

Área Temática: Administração Geral.

**Entrepreneurship in Brazil:
Are College Students Fond of it and Aware of What it Takes?**

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Resumo

Líderes da Região do ABC (São Paulo – Brasil) têm indicado nos últimos anos, considerando o potencial da região para a criação de empregos, que o empreendedorismo é uma resposta promissora aos problemas sociais e econômicos daquela área geográfica. Entretanto, verifica-se que os empregos gerados por pequenos negócios têm sido cada vez mais raros. Uma possível razão para essa perda de atratividade pela qual o empreendedorismo passa repousa na percepção que os jovens têm sobre ele. Para responder a essa hipótese foi elaborada uma pesquisa exploratória qualitativa através da utilização do método *survey* como ferramenta junto a 187 estudantes de último ano de uma Faculdade de Administração da região do ABC paulista, tendo-se verificado que apenas 19,4% dos sujeitos analisados prefeririam ter e gerir seus próprios negócios ao invés de desenvolver carreiras profissionais em outras organizações. Por outro lado, tendo como base de comparação a lista das dez competências pessoais de empreendedores de McClelland's (1987), os autores do estudo diagnosticaram que apenas 23% dos respondentes tinham uma relativa idéia sobre o que significa ser um empreendedor bem sucedido.

Abstract

Leaders of the ABC Region, of São Paulo, Brazil, have in the last years pointed out that, considering its potential for creating jobs, entrepreneurship is a promising answer to the Region's social and economic problems. However, jobs generated by the small business have been scarce so far. One possible reason for this is the lack of appeal that entrepreneurship exerts on the young people. To answer this question, the authors made a qualitative exploratory research by using the survey as tool among 187 senior students of a regional business school and found out that only 19.4% of objects surveyed would prefer to have and run their own business as opposed to other professional careers. On the other hand, using McClelland's (1987) list of ten "personal entrepreneurial competencies" as a basis for comparison, the authors found out only 23% of respondents had a relatively clear idea on what it takes to be a successful entrepreneur.

Palavras-Chave: Empreendedorismo, Personalidade Empreendedora, Motivação.

1. Presentation

Entrepreneurship has become a common concern within developed and emerging economies because of the high number of jobs it can generate (Gibb, 2002). In Brazil – a country that has faced double-digit unemployment rates since globalization has gained momentum, in the early 90s – government has focused on the nurturing of entrepreneurship. Results thus far in terms of lowering the unemployment rate, however, are disappointing, as shown by statistics covering the Greater São Paulo Area (DIEESE, 2005). To explore one possible reason for the low response to the *stimuli* pro-entrepreneurship promoted by the government, the authors of this article have picked a region in which entrepreneurship is envisioned as an extremely valid way out to current high records of social unrest and criminality: the 1.5-million-people ABC Region¹, located south within Greater São Paulo.

1.1. Introduction

Brazil's economic development underwent a quantum leap during the 4-year presidency term of Juscelino Kubitschek, in the decade of 1950. Besides building the new capital Brasília in the geographic center of the nation, Kubitschek implemented public policies and fiscal incentives aimed at increasing the industrialization of Brazil. As one of the consequences of such policies, foreign auto makers – which up until then restricted their operations to small CKD (car knock down) assembly lines – made the investments necessary to manufacture locally passenger cars, trucks and buses.

Main foreign players in that process were General Motors, Ford, Volkswagen and DaimlerChrysler, all of which chose the ABC Region and vicinity to build their plants. As the automakers' projects took off after 1960, the offering of jobs in the ABC Region by them and their suppliers and distributors triggered the formation of streams of emigrants from all over the country into the Region, making its population to grow in a fast pace. Considering the numerous jobs required by the accelerated industrialization process, the population of the ABC Region grew from 442,000 in 1960 to 1.14 million in 1980 – representing an average growth compounded rate of 4.86% per annum, whereas the rest of Brazil (IBGE, 2005) and the U.S. (US Census Bureau, 2005) populations grew by 2.66% and 1.16% p.a. respectively in the same period. As shown on Table 1, between 1960-80, the number of vehicles produced yearly in the Region went up from 75,000 to 759,000, representing a compounded annual growth rate of 12.7%.

After 1980, however, the Region began suffering from a reverse process, basically due to the effects of the globalization, the industrialists' reaction to hard-stance practices of local labor unions, the adoption by the Brazilian government of more liberal import rules and the automakers' choice of other areas of the country to erect new plants. Nine vehicle manufacturing plants have been built around the country far away from the ABC Region after 1980, decentralizing significantly vehicle production², as illustrated by Table 1. As it can be seen from Table 1, in the period 1970-2004 while production of vehicles within the Region was reduced from a share of 100% to a mere 34%, the share of other regions went from zero to an impressive 66%.

¹ The ABC Region is located south of São Paulo city and is called so because of the first initial of the "saint" that names three cities: Santo André, São Bernardo do Campo and São Caetano do Sul.

