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**ENTREPRENEURSHIP
AS AN ALTERNATIVE
TO FIGHTING
UNEMPLOYMENT
IN NAMPULA:
CHALLENGES FOUND
BY POTENTIAL
ENTREPRENEURS
IN THE BUSINESS
REGISTER**

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Abstract: According to the definitive results of the 2017 Census of the National Institute of Statistics (INE, 2017), the province of Nampula is the most populous in Mozambique, occupying the largest bar of 20.6% of the country's population, corresponding to 5,758,920 inhabitants. However, 80.8% of the economically active population does autonomous work (own account) and most, without the legal registration of their business. This article aims to analyze the challenges found in the legalization of informal businesses, practiced as alternatives to combat unemployment in that province. It is the qualitative approach, being an exploratory study of the interpretative type. As for the procedure, it is a documentary research, and primary sources such as scientific articles, newspapers, magazines, reports, theses, dissertations, monographs and technical standards were used. The bibliographic method was also used to search for theories of various authors. The results show that it is very difficult to register and start a new business in Nampula province, having as challenges the high bureaucracy, because for this purpose, it needs to observe many procedures, long waiting, and high inherent costs. This process requires treating many documents by state area and some of the required documents are repeated in the same administrative areas. Thus, it is recommended to create mechanisms for simplifying new business registration procedures and reviewing the values of fees, fees and taxes required in this act.

Keywords: Entrepreneurship; Unemployment; Business

INTRODUCTION

Human needs has a multiplicative character, in the sense that, whenever one supides one, another more intensity arises (Licusa, 2006). Man seeks to mitigate or meet his needs and obtain a degree of satisfaction

using the resources available to him. In contrast, existing resources are scarce and exhaustable, which implies the limitation in the production and consumption of goods.

Considering the limitation of salaries to cover people's expenses, on the one hand, on the other hand, the existence of people with physical, psychic, academic and professional abilities, but without the opportunity to be employed, entrepreneurship emerges as an alternative to heal this lack.

Empowering means creating something new useful for yourself or others that in the end produces a certain yield. Entrepreneurship drives the economy, as it generates new jobs and wealth, creates and fosters new products and services and stimulates innovative solutions for various sectors, in the end, improves people's living conditions.

According to the definitive results of the National Institute of Statistics (INE, 2017), 20.6% of the population of Mozambique, corresponding to 5,758,920 people, inhabit in the province of Nampula. Of these inhabitants, 2,112,450 corresponds to the economically active population (population of 15 years of age or older) and 80.2% of this economically active population makes their own account, that is, they try to undertake (IOF, 2021).

It must be noted that the majority of the population trying to undertake in Nampula province practice informal trade. Informal commerce refers to any business practiced by the citizen without due registration required by law and by this does not pay fees, fees and taxes, creating loss in the economy, whether from the local or central government.

The above data refer to the reflection of the need to rethink the importance of entrepreneurship in the improvement of people's life, the creation of self-employment and the consequent economic development of the country.

Considering that 80.2% of the economically

active population in Nampula province try to undertake through informal trade, the following question arises: *What are the challenges found by potential entrepreneurs in the legalization of informally practiced business?*

This article aims to analyze the challenges found in the legalization of informal businesses, practiced as alternatives to combat unemployment in the province of Nampula. Indeed, it is specifically intended:

- Describe the situation of entrepreneurship in Nampula province;
- Identify the challenges found by potential entrepreneurs in the act of legal registration of the business in the province of Nampula.

It is the motivation for the choice of this theme, the fact that the author has verified many inhabitants of the province of Nampula to practice informal trade, almost in all major streets of cities, municipalities and villages, on the one hand. On the other hand, it was a concern on the part of the researcher, to have verified scary results from IOF 2019/2020, according to which 80.2% of the economically active population does, mostly informally.

In the investigator, there is something that is not well regarding the incentive for the formalization of existing informal businesses. This concern on the part of the researcher leads to her curiosity to try to understand the challenges found by potential entrepreneurs in an attempt to register her business.

Another motivation, the researcher understands that with this scientific article will contribute to society to put a hand in consciousness, the relevance of entrepreneurship for economics and improvement of people's lives.

To the competent state authorities, this scientific article may allow to reflect on the need to formulate public policies to encourage entrepreneurship. To practitioners of informal

entrepreneurship to rethink the need to transform their own business trade for the legally registered business.

