

RESEARCH ARTICLE

The Fiscal Incentive in Public Policies for Generation of Employment and Income: A Study on the Program "More Companies" in Maranhao

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Abstract

States become attractive to investors when they offer tax incentives and in that sense it is important to study the benefits in terms of job creation and income. The problem is: what is the effect of the "more enterprise" program on job creation and income? This research aimed to investigate the "more companies" fiscal incentive, from Maranhão between 2015 and 2016. The specific objectives are: to identify the number of companies benefited and the municipalities; To verify the relation between the companies and the hiring and demission of personnel; To evaluate the relationship between the tax on the circulation of goods and services (ICMS) and the transfer of ICMS to the municipalities. The methodology of this research is descriptive, explanatory and applied. As for form, it is bibliographical, documentary and field. Among the results of the research, we observed a weak relationship between the ICMS incentive and transfers of revenues from the state to the municipalities. It was concluded that the "more companies" program is not the viable alternative to generate employment and income in the state.

Keywords: *Tax incentive, ICMS, Economy, Region, Maranhão.*

Introduction

The State of Maranhão is one of the poorest in the northeastern region and in Brazil, and it has great deficiencies and few social indicators that influence income and economic structure, aggravated by the poor supply of public services [1]. Therefore, the Government of Maranhão, through Law No. 10259 of June 16, 2015, created the "more companies" program in which it aims to diversify the industrial matrix, form industrial densities in the economic regions and integrate production chains essential to development And the generation of employment and income in the State.

It is observed that the main attraction in this Law is the reduction of up to ninety-five

percent (95%) of the value of the tax on operations related to the movement of goods and on services of interstate, inter municipal and communication services (ICMS) Monthly for 15 years, for companies that are located in the 30 (thirty) municipalities with the lowest HDI, as well as the companies that settle in municipalities that belong to the Integrated Development Network (RIDE), that is, cities located in regions Metropolitan

Considering Law 13,089, dated January 12, 2015, which provides the list of municipalities that integrate Ride, it is noted that the city of Timon is the only municipality of the contemplated by the program "more companies".

Therefore, there is a conception that companies are moving to metropolitan areas to establish themselves in municipalities with a low HDI where it does not offer a basic sanitation, health, safety and labor infrastructure, and in this case, it is The reduction of 95% of ICMS ends up encouraging companies to settle in the municipality of Timon, instead reaching the poorest cities.

According to the new period demonstrates that it is no longer possible for the frontiers of accumulation to be opened only by investments concentrated in large projects, and intense cooperation is required between the various spheres of power to create fields of attraction for productive investment, guaranteeing from the works of Infrastructure to the training and qualification of the workforce.

In this context, it can be said that tax incentive is not always a viable alternative to stimulate the development of a region, since Reese [2.] apud Wassmer and Anderson, 2001 affirms that they provide little benefit to local economies, Rich or poor.

Even with few benefits, the Maranhão government has been increasing tax incentives under Law 10259/2015 to stimulate the implantation and expansion of companies in the state, but Reese [2] states that in the last two decades, academics and evaluators have done A series of recommendations to reformulate local economic development policies. No time, recommended the use of tax reduction.

In some cases, the reduction of taxes comes through fiscal incentives and is evidently what the Maranese government has done in the 21st century that is to grant fiscal incentives. It should be noted that this may not be a suitable policy for a government seeking to develop a place or a region.

Initially, studying and planning are the most coherent method for any ruler to create economic development policies, since the basic infrastructure issues of each municipality should be taken into account, among them, the These venues can offer.

It is perceived that the government of Maranhão has been passing an image that tax incentives is a strong support policy to stimulate economic growth and thus, improve the lives of the citizen of Maranhão, however, where tax incentives are concentrated has not worked, Because some municipalities grew economically, but there was not in the same proportion, progress in quality of life [3].

It is worth mentioning that in Maranhão there have always been incentive policies, but some regions remain poor and the IDHM in some municipalities is one of the worst in Brazil. Fiscal incentives are hardly created with the intention of stimulating poor regions, since in the planning of this incentive it brings together the production and distribution of goods and the expansion and utilization of human capacities [4].

Therefore, before the government creates tax incentives for specific municipalities including, for poorer regions, it is interesting to know, the case of South Korea and Singapore in which they changed the productive structure of the economy using the technology and standardization of delivery, with this, These countries have been successful in producing and exporting diversified and sophisticated products [5]. Since it seems that fiscal incentives have lost the capacity to leverage investment in the state [6].

