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## ***Mortality of micro and small industrial companies in the footwear pole of Jaú/SP***

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### **Abstract**

The article aims to identify and analyze the reasons for mortality of industrial MSEs in the footwear pole in the city of Jaú/SP and present actions that can positively change the performance of these companies, contributing to local and regional development. It is descriptive research, in terms of objectives, of an applied nature, developed with a qualitative approach and using field study as a research strategy, in addition to bibliographic research. There are few studies carried out on the footwear sector in Jaú/SP and there is a lack of literature on the reasons for mortality of industrial companies in this sector. The qualitative research, with the participation of different types of stakeholders with relationship with the sector, allowed the identification of several factors responsible for mortality: internal to the companies and external to them, of a structural and systemic character. The investigation results allowed: a) identification of evidence and findings, which can be used in quantitative research, to choose the population, sample selection and structuring of the instrument for collecting data and information and b) presentation of suggestions for improvement for the performance of companies in the footwear sector, with positive impacts on their performance and competitiveness and the strengthening of the footwear pole, in articulation with the locality and region.

**Keywords:** Footwear pole. Micro and Small Enterprises (MSEs). Mortality of MSEs. Competitiveness.

### **Mortalidade de micro e pequenas empresas industriais do polo calçadista de Jaú/SP**

#### **Resumo**

O artigo tem por objetivo identificar e analisar as razões da mortalidade das MPE industriais do polo calçadista do município de Jaú/SP e apresentar ações que possam alterar positivamente a atuação dessas empresas, contribuindo para o desenvolvimento local e regional. Trata-se de pesquisa descritiva, quanto aos objetivos, de natureza aplicada, desenvolvida com abordagem qualitativa e utilizando como estratégia de pesquisa, além da pesquisa bibliográfica, o estudo de campo. São poucos os estudos desenvolvidos sobre o setor calçadista em Jaú/SP e há carência de literatura referente às razões da mortalidade das

empresas industriais desse setor. A pesquisa qualitativa, com a participação de diversos tipos de stakeholders com relacionamento com o setor, propiciou a identificação de diversos fatores responsáveis pela mortalidade: internos às empresas e externos a elas, de caráter estrutural e sistêmico. Os resultados da investigação possibilitaram: a) identificação de evidências e achados, que poderão ser utilizados, em pesquisas quantitativas, para a escolha da população, seleção da amostra e estruturação do instrumento para o levantamento de dados e informações e b) apresentação de sugestões de melhoria para a atuação das empresas do setor calçadista, com impactos positivos sobre: o desempenho e a competitividade delas e o fortalecimento do polo, em articulação com a localidade e a região. **Palavras-chave:** Polo Calçadista. Micro e Pequenas Empresas (MPes). Mortalidade de MPes. Competitividade.

### **Mortalidad de micro y pequeñas empresas industriales del polo del calzado de Jaú/SP**

#### **Resumen**

El artículo tiene como objetivo identificar y analizar los motivos de mortalidad de las pymes industriales en el polo del calzado de la ciudad de Jaú / SP y presentar acciones que puedan cambiar positivamente el desempeño de estas empresas, contribuyendo al desarrollo local y regional. Se trata de una investigación descriptiva, en cuanto a objetivos, de carácter aplicado, desarrollada con un enfoque cualitativo y utilizando como estrategia de investigación el estudio de campo, además de la investigación bibliográfica. Hay pocos estudios desarrollados sobre el sector del calzado en Jaú/SP y falta literatura sobre las razones de la mortalidad de las empresas industriales en este sector. La investigación cualitativa, con la participación de diferentes tipos de stakeholders con relación al sector, permitió identificar varios factores responsables de la mortalidad: internos a las empresas y externos a ellas, de carácter estructural y sistémico. Los resultados de la investigación permitieron: a) identificar evidencias y hallazgos, que puedan ser utilizados en investigaciones cuantitativas, para elección de la población, selección de la muestra y estructuración del instrumento de recolección de datos e información y b) presentación de sugerencias de mejora para el desempeño de las empresas del sector calzado, con impactos positivos en su desempeño y competitividad y el fortalecimiento del polo, en articulación con la localidad.

**Palabras clave:** Polo del Calzado. Micro y pequeñas empresas (PYMES). Mortalidad de PYMES. Competitividad.

## **1 Introduction**

The Brazilian footwear sector, located in several states of the country, descended from the 3rd place in the worldwide ranking of footwear production in 2014, moving to the 4th place in 2015 (ABICALÇADOS, 2020). Shoe production in Brazil suffered a significant reduction from 2013 to 2019, from 1.03 billion pairs in 2013 to 908.2 million in 2019 (ABICALÇADOS, 2018 and 2020).

In many of the municipalities that house this sector, companies are gathered in geographic agglomerations, configuring certain types, according to Milaneze and Batalha (2008): poles, Local Productive Arrangements (LPA) or clusters. Therefore, the loss of dynamism of this sector is replicated in the localities where it is located, influencing the performance of the companies that constitute it and the local and regional development. A relevant economic activity in Jaú/SP, footwear production predominantly houses Micro and Small Enterprises (MSEs), gathered in an economic pole (ABICALÇADOS, 2020; FAVONI, 2019).

Several moments mark the history of footwear in Jaú/SP, which began around 1900, with the arrival of an Italian immigrant who created a shoe store in the city. Later, in 1930, leather houses and stitching workshops were installed. In the 1950s, small shoe industries appeared, producing rubber-soled "big shoes" for rural workers. The growth of the sector occurred from the 1980's onward, marking, in a definitive way, the configuration of a footwear pole in the city. In that decade, the pole had approximately 300 companies, employing 10 thousand people directly and indirectly, with a daily production of 150 thousand pairs, making the city nationally known as the "Capital of Women's Footwear" (SINDICALÇADOS, 2018).

In 2015, the Jaú/SP pole represented 10.6% of the footwear production in the state of São Paulo. In 2019, although it had a 10.5% share, very close to that seen in 2015, production was reduced by approximately 1.7 million pairs in the period, going from 7.4 million pairs in 2015 to 5.7 million pairs in 2019 (ABICALÇADOS, 2020).

According to information from the Union of Footwear Industries of Jaú, the number of establishments in the municipality, mostly MSEs, had a reduction in the period from 2008 to 2017, going from 389 to 238 establishments, evidencing the company mortality in the sector. From 2010 to 2016, there was also a 52.3% reduction in the number of employees (FAVONI, 2019).

The current formation of the footwear pole of Jaú/SP consists of companies established in past decades and new companies, some of them informal, which were created by employees of companies that closed their activities. The new entrepreneurs have good knowledge of the manufacturing process but have no management experience.

The footwear sector in Jaú/SP has faced, on the one hand, problems due to the crisis in the Brazilian footwear sector and, on the other hand, difficulties similar to those that, in general, are faced by MSEs. The relevance of this activity for the municipality, the incidence of this size of company, and the conditions faced by the sector motivated the formulation of the research question, the hypotheses that guided the investigation, and the proposed objectives.

The main research question was: "are the reasons for the mortality of MSEs in the footwear sector in Jaú/SP the same ones that affect MSEs in other sectors in Brazil? This was then unfolded to: "Are there specific reasons that can be faced, aiming at local and regional development?"