For this research, we opted for the qualitative approach, as it was based on the interpretation of the observed phenomena and the meaning they carry. Qualitative approach is based on the meaning attributed by the researcher, given the reality in which the phenomena are inserted, but considers the reality and particularity of each subject subject to the research (Nascimento, 2016, p.13).

As for the objective, research is exploratory, as case studies, bibliographic studies, analysis of examples that helped understand the problem were employed. CERVO, Bervian and Silva (2007) state that "exploratory research does not require the elaboration of hypotheses to be tested at work, restricting to define objectives and seeking more information on a particular subject of study" (p.63).

The bibliographic method was also used in this research for the search for theories of diverse authors that support matter in approach, as it is a theoretical support for data analysis.

Similarly, primary sources were used to materialize this research. Azevedo (2013) maintains that "primary sources are characterized by being an original source, often the first formalized record of some information, which includes scientific articles, newspapers, magazines, reports, annals, theses and dissertations, technical standards" (p.150).

LITERATURE REVISION

According to Valenciano et al. (2005), the word entrepreneurship "Entrepreneur", emerged in the 17th century in France, which means intermediary of the business. Today, it is a science that is constantly growing and gaining a great proportion around the world.

To Valenciano et al. (2005), entrepreneurship

is a term widely used in the business field and is often related to the creation of new business, companies or products, usually involving innovations.

The theme of entrepreneurship is current in the world in general and in Mozambique in particular as an alternative solution to combat unemployment, minimization of poverty effects and wealth creation. According to Schumpeter (1949) “entrepreneurship is the ability to leverage and prosper economic development.”

GEM (2013), also defined entrepreneurship as “any attempt to create a new business or new venture, such as an autonomous activity, a new company, or the expansion of existing enterprise by an individual, groups of individuals or by established companies ”(p. 5).

And on the other hand for Mussagy & Manjoro (2015, cit. In Histich et al, 2005) define “entrepreneurship as a dynamic process of increasing wealth creation, resulting from the risk of an individual, and the product or service Created may or may not be unique, but of some form of high value ”(p.2).

The discussions of the aforementioned authors lead us to conclude that entrepreneurship is a set of activities that involve skills and skills, processes and ideas that consist of drawing and creating new projects that result in opening new business or transforming existing ones, generating positive results. Entrepreneurship has to do with innovation, in which there is a certain goal of creating something within a sector or producing something new.

ENTREPRENEURSHIP BENEFITS

According to (Macore, 2020), the main benefits of entrepreneurship are:

a) **It creates the problem solutions:** Entrepreneurship allows us to innovate to create solutions of any identified

problem;

b) **It generates income:** Entrepreneurship allows you to sell products or services, thus allowing the creation of recipes that serve to face subsequent needs;

c) **It develops the economy:** **Entrepreneurship** promotes economic development and growth, improves people’s living conditions, generates more jobs and thereby increases income:

d) **It creates new job posts:** Entrepreneurship allows you to open new jobs in the market. When the government invests in entrepreneurship for small and medium enterprises, it is promoting job creation.

BUSINESS

According to Ramos (2007), business is an economic activity, namely the comercio or investment practiced by singular or collective persons (own account, companies, state, NGOs, etc.) in order to achieve specific objectives of value. In this perspective, companies organize, supply, manufacture, market goods or services, seek customers and partnerships and conduct other value activities. The business is very important to the extent that:

- It is a facilitator of the global economy;
- Contributes to the well-being of practitioners;
- Promotes competitive advantages for companies;
- Offers opportunity for corporate citizenship;
- Provides access to national and international goods and services;
- Deeply affects the quality of life and well-being;
- Allows the transfer of production factors;
- Allows national and international

transaction and investment.

INFORMAL BUSINESS

According to Meneguín; Bugarin (2008), the International Labor Organization defines the informal business as being autonomous economic activity, without remuneration and not registered by the competent state authorities. This type of activity is characterized by not there is a clear separation between the property of the business and the execution of its activities (LIMA, 2017).

According to Lima (2017), formalizing or registering a business generates huge gains and opportunities for the business itself, such as:

- Generates chances to close partnerships, access commercial or financial credit lines and receive state subsidies;
- Facilitates export of products or services;
- Generates social security benefits for the business owner or their dependents (as the family is entitled to death pension and other forms of assistance);
- It brings more security and tranquility to the entrepreneur.

