respond to new demands. For this set of reasons, Porter (1990) advocates that improvement and innovation are at the center of competitive advantage. Devece, Peris-Ortiz, & Rueda-Armengot (2016), highlight that the ability to identify market opportunities is a key success factor during recessions or economic crises. They add that regardless of the economic context, the innovation associated with the ability to identify new business opportunities is essential for entrepreneurs to survive crises. For Kossyva, Sarri, & Sarri (2015), the challenging and constantly changing global business environment requires companies to be proactive, flexible, and open to new opportunities if they want to be successful, because in the face of fragile economic conditions, companies are challenged to deal with difficult external circumstances and therefore need to find new ways to conduct their business. In times of recession and eco-economic stagnation, according to Roldão, Monte-Mor, & Tardin (2018), entrepreneurial activity intensifies, that is, individuals seek business opportunities in the economic crisis that may be being motivated possibly out of necessity.

Olave & Amato Neto (2001), in addition, consider the applicability of cooperation networks as a form of competitive advantage for small companies, as they can compete on a global scale without individually bearing the costs and uncertainties involved in this type of operation. Kossyva, Sarri, & Sarri (2015) state that for companies to increase their competitiveness and innovation in this global market, cooperation between independent organizations to achieve common goals has become a prerequisite in the current context of network economy and knowledge based. In line with the goals of process optimization, cost reduction and offering better added value to the customer, the role of technology has been fundamental. According to Prates & Ospina (2004), investments in new information technology tools are used by companies for strategic purposes in order to achieve one or more of the three operational objectives:

- Increase continuity: functional integration, enhanced automation, rapid response.
- Improve control: precision, accuracy, predictability, consistency, certainty.
- Provide greater understanding of the productive functions: visibility, analysis, synthesis.

The ideal of sustainable development, treated as a strategy to guarantee the preservation of the resources necessary for production must, according to Silva & Assis (2012), provide organizations a competitive advantage over competitors, since that investments are

made in sustainable methods and practices, in order to enhance the efficiency of the resources used and that assure the generation of value for the companies and communities in which they operate. Evangelista (2010) highlights that sustainability has become an inevitable priority for managers in any country. Governments, activists, and media now hold companies accountable for the social consequences of their activities. Although companies may face certain competitive disadvantages in the production and supply of their goods and services, the difference will be in those who quickly realize how much sustainability can add value by transforming corporate social responsibility into a strong competitive advantage.

The Annual Competitiveness Report (2004) defines competitiveness in a comprehensive way, connecting it to sustainable development, as described below:

Competitiveness is the ability to achieve success in markets by offering the best standards of living for everyone. It originates from a series of factors, notably the level of competitiveness of a company and a favorable business environment that encourages innovation and investment, which combined lead to strong productivity growth, real income gains and sustainable development (Annual Competitiveness Report, 2004, p. 3). Falsarella & Jannuzzi (2020) say that corporate sustainability is possible to be achieved through a management model that allows achieving a balance between the economic, social, and environmental dimensions. They also add that the competitiveness of companies can improve as they adopt as practices the extraction of resources from the environment only the minimum necessary for their consumption and, mainly, make investments in the social and environmental areas that revert in investment return, bringing competitive advantages and making the institutional image positively sustainable. Cantele & Zardini (2018), when analyzing a group of 348 small and medium-sized Italian companies, identified that the social, economic, and formal dimensions of sustainability positively affect competitive advantage, mediated by corporate reputation, customer, and organization satisfaction as well as commitment, which contributes to a good financial performance. In this turbulent business environment, it is necessary to move from reactive to proactive behavior, considering social and environmental dimensions not as costs, but as opportunities to capitalize on new sources of sustainable competitive advantage. Those companies that take first place in the new logic of sustainability, will certainly have notable successes in image, which will lead them to a position of competitive advantage over their competitors. It is in this perspective that a new paradigm for competitiveness is established. A proposal would be to use, instead of competitive advantage, the term sustainable advantage. And what would be contained in this new definition? A sustainable advantage would be one in which the company produces, through shared resources, adding value to the client, without impacting the environment and promoting the reduction of social inequalities.

**Challenges and opportunities for the sustainability of small and medium-sized enterprises in times of crisis:** In order to survive in a sustainable manner in the current economic situation, and in order to become resilient to major transformations and consequent increasingly frequent crises, a more robust approach is essential for SMEs to overcome the obstacles that arise along the way. With CHART 1, a series of challenges and opportunities are suggested that can be useful for companies to prepare in advance and be in a position to adequately face the occurrence of adverse and unexpected factors such as the ones addressed in this work. These challenges and opportunities are not expected to be considered a recipe for success or that they can all bring positive results in times of crisis. However, resilience can be built over time, taking advantage of calm periods to strengthen itself so that in the event of unexpected events, an SME is more likely to survive at the expense of others that have not prepared in advance. Looking at each of the challenges, it can be seen that they also apply in times of great economic heating, since in these situations, the search for growth and new markets makes a company eager to achieve better results in the face of the existing opportunities in this scenario.

