

Chapter 4

The Role of the Entrepreneur in the Promotion of the Digital Economy: A Multi-Country Case Study Between Brazil and Portugal

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ABSTRACT

Entrepreneurship is increasingly a way of differentiating itself from the market, even more so in a progressively globalized era such as the digital economy. With this vision, this chapter examines the role of the entrepreneur in the development of the digital economy, through the multi-country-case between Brazil and Portugal. With this purpose, a questionnaire was applied to two successful digital entrepreneurs, one from each country. Results show that these entrepreneurs think that the digital economy has changed entrepreneur characteristics, especially in the developed knowledge of the market (Brazil) and the experience acquired (Portugal). In this way, the chapter demonstrates two different views on digital entrepreneurship, with different cultures and market behavior.

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INTRODUCTION

Entrepreneurs have the ability to find business opportunities in market gaps, they define the way of doing things, which reflects their perspective of knowledge. Moreover, organizations created by entrepreneurs are “an extrapolation of their subjective worlds”, the entrepreneur’s interpretation of what is happening in any particular sector. This leads to a vision of what they want to achieve, which consequently creates the commercialization of a new product or industrial process (Filion, 2000).

It is fundamentally important to understand that as entrepreneurship is an increasing relevance on the world’s scene, the role of the entrepreneur is more and more important in the local scenario. This impact, as well as this empowerment, has furthered the digital economy, likewise, the digital economy is boosted by entrepreneurship.

Digital economy, as Neal Lane (1999) defined, is an outstanding force for the economic growth and social development. Therefore, when someone is investing in research, products or services, or even modifying laws and policies to the “realities of the new age”, it is possible to make wiser decisions by understanding the essential transformations from the vast potential of this up to growing market (Brynjolfsson & Kahin, 2000). There is, in point of fact, a large impact on investments as economies follow strategies to push digitalization, as it can boost economic growth and sustainability (United Nations, 2017). Between 1995 and 2014, the accumulation of capital from Information and Communications Technology (ICT) valued almost 20% of global growth (World Bank, 2016).

In 2013, the digital economy counted about 6% of the Gross Domestic Product (GDP) in Organisation for Economic Co-operation and Development (OECD) countries, while in the United States, the value added of ICT in the GDP was 7%. In addition, the highest value can be seen in Ireland with 12%, especially because of its large inflows in foreign direct investment, whereas in Kenya, host from one of the largest Africans ICT sectors, had a percentage of 3.4% (World Bank, 2016).

The value of goods, services, and finance transferred across borders valued in 2014 nearly \$30 trillion. And in the same year, it was estimated that the international dimension of flows increased global GDP by almost 10%, valuing approximately \$7.8 trillion. To weigh the values, data flows represented about \$2.8 trillion of this amount (UNCTAD, 2016).

For businesses, digital economy allows to expand the trade, increase the productivity of capital and to strengthen its competitiveness in the market, which leads to innovation (World Bank, 2016). Especially for multinational corporations, it can be seen a significant impact on the digital economy, which is likewise worth to show. According to a report carried out by United Nations (2017), the number of tech firms from 2010 to 2015, increased from 4 to 10, and, similarly, the shares more than doubled in total assets and operating revenues, and with even a more pronounced drift. This type of organizations represents one of the most developments in the recent years.

This trend will not stabilize, and for that reason, companies must reinvent themselves to be successful. This increasing development in “today’s business landscape” has had a significant influence on various possibilities to create innovative businesses based on new digital information and communication networks. Therefore, entrepreneurs must be aware of the evolution and so, innovate themselves to be up to the challenges and opportunities of this new type of economy (Wargin & Dobiév, 2001). The lack of information about the main role of the entrepreneur in the development of digital economy outstands, as there are not many business decisions that have been able to draw on a significant research foundation in this area (Brynjolfsson & Kahin, 2000). In fact, there are not many studies about this matter, and as a recent and emerging market, it is extremely important to analyze the resistance to change, people and

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