This work is the result of studies elaborated on the "more companies" program in the State of Maranhão in order to answer the question: is the "more companies" program efficient in generating jobs and income in the state of Maranhão? The guiding hypothesis of this research is that the "more companies" program does not mean to promote economic development and increase the number of jobs in Maranhão

The issue of fiscal incentives in the public policies of job creation and income in Maranhão, in this case, the "more companies" was chosen because of its importance to the area of applied social science, not only in the local economy, but, at the point of Regional and national levels, as it will contribute to

the improvement in the planning and elaboration of public policies aimed at incentives for the regions, including the less developed ones. The study was structured in introduction, research methodology, results and discussion, conclusions; Suggestions and recommendations and references.

The general objective of this research is to investigate the "more companies" tax incentive, through the generation of jobs, ICMS paid by companies and ICMS transfers to the municipalities of Maranhão between 2015 and 2016.

The specific objectives are: to identify the number Of companies and the municipalities in which the companies are located; To investigate the relationship between the incentive companies and the hiring and dismissal of personnel in the state of Maranhão; To investigate the relationship between the tax on the circulation of goods and services (ICMS) of the companies encouraged and the transfers of the ICMS from the State to the beneficiary municipalities.

Research Methodology

This study is based on Vergara's taxonomy [7] and is for descriptive, explanatory and applied purposes. Descriptive because it describes the factors that involve fiscal incentives, companies and government of Maranhão. Explanatory because it sought to clarify the real contribution of fiscal incentives in the municipalities of Maranhão.

Applied because it sought to solve the concrete problems related to the "more companies" program and the public policies of job creation and income in the State of Maranhão. With regard to the means, this is a bibliographical, documentary and field research. Bibliographical because he used articles, books, master's dissertations and doctoral theses.

Documentary because he used documents available on the portal of the Ministry of Labor and Employment (MTE). Because he had to apply a questionnaire to government institutions. The research investigated the contribution of the "more companies" program between 2015 and 2016 through the State Secretariat of Finance of Maranhão (SEFAZ / MA), State Secretariat of Industry,

Commerce and Energy of Maranhão (SEINC-MA) Human Rights and Popular Participation (SEDIHPOP-MA), Ministry of Labor and Employment (MTE), conducting a diagnosis of the "more companies" program adopted by the state government in relation to employment and income generation, revenue and ICMS Incentives, compared to the jobs generated, with transfers of ICMS from the state to the municipalities stimulated between two years, thus, one can have an idea of the main effects of the incentive in the economy of the state, since, the economic information Was obtained Beneficiary companies.

Initially, it was necessary to identify the number of companies and municipalities benefited by the "more companies" program during the determined period, it was necessary to resort to SEINC-MA. Regarding the value of the ICMS of the companies and the value of the ICMS transfers from the state to the municipalities encouraged between 2015 and 2016, it was necessary to use SEFAZ / MA to seek economic-fiscal information from companies that benefit from the "more companies".

The number of admissions and dismissals of staff in employment in incentive counties was identified through direct access to the Annual Social Information Relation (RAIS) website through a log and password provided by the MTE.

This study used the questionnaire as a research tool for data collection and was composed only of open questions, but sent by the information access system of Maranhão (SIC-MA). The structure of the questionnaire was developed according to Table 1.

It is noteworthy that the formulation of the questionnaire and the data collection occurred afterwards, that a review of the literature was performed so that the study would be supported in the data collected. The results inherent to the number of companies and municipalities were tabulated and the data referring to the exit and transfer of ICMS to the municipalities and the evolution of jobs were analyzed based on the Pearson correlation coefficient.

Table1: Roadmap to The Questionnaire

Organ investigated	Questions
SEFAZ-MA	<ol style="list-style-type: none"> 1. What are the ICMS values of companies that are encouraged by the "more companies" program between 2015 and 2016? 2. What ICMS values are passed on to the municipalities of São Luis, Imperatriz, Bacabeira, Caxias, Governados Edison Lobão and Itapecuru Mirim?
SEINC-MA	<ol style="list-style-type: none"> 1. How many companies benefited from the "more companies" program and which municipalities?

Prepared by the authors

This coefficient for Stanton [8].p.1 is a measure of the bivariate association (force) of the degree of relationship between two variables. For Moore [9], correlation measures the direction and degree of linear relationship between two quantitative variables [9]. According to Figueiredo Filho and Silva Júnior [10] the Pearson correlation coefficient (r) is a measure of linear association between variables. For Figueiredo Filho and Silva Júnior [10] the Pearson correlation case (r) is worth the last parameter, that is, it is a measure of the shared variance between two variables.