The guiding hypotheses of the investigation were as follows:

- the mortality of industrial MSEs in the footwear sector is related to the specificities of the management of companies of this size and to the problems faced by this sector in the country;
- the crisis in the footwear sector in Jaú/SP is influenced by problems both internal to the companies and external to them. The internal ones are related to management (administrative, financial, technological and marketing), faced by MSEs in general, with peculiarities present in certain sectors. The external ones may be: structural (due to the market, the competition and the industry configuration, in its articulations) and systemic (resulting from the economic and market conditions experienced by the country and by the absence of specific public policies for the researched footwear pole.

In this context, the general and specific objectives were formulated:

- **General Objective:** To identify the reasons for the mortality of industrial MSEs in the footwear pole of Jaú/SP and suggest actions that can positively alter the performance of these companies, influencing the development of the pole.

- **Specific objectives:** a) to describe the peculiarities of MSEs and the main reasons for the mortality of these companies in Brazil; b) to identify the dynamics of the Brazilian footwear sector and c) to characterize the difficulties and the conditions of competitiveness of the footwear industrial sector in Jaú/SP.

The attainment of the general objective was linked to the development of field research, especially from the results of interviews with entrepreneurs and representatives of entities that articulate themselves with the sector; the specific objectives were fulfilled from bibliography about the theme, done so by analyzing documents available in unions, the press and also from information obtained through interviews with stakeholders.

Despite the fact that the reasons for the mortality of companies in Brazil have been the object of investigation during the present century, by several authors, among them: Bonacim, Cunha and Corrêa (2009), Sales, Barros and Pereira (2011), Albuquerque and Escrivão Filho (2012), Batista et al. (2012), Ferreira et al. (2012), Santini et al. (2015), Nascimento et al. (2013), Albuquerque, Escrivão Filho and Terence (2016), Alvarenga (2016), Couto et al. (2017), Tomio, Monteiro and Zummach (2017), Araújo, Moraes and Pandolfi (2019), Perufo and Godoy (2019), there is a lack of information on the reasons for the mortality of companies in the footwear sector. Although these texts deal with mortality in MSEs, none makes reference to the footwear sector.

This article is structured in five sections, including this introduction. The second section is dedicated to the theoretical, conceptual and empirical review. The theoretical supports focus on the characterization of systemic competitiveness and the concept, space and insertion of the small company in the industrial structure. The empirical ones refer to: the reasons for the mortality of MSEs and the suggestions for improving the performance of footwear MSEs, focusing on the management, governance, competitiveness and strategies of these companies. The third deals with the methodological characterization of the investigation and the procedures used in conducting the research. In the fourth, focusing on the results of the field study and "vis a vis" the literature, the companies of the footwear pole of Jau/SP are characterized, as well as the reasons for mortality and the possibilities of actions aimed at the better performance of these companies are presented and discussed. The fifth section contains the final considerations.

## 2 Literature Review: Theoretical, Conceptual and Empirical

This section presents the theoretical, conceptual, methodological and empirical references that guided the research process, from the formulation of the research question and the hypotheses, to the delimitation of the proposed objectives, the choice of the universe, the structuring of the research instruments, the selection of informants, the treatment of the data and the information gathered, the indication of the procedures for analyzing and evaluating the results, as well as the suggestion of transformative actions.

Theoretical references on competitiveness and on the concept and insertion of the MSEs in the industrial structure were selected, considering the explanatory



power of these references for the treatment of the mortality of the MSEs in the footwear pole of Jaú/SP. The empirical references referred to the reasons that explain the mortality of companies, especially of MSEs.

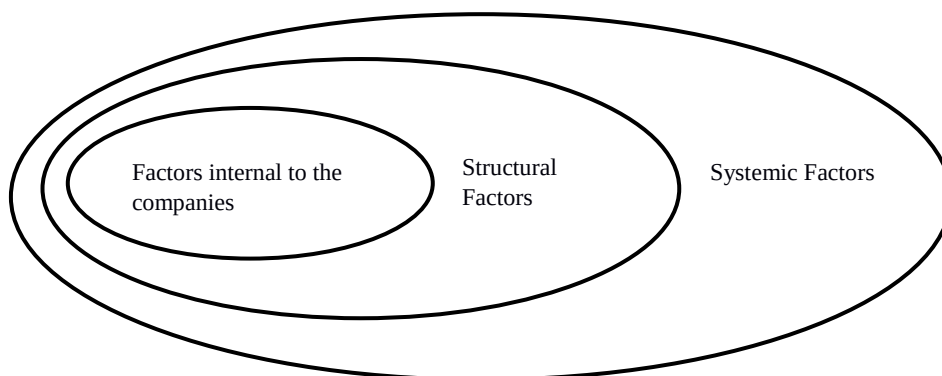
## 2.1 Competitiveness and systemic competitiveness

The selection of authors for the characterization of competitiveness was made from the explanatory capacity of the concepts they elaborated for the proposed investigation.

The research of Coutinho and Ferraz (1993), despite the transformations that have occurred since the survey of the data, in the final decades of the twentieth century until the present, remains relevant for studies of the competitiveness of the Brazilian industry, in that the authors seek to broaden the notion of competitiveness of nations, overcome static economic views and project conditions of various sectors.

In general, competitiveness is expressed by the ability of a company, a group of companies, a sector of activity or a nation to perform successfully. According to Coutinho and Ferraz (1993 and 2002), the competitive performance of a company depends on three sets of factors: internal to the company, structural and systemic, as shown in Figure 1.

Figure 1 Drivers of competitiveness



Source: based on Coutinho and Ferraz (2002, p.19)

The internal factors are those within the scope of corporate decision making: strategy and management; productive and technological capacity; and human resources.

The structural factors refer to the environment in which the company is inserted: markets, industry configuration, competition and relations with other companies, consumers, competitors, partners and the State.

The systemic factors of business competitiveness are defined by macroeconomic, political-institutional, regulatory, infra-structural, social variables, and are also marked by regional characteristics and international conditions. All these variables, outside the power of intervention of the company(ies), however, can directly affect the configuration of internal and structural factors and their competitive capacity.

The characterization of these factors constituted a reference for the identification of the reasons for mortality and for the proposal of actions to improve the performance of these companies. This includes proposals for public policies at

various levels of intervention, with emphasis on greater involvement of the companies in the pole.

## **2.2 Concept, space and insertion of the small company in the industrial structure**

The article by Souza and Mazzali (2008) maintains its contribution to the debate about the concept, space and insertion of small enterprises in the industrial structure, despite having been published more than two decades ago. According to the authors, classifications based on the size of companies vary from country to country, contemplate objectives and support policies of various kinds, and some of them use criteria that have a certain degree of arbitrariness. Souza and Mazzali (2008) emphasize that this size of company should not be evaluated as a homogeneous block, and that their heterogeneity should be considered for the analysis of their conditions of survival and growth, as well as for the suggestions of economic policy and support measures to realize their potential. They identify four possible patterns of insertion of this type of company in the wider context: 1. competition in markets with few oligopolies and marked by price competition; 2. exploration of opportunities in market "niches"; 3. integration in sectorial agglomerations of companies, without explicit leadership; and 4. insertion in subcontracting networks commanded by large companies.

The patterns of insertion of the MSEs proposed by Souza and Mazzali (2008) contributed to the framing and evaluation of the companies researched, above all because they contemplate the size and insertion of the companies, in the case in question, in the footwear pole of Jaú/SP.

