

RESEARCH ARTICLE

Entrepreneurship in Brazil: An Analysis of the Years 2015 and 2016

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Abstract: Entrepreneurship is one of the areas that most interferes in economic policies, affecting regions, cities, states or countries. The objective of this study was to analyze the national panorama of entrepreneurship activity in Brazil in 2016, through the analysis of the total entrepreneurship (the), initial (tea), and established (tee) rates of gem 2016. It was verified that the recovery of the Brazilian economy necessarily passes through entrepreneurship, which in the year 2016 presented a slight increase in relation to previous years. In addition, entrepreneurship by opportunity grew again in the year in question, albeit timidly.

Keywords: *Economics, Entrepreneurial activity, Economic growth, Entrepreneurship rates.*

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Introduction

In recent years, Brazil has been one of the countries with the largest contingent of entrepreneurs in the world, assuming in 2015 [1] the eighth place in the ranking of countries that had economic development driven by efficiency and maintained that position in 2016 [2]. This means that entrepreneurship in Brazil is a field that is growing, with a relevant role in business performance, wealth generation, and competitiveness and fostering the exploration of new businesses.

The main agent of economic transformation in the country is the entrepreneur. He perceives and acts on an unknown opportunity, innovating or creating new business, new jobs, and new markets. The one, who makes things happen, anticipates the facts and takes risks and responsibilities [3, 4]. Seeking to understand the role of entrepreneurship in the economic development of countries, Babson College in partnership with the London Business School developed the Global Entrepreneurship

Monitor (GEM) research program in 1999. It is a research program that does an annual evaluation of the national level of entrepreneurial activity in several countries of the world. This study contributes to the monitoring of the role of entrepreneurship in the social and economic development of certain countries. It uses indicators such as the Total Entrepreneurship Rate (TTE), the Initial Entrepreneurship Rate (TEA) and the Established Entrepreneurship Rate (TEE). In view of this, this research had the objective of analyzing the general panorama of the entrepreneurial activity of Brazil, in 2016, according to the stage and motivation of the entrepreneurs.

In order to collaborate in the development and knowledge about entrepreneurial activity in Brazil, this study sought to provide public managers with data that enable the development of public policies to foster entrepreneurship and strengthen the national economy. It is a relevant study also for managers of private companies,

entrepreneurs, researchers, and others, since they need to understand the conjectural aspects related to entrepreneurship in the country. Besides this introduction, this article has a theoretical reference, in which it makes an approach on entrepreneurship and on the GEM. Next, explain the research methodology. Then, the analysis and discussion of the results are presented. Finally, they follow the final considerations about the research findings.

Entrepreneurship

Over time, the field of entrepreneurship research has been developing and strengthening in society, enabling approaches in several areas of knowledge, such as economics, psychology, social and political sciences, among others. Among the main theories that approach entrepreneurship, the economic and the behaviorist stand out. Almeida FM de *et. al.* [5] and Silveira Fontenele RE [6] confirm the important role played by entrepreneurship as a tool for economic growth in the countries.

This role goes beyond "the increase in production and income per capita and involves the initiation and constitution of changes in the structure of business and society" [7]. Economic theory influenced by Richard Cantillon, Jean Baptiste Say and Joseph Schumpeter sought to understand the role of the entrepreneur and its impact on the economy. Its essence was in the association of the entrepreneur as agent of perception and use of new opportunities in the scope of the business, assuming the risks of the new enterprise. Behavioral theory, by David C. McClelland, aimed at broadening the entrepreneurship approach to motivation and human behavior.

This strand emphasizes the attitudinal aspects, such as desire, creativity and

intuition, as the entrepreneurial achiever. The two theories focus on the individual, highlighting the role of businessmen in society and their contributions to economic development [8]. Entrepreneurship enables countries not only to increase production and income per capita, but also to develop, innovate and transform the structure of business and society [5, 6].

Nevertheless, the term entrepreneurship has no concise and universally accepted definition, being that the term originates from the word "entrepreneur", originally French, which means contractor [9, 10]. In English, "entrepreneur" means entrepreneur. Thus the term entrepreneurship can be confused with the word entrepreneur, which means the one who takes risks and starts something new, being the activity that a person with creativity accomplishes, being able to succeed from innovation, either by necessity or by opportunity.

The GEM 2016 report [2] conceptualizes entrepreneurship as "any attempt to create a new business or new enterprise, such as an autonomous activity, a new business or the expansion of an existing enterprise." In addition, initiatives can begin with an individual, groups of individuals or established companies.

