

Doing the homework: Causation and successful MSEs before and during the COVID19 pandemic context

Diego Marconatto, Fundação Dom Cabral
Emidio Teixeira, Unisinos, Universidade de Rennes
Gaspar Peixoto, Unisinos
Kadigia Faccin, Unisinos
Luis Felipe Lopes, Universidade Federal de Santa Maria

Abstract

In this paper, we strive to bridge the gap on the complementary effects of the causation and effectuation logics at the same time, especially in contexts of crisis. By studying how 191 Brazilian micro and small enterprises (MSEs) employed causation to the management of their operating cycle before the COVID19 pandemic onset, we found this decision-making pattern is more important than previously supposed. Our results show that MSEs which had been using causal practices more intensively to manage their operational cycle were better prepared to deal with the consequences of the pandemic. More specifically, while MSEs owners managing their suppliers and financials through the causation logic were found to be positively affected by the new economic outlook, those who were applying causal practices only to their sales processes faced major difficulties dealing with the crisis. We argue that the causation strategies adopted before the COVID19 pandemic worked as a launchpad for the enactment of effectuation practices. That is, effectuation, the *par excellence* logic to be mobilized during challenging times, needs causation to be brought forth. Overall, our findings indicate that doing the homework – managing the operating cycle through strong causal managerial foundations – is crucial for the MSEs success and for the adoption of effectuation. Our studies provide different contributions to the effectuation/causation theory and to MSEs owners striving to beat this and future extreme times – a goal that is becoming ever more important as the frequent crises represent a new paradigm of ‘business as usual’.

Keywords: causation, MSEs; crisis management; firm growth.