

The Role of Brazilian Entrepreneurship in the Global Economy



Vanessa Ratten and João Leitão

Abstract Brazil is a large country in South America with an interesting history. For this reason, it makes it an interesting context in which to study entrepreneurship. This chapter focuses on the role of Brazilian entrepreneurship in the global economy. Thereby taking into account political and historical factors that have contributed to economic and social developments in the country. The chapter begins by discussing the demographic characteristics of Brazil and how this has contributed to societal change. The role of entrepreneurship in Brazil is then stated with a view to developing a theory of Brazilian entrepreneurship. The chapter concludes by highlighting theoretical and managerial implications as well as future work suggestions.

Keywords Brazil · Culture · Economic development · Emerging markets · Entrepreneurship · History · Internationalization

1 Introduction

Entrepreneurship has become a popular global topic and debatable issue in society. There are many discussions around what is and what is not entrepreneurship. This is due to most people acknowledging that entrepreneurship is important, but it can differ in impact and effect. This means there has been a general growth in academic discourse about country-level entrepreneurship behavior (Ferreira et al., 2018).

Following Ganesini et al. (2018), at the individual level, it must be underlined the importance of entrepreneurial competences acquired by an entrepreneur, according to the contextual factors, include historical, geographical, and cultural factors.

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The results of entrepreneurship are far-reaching and felt by different parts of society. The chapters in this book advance growing interest in Brazil and entrepreneurship. They identify gaps in the current literature and progress on new ideas. By doing so they help to explain how and where entrepreneurship originates and in particular its impact on the Brazilian economy and society. In compiling this chapter, we seek to address questions such as what does entrepreneurship mean for Brazilian society? How has entrepreneurship research informed our understanding of Brazilian culture? Does politics influence Brazilian entrepreneurship and if so, how? Does a new theory of Brazilian entrepreneurship need to be developed?

Entrepreneurship has become somewhat of a common activity in Brazil (Borges et al., 2018). This means it is not thought about in a special way but rather an ordinary task that people engage in. This book will serve as a resource for those interested in Brazilian entrepreneurship. In this chapter, we discuss what we know about Brazilian entrepreneurship, where we are right now in terms of practice and scholarship and what the future might look like regarding this topic.

2 Country Context

Brazil is a large country in South America that has a unique history (Coelho et al., 2018). Its official language is Portuguese due to Portugal colonizing the country and still playing a role in its economic development. The economy of Brazil is mostly based on agricultural exports such as coffee, cotton, and fruit but also includes manufactured products such as clothes. The capital city is Brasilia, which was built specifically for this purpose and has unique modern architecturally designed buildings.

The most famous river in Brazil is the Amazon due to its length and influence on the geographic conditions of the country. Lesser known but still important rivers include the Parana, Tocantin, and Sao Francisco. The flag of Brazil is green, yellow, blue, and white. It was officially adopted in 1889 when Brazil became a republic. In the flag, there is a green background with a yellow diamond that has a blue circle. The flag was designed to depict the culture of Brazil in terms of its vivaciousness. The blue circle represents the sky in Brazil and the country's motto "Ordem e Progresso" (Order and Progress) is written on it. The wording on the flag is unusual as many countries do not include words on their flags. The stars in the flag represent the states in Brazil. The green and yellow colors for the flag were chosen due to the land and wealth found in the country. The previous flag of the country did not have the blue circle that was added to the new flag's design. The stars on the flag are representative of the states in the country. As new states were added the number of stars did not change. The stars in the flag also represent the constellations visible in Brazil.

Brazil occupies a large percentage of South America and shares borders with many other countries in the region (Cassiolato et al., 2003). It has a long coastline that faces the Atlantic Ocean. The country has a large forest ecosystem with no

desert environment. The capital city is located inland and was positioned there in order to open up the inland area. This is due to most of the population living along the eastern seaboard making the area highly concentrated. Brazil has an interesting history and has faced numerous political struggles that have meant financial constraints regarding innovation activities (Crisóstomo et al., 2011). This is due to the social inequality between rich and poor existing in the country that means informal forms of entrepreneurship can be more prevalent (de Oliveira et al., 2018).