On the other hand, the linear model assumes that the increase or decrease of a unit in the variable X generates the same impact in Y. In graphical terms, by linear relation, it is understood that the best way to illustrate the pattern of relation between two Variables Is through a direct line. Therefore, the Pearson correlation (r) requires a variance-sharing and that this variation is linearly distributed [10].

According to the Pearson correlation coefficient (r) varies from -1 to 1. In the Person correlation coefficient, the values may indicate positive or negative direction of the relationship and even Show strength From the relationship between variables, therefore, a correlation to make perfect (-1 or 1) must necessarily be exact, but also, if the value of a correlation is zero, indicates that there is no linear relationship between variables.

However, extreme values (0 or 1) are difficult to find in practice, it is important to discuss how researchers can interpret the magnitude of coefficients [10]. Therefore, says that values between 0.10 and 0.29 may be considered small; Scores between 0.30 and 0.49 may be considered averages; And values between 0.50 and 1 can be interpreted as large and for Dancey and Reidy (2005) they point to a slightly different classification: $r =$

0.10 up to 0.30 (weak); $R = 0.40$ to 0.6 (moderate); $R = 0.70$ to 1 (strong).

Therefore, it is known that the closer the degree of linear statistical dependence between the variables of the case, the closer to zero, the lower the strength of this relationship. To perform this study, it was necessary to resort to field research. According to Tripodi et al.[11], field surveys are divided into three large quantitative, exploratory and experimental descriptive groups, with their respective subdivisions.

This research adopts a quantitative method, in which they use various techniques, such as interviews, questionnaires, forms, etc. And they employ sampling procedures [12]. The statistical method was chosen through the ease of analysis during the data interpretation process.

Results and Discussion

In this study, 53 companies benefited from the "more companies" program were identified, but only 30 of them are included in this study: 16 from São Luís, 4 from Imperatriz, 2 from Bacabeira, 2 from Caxias, 3 from Governor Edison Lobão and 2 from Of Itapecuru Mirim in which, in total, are almost 57% of the companies encouraged.

The survey collected data on the "more companies" tax incentive program and the companies benefited in the above-mentioned municipalities, between 2015 and 2016. This period was defined because the "more companies" program was instituted in 2015, so the January and December 2015 and 2016 fiscal years was chosen.

The companies investigated are from the industry and the information collected about them occurred in SEINC-MA and SEFAZ-MA for analysis purposes. In relation to the concession of the tax incentive to the

companies, it was verified that all the companies are of big size, therefore, it is believed that only the big ones receive due to the high cost in the search and obtaining of fiscal incentives [13].

Initially, based on the studies, on the number of incentives in each municipality as shown in figure 1, it can be said that most of the companies included in the "more companies" program are based in the municipalities of São Luís and Imperatriz. However, it should

be noted that there is no expansion or installation in regions that do not have local and regional economic development.

In this sense, for Araújo [6] it is necessary to rethink the form of attraction of the investment contemplating qualitative aspects as diversification of the productive structure, internalization of the productive chains and better distribution of investments in the Territory.