And entrepreneurship, therefore, can encompass any activity that has a self-effort trait and involves the creation of a resource base. Table 1 presents historical perspectives on entrepreneurship. The main characteristics of each period are associated to the definition of the term entrepreneurship over the years, observing that entrepreneurship and entrepreneurship are confused with time and are intrinsically linked.

Table 1: Characteristics of the entrepreneur as the years go by

Period	Characteristics
Until 1750	The entrepreneur emerges as an intermediary in the movement of economic resources. It is then identified as one that participates or manages large production projects, taking risks in government contracts, stimulating economy and aiming for profit.
1751 to 1900	The entrepreneur differs from the capitalist, and entrepreneurship is associated with innovation.
1901 to 2000	Entrepreneurship is associated with risk, uncertainty and profit. The entrepreneur is innovative and is alert to the opportunities generated by economic imbalances or simply develops new combinations.
2001 to the present day	The entrepreneur understands and identifies opportunities, creates and develops new businesses being innovative changing the economy.

Source: adapted from [10]

Taking into account the characteristics associated to the definition of

entrepreneurship, it is affirmed that all the approaches associate the term innovation,

society transformation, risks and wealth creation for the development of new business. Denoting the complexity and importance of the role of the entrepreneur as one that contributes to economic development through the identification of opportunities and innovation, thus, the entrepreneur is the individual who causes economic changes, innovating, through the introduction of new services and products in the market, as well as in organizational forms and entrepreneurship creation.

According to Schumpeter's Theory of Economic Development, entrepreneurs are the lifeblood of economic growth by introducing innovations that make existing products and technologies obsolete, as well as their ability to make new combinations of resources [11]. The entrepreneur is an important agent of economic development, and can be identified in different types, as presented in Table 2.

Table 2: Types of entrepreneur

Types of Entrepreneur	Main Features
Nato	They are visionary, confident people and are always ahead of their time. They can detect good opportunities and with their entrepreneurial natures, they often build great empires.
What "learns" or unexpected	Do not have in their nature entrepreneurial characteristics and do not like to take risks, but were found by good opportunities for entrepreneurship in life and enjoy them.
Serial	They are passionate about creating new businesses, but they are not content to stay ahead of them for a long time, because their pleasure is in opening new companies and not in managing them.
Corporate	Its concern is in the expansion and innovation of existing businesses and not in the creation of new companies.
Social	Its mission is to improve the life of society and transform the world for the better through its organizations. Its central focus is not on obtaining financial results, but on generating social / environmental impact. These people work with social entrepreneurship.
Need	People who do not have good job opportunities due to lack of schooling, for example, need to support themselves and their family, and so they decide to start their own business. These are usually informal and non-innovative businesses.
Heirs	These people receive the legacy of taking over the family business, with the main challenge being to multiply the assets received.
Normal or Planned	These people have as their main planning tool, they seek to minimize the risks of their business, they worry about the next steps of the organization.

Source: [12]

These types of entrepreneurs can be classified into three main groups or main types of entrepreneurs, namely the startup entrepreneur (who creates new businesses/companies), the corporate entrepreneur (an entrepreneur within a company who implements new business opportunities) and the social entrepreneur (who creates enterprises with the social mission)[13]. For this diversity of entrepreneurs, there are reasons to undertake particular ones for each individual. According to the GEM 2016, there are two groups of entrepreneurs: those who undertake by necessity and those who undertake by opportunity [2].

In the first group, the person is motivated to undertake due absence of employment and income. In the latter, despite the existence of a profession, the entrepreneur sees a lucrative and exploitative market opportunity. Therefore, entrepreneurship is the activity associated with risks and uncertainties, each individual achieves and is able to succeed from innovation, whether by necessity or opportunity, it takes risks and makes it happen.

Entrepreneurship in Brazil

In recent years (2014, 2015 and 2016), Brazil has been facing an economic and political crisis that has shaken the growth prospects of the country's economy, a crisis that intensified in 2015. It has a negative impact on the economic situation of the country and brings concerns in the internal and external market [14].

However, this situation does not seem to directly affect Brazilian entrepreneurship, since entrepreneurship rates according to stage of the enterprise (TEA, TEE, TTE) of the period are the highest since 2002, and in 2015 Brazil reached the value of 39% in the TTE, the highest in the analyzed series. Studies show that, since 2001, Brazil presents scenarios favorable to entrepreneurship with a significant growth in relation to entrepreneurship, with emphasis on the increase of the initial entrepreneurship as well as an advance of the feminine contribution in the economy, increase of entrepreneurs by opportunity, that is, entrepreneurship enjoys an excellent

image in the country, giving opportunity to people who consider entrepreneurship as a career option [5,9,15,16].