## **2.3 Business mortality: main reasons affecting MSEs and suggestions aimed at improving activities**

According to Araújo, Morais, and Pandolfi (2019), research on business mortality dates back approximately 100 years, gaining prominence in the 1980s. However, studies have been limited to knowing the mortality factors of companies that have closed their activities, although there is evidence that such factors may be present in operating companies.

The high rate of business mortality does not occur only in Brazil. According to Albuquerque, Escrivão Filho, and Terence (2016), in the United States, about 500,000 companies are formed annually and only half of them reach 4 years of activity. In Chile, less than 42% reach 5 years of activity, while in South Africa, 40% of new companies close within the first year of existence. In the United States, in companies created in 2012, the mortality rates were: 21% in industry, 23% in commerce and 25% in services, very similar to those of Brazilian companies.

According to Ferreira et al. (2012), contrary to what occurs in other countries, especially in the United States, there are not many studies in Brazil on the subject of company mortality. After ten years, this statement still holds true, especially when it comes to the evaluation of specific sectors.

In order to have a consolidated view of the reasons for company mortality and of the authors who reported them, a grouping by main categories was carried out, which are present when the reasons for company mortality are evaluated: clients,

entrepreneurs, products, finances, management, strategic planning, market and incentive policies.

With reference to **customers**, the reasons are wide-ranging, from production to product distribution. The following are highlighted: 1) low demand of the product by the customer, 2) lack of customers, 3) delay or delay in delivering the product, and 4) difficulty in conquering and keeping customers, pointed out by Bonacim, Cunha and Corrêa (2009), Sales, Barros and Pereira (2011), Albuquerque and Escrivão Filho (2012), Nascimento et al. (2013), Batista et al. (2012), Sebrae (2016), Santini et al. (2015), Alvarenga (2016), Couto et al. (2017), Tomio, Monteiro and Zummach (2017) and Araújo, Moraes and Pandolfi (2019).

Regarding **entrepreneurs**, the reasons are: 1) lack of training and knowledge by the entrepreneur; 2) lack of knowledge of the market and product creation; 3) lack of managerial and industry experience; 4) lack of managerial qualification and professionalization in the relationship with partners, the latter even generating problems and conflicts between partners and 5) low level of education of the entrepreneur in the management of the company. These reasons were reported in the works of Theng and Boon (1996), Sales, Barros and Pereira (2011), Ferreira et al. (2012), Nascimento et al. (2013), Alvarenga (2016), Franco (2017), Couto et al. (2017) and Araújo, Moraes and Pandolfi (2019).

With reference to production and **product**: 1) low quality of products or services; 2) lack of professionalization; 3) lack of qualified labor, of information about the product or service, and of innovation. The authors who identified these reasons are: Bonacim, Cunha and Corrêa (2009) Ferreira et al. (2012) Nascimento et al. (2013) Alvarenga (2016) Couto et al. (2017) and Araújo, Moraes and Pandolfi (2019).

The following are the **financial issues**: 1) high tax burden; 2) high operating expenses; 3) high interest rates; 4) dependence on third-party capital; 5) lack of credit lines in banks, reflecting on the difficulties of access to credit and the lack of working capital; 6) high defaults, financial difficulties of the partners and the company, and problems related to the financial viability of the venture, due to the lack of analysis prior to the installation of the activity. These reasons are present in the works of Theng and Boon (1996), Bonacim, Cunha and Corrêa (2009), Sales, Barros and Pereira (2011), Batista, Freitas and Santiago (2012), Ferreira et al. (2012), Nascimento et al. (2013), Sebrae (2016), Santini et al. (2015), Alvarenga (2016), Franco (2017), Couto et al. (2017), Tomio, Monteiro and Zummach (2017), Araújo, Moraes and Pandolfi (2019) and Perufo and Godoy (2019).

Regarding the **management and administration** of the company, the reasons are linked to poor management of the whole: problems in management, finances (cash flow and working capital management), inventory, production/product, human resources and marketing management. These reasons were pointed out by Theng and Boon (1996), Ferreira et al. (2012), Alvarenga (2016), Franco (2017), Tomio, Monteiro and Zummach (2017) and Perufo and Godoy (2019).

The reasons related to the **characteristics and behavior of the market** are: 1) competition; 2) market conjuncture; 3) political and economic instability; 4) crises and their consequences, such as inflation and market retraction. The notes of these reasons in the literature are authored by Theng and Boon (1996), Sales, Barros and Pereira (2011), Albuquerque and Escrivão Filho (2012), Nascimento et al. (2013), Alvarenga (2016), Couto et al. (2017) and Araújo, Moraes and Pandolfi (2019).



**Lack of planning** is considered one of the causative factors of mortality in companies. According to Chagas and Araújo (2013) planning, the initial point of business management, if done based on the definition of goals and objectives, offers information for performance evaluation and enables the development of the company in a safer way, through the periodic monitoring of its activities, contributing to the reduction of its mortality.

As for **strategic planning**, the reasons are: 1) lack of strategic planning, action plan and infrastructure; 2) low hiring of consulting firms or development and support agencies; 3) inadequate location; 4) reduced use of market research; 5) short-term vision of the entrepreneur and 6) problems related to the succession of managers. These reasons are portrayed by: Theng and Boon (1996), Bonacim, Cunha and Corrêa (2009), Sales, Barros and Pereira (2011), Albuquerque and Escrivão Filho (2012), Batista, Freitas and Santiago (2012), Ferreira et al. (2012), Chagas and Araújo (2013), Nascimento et al. (2013), Sebrae (2016), Alvarenga (2016), Franco (2017), Couto et al. (2017), Tomio, Monteiro and Zummach (2017), Araújo, Moraes and Pandolfi (2019) and Perufo and Godoy (2019).

Regarding **incentive policies**, the reason given was the lack of government and incentive policies aimed at MSEs. Sales, Barros and Pereira (2011), Ferreira et al. (2012) and Alvarenga (2016) are the authors who portray this issue.

The factors or reasons for the mortality of MSEs pointed out with greater incidence in the literature can be grouped, using Coutinho and Ferraz (1993 and 2002), as: **internal to the companies, structural and systemic**. Some of them cannot be exclusively classified in a single category.

**Exclusively due to factors internal to the company** are: 1) lack of qualification of the manager; 2) lack of managerial and business experience; 3) lack of strategic planning; 4) management problems (bad administrative, financial, stock and production management; human resources and marketing management).

**Exclusively due to systemic factors** are: 1) high tax burden; 2) political and economic instability; 3) crises and their consequences, such as inflation, with reflexes in relation to other factors, by affecting the population's purchasing power and the market conditions.

**Exclusively structural factors** were not identified. Therefore, factors such as the economic climate and market downturn, partly due to structural factors, also have systemic links. The lack of customers stems from the three orders of factors that affect competitiveness. The lack of working capital and the difficulty in accessing credit are due to internal and structural factors, but under the influence of systemic factors.

While for "common sense thinking" the lack of resources is the main reason for the discontinuity of companies' operation, according to Ferreira et al. (2012), the problems of MSE mortality are preponderantly of a strategic nature.

Albuquerque and Escrivão Filho (2012), Ferreira et al. (2012), Alvarenga (2016) and Couto et al. (2017) consider that the mortality of companies cannot be attributed to any specific factor or reason in an isolated manner, being linked to a set of factors or reasons.

