

# Chapter 6

## Evolution of Social and Creative Enterprise Incubation Methodology: The Case of Multisectorial Incubator Gênesis Institute PUC–Rio

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### ABSTRACT

*The purpose of this chapter is to critically describe the historic methodological process of the Gênesis Institute of PUC-Rio, University Incubator, during its 20 years of operation in Rio de Janeiro together with entrepreneurs of necessity and opportunity. PUC-Rio will qualify as an Entrepreneurial University and the Gênesis Institute as a multisector incubator in the 3rd phase of maturity. Additionally, another aim of this chapter is on supporting the generation of innovative entrepreneurs and ventures in the social and cultural sectors from a historical illustrated vision of cases of incubated ventures.*

### INTRODUCTION

The aim of this article is to use case studies to demonstrate the theory established by Allen and McCluskey (1990) that business incubators increase the probability of a new startup enterprise succeeding. Allen and McCluskey analyzed the success of an enterprise according to three indicators: “Business Incubator Occupancy Rate”; “Graduate Firms”; and “Survival Rates of Incubatees.” This article focuses particularly on the survival rates of incubatees in Brazil.<sup>1</sup>

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According to Sebrae (2012), incubated startups have lower mortality rates as compared to startups unassisted by business incubators during the first years of existence. The assistance provided by business incubators provide, according to Allen and McCluskey, “affordable space, shared office services and business development assistance in an environment conducive to new venture creation, survival and early stage growth.”

Brazil is not a poor country. It is in fact the world’s ninth largest economy (Statistics, 2016), but it ranks 79<sup>TH</sup> in place of countries according to the Income Gini Coefficient, which lists countries according to rates of inequality (World Bank, 2013). There exist extreme differences in national incomes across regions and classes that can be traced to four centuries of slavery that concentrated economic wealth and historical differences in regional economic development. Unfortunately, the current Brazilian political and economic crisis is negatively affecting any possible advances in socioeconomic indicators.

Land reform is a necessary component to any future socioeconomic development. The country has experienced almost four centuries of slavery and many have been deprived of their civil rights for decades. Brazil has a monopolized media market and its economic and educational policies are historically exclusionary among other ills; but even so, it still finds time to party carnival and to host mega-events.

Brazil holds a complex and challenging reality with a wide range of social and environmental problems that have led us in the pursuit of creative solutions. So, proposals and initiatives aimed to fight the causes of these problems and the detriment of its effects have always been very welcome. Actions that are long-lived and self-sufficient are also expected. In other words, actions that are not dependent solely on the goodwill or sensitivity of entrepreneurs, citizens, the government, or on adherence to public edicts in order to have financial sustainability and effectiveness in its socio-environmental goals.

*This new reality that is being built establishes a new relationship between State and society, between public and private. Until recently, the State was the exclusive promoter of social policies, but this situation began to change in the light of the demands and pressures from people and organized groups, even the government agencies are seeking new management, new ways to meet social needs. (Junqueira, 2006, p. 198, own translation)*

Due to this situation, we have accompanied new perspectives on the fight against poverty and the processes of impoverishment, inequality, intolerance, ecological imbalance and so forth. This fact asks new settings of those agents from us. It is observed that social entrepreneurs have a “spark in their eyes” because social missions involving discipline, innovation and determination drive their shared motivation with collaborators. Yet sometimes they lack the “eye of the tiger” to associate their efforts to market mechanisms that are determinants in ensuring the sustainability of their own initiatives.

Data released in January 2015 revealed that Brazil came 62<sup>nd</sup> place in an international ranking of innovation; classified negatively on the environment for business/competition (135<sup>th</sup>); higher education (41<sup>st</sup>); effect of taxation on incentives to invest (139<sup>th</sup>); and capacity for innovation (44<sup>th</sup>) (WEF, 2015). In addition, Brazil still has too important a percentage of generated enterprises compared to those undertaken by opportunity (concept and data from GEM, 2010; 2011; 2013). This reflects not only the informality level in the national labor market, but also highlights the weaknesses of the Brazilian market and the lack of access to mechanisms that encourage competitive and innovative entrepreneurship.

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