Therefore, entrepreneurship in Brazil is a factor of economic growth, either by innovation or by promoting new business and improving existing business has an important role in the development of the country and the Brazilian states.

Methodology of the Research

This work has a descriptive and quantitative nature, with bibliographical research and documentary analysis. The descriptive research aims to investigate the elements of a phenomenon relating different variables. The bibliographical research is one that is based on material already elaborated, consisting mainly of scientific articles [17]. The data used for the present research are of

the secondary type, collected in the GEM reports of 2015[1] and 2016[2]. The reports of these years were chosen because they are the last ones available during the research phase. The GEM 2015 [1] report was used only for the comparison of some data. The general framework and motivation of entrepreneurship in Brazil, as well as the entrepreneurial intensity according to gender, age group, level of schooling and income were studied. These aspects were analyzed based on total entrepreneurship (TTE), initial (TEA) and established (TEE) rates.

Analysis and Discussion of the Results

Initially it was verified that the entrepreneurial activity suffered a slight decrease in 2016, when compared to the year 2015. These data are shown in Table 3.

Table 3: Brazil: Entrepreneurship rates¹ according to the stage of businesses implemented, 2015-2016

Stages of Entrepreneurship	Brazil	
	2015 [1]	2016[2]
Beginning Entrepreneurs	21,0	19,6
Entrepreneurs Nascent	6,7	6,2
Entrepreneurs New	14,9	14,0
Established Entrepreneurs	18,9	16,9
Entrepreneurs Total	39,3	36,0

Source: adapted from [1] and [2].

Perceptual population aged 18-64 years In 2016, the Total Entrepreneur Rate (TTE) presented a value of 36%, 3 percentage points less than in 2015, when it had presented a value of 39.3%. The decline was due to the changes in the scenario of the Brazilian economy (2014, 2015 and 2016), which went through a recessive period started with the crisis in the international markets, also generating the country's economic slowdown [14]. Even with the decline of national

economic activity, the total entrepreneurship rate (TEE) presented its second highest value since 2002, when it reached 21%. It shows that 36% of Brazilians have a business or have taken action to own their own company (in 2016), which points to another question: the motivation to undertake. Table 4 presents the indices of entrepreneurship by opportunity and by necessity in the country in the year 2016.

Table 4: Brazil: Motivation of the initial entrepreneurs and proportion on the TEA, 2016

Motivation	Rates	Percentage of TEA
Opportunity	11.2	57.4
Need	8.3	42.4

Source: adapted from [2].

Table 4 shows that in 2016, in Brazil, the greatest motivation of the initial entrepreneurs was due to opportunity (11.2%), higher than motivation due to necessity (8.3%). Parallel to this, there was an increase in initiatives related to entrepreneurship, such as the emergence of incubators and accelerators, non-governmental organizations that strengthen the entrepreneurial ecosystem, enabling the

growth of entrepreneurship through opportunity and reflecting a more planned decision, increasing the probability of success of the business (GOMES, 2017). When analyzing the percentage of initial entrepreneurs (TEA), the value shows a subtle improvement with 57.4%, which is a number higher than the 2015 index (56.5%). It is possible to affirm that for every 100 entrepreneurs, 57 undertake by opportunity,

that is, despite the economic crisis faced in the country since 2012, the number of entrepreneurs by necessity has decreased. Another important factor observed is the entrepreneurship index by gender, since

historically there is an imbalance between activities developed by men and by women in Brazil. Table 5 shows the initial entrepreneurship (TEA) and established (TEE) by gender in 2016.

Table 5: Brazil: Specific rates of initial entrepreneurship (TEA) and established (TEE) by gender, 2016

Stages of entrepreneurship	Gender	
	Male	Female
TEA	19.2	19.9
TEE	19.6	14.3

Source: adapted from [2]

According to Table 5, the initial entrepreneurship rate (TEA) presents an equilibrium value between men (19.2%) and women (19.9%). Since 2000, GEM has shown that women play a significant role in the Brazilian economy and the structure of Brazilian families. This leaves the country in a good position among the world's largest entrepreneurs [12].

enterprises (TEE) were analyzed, these figures fell for women, who reached only 14.3% against 19.6% of men. That is, although women undertake the same intensity as men, the numbers of enterprises that manage to establish themselves in the market are much smaller. This is because women face more difficulties to make their business thrive.