## 2.4 Characteristics, relevance, dynamics, and strategies of the footwear sector in Brazil

The footwear sector has been analyzed under several approaches, and among its characteristics, the geographic distribution confirms its relevance throughout the Brazilian territory, and the indicators of its evolution, in the recent period, point to retraction and loss of competitiveness. The main contributions of the literature on the dynamics of the footwear sector are related to:

- **Economic-financial management:** profitability, profitability, investment return assessment and company value (CUTTI; HOFMANN, 2016; FAVONI, 2012; LAUERMANN; ARNOLD; SCHREIBER, 2018).
- **Product management:** product development process (DEL BIANCO, 2007; ZAGHA; CERRA, 2011).
- **Strategies** of various orders, covering impacts of global production on the competitive positioning of the footwear industry; competitive strategies of production and product development and ways of strategic alignment (PEREIRA; SELLITO, 2010; COSTA; TOLEDO, 2012; MAGANHA et al., 2013; ROCHA et al., 2014; CARVALHO et al., 2018).

Pereira and Sellito (2010), from research with footwear industries in Rio Grande do Sul, emphasize that the dimensions referring to model diversity, speed in production and delivery, quality, innovation, and product flexibility were highlighted in the strategic importance of the business.

Scherer et al. (2010) consider that internationalization is a strategic step for the company, which gets to know a new environment, distinct from the domestic market, with different characteristics, risks, and challenges.

For Lima et al. (2011), the footwear manufacturer's own brand is not being recognized as ideal. The addition of the retailer's brand to the footwear is changing this scenario, with the retailer assuming the power of negotiation in the purchase/sale of the footwear. The footwear producer, aiming to gain market and increase its production, ends up accepting conditions practically imposed by the retailers.

According to Sacomano Neto and Paulillo (2012), the influence and governance exercised by large Armenian retailers, owners of stores in the state of São Paulo, over companies in the footwear sector in Jaú/SP, results in the manufacturing of footwear bearing the retailer's brand, leaving the manufacturer to print its own brand. The authors highlight the fragility and low competitiveness of manufacturers, but, at the same time, the perception of the importance of measures aimed at increasing the competitiveness of companies in the pole.

Lima et al. (2011) assess that the industry is concerned about this brand dispute, because from the moment the manufacturer's brand is not printed on the product, the company loses competitiveness and consumer choice.

## 3 Methodological Procedures

The research that supported this article is defined, according to Berto and Nakano (2014), Martins (2010), Turrioni and Mello (2012) and Yin (2015 and 2016), as to the objectives, as exploratory-descriptive; regarding its nature, it is applied, and its approach, qualitative.

As this was qualitative research, multiple sources of evidence were used, and the interview script constituted the main instrument for collecting data and information. According to Yin (2016), the qualitative approach guided the selection of information sources, the collection, organization, and processing of the data and information collected.

The choice of qualitative research is justified because it allows, according to Yin (2015 and 2016), to uncover the "how" and the "why" of the phenomena studied, making it possible to capture attitudes, actions, and opinions. These, in the case in question, are relevant for the suggestion of Public Policies and actions aimed at the better functioning of the footwear activity.

Under the point of view of the type or strategy, the research is characterized, in the terms of Berto and Nakano (2014), as a field study and was developed in Jaú, a municipality in the state of São Paulo, which houses a footwear pole specialized in women's footwear.

Jaú/SP, a municipality that houses companies that make up the footwear pole, is located in the center of the state of São Paulo, 300 km. from the capital, São Paulo, in the Bauru Administrative Region. The footwear pole of Jaú/SP, together with those of Franca and Birigui, make up the footwear producing centers of the state of São Paulo. Jaú/SP is specialized in the production of women's shoes, Franca in men's shoes, and Birigui in children's shoes (ABICALÇADOS, 2020).

The investigation involved a bibliographic survey and field research. The bibliographical survey gathered articles, theses, and books. The bases consulted were: Science Direct; Scientific Electronic Library Online (SciELO); Scientific Periodicals Electronic Library (Spell); Google Academic; Anais do Simpósio de Engenharia de Produção (SIMPEP); Anais do Congresso Brasileiro de Engenharia de Produção (CONBREPRO).

The field research, carried out in the footwear industry in Jaú/SP, was developed by consulting available documents, with entities in the municipality, and in publicity material, in this case the press in Jaú/SP and region. The priority in the development of the field research was given to the interviews, based on three scripts, with some variation among them, according to the "type" of respondent: a) entrepreneurs whose companies are still active; b) former entrepreneurs, whose companies have ceased their activities and c) representatives of entities that are articulated with the footwear sector in Jaú/SP. Together with the entrepreneurs, we sought information about them and their companies, related to the productive activity *latu sensu* and their performance (among others, productive, administrative, managerial, financial, marketing, commercial, strategic aspects, and evaluation of the reasons for the mortality of companies in the sector). In relation to the representatives of the entities, we tried to extract information about their performance, problems, dynamics, support possibilities, and perspectives for the sector and for the pole. By means of the script, we tried to apprehend, in the perception of the respondents, the reasons for mortality, due to internal, structural and systemic factors and resulting from the type of insertion of the companies in the pole, as well as the possibilities of dynamizing the footwear activity.

The structure of the roadmaps is presented, synthetically, in Table 1.

Table 1 - Structure of the interview scripts applied to entrepreneurs and entities (by thematic blocks)

| Blocks | Script for entrepreneurs                                                                                                                                                    | Script for entity representatives                                                                                                                                      |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | General data about the company and the interviewee                                                                                                                          | General data about the entity/organization and the interviewee                                                                                                         |
| 2      | Production/operation with emphasis on management                                                                                                                            | Knowledge of the footwear pole of Jaú/SP                                                                                                                               |
| 3      | General management (impacting factors, exogenous or external and endogenous or internal)                                                                                    | Evaluation of production, operation, administration of footwear companies in Jaú/SP                                                                                    |
| 4      | Strategies used by the company, with emphasis on management and sales prospects                                                                                             | Strategies used by the companies, their relationship with entities and organizations that support the sector in the city, and the contribution of the support entities |
| 5      | Company's finances; financial management, presence/absence of difficulties                                                                                                  | Finances of the companies in the sector: presence or absence of difficulties                                                                                           |
| 6      | Market aspects: market participation and marketing                                                                                                                          | Market aspects: national and international competition and marketing                                                                                                   |
| 7      | People management and labor supply for the sector                                                                                                                           | People management and labor supply for the sector                                                                                                                      |
| 8      | General evaluation and self-assessment of the reasons for the closing of activities (mortality) of footwear companies in Jaú/SP and possibility of actions to overcome them | Evaluation of the reasons for the closing of activities (mortality) of footwear companies in Jaú/SP and possibility of actions to overcome them.                       |

Source: The authors

Thirteen interviews were conducted, involving three types of stakeholders: a) three with entrepreneurs of companies in operation; b) four with former entrepreneurs, whose companies have closed their activities and c) six with representatives of entities/organizations: Union of the Footwear Industry of Jaú, Union of Workers in the Footwear Industry of Jaú, Shopping Territory of Footwear, Retail Trade Union of Jaú, Department of Development and Labor of the Municipality of Jahu and Brazilian Service of Support to Micro and Small Companies (Sebrae). In view of the diverse and differentiated profile of the respondents, with emphasis on direct and indirect contact with the sector and the experiences they have lived and accumulated, the results obtained were sufficient to meet the proposed objectives, showing the appropriateness of the option for qualitative research.