² The nine vehicle manufacturing plants are (manufacturer/location – state of Brazil): Fiat/Betim (MG); Honda/Sumaré (SP); Renault/São José dos Pinhais (PR); Ford/Camaçari (BA); General Motors/São José dos Campos (SP) and Gravataí (RS); Peugeot/Rio de Janeiro (RJ); Toyota/Indaiatuba (SP); and DaimlerChrysler/Juiz de Fora (MG). (Anfavea, 2005)

Table 1 – Vehicle production and population (in thousands)

Year	Vehicles produced within the ABC Region		Vehicles produced outside the ABC Region		Total Units	Population of ABC Region
	Units	% of	Units	% of		
		Total		Total		
1960	75	100	0	0	75	442
1970	376	100	0	0	376	771
1980	759	78	217	22	976	1,142
1990	388	57	288	43	676	1,333
2000	500	44	637	54	1137	1,493
2004	504	34	977	66	1481	1,573

Sources: IBGE (2005), Prefeitura Municipal de Santo André (2005), Anfavea (2005).

In a phenomenon similar to the one that plagued Detroit after the 80s, social and economic problems of the ABC Region were aggravated by the combination of a significant loss of jobs with population growth – in the period 1980-2004 the Region’s population grew from 1,142 thousand to 1,573 thousand – representing an annual compounded rate of 1.34% - which, in spite of being lower than the one experienced in the period 1960-1980, was still too high considering the loss of working opportunities offered by the regional economy.

Again, due to what one can call “the Detroit syndrome”, as unemployment grew, social unrest and criminality scaled up.

After 1990, regional leaders have envisioned entrepreneurship as a promising answer to the Region’s social problems, considering the number of jobs that it has generated in countries such as the United States and Italy *inter alia* (GIBB, 2002).

Currently, the Region’s economy is still struggling to generate jobs. As of May 2005, unemployment rate in the Region was 17.5% (DIEESE, 2005). Since investors have not demonstrated willingness to choose the Region as their preferred site of new projects, regional politicians commonly say that the Region’s new economic vocation, *to be led by local entrepreneurs*, must be oriented towards services, logistics, technology development, education and information technology (LIVRE MERCADO, 2005, p. 50-55).

The Brazilian version of the U.S. Small Business Administration, named SEBRAE (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas)³, became a national priority since then, offering courses, credit facilities and consulting services at relatively modest fees. SEBRAE has installed two of its branches in the ABC Region – and is preparing the opening of a third - signaling the high priority attributed by government officials to the Region’s economic recovery.

1.2. The problem

The problem is that thus far practical results have been scarce in terms of the number of jobs created by the small businesses in the Region. One possible reason for such a slow job creation is the lack of appeal that entrepreneurship exerts on the Brazilian young people. *Is it true?* It is a relatively common saying among local college teachers that Brazil’s educational system as a whole does not train students to become entrepreneurs but rather to work for the big business.

Not with standing that knowledge and skills on business management are useful to attendees of most undergraduate schools – e.g. engineering, dentistry, architecture, etc. – the present study will be limited to students who are attending the last year of their undergraduate studies in a 35-year old business school of the ABC Region. The criterion for selecting this institution for the research was accessibility.

³ A free translation could be *Brazilian Support Service to Micro and Small Businesses*.

1.3. Objectives

The main objective of the research is to find out what proportion of business school students who are attending their senior year would prefer to have and run their own business as opposed to other options e.g. working for government, or for a transnational corporation, or for a big Brazilian corporation and so on.

Two secondary objectives are to learn: (a) whether the students know what it takes, in terms of personal characteristics, to become a successful entrepreneur and (b) whether the results differ between two samples: the first, named “sample A”, composed by students who want to be an entrepreneur and a second sample, named “sample B”, made up of students that *are not* asked to inform their preferred professional career before answering what are the key personality factors to become a successful entrepreneur. The reason for the use of these two samples is to verify whether the ones who want to be entrepreneurs are more knowledgeable about what it takes, from a personality standpoint, to be a successful entrepreneur.

1.4. Justification of the Study

The study is justified for two reasons: *first*, its findings may confirm the need for Brazil to adjust its educational policies and programs so as to stimulate the early-flourishing of attitudes conducive to successful entrepreneurship; *secondly*, the results of the study may help the regional business schools in making their academic program course syllabi more oriented to helping prospective entrepreneurs to work on the attitudes conducive to success as entrepreneurs.

2. Bibliographical Review

2.1. General Concept of Entrepreneurship

According to Encyclopaedia Britannica (2003), it is attributed to French economist Jean-Baptiste Say (1767-1832) to be the first to establish a clear distinction between the entrepreneur and the capitalist, as well as to use the term *entrepreneur*, which, for its unique meaning has been adopted by numerous languages. Say (1986) pointed out that even with the sources made available by the scientists, not everybody is able to transform knowledge into benefits that satisfy human needs. To justify his point of view, he asserted that the availability of sources is not sufficient to succeed and that the entrepreneur needs other knowledge that is hardly obtainable of practice.

According to Fillion (1991), an entrepreneur is someone who conceives, develops and realizes visions. For that, he/she must not be risk-averse and needs to have, among others, the ability of mobilizing resources.