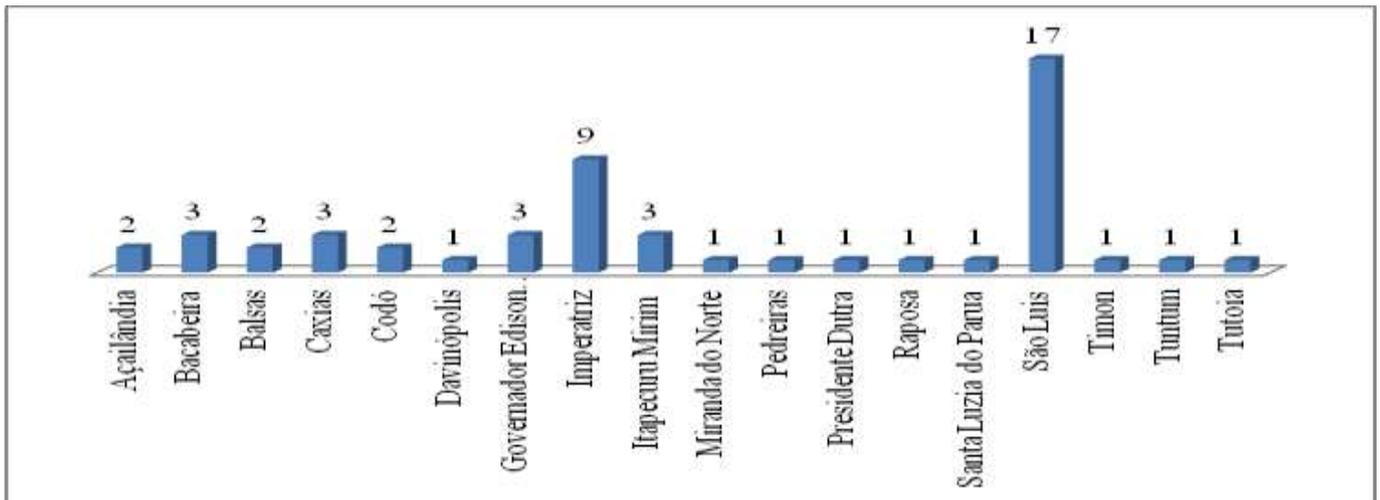


Fig. 1: Number of companies encouraged by municipality

Prepared by the authors based on data provided by

Based on this study, it is understood that the "more companies" program was not sufficient to encourage the implantation and industrial expansion in needy regions, remaining only in the economic centers or metropolitan regions, São Luís, Imperatriz and Timon. According to Law 10.259 / 2015, the intention of the Maranhão government is also to encourage the installation and expansion of companies in municipalities with lower HDI. However, there were no business registrations in these regions between 2015 and 2016.

In Fig. 2, despite having a sample composed of 30 companies belonging to the "more companies" program in which they are located in the main municipalities of the State, it is observed that the ICMS shows a positive relation with the transfers of revenue from these ICMS to the municipalities in the Which they are installed.

This relationship becomes interesting,

regardless of the degree of coefficient, since it means that, in any case, the incentive companies contribute with the maintenance and development funds of basic education and the valuation of the teaching profession – FUNDEB.

We adopted the correlation method of the dispersion chart to verify if the ICMS of the companies grew with the transfers of revenues to the municipalities between 2015 and 2016, which reveals in this study that, in a natural environment, the beneficiary companies related to the program " More Companies "in Maranhão.

In order to have a basis for this relationship between incentive companies and transfers of ICMS revenue to municipalities, it was necessary to study the relationship between two variables, where the monthly values of ICMS transfers to municipalities are shown horizontally and the monthly ICMS Companies that benefit from the "more companies" program.

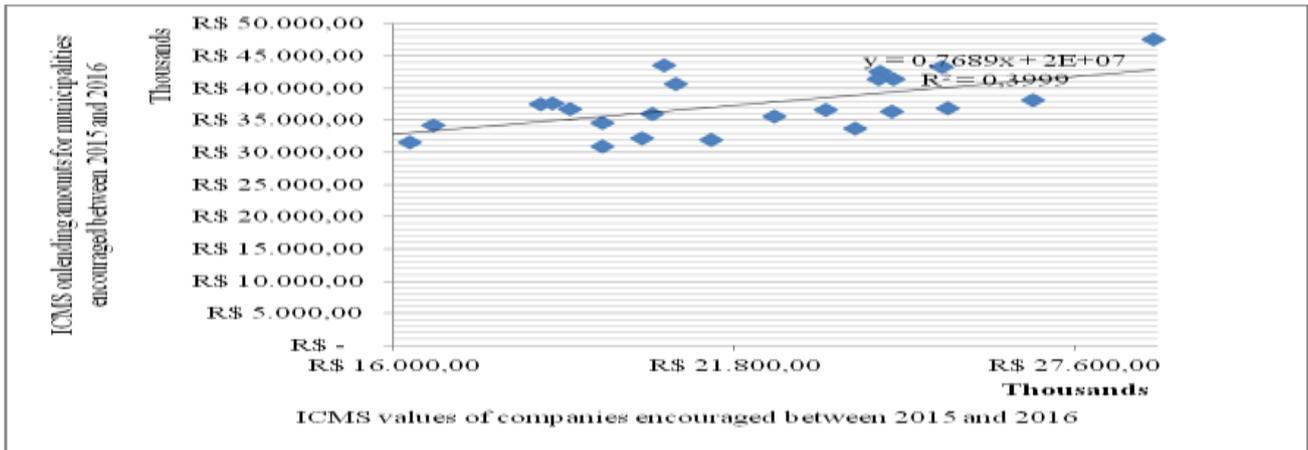


Fig. 2: Corporate ICMS versus ICMS transfers to municipalities

Prepared by the authors based on data provided by SEFAZ / MA (2017)

It can be seen that, Graph 2 shows a weak relation between the two variables, since, according to the Pearson coefficient (r^2), it is 0.39. For this calculation was considered the ICMS of 30 companies. It is noteworthy that the relationship can be conditioned due to the low number of companies studied because most of the companies that pay the ICMS may be those that do not benefit from the tax incentives surveyed. In any case, this degree of relationship is interesting (0.39), because the state can review the fiscal incentives policies, and if it breaks, does not affect

massively the commitment to the transfers to municipalities from these ICMS. Another important point to note is that a strong ratio of ICMS paid with ICMS to municipalities is associated with companies that survive without this kind of fiscal incentive.

