Is informal sector entrepreneurship necessity-or opportunity-driven? Some lessons from urban Brazil

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Abstract

The aim of this paper is to evaluate critically the widely-held assumption that entrepreneurs operating in the informal sector in developing nations are largely necessity-driven entrepreneurs, pushed into this entrepreneurial endeavour as a survival strategy in the absence of alternatives. Reporting an extensive 2003 survey conducted in Brazilian urban areas of informal sector entrepreneurs operating small businesses with less than five employees, the finding is that under half of the surveyed entrepreneurs are driven out of necessity into entrepreneurial endeavour in the informal economy. The outcome is a call to recognize the prevalence of opportunity-drivers amongst entrepreneurs operating in the informal economy and to reposition informal sector entrepreneurs more centre-stage in discussions of entrepreneurship and enterprise development.

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Some Lessons from Urban Brazil Colin C. Williams1 & Youssef Youssef2 1. Management School, University of Sheffield, Sheffield, UK. 2. Informal Sector Entrepreneurship: necessity- or opportunity-driven? Over the past few decades, the entrepreneurship literature has used various analytical frameworks to explain the factors underpinning the decision to start-up a business (Baty, 1990; Bolton and Thompson, 2000; Brockhaus and Horowitz, 1986; Burns, 2001; Chell et al, 1991; Cooper, 1981; Kanter, 1983), informal sector entrepreneurship in urban Brazil. To commence, therefore, a brief review will be provided of the competing explanations that view informal sector entrepreneurship to be a product of either exclusion from the formal economy is that of the 27% who were in formal employment. before establishing their informal sector micro-enterprise, Table 3 reveals that only. Gender variations in the reasons for engaging in informal sector entrepreneurship 11.