2.2. The Entrepreneurial Personality

Entrepreneurs possess unique personality traits. Pioneer Moravian-born Joseph A. Schumpeter (1883-1950) conceived the widely-accepted concept of “destructive creation”, which allows the entrepreneur to achieve higher levels of production and wealth (SCHUMPETER, 1985). According to David C. McClelland, high *n* Achievement⁴:

Should make people particularly likely to be interested in and able to do well in business, for business requires that people take moderate risks, assume personal responsibility for their own performance, pay close attention to feedback in terms of costs and profits, and find different or innovative ways to make a new product or provide a new service (McCLELLAND, 1987, p. 254).

⁴ Abbreviation of *need for Achievement* adopted by scholars.

McClelland also reported (1961) that relationship between *n* Achievement and entrepreneurship occurs in different cultures. Among preliterate tribes, 75% of those with high *n* Achievement in their folktales had at least some full-time entrepreneurs, as contrasted with only 38% of the tribes with lesser amounts of *n* Achievement. Schere (1982, *apud* Ulrich & Cole, 1987) concluded that entrepreneurs also present the following unique characteristics: belief that they can, within certain limits, define their destiny; above-average tolerance to ambiguity and novelty, which provide them with the impetus of entrepreneuring; need for autonomy, dominance and independence; and tolerance to negative results.

2.3. Roots of the Entrepreneur's Education

Concern for the education of the entrepreneur goes back to 1947, in the United States of America. The U.S. Small Business Administration was founded in 1954. However, only after the 1980 decade courses on entrepreneurship spread out in American universities.

Courses on entrepreneurship are also common in European universities, especially in the United Kingdom, Belgium and Germany (Volkmann, 2004). In Great Britain, with the strong support from the official Training Agency (TA), the Graduate Enterprise Program (GEP) was established and initially implemented in Scotland in 1983 and in England in following year (Brown, 1990).

Honig (2004) shows a study published by the U.S. News and World Report in 2004 involving the top 100 American universities revealed that 78 of them offer courses on entrepreneurship and management of small and medium businesses. In Europe, the “entrepreneurial culture” became an indispensable political response to globalization (GIBB, 2002).

2.4. The Experiments of McClelland

To answer a crucial question – can the 10 personal entrepreneurial competencies (PECs) be taught? McClelland (1987) developed a motivational training program focused on entrepreneurs and business managers, which he named *Achievement Motivation Training - AMT*. After applying the program to selected groups of entrepreneurs and business managers, he measured the change in the results of the respective businesses, comparing them with groups of entrepreneurs and business managers who did not attend the AMT. Improvements noted were substantial.

According to McClelland (1987, p. 555), the objective of the AMT is to influence the theoretical determinants of performance, which are three: (a) the “motive strength”, (b) the “perceived probability of success” and (c) the “incentive value of success”.

Once it was found out that countries with higher *n* Achievement levels developed more rapidly than others, McClelland inferred that a possible way to accelerate economic progress was by improving entrepreneurs’ “motive strength”.

AMT was first applied in India, for being an underdeveloped country that needed lots of entrepreneurs to create jobs. Two cities of the southwest region of India – Kakinada and Rajahmundry - were selected for being similar in culture, language and having characteristics that made them comparable. Business activities of these cities were carefully monitored during two years before and after the AMT was applied. 52 business managers and entrepreneurs of Kakinada received the training, whereas the ones from Rajahmundry (the “control city”) did not. Among the indicators used to measure the effect of the training were monthly revenues, capital invested, earnings and number of employees. A code was developed to translate changes in business activities into scores. The information received was duly checked.

The results obtained revealed that the “achievement motivation training was effective in increasing the level of business activity [...] but the effect was much larger for those who had the opportunity to change their behavior” (McClelland, 1987, p. 559). Most impressive was

the comparison between the results obtained by entrepreneurs and business managers from Kakinada and from Rajahmundry: business activity in Kakinada evolved 360%, whereas in Rajahmundry business stagnated (McClelland, 1987, p. 560).

Based on the findings of McClelland, the Achievement Motivation Training (AMT) was adopted by UNCTAD (United Nations Commission for Trade and Development) under the name of Empretec – the acronym of the Spanish words *emprendedores* (entrepreneurs) and *tecnología* (technology). Empretec is currently offered in 27 countries (IBQP, 2002).

The AMT program focuses on the entrepreneur as an individual. Participants enter the program through an initial two-week achievement/motivation workshop which encourages the individuals to focus on their role as entrepreneurs, challenging them to examine their personal strengths and weaknesses. “The Entrepreneurship Training Workshop (ETW) is an opportunity for the participants to become more familiar with the behavioural competencies of successful entrepreneurs, strengthen and enhance those behaviors in themselves and, finally, be able to apply the behaviors in their own businesses” (UNCTAD, 2005).