**Chart 1. Challenges and opportunities for the sustainability of SMEs in times of crisis**

| Challenges   | Opportunities   | Sources                                     |
|--|---|---|
| Migrate from unlimited quantitative growth to sustained development.             | Create metrics based on qualitative efficiency.   | Furtado (2005)                              |
|  | Seek dynamic balance between growth, decline and recycling.                                       | Capra & Luisi (2014)                        |
| Manage business aligned with economic, social, and environmental dimensions.     | Implement a management model, adopting strategies based on the pillars of sustainability.         | Elkington (2012)                            |
|  |   | Falsarella&Jannuzzi (2020)                  |
|  |   | Barbosa (2019)                              |
| Define a long-term strategy for local development and sustainable management.    | Increase participation in problem solving for social and environmental issues.                    | Berlato, Saussen& Gomez (2016)              |
|  |   | Boszczowski& Teixeira (2012)                |
| Adapting to the dynamics of social and economic transformations: customer value. | Explore advantages of having lean processes and quick decision making                             | Presentworkauthor                           |
|  |   | Expand employee skills to overcome inertia. |
|  |   | Porter (1990)                               |
| Maintain resources as a source of sustainable competitive advantage.             | Invest in technology, innovation, and process improvement to achieve strategic goals.             | Presentworkauthor                           |
|  |   | Prates & Ospina (2004)                      |
| Identify opportunities in times of crisis.                                       | Increase added value in relation to the competition.  | Barney (1991)                               |
|  |   | Machado-da-Silva & Fonseca (2010)           |
| Compete on a national level.   | Base business on innovation, while remaining proactive and flexible.                              | Devece, Peris-Ortiz & Rueda-Armengot (2016) |
|  |   | Roldão, Monte-Mor&Tardin (2018)             |
|  |   | Kossyva, Sarri&Sarri (2015)                 |
|  |   | Silva & Dacorso (2013)                      |
| Adopt sustainability as a fundamental value.                                     | Establish partnerships to reduce costs and minimize uncertainties                                 | Olave& Amato Neto (2001)                    |
|  |   | Kossyva, Sarri&Sarri (2015)                 |
| Be a catalyst in reducing social inequalities.                                   | Transform corporate social responsibility into a competitive advantage in the supply of products. | Evangelista (2010)                          |
|  |   | Cantele&Zardini (2018)                      |
| Be a catalyst in reducing social inequalities.                                   | Use shared resources adding value to the customer without impacting the environment.              | Presentworkauthor                           |

Source: elaborated by the authors

This duality, where an opportunity can be interesting both in unfavorable moments, as well as in totally favorable moments, can be seen in the following challenges:

- Migrating from unlimited quantitative growth to sustainable development.
- Manage business in line with the economic, social, and environmental dimensions.
- Define a long-term strategy for local development and sustainable management.
- Adapt to the dynamics of social and economic changes: value to the customer.
- Maintain resources as a source of sustainable competitive advantage.
- Identify opportunities in times of crisis.
- Compete on a national level.
- Adopt sustainability as a fundamental value.
- Be a catalyst in reducing social inequalities.

The challenges and opportunities described in CHART 1 are not to be seen only in times of crisis, but in the daily life of the company, since it must be prepared to face adverse situations when they happen.

## FINAL CONSIDERATIONS

Economic, social and health crises have been shown to be cyclical in history. Considering the scenario that is going through in the case of Covid-19, despite all the technological advances that have already been achieved, there was no adequate prior preparation to face all the challenges that this pandemic inflicts on us and that will be known for many decades to come. There will certainly be new crises or pandemics in the future, but, most likely, those who are better prepared to face them will have a greater chance of success, especially if they use all the learning from the year of 2020 experiences. In addition, some facts such as the intensity of the impacts of economic crises on a global scale and, also, the reduction of the cycle in which they occur since 2008, where a crisis has been experienced every six years, demonstrates the need to rethink the

current development model based solely on economic growth and profit maximization. Given this scenario, we sought to point out ways that can contribute to answering the questions that guided the construction of this work. That is, to discuss the challenges that small and medium-sized companies face in times of economic crises, including in cases of pandemics, as we are currently facing with Covid-19 and to propose opportunities in the context of sustainability. Now, in the analysis undertaken, the results indicate that, among the assumptions of competitive advantage, it stands out that creating value for the customer in the delivery of products and services, going beyond meeting their needs. However, overlapping the concept of sustainability and sustainable development, there is an even greater competitive gain. When it commits to the least possible environmental impact and acting in its role as a social agent in reducing poverty in the community, the company adds value in an increasingly demanding consumer market. For small and medium-sized companies, despite their limitations, there are spaces and opportunities that can very well be explored, such as those indicated here: establishing leaner processes; speed in making decisions; development of its strategy focused on local and sustainable development. Thus, the development of a company in a sustainable way and the challenges and opportunities presented can be a reference to make small and medium-sized companies more resilient to face challenges and situations similar to those faced in the context of the Covid-19 pandemic and the economic turbulence derived from it.

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