The situation is better understood when the initial entrepreneurship rate is observed in other countries. Germany has a rate of 6.0% for men and 3.1% for women and the United States has rates of 14.8% for men and 10.5% for women. In this context, Brazil, in 2016, was among the countries that presented the smallest difference between the proportion of entrepreneurial women and men [2]. However, when the numbers of established

The [2] lists as main difficulties the gender bias, the greater difficulty of financing and the difficulty to reconcile demands of the family and the enterprise. Thus, Brazilian entrepreneurship needs incentives policies for entrepreneurs, in order to balance TEE. As for the entrepreneurial intensity by age group of Brazilians, in 2016, rates vary between ages, as can be seen in Table 6.

Table 6: Brazil: Specific rates of initial entrepreneurship (TEA) and established entrepreneurship (TEE) according to the range age, 2016

Stages of entrepreneurship	18 to 24 years	25 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	Total
TEA	20.1	22.9	19.7	17.5	15.0	19.6
TEE	5.5	11.7	22.4	24.2	23.9	16.9

Source: adapted from [2]

In general, TEA is higher for individuals aged 18-44 years, however, the number of ventures that can be established are those created by older individuals (35-64 years). The number of initial entrepreneurs indicates that the group that started the most in 2016 was the population aged between 18 and 34 years. However, although the audience of 18-24 years old presented TEA of 20.1, it also presented a TEE of only 5.5%. This indicates that the businesses deployed by the younger public have not been able to establish themselves in the market.

24.2%. In 2016, TEE rates were lower for younger and taller individuals for individuals over 35 years of age. One possible explanation for this trend is the maturity of the entrepreneur himself, who groups his experiences and knowledge to manage business, being more cautious with attitudes and entrepreneurial ambitions [2]. The degree of instruction of the subject is another data analyzed in GEM 2016 [2]. This is classified into four levels of education: some education, full secondary, post-secondary and postgraduate experience.

Only 17.5% of individuals aged 45-54 years invested in the business itself, but the mortality rate or business closure was also lower. This group had the highest rate of established enterprises with a value of

The data of experience with post-graduation were considered for the first time in the presentation of the results and presented an unimpressive number in Brazil. The results of this approach are shown in Table 7.

Table 7: Brazil: Initial entrepreneurship rates (TEA) and established entrepreneurship (TEE) second level of education, 2016

Stages of entrepreneurship	Some Education	Secondary Full	Post-secondary	Experience Graduate	Total
TEA	19.5	20.5	14.4	22.6	19.6
TEE	21.7	14.6	13.3	-	16.9

Source: adapted from [2]

Individuals with postgraduate experience have a higher index of involvement with initial businesses (22.6%). It can be seen that individuals with higher educational attainment are awakening to the entrepreneurial market, applying intensive knowledge in research, development and innovation and are more likely to generate added value for their business.

When observed the enterprises established by this public, however, the numbers are not measured, because there is very low expressiveness of these businesses in the country. This is also because most of these individuals are still more involved with academia (market and doctorate) than with

market dynamics (entrepreneurship), a logic that should change in future years. We also detected evidence of distancing in the relationship between universities and companies and / or businesses in Brazil. The individuals classified in the item "some education" are among the most engaged in the year (19.5%) and those who also presented the businesses with the highest index of establishment (21.7%).

Regarding the entrepreneurial intensity by income, the GEM determines three ranges of analysis. They are: 33% lower, 33% central and 33% higher, each representing one-third of the country's income bracket.

Table 8: Brazil: Initial Entrepreneurship Rates (TEA) and Entrepreneurship (TEE) by Income, 2016

Entrepreneurship Stages	33% lower	33% central	33% higher	Total
TEA	19.1	21.6	18.6	19.6
TEE	12.1	19.1	22.1	16.9

Source: adapted from [2]

Table 8 shows that there is quantitative equilibrium in relation to the initial entrepreneurs of different incomes, with rates of 19.1%, 21, 6% and 18.6%, and entrepreneurs with smaller, central and larger bands, respectively. However, among the established entrepreneurs, the number of individuals with lower income is the most affected in the maintenance of the business, raising only the 12.1% index. This can be explained by the difficulty of credit financing in banks, for this public, and due to scarcity of resources for investment.

The central range presents an established entrepreneurship index of 19.1% and the greater range of 22.1%. These indexes, higher than those of low-income entrepreneurs, are related to the greater ease of obtaining resources to invest and structure the business.

Final Considerations

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