The training method is interactive and experiential. The seminar uses extensively structured exercises, team-building techniques, diagnostic tools, business events and other means to challenge the participant to focus on such issues as his/her ability to seek improved quality, productivity, growth and profitability, and thus to become aware of the need for continuous improvement in every aspect of his/her own business. Objective evaluations indicate that, as a result of the workshop, more than 85% of the participants reported a marked change in personal and business attitudes. The workshop not only has an impact on the individual, but also creates trust and stimulates strong bonds among entrepreneurs, who as a result begin to organize themselves for mutual support, exchange of information and experience and the collective formulation of SME concerns as a sector (UNCTAD, 2005). The program is composed of 90 classroom hours and approximately 50 off-classroom hours, totalling 140 hours. Individuals who complete the program form the community of “empretecos”.

The behavioral portion of the Empretec program is based on the findings of McClelland’s studies (1987) built around 10 personal entrepreneurial competencies (PECs) consistently demonstrated by successful entrepreneurs. The 10 PECs are: Opportunity-seeking and initiative; Persistence; Commitment; Quality and efficiency demand; Risk-taking; Goal-setting; Information-seeking; Systematic planning and monitoring; Persuasion and networking; and Independence and self-confidence.

2.5. Entrepreneurship in Brazil

2.5.1. General Aspects

According to the Global Entrepreneurship Monitor (GEM) – an institution sponsored by the Babson College (USA), the London Business School (England) and the Kauffman Center for Entrepreneurial Leadership (USA) – there were in Brazil as of 2004 an estimated total 15,368,000 entrepreneurs (GEM, 2004, p. 20), representing a TEA (total entrepreneurship activity⁵) of 13.5%. This score puts Brazil in the 7th position in a survey involving 34 countries. However, as found by the same survey, roughly half of Brazilian entrepreneurs have decided to run their own business to survive amidst the double-digit unemployment rate. The version 2003 of the GEM Report contains the results of a research made with 40 Brazilian specialists in entrepreneurship. The following statements of the report address cultural barriers to entrepreneurship development in the country:

⁵ TEA is defined as the percentage of the workforce that is actively initiating a new business or is the owner or the manager of an enterprise whose age is less than 42 months. A higher score of TEA means that a high number of individuals are seeking to become independent entrepreneurs. The Brazil’s TEA-2004 was measured in a survey with 4,000 entrepreneurs (GEM, 2004, p. 19).

a) Entrepreneurs are not well-beloved by the Brazilian society. When someone prospers in an entrepreneurial activity is because there is something wrong behind; Brazilian culture considers the entrepreneur as a poor guy, a bankrupt, someone who was not able to succeed in a big company; or a vagrant, a thief, an opportunist, a profiteer; b) Brazilian culture sees the work as a necessary pain, there is lack of professionalism, [...] it's a question of posture. It is considered normal to wait for the boss to order, it is normal to act at no purpose in the work, delay the work. In conversations with friends, such a posture is considered an advantage, a shrewdness (GEM, 2003, p. 61).

The same survey pointed out that: (1) Brazilian authorities need to simplify the regulatory/fiscal environment, reducing the bureaucracy and the burden it represents to entrepreneurs and to society; (2) the Brazilian educational program needs to stimulate and teach entrepreneurship at all levels of the official system – basic, intermediate and college levels; (3) entrepreneurs need more credit facilities, at lower costs and less paperwork (GEM, 2003, p. 70-71). At the closing of this article the Brazilian federal government had announced the opening of credit lines to potential entrepreneurs at 4% per month, whereas loans of similar scope in other countries cost to the borrower significantly less.

2.5.2. Official Initiatives

SEBRAE, the Brazilian version of the U.S. Small Business Administration, was founded in 1972 with the mission of focusing on the needs of small - and medium-sized enterprises (SEBRAE, 2005). Its current priorities are: Reduce the burden of taxes and bureaucracy; Extend and universalize credit and capitalization; Promote the entrepreneurial education and cooperation; Promote access to technology and stimulate innovation; Promote access to markets; Coordinate collective initiatives and productions clusters; and Enhance Sebrae's structure, operation and management.

The following initiatives stand out towards “promoting the entrepreneurial education and cooperation”:

- Spread the culture of entrepreneurship and cooperation at the various levels of formal education and through all channels of the media;
- Articulate the formation and the strengthening of networks and cooperative organizations of small businesses;
- Articulate and implement programs aimed at developing entrepreneurial management, the culture of entrepreneurship, cooperation and leadership training.

It is believed that only after 1990 the public learned about the existence of SEBRAE. Nowadays SEBRAE has about 600 branches covering all 26 States of Brazil and the capital Brasília.

2.5.3. Initiatives from Universities

The Escola de Administração de Empresas de São Paulo, maintained by Fundação Getúlio Vargas, was the first to offer a course on entrepreneurship in the country, in the decade of 1980. It was followed by the Faculdade de Economia, Administração e Contabilidade - FEA, of the Universidade de São Paulo.

Both courses were offered as graduate studies and were/are focused on the construction of a business plan and on critical legal, tax and fiscal issues. Besides that, students are trained on identifying opportunities and evaluating them.

During the 1990 decade, other universities began getting involved with the idea of entrepreneurship, in most cases by offering an optional discipline within their undergraduate programs, as were the cases of Universidade Federal de Minas Gerais, Universidade de

Brasília, Universidade Federal de Santa Catarina and Ibmecc-São Paulo. These are considered isolated cases. The rest of the system was basically inactive.