The companies were selected with the help of members of the employers' union and the representatives of the entities were directly contacted by the researcher.

Besides the entrepreneurs linked to MSEs, partners of two medium-sized companies were interviewed, one that remains in operation and another that has closed activities, in order to obtain information about this size of company and so that comparison parameters could be available in the assessed comparable aspects.

The interviews were conducted from October 2019 to April 2020, with an average duration of one hour and a half.

Qualitative treatment was given, in the terms proposed by Yin (2015 and 2016) and, when possible, quantitative treatment to the information raised, maintaining the qualitative approach. The results obtained through the interviews with

deponents of each group were evaluated in "dialogue" with the theoretical positions and the observation results recorded by other authors.

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#### 4 Companies from the footwear pole of Jau/SP: reasons for mortality and possibilities of actions aiming at the improvement of their performance

##### 4.1 Characteristics of the companies, entrepreneurs/managers and representatives/managers of entities that are linked to the sector

Table 2 shows the characteristics of the two groups of companies and of the interviewed entrepreneurs associated with them: a) companies A, B and C, which are still in operation; and b) companies D, E, F and G, which have closed down. The quantitative information about the companies that have closed their activities refers to the year of closure and about the active ones to the end of 2019 and beginning of 2020, when the interviews were conducted.

Table 2: General characteristics of the companies and entrepreneurs: a) companies that remain active (A, B and C) and b) companies that have closed activities (D, E, F and G)

|                                        |                                                                                                                                                                         |                                                                               |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Company's start-up year/closure year   | A: 2018 Active<br>B: 2012 Active<br>C: 1985 Active                                                                                                                      | D: 2002/2008<br>E: 1986/2012<br>F: 1986/1998<br>G: 1985/2014                  |
| Motivation for starting the company    | A and B: "Knowledge of the sector"<br>C: "Market opportunity"<br>D and G: "Desire to set up my own business"<br>E: "Knowledge of the sector"<br>F: "Market opportunity" |                                                                               |
| Company size                           | A: Micro Company<br>B: Small Company<br>C: Medium Company.                                                                                                              | D: Micro Company<br>E: Small Company<br>F: Small Company<br>G: Medium Company |
| Number of employees                    | A: 2<br>B: 20<br>C: 300                                                                                                                                                 | D: 15<br>E: 45<br>F: 66<br>G: 138                                             |
| Number of partners                     | A: None<br>B: 2<br>C: 6                                                                                                                                                 | D: None<br>E: 2<br>F: 2<br>G: 2                                               |
| Daily production                       | A: 50 pairs<br>B: 200 pairs<br>C: 5.000 pairs                                                                                                                           | D: 300 pairs<br>E: 700 pairs<br>F: 300 pairs<br>G: 1.800 pairs                |
| Position held by respondents           | Proprietary partners in all companies                                                                                                                                   |                                                                               |
| Educational level of the respondents   | A e C: College degree<br>B: Accounting school<br>D, E, F e G: College degree                                                                                            |                                                                               |
| Time at the company                    | A: 2 years<br>B: 7 years<br>C: 35 years                                                                                                                                 | D: 6 years<br>E: 25 years<br>F: 12 years<br>G: 29 years                       |
| Previous activities of the respondents | A and B: "Have worked with footwear"<br>C: "Coming from the retail sector"                                                                                              |                                                                               |



|  |                                                                                                  |
|--|--------------------------------------------------------------------------------------------------|
|  | D and E: "Have worked with footwear"<br>F: "Accounting office employee"<br>G: "First occupation" |
|--|--------------------------------------------------------------------------------------------------|

Source: The authors

In relation to some of the characteristics of the companies and entrepreneurs interviewed, no great diversity was observed between the two groups. This is the case of the size: micro, small and medium-sized companies; the number of partners: the majority with two partners and one with six partners; the level of education of the partners, only one of them, from company A, with no higher education. The motivations for starting up do not differ significantly either. Similarities can be observed in relation to the previous activities of the entrepreneurs; it should be noted that, in the case of the partner of company G, although it was his first occupation, he nevertheless remained there for 29 years, allowing the accumulation of knowledge about the company and the sector, contributing to the provision of information about the companies in the pole.

The respondents' long tenure at the companies was a positive element in relation to the volume of information, perceptions and assessments they provided. It is worth mentioning the length of stay in the companies C, 35, G, 29 and E, 25 years, even though the latter is a small company.

The production of the companies in the two groups is/was composed of sandals, closed shoes, moccasins, sneakers and sandals, and "comfort" line boots. The main customers are located in São Paulo and Rio de Janeiro, and the main suppliers are in Franca/SP and in several cities in Rio Grande do Sul.

The main competitors of the industries in Jaú/SP are in Vale do Rio dos Sinos/RS, Nova Serrana/MG, and São João Batista/SC.

The interviews with the six representatives/managers of entities that articulate themselves with the footwear pole of Jaú/SP made it possible to amplify the knowledge of the sector and the identification of its weak and strong points, from a perspective "more distant" than that assumed by the entrepreneurs, amplifying the possibility of identification of structural and systemic factors, as well as regarding the insertion of the MSEs in the footwear sector and the difficulties and possibilities of dynamization of actions within the pole.

As shown in Chart 3, the six representatives have a college degree, three of them with post-graduation and many years of relationship with the entity and, mainly, with the sector, making it possible to master the knowledge for the supply of information and the performance of evaluation for the achievement of the research objectives, contemplating internal, structural and systemic factors.

Table 3 Profile of the representatives/managers of entities that articulate with the footwear sector in Jaú/SP

| Representatives of entities (RE) with articulation with the footwear sector | Level of education                   | Time at the entity | Involvement with the footwear sector |
|-----------------------------------------------------------------------------|--------------------------------------|--------------------|--------------------------------------|
| RE 1 - Union of Footwear Industries of Jaú                                  | Post-graduation<br><i>lato sensu</i> | 3 years            | 40 years                             |
| RE 2 - Secretary of Development and Work                                    | Doctorate                            | 3 years            | 15 years                             |
| RE 3 - Commercial Center of Shoes                                           | College                              | 18 years           | 18 years                             |
| RE 4 - Union of Workers of the Footwear Industry of Jaú                     | College                              | 4 years            | 33 years                             |

|                                                                           |                 |          |          |
|---------------------------------------------------------------------------|-----------------|----------|----------|
| RE 5 - Union of Retail Trade of Jaú                                       | College         | 4 years  | 20 years |
| RE 6 – SEBRAE - Brazilian Service of Support to Micro and Small Companies | Master's Degree | 22 years | 35 years |

Source: The authors

#### 4.2 Pattern of insertion of footwear MSEs from Jaú/SP in the industrial structure of the sector

Using as reference the four patterns of insertion of MSEs, proposed by Souza and Mazzali (2008), which explain the trajectory of MSEs, it is evaluated that the MSEs of the footwear sector of Jaú/SP do not fit into a single "pure" pattern of insertion, but are close to three of them.