The land area that comprises Brazil is quite large compared to other countries in South America, which has influenced the development of innovation activities (Etzkowitz et al., 2005). There is now an emphasis on knowledge-intensive entrepreneurship in Brazil as a way of fostering innovation (Fischer et al., 2018). Unlike other territories in South America that split into separate countries following their independence, Brazil did not do this. This means it is the largest Portuguese-speaking country outside of Portugal. Most people in Brazil speak Portuguese although there are some dialects and regional variations.

The Amazon, which is located in Brazil and other South American countries is the world's largest rainforest. The Amazon is a network of many waterways that form an ecosystem environment. There are many medicinal herbs and trees in the Amazon with some still yet to be discovered. In the central west part of Brazil is the Pantanal, which is a swamp area. It is mostly wetlands but also includes lagoons. Within this area are South American alligators called caimans.

Portugal established a colony in Brazil in 1530. Sugarcane plantations were created with much of the sugar exported to other countries. In addition, due to the mineral wealth of the country, many mines were established. In 1789, an unsuccessful rebellion against colonial rule occurred. Members of the Portuguese royal family lived in Brazil but most returned to Portugal. The King of Portugal's son Dom Pedro stayed in Brazil and proclaimed it an independent country in 1822.

The rapid development of Brazil has replaced the focus of interest in entrepreneurship from developed countries to emerging markets (Franco et al., 2011). Brazil is considered one of the fastest-growing economies in the world so there has been much interest in how it compares to other emerging economies such as China and India (Gupta et al., 2014). Inkizhinov et al. (2021, p. 1404) define emerging markets as "countries in economic, political, social and demographic transition from the contexts of higher degrees of volatility to stable institutional commitments." Emerging markets like Brazil are considered unique places to study the process of entrepreneurship and in particular the role of reactionary forces that influence entrepreneurship activity in metropolitan areas (Jones, 2000). Entrepreneurship is a field that constantly changes based on emerging societal needs (Jones et al., 2019). The current literature on entrepreneurship in Brazil is constrained by a series of shortfalls most of which relate to a generalization in studies that consider all emerging markets as the same (Karam, 2004).

Brazil as an emerging global superpower is making a transition to a democratic and entrepreneurial oriented economy (Marques et al., 2020). The scholarship on entrepreneurship in Brazil is dominated by economic studies that analyze the consequences and processes of entrepreneurship (Nagano et al., 2014). More

recently, the scope of scholarship has been widened to include social issues such as sustainability (e.g., Marcon et al., 2017), university–industry interactions (e.g., Rapini et al., 2009) export performance (e.g., Oura et al., 2016) and the rural economy (e.g., Mendonça & Alves, 2012). Much less has been dedicated to developing a Brazilian theory of entrepreneurship that focuses on the Brazilian identity and experiences. This new area of inquiry will enable more research to focus on the Brazilian philosophy and culture regarding entrepreneurship (Severo et al., 2019).

3 Brazilian Entrepreneurship Research

Entrepreneurship research is well established and is a prominent area of study (Moreira et al., 2019). Within general entrepreneurship research, there are many subfields including international, minority, sport among others (Ratten et al., 2021). The overall research on entrepreneurship has increased substantially over the past decade due to the recognition of its importance in society (Ratten & Usmanij, 2021). How we come to know entrepreneurship has been influenced by certain economic and political events. Recently the COVID-19 crisis has influenced the direction that entrepreneurship research has taken (Ratten, 2020a, b, 2021).

There has been an emphasis in general entrepreneurship research on education (Ratten & Jones, 2021). This is due to entrepreneurial intentions often being influenced by previous education experiences. Education in Brazil is linked to patent incentives as well as public/private networks (Ryan, 2010). In Brazil, there are different kinds of education including vocational education that influences entrepreneurship (Stadler & Smith, 2017). Due to there being many family businesses in Brazil, entrepreneurship education can have a positive effect on overall performance outcomes (Soares et al., 2021). Brazil has been focusing on literacy rates in vocational education policies as a way to foster entrepreneurship (Stadler et al., 2021). This is due to entrepreneurial forms of innovation influencing the development of new industries such as 3D printing (Woodson et al., 2019).