After the turn of the century, the number of undergraduate business schools (besides a few engineering schools) that included the discipline of entrepreneurship in their academic programs grew very fast. Nowadays it is difficult to find a business school that does not offer a discipline on entrepreneurship.

2.5.4. Empretec in Brazil

The Empretec Program arrived in Brazil in 1989, brought by Banrisul - Banco do Estado do Rio Grande do Sul. In 1993, the program was taken over by SEBRAE, the Brazilian version of the U.S. Small Business Administration. Only in the year 2000 the program reached all States of the country.

Feedback obtained by participants in the Program indicates that 85% of them have shown a significant change in their attitudes and attained improvement in business results, especially on the aspects involving innovation, quality and networking (IBPQ, 2002).

3. Methodology

3.1. Sampling

The business school selected for the survey, located in one of the cities of the ABC Region, was founded about 40 years ago and therefore it has witnessed the social-economic process that took place in the Region. It currently offers baccalaureate courses on computer sciences, business management, economics, accounting, law and health. In the area of business management it has five senior classes, specializing in (respective number of classes and students who participated in the survey are shown in parenthesis): Corporate Management (two classes, 49 and 37 students), Operations Management (15), Corporate Finance (67) and Marketing Management (27), totaling 195 participants.

The first three classes, composed by students who - before answering which are the critical factors for an entrepreneur to be successful - were asked first to declare their preference towards one of six optional professional careers: work for government, or in a multinational company, or for a large Brazilian company, or in a small/medium-sized company, or run her/his own business or none of the previous) formed "sample A", totaling 101 respondents, out of which three were disqualified for technical reasons. Therefore, "sample A" totaled 98 valid objects (initial size). Once these respondents made their selection of professional career, "sample A" was reduced to 19 (final size).

The remainder seniors were put together, totaling 94 respondents, forming "sample B". These objects *were not* asked to indicate her/his preferred professional career before answering which are the critical factors for an entrepreneur to be successful. The purpose of the segregation was to measure whether the ones who want to become entrepreneurs would be more conscious of critical factors required to be a successful entrepreneur. Since five objects were disqualified, valid answers totaled 89. Categorization of respondents according to sex is shown on Table 2:

Table 2 – Respondents according to sex

	initial	
	Sample A	Sample B
Female	60 (61.2%)	52 (58.4%)
Male	38 (38.8%)	37 (41.6%)
Total	98 (100%)	89 (100%)

As it can be seen, women predominated roughly on a 6 to 4 proportion.

Respondents categorized according to city of residence is shown on Table 3:

Table 3 – Respondents according to city of residence

	initial	
	<u>Sample A</u>	<u>Sample B</u>
Santo André	29 (29.6%)	34 (38.1%)
São Bernardo	10 (10.2%)	5 (5.6%)
São Caetano	25 (25.5%)	24 (27%)
São Paulo	15 (15.3%)	11 (12.4%)
Other cities	19 (19.4%)	15 (16.9%)
Total	98 (100%)	89 (100%)

Respondents who lived in the ABC Region accounted for 65.3% of sample A and 70.7% of sample B, respectively, thereby making it possible to infer that most of the objects are individuals who are relatively well acquainted with the Region's social-economic characteristics, e.g. current high unemployment rate, scarcity of jobs offered by transnational companies and large Brazilian corporations, and so on.

3.2. Questionnaires

Two questionnaires were designed, one for each of the samples. On both cases respondents were asked to inform the course they attended, the sex and city of residence.

On the questionnaire for “sample A”, formed by the ones who were asked first to declare their preference with regard to employer, respondents were “entertained” in selecting factors she/he considered critical to be successful with the preferred type of employer – i.e., government, or a multinational company, etc. Once this step was accomplished, respondent was asked to choose two among four options, which were conceived to reflect the specificity of each employer.

On the questionnaire for “sample B”, respondents had not to inform their preference toward type of employer; they had to select two among four factors he/she considered critical to be a successful entrepreneur, which were the same offered to respondents of “sample A” who chose to be entrepreneur.

Respondents of “Sample A” who selected the option “I prefer to be an entrepreneur, i.e., have my own business” and all respondents of “Sample B” were asked to choose two among the following four optional factors of success:

- () 1. To be successful as an entrepreneur, I'll need luck, as are the cases of Silvio Santos and Samuel Klein⁶;
- () 2. To be a successful entrepreneur I'll need to take calculated risks;
- () 3. To be successful as an entrepreneur, it'll be sufficient to take a course on entrepreneurship;
- () 4. Only one or none of the statements above reflect my opinion on what is essential for my having success as an entrepreneur. Therefore, I indicate below what is, in my opinion, the main [*the word was underlined*] critical factor of success as an entrepreneur, in my own business.

3.3. Criteria Adopted to Classify Answers

The following criteria or steps were used:

3.3.1. To measure the main objective of the survey [*find out what proportion of respondents would prefer to have and run their own business as opposed to other options such as working for government, or for a transnational corporation, etc.*]:

⁶ Silvio Santos and Samuel Klein are popular, successful, self-made Brazilian entrepreneurs.