One can identify the proximity of these MSEs with the first form of insertion, characterized by Souza and Mazzali (2008) as companies inserted into "little oligopolized markets" and marked by price competition. This identification is justified, since, in the sector present in Jaú/SP, there is a predominance, in number, of small companies that, however, have little influence on the performance of this sector. Despite the presence of these MSEs in the sector, with low barriers to entry and exit, these companies are subject to high mortality, which, however, does not discourage the entry of new small companies, configuring turnover, often in informal conditions.

The second form of insertion or trajectory of MSEs referred to by Souza and Mazzali (2008) is marked by the exploration of opportunities in market "niches" and can also be identified in the performance of companies in the footwear sector in Jaú, SP. This type of insertion assumes a relevant role for "business acumen" and entrepreneurial capacity, leading to the constant search for new "niches", to the exploration of "bangs" of the market, not always explored by large companies. "Products are developed in an almost experimental character, without scale and, therefore, with high risk, especially in the marketing sphere" (SOUZA; MAZZALI, 2008, p.600). This type of insertion is observed in the production of the "comfort" line, by a company in Jaú/SP.

The greatest identification is with the third pattern - companies integrated in sectorial poles - which is characterized by the fact that "competitive advantage is not associated with the action of an individual agent; it depends on the coordinated action of a set of agents" (SOUZA; MAZZALI, 2008, p. 600). The fact that the MSEs from the footwear sector in Jaú/SP are part of an aggregate of companies, even with an almost purely geographical configuration, makes room for these companies to enjoy the competitive advantage resulting from their presence in this pole, as long as the necessary articulations are provided.

#### 4.3 Factors that impact the management of companies from the footwear sector in Jaú/SP from the point of view of entrepreneurs and representatives of entities that articulate with the sector

The entrepreneurs mentioned the following as **negative actions and factors**, or those which **generate difficulties** a) the delay of suppliers in the delivery of inputs; b) the management of inventories; c) the non-hiring of stylist services and the adoption of copies of competitors' collections; d) the way the shopkeepers act, who dictate the price they want to pay and often want to interfere in the management of the company; e) the constant change of modeling according to fashion trends; f) the way competitors act, which reduces the price of the product, without taking into account cost and quality; g) financial management and the lack of working capital; h) high default; i) loss of identity and weakening of the brand; j) lack of quality; k) lack of focus; l) poor management of the company as a whole; m) high tax burden; n) lack of orders, due to retracted demand; o) the instability and retraction of the economy.

The **positive factors and the strengths** reported were: a) a group of good suppliers, good employees and good clients; b) qualified teams in administration, production and sales; c) product quality; d) well-defined focus and strategy; e) geographical location and ease in distributing the products; f) proximity to the city of São Paulo, the largest consumer center in the country; g) quality, present in the product of some industries, despite the difficulties and h) the style and design of the footwear, maintained by some companies.

Many were the reports from representatives of entities that articulate themselves with the footwear sector about negative factors that impact this sector: a) loss of innovation capacity; b) lack of evolution of the productive process; c) lack of attention to the productive process and the production line; d) inadequacy in the formulation of administrative and production costs; e) lack of investment in the company itself, in technology, in the productive process, in the design, in the brand and in innovation; f) adoption of procedures that make companies weaker - some companies, instead of trying to create and innovate, reproduce success models from competing companies; g) loss of credibility due to the quality and delivery time of the product, not always obeyed; h) demotivation of the sector's entrepreneurs and lack of union among them; i) lack of institutional support; j) the economic crisis of the beginning of the 2010s and the instability of the economy.

The **strengths** cited by the representatives of entities are: the strategic geographical location of the pole, 300 kilometers from São Paulo, an important center of fashion, events and consumption; the excellent highway network; the structuring of the pole with warehouses, machinery, labor and knowledge in the production of footwear.

#### **4.4 Reasons for the mortality of footwear companies in Jaú/SP from the point of view of entrepreneurs and representatives of entities that articulate themselves with the sector**

The **main reasons that lead to the closing of the business activities pointed out by entrepreneurs and former entrepreneurs** are: a) inadequate strategies of

production, sales and administration; b) lack of focus in production - manufacturing of many models; c) problems in the productive process; d) lack of success in modeling; e) lack of administrative and financial management and concentration of sales in few clients, f) leveling of prices "downwards", due to the imposition of the footwear price by the large retailers; g) lack of investment; h) lack of working capital; i) high rate of default; j) existence of adventurers in the sector; k) competition from companies from Rio Grande do Sul; l) lack of union and integration of the sector; m) high tax burden and difficulty in access to credit; n) crises, instability and retraction of the economy, leading to financial difficulties, reduction in retail sales and the closing of stores in Jaú/SP.

The **main reasons for the mortality pointed out by representatives of entities that articulate with the sector** are: a) lack of management and administration, financial and production; b) lack of professionalism; c) concentration of sales in few customers, d) imposition of price by the shopkeeper; e) lack of investment; f) lack of working capital; g) difficulty in access to credit; h) lack of medium and long term strategic vision by entrepreneurs; i) lack of union and leadership to boost the sector; j) high interest rates in the financial market; k) high tax burden; l) political and economic crises; m) lack of innovation in the process and in the product.

The former entrepreneurs, whose companies closed down, and the representatives of the entities that are related to the footwear sector in Jaú/SP were emphatic in relation to the concentration of sales in a few clients, or even in only one client. This strategy left the companies dependent and caused a strong impact, contributing to the closure of several companies.

#### **4.5 Analysis of the reasons for the mortality of companies in the footwear pole of Jaú/SP vis a vis the literature**

Practically all the mortality reasons mentioned by the respondents are dealt with by authors in the referenced literature, as shown in Chart 4. What was observed were some specificities related to the companies' productive process and some peculiarities of the footwear pole of Jaú/SP.

Table 4: Reasons for mortality, by categories - identified by the interviews and referred to in the literature gathered under the viewpoint of Coutinho and Ferraz (1993 and 2002)