EMPLOYMENT AND UNEMPLOYMENT SITUATION IN THE PROVINCE OF NAMPULA

According to INE (2017), employment is any activity performed through a counterpart, in order to meet the needs, that is, to do something in exchange for something like counterpart that satisfies a necessity. Employment is a way of getting income (INE, 2017).

For INE (2017), unemployment is a situation where people aged to work (over 15 years of age), ie people available with economically active capacity, cannot find a job to do.

According to INE/IOF (2021), 74% of

Mozambique's inhabitants have a job, that is, they do something, such as work to produce income, whether for self-sustaining or collective benefit. The province with more people employed in Mozambique is that of Zambezia, with 87.2%; Next Niassa with 84.9% and third is that of Cabo Delgado, with 79.9%. The province of Nampula occupies in fourth place with 75.9%, according to the graph below.

The fact that Nampula province occupies fourth place as the most maid in the country means that people in this portion of the country are aware of the need to work or do something, whether public or private to improve their lives, development and economic growth.

According to INE/IOF (2021), Mozambique's global unemployment rate is 17.5%. Here it includes economically active population, but without the opportunity to have work or employment and non-active people, that is, people without working skills. The population of the south of the country, namely the provinces of Maputo Cidade, Maputo Province, Inhambane and Gaza are the most unemployed with rates of 37.1%, 31.6%, 22.4% and 22%, respectively. The province of Nampula occupies in ninth place in terms of the unemployment rate, with 12.6%, meaning low vacancy rate.

According to INE/IOF (2021), the province of Nampula has about 2,482,315 inhabitants working age (15 years of age or older), being 85.1% of this population is economically active, ie, brings together all capabilities of Working and 14.9% do not bring together the capacity to do something or work, as the following figure meets.

In terms of the distribution of the population of 15 years or older, employed by branches of activity in the province of Nampula, according to NE/IOF (2021), the main activities developed are: agriculture, siculture and



Graphic 1- Employment rates of the 15 -year -old population or more by province

Source:INE/IOF (2021)



Graph 2- Unemployment rates of the population of 15 years of age or more, by province

Source: INE/IOF (2021)

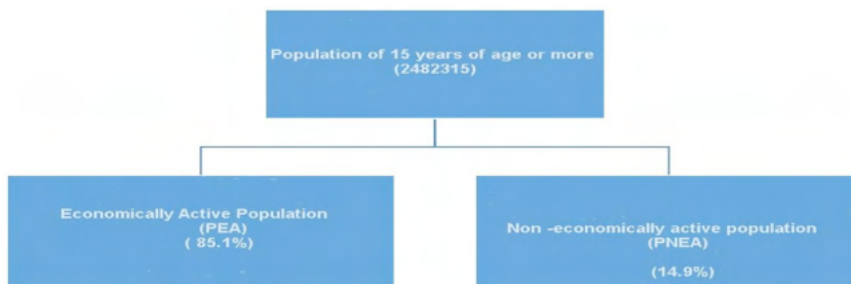


Figure 1- Economically active and non -active population

Fonte: INE/IOF (2021)

fishing, with a bar of 80.5%; Next comes trade and finance, with 8.5%; Other services, with 8.1% and finally the manufacturing industry (see the chart below). This means that people in that province practice more agriculture, siculture and fishing for their livelihood. It must be noted that agriculture practiced is of subsistence or traditional.

According to Lima (2017), subsistence or traditional agriculture is a mode of agriculture, practiced with the aim of producing food for the guarantee of the survival of the farmer himself, his family and the community in which he is inserted. Most, subsistence agriculture aims to meet the food needs of rural families.

ENTREPRENEURSHIP IN THE PROVINCE OF NAMPULA

Speaking of entrepreneurship in the province of Nampula refers to the situation of formal or informal economic activity practiced at the point of the country. In this research, it focuses on the existing business on their own, but which are not being legally registered by their owners, for various reasons.

According to NE/IOF (2021), 80.8% of the economically active population of the province of Nampula does business on their own (with and without employees). The rest of the economically active population are family workers without remuneration, with a share of 11.4%; private companies, with 4.3%; Public Administration, with 2.7% and other activities with 0.8%.

The data presented in the graph below reveal that 80.8% of Nampula province inhabitants have occupation with autonomous work, that is, they work to generate their own income independently. This includes, those who have individual and independent companies.