4 Contributions

In the second chapter, Anna-Katharina Lenz and Renata Brito address on the topic Microentrepreneurship in Brazil, by revealing the research gaps in terms of the process of resilience building, the outcome of human capital inequalities, the impact of gender, resource constraints, and boundary conditions under which entrepreneurial activity emerges and can thrive under different conditions and regional contexts in Brazil.

In the third chapter, Laura Bradshaw concludes that Brazil has an opportunity for rapid growth in the surf tourism segment. This can be achieved by capitalizing on underprivileged coastal areas, which could benefit from tourism and development

and increase the economic benefit of the area for local communities by bringing in much-needed business and development and opening the coastline up to more overseas travellers seeking an adventure.

In the fourth chapter, Mariza Almeida analyses academic entrepreneurship in Brazilian universities, considering three periods of distinct characteristics and using the Triple Helix model as the theoretical framework. In each of these periods, varied interactions were established and the internal discussion of universities about entrepreneurship and innovation was changing, with an impact on teaching, research, and transference activities.

In the fifth chapter, Esha Thukral and Vanessa Ratten analyze the Entrepreneurial framework conditions in Brazil, pointing out that Entrepreneurial activity is generated by interactions between various elements of the socio-economic environment. Nevertheless, in the specific context of Brazil, it is well recognized that an ineffective regulatory framework poses a structural barrier to entrepreneurial development.

In the sixth chapter, Thalyta Sá de Carvalho Velasco, Edilane dos Reis Carraro, and Marcelo Amaral present an interesting case applied to an Entrepreneurial University, that is, the Fluminense Federal University, concluding that the university–industry–government relations and the incorporation of a third mission (socio-economic development) in the academic organizations, are critical elements for integrating production and innovation systems.

In the seventh chapter, Andreia de Bem Machado and Maria José Sousa, present a knowledge-building model for business incubators: The Celta; which is a model for confirming knowledge construction in incubators, which implies and encourages the incubator's ability to prospect and pick strong ideas sequentially, and then turn them into successful and lucrative companies. This innovative model can also be used to determine the level of knowledge maturity in incubators and other Innovation Habitats.

In the eighth chapter, Vanessa Ratten provides a rich guide about Entrepreneurship in Brazil, crossing geographical and historical dimensions. This is particularly useful for guiding researchers on Brazilian entrepreneurship, especially, pointing out how they can research the Brazilian state contexts.

In the ninth chapter, Paul Strickland and Vanessa Ratten explore the Wine tourism entrepreneurship in Brazil, highlighting how the wine industry in Brazil has grown based on its innovative and entrepreneurial characteristics, as well as providing guidelines for improving wine tourism entrepreneurship in Brazil.

In the tenth chapter, Mercedes Barrachina Fernández, María del Carmen García Centeno, and Carmen Calderón Patier, address an interesting topic devoted to: Brazilian entrepreneurship: Implications for ASEAN countries; unveiling that, in Brazil, there is a growing entrepreneurship environment blowing and the government is supporting its development, especially in large cities, such as São Paulo, Rio de Janeiro, Belo Horizonte, and Porto Alegre. Nevertheless, there are several challenges Brazil has to overcome, in order to increase the opportunities of the companies that are born in its territory and their growing possibilities.

In the eleventh chapter, Jocilene Gadioli de Oliveira, Serena Cubico, Romina Fucà, Piermatteo Ardolino, and João Leitão address the topic on: Learning intention

in Brazilian university students: self-legitimation of independence and the search for entrepreneurial culture; provide evidence that small prior experience in firms coupled with ties with the entrepreneurial world encourages the students to have trust on the university as a driving force to understand jobs and careers, as well as it enables them to search for theoretical inconsistencies and gaps in the materials offered by educational settings.