The tally of each option selected by respondents of “sample A” was compared against the total valid answers.

3.3.2. To measure the first secondary objective of the survey [i.e. whether the students know what it takes, in terms of personal characteristics, to become a successful entrepreneur]:

Universe of respondents was composed by 100% of “sample B” plus the ones from “sample A” who chose having her/his own business as preferred career.

To operationalize the need of empirical observation and measurement (Gil, 2002), McClelland’s (1987) list of the 10 personal entrepreneurial competencies (PECs) was adopted to classify and *categorize* right/wrong answers. The list of McClelland’s PECs is shown on sub-section 2.4. Details of such categorization:

- a) The first and third options were considered wrong and the second, right.
- b) Answer to option 4 (“*just one or none of the factors above reflect my opinion as to what it takes for a person to become a successful entrepreneur. Therefore, on the blank space I indicate what is, in my opinion, the main [it was underlined to point out singularity] critical factor for a person to become a successful entrepreneur*”) was considered right only if its content matched to one of the items of McClelland’s (1987) 10 personal entrepreneurial competencies (PECs).
- c) Answers to option 4 that contained more than one success factor (fitting or not to McClelland’s 10-PCE list) were considered wrong, since the instruction to subject was that she/he should indicate *the main* critical factor of success, as pointed out (by underlining the word) in the questionnaire.
- d) Subjects were categorized pending on the number of right or wrong answers in line with following criteria (GIL, 2002):
 - Category 1, when subject selected either (a) two wrong options and/or (b) – having selected solely or not option 4 – subject wrote an answer that does not match to McClelland’s 10-PCE list: *respondent does not have any idea on what it takes to become a successful entrepreneur;*
 - Category 2, when subject selected one right and one wrong options (note: if subject selected option 4 as one of the preferred options, his/her answer to option 4 was considered wrong if he/she indicated on the blank space an answer that does not match to McClelland’s 10-PCE list: *respondent has some idea on what it takes to become a successful entrepreneur;*
 - Category 3, when subject selected either (a) two right options or (b) – having selected option 2 – subject confirmed on option 4 the same critical factor (i.e., *To be a successful entrepreneur I’ll need to take calculated risks*) or indicated on the blank space a factor that matches to McClelland’s 10-PCE list): *subject has a relatively clear idea on what it takes to become a successful entrepreneur.*
- e) Total tally of Categories 1, 2 and 3 were compared against universe of respondents, for accuracy of results.

3.3.3. To measure the second secondary objective of the survey [whether results differ between two samples: the first, composed by students that want to be entrepreneurs and a second sample made up of students that were not asked to inform their preferred professional career before answering what are the key personality factors to become a successful entrepreneur]:

Same categorization criteria were adopted and results of the two samples A and B were compared to verify the difference in results.

3.3.4. Accuracy of categorization

The first author analyzed and categorized the answer of each object whereas - to assure the accuracy of the categorization made - the second author reviewed 10% of answers on a random basis. Before or during that process, the second author did not have access to the categorizations made by the first author. Once the second author completed his review, his categorizations were compared to categorizations made by the first author, unveiling that categorizations coincided 100% of the cases.

4. Results of the Research

This section will present the results of the survey in the same order previously outlined:

4.1. Results Aimed at Achieving the Main Objective of the Survey [*what proportion of students surveyed would prefer to have and run their own business as opposed to working for government, or for a transnational corporation, or for a big Brazilian corporation, etc.?*], object of “sample A”, are shown on Table 4:

Table No. 4 – Preferred employer/career informed by respondents

Preferred career	N	%
Government	11	11.2
Transnational corporation	41	41.9
Large Brazilian company	20	20.4
Small- medium-size enterprise	7	7.1
Run own business	19	19.4
None of the above		0
Total	98	100%

As it can be seen from Table 4, only 19.4% of respondents would rather have and run their own business. On the other hand, 41.9% of the students surveyed would like to work for multinationals and 20.4% for a large Brazilian company. It is worth observing that these two preferences total 62.3% (41.9 plus 20.4%), a percentage that permit to comment that there are not enough big businesses around to satisfy so many big business seekers.

The authors attribute the low propensity of these students - basically all of them born after 1980 and therefore they grew up in a low-job-offer environment – to choose a professional career as entrepreneurs and their high propensity to work for the big business to:

1. *Cultural barriers.* Lets recall the findings of the research made with 40 Brazilian specialists in entrepreneurship undertaken by the Global Entrepreneurship Report of 2003:
 - a) Entrepreneurs are not well-beloved by the Brazilian society. When someone prospers in an entrepreneurial activity is because there is something wrong behind [...];
 - b) Brazilian culture considers the entrepreneur as a poor guy, a bankrupt, someone who was not able to succeed in a big company; or a vagrant, a thief, an opportunist, a profiteer [...];
 - c) Brazilian culture sees the work as a necessary pain, there is lack of professionalism, [...] it's a question of posture. It is considered normal to wait for the boss to order, it is normal to act at no purpose in the work, delay the work. In conversations with friends, such a posture is considered an advantage, a shrewdness [...] (GEM, 2003, p.61).
2. *Low n Achievement.* McClelland's (1987) was able to demonstrate the correlation between the personal entrepreneurial competencies (PECs) and the degree of *n* Achievement of individuals. It is symptomatic the statement of Mr. Valter Moura Jr., coordinator of the Young Entrepreneurs Nucleus of São Bernardo do Campo: “the ABC Region is needy of entrepreneurial leaders. It is necessary to start to throw the

seeds, otherwise everything will continue the way it is. The Region lacks enthusiasm [for entrepreneurship].” (LIVRE MERCADO, 2005).