| Categories                                                                                                  | Reasons for mortality - by categories mentioned in the interviews                                                                                                                                                                                                                                                           | Mortality ratios - by categories referred to in the literature                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Customers</b><br>(Internal factors (a), structural factors (b; c), systemic factors (c; d))              | a) delay or delay in product delivery; b) low demand for products and/or services; c) lack of customers; d) loss of consumer purchasing power.                                                                                                                                                                              | Bonacim, Cunha and Corrêa (2009); Sales, Barros and Pereira (2011); Albuquerque and Escrivão Filho (2012); Batista, Freitas and Santiago (2012); Nascimento et al. (2013); Sebrae (2016); Santini et al. (2015); Alvarenga (2016); Tomio, Monteiro and Zummach (2017) and Araújo, Morais and Pandolfi (2019).                                                           |
| <b>Entrepreneurs</b><br>[Internal factors (a; b); structural factors (a; c)]                                | a) absence/lack of: professionalization, managerial experience and knowledge on the part of the entrepreneur, of the market and of the product; b) resistance in participating in training courses; c) entry of many adventurers in the sector.                                                                             | Theng e Boon (1996); Sales, Barros and Pereira (2011), Ferreira et al. (2012); Nascimento et al. (2013); Alvarenga (2016); Franco (2017); Couto et al. (2017) and Araújo, Morais e Pandolfi (2019).                                                                                                                                                                     |
| <b>Product e Production</b><br>[All the factors pointed out are internal].                                  | a) problems in relation to the right product modeling; b) lack of focus in the productive process, due to the production of many product models; c) lack of modernization of the productive process and product/service innovation; d) products with low quality; e) inadequate or incomplete calculation of product costs. | Theng e Boon (1996); Ferreira et al. (2012); Nascimento et al. (2013); Alvarenga (2016); Franco (2017); Couto et al. (2017); Tomio, Monteiro and Zummach (2017); Araújo, Morais and Pandolfi (2019) and Peruffo and Godoy (2019).                                                                                                                                       |
| <b>Finance</b><br>[Internal factors (a; b; c; d; e); structural factors (c; e; f), systemic factors (g; h)] | a) lack of investment in the company; b) high default rate; c) financial difficulties; d) problems related to working capital and cash flow management; e) lack of working capital; f) difficulty in accessing credit; g) high interest rates; h) high tax burden.                                                          | Theng e Boon (1996); Bonacim, Cunha e Corrêa (2009); Batista, Freitas e Santiago (2012); Ferreira et al. (2012); Nascimento et al. (2013); Sebrae (2016); Santini et al. (2015); Alvarenga (2016); Franco (2017); Couto et al. (2017); Tomio, Monteiro e Zummach (2017); Araújo, Morais and Pandolfi (2019) e Peruffo e Godoy (2019).                                   |
| <b>Plans and Strategic Planning</b><br>[All factors noted are internal]                                     | a) lack of structuring and follow-up of a strategic planning and action plans; b) lack of a succession plan; c) adoption of inadequate strategies; and d) lack of strategic vision.                                                                                                                                         | Bonacim, Cunha e Corrêa (2009); Sales, Barros and Pereira (2011); Albuquerque and Escrivão Filho (2012); Batista, Freitas and Santiago (2012); Peruffo and Godoy (2019) Ferreira et al. (2012); Nascimento et al. (2013); Sebrae (2016); Alvarenga (2016); Franco (2017); Couto et al. (2017); Tomio, Monteiro and Zummach (2017) and Araújo, Morais e Pandolfi (2019). |
| <b>Management</b><br>[All factors noted are internal]                                                       | a) management problems - administrative, financial, production, logistics, marketing and human resources; b) inventory management problems and lack of organization to purchase inputs and raw materials. c) poor business management as a whole.                                                                           | Theng e Boon (1996); Ferreira et al. (2012); Alvarenga (2016); Franco (2017); Tomio, Monteiro e Zummach (2017) and Peruffo and Godoy (2019).                                                                                                                                                                                                                            |
| <b>Market</b><br>[Structural factors (a), systemic factors (b; c)]                                          | a) fierce competition; b) economic situation; c) national and international economic crises and the consequences derived from them, especially the recession and retraction of the economy.                                                                                                                                 | Theng e Boon (1996); Sales, Barros and Pereira (2011); Albuquerque and Escrivão Filho (2012); Alvarenga (2016); Couto et al. (2017) and Araújo, Morais and Pandolfi (2019).                                                                                                                                                                                             |
| <b>Incentive Policies</b><br>[The factor noted is systemic]                                                 | a) lack of governmental policies (federal, state and municipal) to support and encourage the MSE                                                                                                                                                                                                                            | Sales, Barros and Pereira (2011); Ferreira et al. (2012) and Alvarenga (2016).                                                                                                                                                                                                                                                                                          |

Source: The authors



The main failure factors for businesses are related to financial and operational issues, which can be largely avoided through more prudent management of assets and operational activities. A training and capacity-building program for managers, initially in the areas of financial management, marketing, and general administration, is one way to assist in the administration of small businesses. MSE owners and managers can be guided to develop appropriate skills and knowledge to manage their companies more effectively and efficiently, and to seek support from outside consultants for the creation of systems and procedures to improve their operations and overcome problems (THENG; BOON, 1996).

Albuquerque, Escrivão Filho and Terence (2016), suggest the elaboration of strategic planning and budgeting, the establishment of sales goals, inventory management, the correct choice of market segment and point of sale location. They also make suggestions on marketing and product pricing.

Couto et al. (2017) propose the elaboration of strategic planning as a tool to support the entrepreneur, so that he is less exposed to the adversities and challenges of the market.

The main aspects identified by the respondents, aiming at the better functioning of the companies in the footwear sector of Jau/SP can generate actions of a predominantly internal character to the company or that involve articulations that require joint providences, making use of the pole conditions. It is worth highlighting the following:

- detailed elaboration of administrative and production costs as well as of the sales price;
- investment in technology, innovation, equipment and the production process;
- greater automation of the factories;
- elaboration of planning and action plans;
- diversification of the customer portfolio;
- exploration of new market niches;
- participation of entrepreneurs in management courses;
- investment in management and design, hiring stylists and improving product quality;
- investment in marketing and market research;
- creation of a culture of sharing high-cost equipment and administrative services;
- strengthening of the identity of the Jaú pole;
- institutional promotion of the products manufactured in the footwear pole of Jaú/SP;
- creation or strengthening of the brand of the industry, of the pole and creation of the Geographic Identity (GI);
- strengthening and institutional promotion of the Jaú footwear pole by means of investment in advertising.

## 5 Final Considerations

The footwear pole of Jaú/SP had its best moments starting in the 1980s, in terms of production of pairs of shoes, number of companies and jobs, contributing to the development of the municipality and the region. It began to face difficulties as of 2012, with a reduction in production, jobs, and the closing of many factories.

The difficulties and problems faced by the footwear sector are not restricted to the pole of Jaú/SP. In Brazil, there have been reductions in production, consumption, exports, number of companies, and jobs.

In the literature, it was possible to locate the main reasons that lead companies to close their activities, reasons related to market and the economic scenario, as well as administrative and management, financial, production and product-related issues, among others.

The main negative factors identified were late delivery of inputs; administrative management as a whole; lack of investments in the company; lack of working capital; inadequate cost calculations; failure to hire stylists/modelers and the practice of copying competitors' collections; interference of large retailers in the company's management and product pricing, leading to weakening of the brand and loss of the pole's identity and capacity for innovation; high default; high tax burden; instability of the economy and retracted demand.

The main positive factors mentioned and that occur in some companies are: partnership with good suppliers and customers; qualified labor; manufacturing vocation and knowledge of the production process; quality observed in some collections; and geographical location.

The main reasons pointed out by the interviewed stakeholders can be classified as internal or endogenous and external or exogenous or due to internal, structural and systemic factors.

Internally, the main reasons are linked to problems in the production process; the lack of focus on production and on the correct modeling; the absence of guiding parameters for administrative, financial and production management, leading to unplanned decisions; the concentration of sales in a few customers; the high rate of default; inadequate strategies; and the lack of working capital, the latter also due to structural factors.

From the external point of view, the reasons are due to structural and systemic factors. Among the structural factors are: the lack of unity and integration of the sector, the imposition of prices by the shopkeepers, and the difficulty in accessing credit. Among the systemic factors, we highlight the high tax burden and the crises and instability of the economy.

The analysis of the information demonstrated the occurrence of convergences and divergences between the answers of the respondents, and some items called our attention due to the convergence of answers. They are related to internal and structural factors: lack of qualification of managers, lack of leadership and unity of the sector and, unanimously, the importance of increasing the visibility of the footwear sector in Jaú/SP. Many were the suggestions, as for example, the installation of signs on the highways, portals at the entrances to the city, advertisement on billboards, and participation of manufacturers in a joint manner in specialized fairs.