In the twelfth chapter, Vanessa Ratten and Leila Afshari address the problematics on: Brazilian entrepreneurship: Future research avenues; stating that a distinct research track regarding Brazilian entrepreneurship is needed in the broader entrepreneurship literature in order to incorporate more cultural and historical meaning.

5 Conclusion

This chapter has made a multifaceted contribution to the literature on Brazil and entrepreneurship. First, the chapter provided an overview of Brazil as a country and organized the discussion into historical context and cultural linkage. Second, the chapter highlighted the importance of entrepreneurship to Brazil, which helped us to identify a theory of Brazilian entrepreneurship. The key themes included in Brazilian entrepreneurship studies included (a) strategic innovation, (b) cultural considerations, (c) institutional environment, (d) crises responses, and (e) entrepreneurial outcomes. These themes highlight how entrepreneurship in Brazil is different from other countries contexts. They imply that the changing economic conditions in Brazil are the result of entrepreneurial activities. Moreover, the drivers of entrepreneurship range from learning oriented activities to necessity-based needs. The chapter stressed the need to address the gaps in the literature and the opportunities for further research.

6 Theoretical Implications

This chapter suggests a theory of Brazilian entrepreneurship is needed. At the moment, most of the theories that exist on entrepreneurship are general ones such as the theory of knowledge spillovers and entrepreneurial ecosystems. This means there is room in the literature for new theories based on country contexts. There are regional theories that are based on common cultural characteristics but these are not used much in the literature. Therefore, in this chapter we suggest that Brazilian entrepreneurship theory provides a way to incorporate cultural and historical considerations into theoretical frameworks. This will help to build the literature on Brazilian entrepreneurship by linking it to a theoretical model.

This chapter is based on Brazilian entrepreneurship theory, which highlights the need for country considerations in entrepreneurship research. Currently, the existing

entrepreneurship theory is too broad and needs to be revised based on context. Therefore, this chapter overcomes these issues and suggests a new theory that requires further development. This will be helpful to entrepreneurship researchers to narrow their scope of inquiry into country contexts. This chapter suggested that there are various aspects of Brazilian entrepreneurship, which can be further studied by scholars. This means theme-based gaps in the Brazilian entrepreneurship literature need to be identified. The broader entrepreneurship literature has not done this as the emphasis has been on generalization.

7 Implications for Entrepreneurship Strategy and Practice

This chapter has a number of key implications for practitioners and managers of entrepreneurial ventures. The discussion of Brazilian entrepreneurship provided a comprehensive overview of the topic that can help managers identify new trends. For example, the overview highlighted how emerging technologies related to sustainability are changing the entrepreneurial practices of Brazilian enterprises. Accordingly, managers can adapt to the new technologies by putting plans into place to deal with the change. This will help them proactively identify market needs before competitors.

Managers need to continually assess the changing marketplace and come up with better responses. This means changing from a reactive approach to a proactive stance. Management needs to embed an entrepreneurial mindset into their organizational culture by explicitly emphasizing entrepreneurship. This means changing accepted workplace practices by focusing more on entrepreneurial behavior. Doing so would further advance an organization's international competitiveness and differentiate them in the marketplace.

The value of entrepreneurship in the pursuit of profitability should be emphasized by managers. This can include entering into different kinds of partnerships in order to obtain knowledge. The regulatory and institutional environment influences entrepreneurship so managers need to have a proactive approach. This will help them unite different entities in an entrepreneurial ecosystem to come together for a joint purpose.

8 Future Work

This chapter has provided an overview of Brazilian entrepreneurship and discussed its importance. More work is needed on Brazil in general entrepreneurship studies. This includes taking into account research written in Portuguese that might not be easily accessed by English speakers. At the moment many relevant studies in Portuguese about Brazil are omitted due to most publications being in English.

Due to the existence of computer programs that easily translate languages it might be easier in the future to access this research.

More focus needs to be applied to the different cultures in Brazil. While there is a common language and culture in Brazil, there are many other languages spoken in the region. This means research should take into account cultural heritage when discussing Brazilian entrepreneurship. This will highlight the diversity of Brazil and continue to make it an interesting country to study.

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