In Graph 3, the study seeks to understand the influence of the jobs generated in the municipalities where the companies are based, it was necessary to compare the number of jobs and the amount of unemployment between 2015 and 2016.

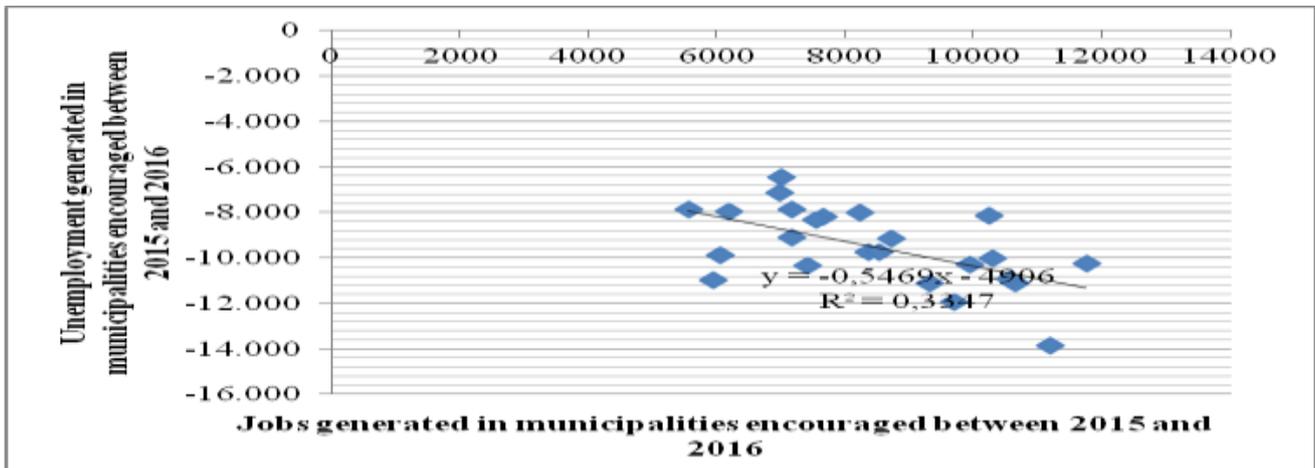


Fig. 3: Comparison of jobs and unemployment in incentivized municipalities

Prepared by the authors based on the data provided by the MTE through RAIS (2017)

In this study, two variables are observed: the quantitative unemployment figures generated in the municipalities where the companies that benefit from the "more companies" program are located and, vertically, the number of jobs generated in

the municipalities where the beneficiaries are also located during the Period 2015 and 2016. In this analysis, it reveals a moderate negative relation, since, according to the Pearson coefficient (r^2), its relation is of 0,3347 [14].

This means that the incentive companies have laid off people in this period but they are not fully responsible for the high unemployment in these cities, since most of these jobs and unemployment may be linked to people who are not encouraged beyond suffering from the economic crisis of the Brazil in this period and the high tax burden of the municipal, state and federal spheres [15-19].

Conclusion

According to the objectives proposed in this research, it is concluded that the "more companies" program instituted in 2015 with the objective of promoting the installation and expansion of industrial businesses in Maranhão was not a viable alternative to generate employment and income in the state.

This study was able to understand that the "more companies" program was not enough to prevent the increase of unemployed people. It is recommended that the government of Maranhão seek through public policies an alternative to strengthen the local and regional economy so that the process of job creation and income is resumed in a sustainable way.

Therefore, the hypothesis that the "more enterprises" program does not promote economic development and increase the number of jobs in Maranhão is partially confirmed. This study was limited to the

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question of generating jobs and income around the "more companies" program. It is suggested that the following investigations are intended to answer the following questions:

- What is the impact of the tax exemption on the transfer of ICMS revenues in the municipalities of Maranhão?
- What public policies are adopted by the government of Maranhão to stimulate the economic development of regions with low HDI?
- Have companies expressed an interest in establishing themselves in regions with low HDI?

These issues should be studied in relation to tax exemptions; it is believed that municipalities may be disadvantaged, as they reduce the income of the maintenance fund and development of basic education and evaluation of education professionals (FUNDEB).

Regarding the IDHM, there is a conception that poverty and misery in Maranhão prevail due to the inefficiency of public policy planning aimed at education, generation of employment and income in the State, especially in the poorest regions. It is interesting to investigate the preference of the companies in view, which may present the reasons for the program "more companies" not reach the regions in need

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