The footwear sector in Jaú/SP, in the evaluation of the stakeholders consulted, needs to undergo a profound change to remain in business. Investing in the training of managers and staff; have greater interaction and unity; seeking a leadership for the sector; revisiting the production process and the form of administration; diversifying the customer portfolio and operate in new niche markets; hiring stylists, research trends and market opportunities, return to "create" fashion and invest in marketing; taking advantage of the existing structure in the pole (facilities,

machinery and skilled labor) and its strategic geographical location, which facilitates transport logistics and is close to the capital city of São Paulo which is a center of fashion, events and consumption.

Indeed, in the case of the mortality of MSEs in the footwear sector in Jaú/SP - it is not possible to identify the small-sized companies therein with a single "pure" pattern of insertion in the footwear activity for the evaluation of the trajectory of MSEs. However, the categories proposed by Souza and Mazzali (2008) opened possibilities for deepening knowledge and formulating proposals for intervention in the pole, via policies aimed at increasing the competitiveness of the companies and public policies directed towards local and regional development, by means of strengthening the pole.

Policies directed to the development of the sector must fight the vicious circle characterized by the mortality of some companies, followed by the installation of informal companies, with low performance, contributing to the intensification of mortality, weakening the footwear sector as a whole. In this case, it would be fundamental, for the development of the companies, to develop actions aimed at the elevation of the competitiveness of these companies, acting on internal and structural factors. The search for new "niches" and the exploration of market "bangs", not always explored by the large companies, should also be encouraged.

In order for the advantages resulting from geographic agglomeration to materialize, towards relations that mark the cluster dynamics, governance is necessary for the management of articulations, avoiding the predominance of mistrust in relations between entrepreneurs and individualized actions on their part.

The potentialities of the companies must be stimulated by actions of several orders, aimed at the strengthening of the footwear pole of Jaú/SP, with positive impacts for the local and regional development.

The results achieved reinforce the research's guiding hypotheses and its unfoldings. Including, they provide subsidies for the formulation of quantitative research, with the participation of a larger number of stakeholders or with specific groups of them.

It was possible to identify, among the reasons for the mortality of the MSE industrial companies in the footwear sector, the influence of the size of the companies, the competitiveness conditions and the lack of articulation and partnership with the other companies in the pole.

Most of the reasons for the mortality of companies in general, pointed out in the literature, were reported by the respondents.

However, some reasons, related to the footwear pole of Jaú/SP, differed from those listed in the literature. The respondents emphasized mainly the concentration of sales in a few clients, creating dependence of the company in relation to the final distribution of the product, the imposition of the price by the large retailers, and the lack of union and leadership among the entrepreneurs of the footwear sector in Jaú.

As for the reasons for the mortality of MSEs in the footwear sector of Jaú/SP being or not the same that affect MSEs from other sectors in Brazil, specificities inherent to the footwear pole of Jaú/SP could be identified, which gave rise to recommendations of actions directed towards the improvement of its operation and amplification of its competitiveness.

In regards to the objective of "presenting actions that can positively alter the performance of footwear companies in Jaú/SP", the suggestions of identified actions are listed below, aiming to contribute to the improvement of the sector.

Some of the contributions are in the decision sphere of the entrepreneurs and others, due to structural and systemic factors, depend on a joint work involving stakeholders, in order to seek alternatives together with the federal, state and municipal government spheres, financial institutions, development agencies and entities directed to the qualification and strengthening of companies.

Most of the actions are possible, as long as the potentials arising from the fact that the companies are gathered together in a production pole are activated, and governance mechanisms are implemented. Pereira et al. (2021) draw attention to the importance of support organizations for governance in an aggregate of companies, in the case evaluated by the authors mentioned, a cluster, fostering the competitiveness of this type of aggregate.

The following are the main actions aimed at increasing the competitiveness of companies in the internal, structural, and systemic areas, most of which are articulated to the structuring and evolution of the pole in its condition as an aggregate of companies:

- Creation or strengthening of the manufacturer's brand;
- Investment in the productive process, in technology, in new equipment, and in innovation;
- Creation of a "central" of stylists/modelers, to share the work with several companies (respecting secrecy and confidentiality);
- Creation of a specific credit line and Guarantee Fund, with characteristics and rates directed to the footwear sector;
- Structuring of a technical course focused on business management, containing administration, finance, production, accounting, and legal concepts;
- Hiring of specialized consultancy (individually or collectively);
- Elaboration of strategic planning and action plans;
- Creation of a "business center" for investment in marketing, market and trend research;
- Search for new market niches, including exports to other countries and diversification of the customer *portfolio*;
- Definition of focus of action and production, seeking to work with fewer models;
- Organization of intra and extra sector benchmarking, to learn and adopt the best practices;
- Preparation to adopt the sharing of machines, installations, and service provision;
- Evaluation, under the legal and tax aspects, of the structuring of a "central purchasing office" for collective purchases and a "central shipping office" aiming at the utilization of transportation and cost reduction.

It is important to point out that most of the reasons for mortality portrayed in the literature coincide with the reasons mentioned by the respondents.

However, some factors emphatically reported by the respondents about occurrences that were not pointed out in the researched literature draw our attention.

These are: the concentration of sales in a few customers, the lack of unity and leadership to boost the sector, and the new entrepreneurs' lack of management

experience. In view of these reasons, some needs have been identified that require measures that can be taken, in the short and medium term, involving entrepreneurs, entities that articulate themselves with the sector, and other stakeholders. These measures may begin with the development of actions for the qualification of entrepreneurs in administrative, financial and accounting management and for the strengthening of the brand and of the footwear pole of Jaú/SP.

From the results achieved, other research can be developed, thus contributing to the expansion of the possibilities of increasing the competitiveness of companies in the footwear hub of Jaú/SP. It is possible, for example, from the knowledge obtained through a qualitative approach, to develop a quantitative investigation, with a larger number of participants, focusing on the indication of the most relevant evaluated intervention actions.

During the execution of the research and the interviews some limitations occurred, such as: the difficulty in obtaining data and information from the footwear sector in Jaú/SP, not always coincident, in all sources; lack of interest in participating in the interviews on the part of some entrepreneurs and representatives of entities that articulate themselves with the sector. However, despite these difficulties, the main steps were accomplished, and the objectives reached.

Considering the importance of the MPEs and of the footwear segment for the Brazilian economy and for several productive poles, as well as the confirmation of the lack of scientific studies about the mortality factors of the companies of this segment, it is necessary to suggest new research and studies, developed by universities and/or by entities linked to the segment, such as Abicalçados, giving to the research an approach and quantitative, qualitative and mixed or combined treatment. The evidence identified by means of the research that gave support to this article may be used for the choice of the population, selection of the sample and structuring of instruments for the survey of data and information.

It is suggested that the characteristics and reasons for the mortality of companies in the footwear sector be investigated, gathering information about other poles, in order to identify the occurrence of similar or different situations from those that were the object of the investigation presented in this article.

Taking as reference the main categories that guided the framing of the reasons for mortality - relative to clients, entrepreneurs, market, production/production process, finances, innovation/product quality, management, strategic planning and incentive policies - identified in Jaú/SP and analyzed vis a vis the literature, a survey type research may be proposed, developed using a structured questionnaire based on the previously mentioned categories, taking as universe of investigation a set of footwear poles present in several regions of the country.

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