3. *Wrong public policies.* Public-makers have failed to galvanize the population to the fact that the world has changed significantly and that the dream of working for the big business needs to be replaced by other ones, such as becoming entrepreneurs or working for the third sector. In the last presidential election, occurred in 2002, the two candidates that made to the final poll promised to create between 8 and 10 million jobs in a 4-year mandate. None of them explained how the goal would be met, thereby letting the population to imagine that a bunch of multinationals would choose Brazil instead of China, Mexico, and the Far East countries to build new plants. Brazilian politicians need to awake the people of country, convincing them that the era of job-for-risk swap has arrived, for good.

Last but not least, only 11.2% of objects would choose the government as their preferred employer. The authors consider the size of this group rather small, especially considering - to a risk-averse society as the Brazilian - the attractiveness of the public jobs that offer: (a) a higher compensation for comparable functions (e.g. a lawyer, a professor, an engineer, etc.) *vis-a-vis* the private sector; (b) the full pension that public servants receive for lifetime, after retiring, equalized with the compensation paid to the ones in service, while workers of the private sector receive a fraction of their compensation after retiring; and (c) the much lower level of pressure-for-results imposed by the public sector as compared with the around-the-clock stress that private sector’s employees are subject to. This finding suggests that there is space for further research on the propensity to work for the public sector from the part of individuals who are about to complete their undergraduate studies in a business school. Is the dream of working for the big business that strong? Does the poor image of public servants make the respondents to consider working for the public sector the last resort?

4.2. Results Aimed at Achieving First Secondary Objective of the Survey [do the students know what it takes, in terms of personality characteristics, to become a successful entrepreneur?]. At this point of the study, the categories exposed in section 3 were used to evaluate the degree of acquaintance the respondent had with critical personality factors for a person to become a successful entrepreneur, namely:

Category 1, respondent does not have any idea on what it takes to become a successful entrepreneur;

Category 2, respondent has some idea on what it takes to become a successful entrepreneur;

Category 3, respondent has a relatively clear idea on what it takes to become a successful entrepreneur.

Out of sample A, 19 respondents – the ones who selected becoming an entrepreneur as their preferred career - and 89 from sample B were asked to answer this portion of the survey. The results obtained from samples A and B are presented on Table 5 below:

Table 5 – Results obtained from samples A and B

<u>Category</u>	<u>SAMPLE A</u>		<u>SAMPLE B</u>		<u>TOTAL</u>	
	<u>N</u>	<u>% of total</u>	<u>N</u>	<u>% of total</u>	<u>N</u>	<u>% of total</u>
1- Respondents who do not have any idea on what it takes to become a successful entrepreneur	5	26%	30	34%	35	33%
2 - Respondents who have some idea on what it takes to become a successful entrepreneur	13	69%	35	39%	48	44%
3 - Respondents who have a relatively clear idea on what it takes to become a successful entrepreneur	1	5%	24	27%	25	23%
Total	19	100%	89	100%	108	100%

The authors offer the following comments from the analysis of Table 5 and other data:

1. One third (or 33%, see column “Total”) of the students surveyed *do not have any idea* on what it takes, from the personality characteristics standpoint, to be a successful entrepreneur. Recalling the criteria adopted to create “category 1”, the respondents classified in this category were those who *were not able to mention any* of the personal entrepreneurial characteristics - PECs) contained in McClelland’s (1987) list. The score 33% indicates the poor level of knowledge of respondents as to PECs, especially considering that McClelland’s list of PECs contains ten options, what makes “the game” of knowing one or two “probabilistically speaking” very easy.
2. One of the four choices offered by the questionnaire to the respondent was considered a “hard-to-miss” one. It stated: *“To be a successful entrepreneur, the person will need to run calculated risks”*. It is revealing that 1/3 of respondents missed that “easy one”, especially considering that: (a) all respondents were attending to their senior college year, i.e., “they are not kids anymore”; and (b) the survey took place around the end of April, 2005, when respondents had already attended close to three months of classes on entrepreneurship.
3. 48 respondents, or 44%, *have some idea* on what it takes to become a successful entrepreneur (see second line, column “total” of Table 5). These are the respondents who were able to mention (or select) one correct option, out of 10 possible ones. However, out of the 48, 45 were able to enter in this category because they selected the “easy one” option (*“To be a successful entrepreneur, the person will need to run calculated risks”*), offered by the questionnaire.
4. It is important to consider that the picking of the “easy one” option was facilitated by the fact that it had as neighbours two “foolish options”, as shown below:
 - () 1. To be successful as an entrepreneur, I’ll need luck, as are the cases of Silvio Santos and Samuel Klein⁷;
 - () 2. To be a successful entrepreneur I’ll need to take calculated risks;
 - () 3. To be successful as an entrepreneur, it’ll be sufficient to take a course on entrepreneurship.

The choice of options 1 and 3 may be considered as expressions of “wishful thinking”.
5. 25 respondents, or 23%, *have a relatively clear idea* on what it takes to become a successful entrepreneur (see third line, column “total” of Table 5). These are the

⁷ Silvio Santos and Samuel Klein are popular, successful, self-made Brazilian entrepreneurs.

respondents who were able to identify or mention two of the personal entrepreneurial characteristics - PECs) contained in McClelland's (1987) list. Out of these 25, 16 were able to enter this category because of they picked the "easy one" option offered by the questionnaire. However,

- 20 of the respondents, or 80%, who classified in this category believe that luck is a key success factor; and
- six, or 24%, of the respondents classified in this category believe that it is sufficient to take a course in entrepreneurship to be a successful entrepreneur.

These are, also, manifestations of wishful thinking.

4.3 Comparison Between Sample A and Sample B – the Second Secondary Objective of the Survey [*do results differ between those who want to be entrepreneurs (sample A) and those who were not asked to inform their preferred professional career before answering what are the key personality factors to become a successful entrepreneur (sample B)?* If one attributes one penalty point to the score on category 1, one merit point to the score on category 2 and two merit points to the score on category 3, sample A would have lost the game by 22 penalty points as shown on Table 6:

Table 6 – Comparison of percentages obtained from samples A and B

<u>Category</u>	<u>SAMPLE</u>		<u>C</u>	<u>D</u>	<u>(Penalty) or merit score C x D</u>
	<u>A</u>	<u>B</u>			
	<u>% of total</u>	<u>% of total</u>	<u>A better or (worse) than B</u>	<u>(penalty) or merit points</u>	
1- Respondents who do not have any idea on what it takes to become a successful entrepreneur	26%	34%	(8%)	(-1)	(-8)
2 - Respondents who have some idea on what it takes to become a successful entrepreneur	69%	39%	30%	1	30
3 - Respondents who have a relatively clear idea on what it takes to become a successful entrepreneur	5%	27%	(22%)	(-2)	(-44)
Total	100%	100%			(-22)

The suspicion of the authors that individuals who chose entrepreneurship as their preferred professional career would be able to know better than others as to what are the personal entrepreneurial characteristics – PECs required to be a successful entrepreneur proved not to be valid in this survey.

5. Conclusions

The following conclusions are drawn from the results obtained in the research:

1. Just 19.4% of the senior undergraduate students surveyed would rather become entrepreneurs, in spite of the high unemployment rate (17.5% in May 2005) that prevails in the ABC Region. Considering the "Detroit syndrome" occurred in the Region, provoked by significant loss of market share in vehicle production as shown on Table 1, public policy and schools should consider creating incentives to attract youngster to entrepreneurship. The main objective of the research (as stated in sub-section 1.3) has been attained with this result.
2. It is impressive that 41.9% and 20.4% of students would like to work for multinational corporations and large Brazilian companies, respectively. It means that 62.3% of them would like to work for the big business, being obvious that there are not enough jobs in the big business for everybody. Public policy and business schools should spread this result around.

3. More than three fourths (i.e. 77%, sum of 33% and 44%) of the senior students surveyed have shown to have either *no idea* or *just some idea* on what it takes to be a successful entrepreneur, as shown on Table 5. Only a minority (5.2% of sample A and 27% of sample B) have a relatively clear idea on the personality's critical factors to becoming a successful entrepreneur. The first secondary objective (sub-section 1.3) of the study is being accomplished with this result.
4. Respondents from sample A - formed by the ones who want to become entrepreneurs were expected to be more conscious of the personality characteristics required to be a successful entrepreneur. To the authors' dismay, as shown on Table 6, these want-to-be-entrepreneur respondents that classified for category 3 – "*the ones who have a relatively clear idea on what it takes to become a successful entrepreneur*" were:
 - from sample A: just one respondent, representing 5.2%, and
 - from sample B: 24 respondents, representing 27%.

The *second* secondary objective of the study (sub-section 1.3) is being accomplished with this result.

5. As shown on Table 6, the ones who want to be entrepreneurs know less than the ones who do not in terms of being acquainted with what are the personal entrepreneurial characteristics required to be a successful entrepreneur according to McClelland's.
6. "Magic thinking" is present in answers of 26 respondents, or 24% of surveyed students, when they selected the options "(to be a [...] I'll need luck, as are the cases of Silvio Santos and Samuel Klein" and "it'll be sufficient to take a course on entrepreneurship". The students revealed with their selections a mix of impotence ("I am not lucky, I won't be able to surpass him, therefore is not worth trying") and "rationalization" ("it'll be sufficient to take a course, I like more difficult stuff"). These situations indicate an inadequate handling of emotions.

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