DATA ANALYSIS AND INTERPRETATION

In the concrete, in this chapter, the number of procedures, time, cost and minimum capital requirement is measured and start with activities of a business in the province of Nampula, with the appeal to the report *Doing Business Subnational* from the World Bank (BM, 2019).

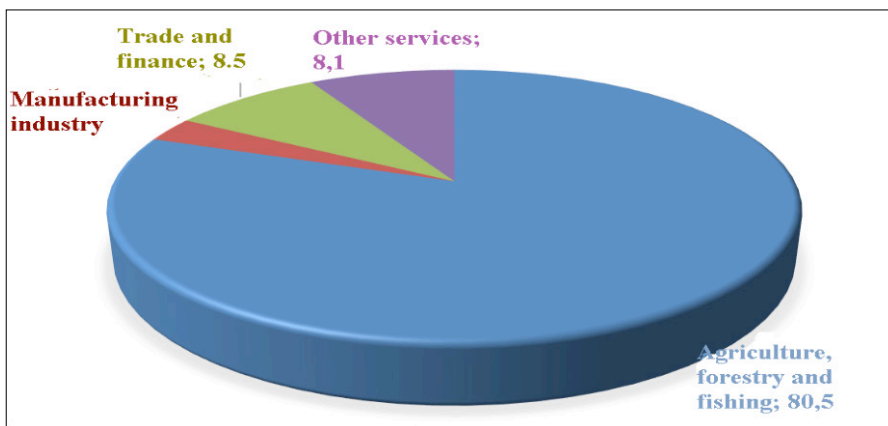
According to the report *Doing Business Subnational* From the World Bank (BM, 2019), which measures and compares the regulation of small and medium -sized activities, the procedures, time and cost viewed in the process of opening companies in Nampula province are:

FINAL CONSIDERATIONS

According to the report *Doing Business Subnational* From the World Bank (BM, 2019), the province of Nampula is the hardest place to register and start a business, then follow the provinces of Sofala and Zambezia. The main causes of this difficulty are high costs in the process of registering and opening a business and bureaucratic slowness by state institutions, taking an average of 40 days to obtain a required business license.

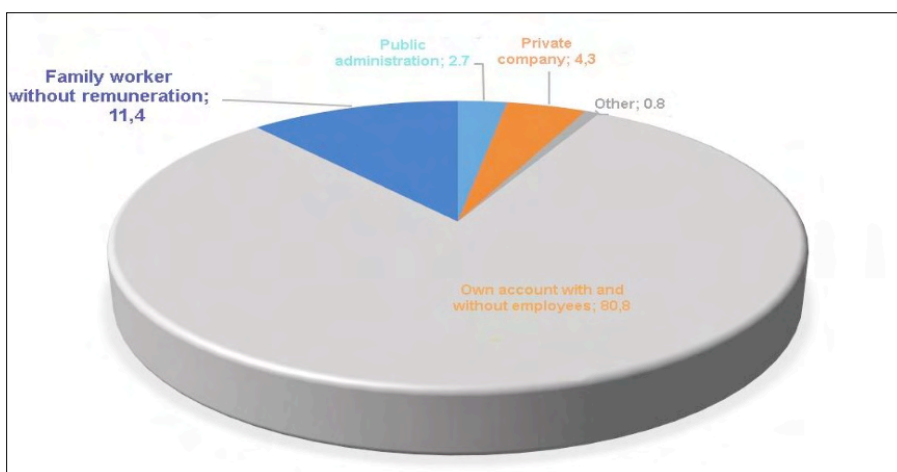
To register and start a business in Nampula province requires treating many documents by state area and some of the required documents are repeated in the same administrative areas. Thus, it is recommended to create policies to simplify procedures for registering and opening a new business by the state and review the values of fees, fees and taxes required in this act.

Still, it needs to be permanently aware of the different institutions responsible for the registration and opening of commercial businesses of the need for coordination between them and the reinforcement of the technical capacity of the affectionate civil servants to ensure better service to users.



Graph 3- Percentage distribution of the population of 15 years or more employed, by branches of activity

Source: INE/IOF (2021)



Graph 4- Percentage distribution of the population of 15 years or older, employed by position in the work process

Source: INE/IOF (2021)

Nº	Procedure		Activity	Time medium	Inherent costs (metical value)
1	Get the name reserve certificate	The registration of the legal entities of Nampula	It is necessary to verify the availability of the company name. The administrative system of the legal entities registration has been computerized, so verifying the availability of a name can be done in 2 days. The fee charged can be consulted in the fees table in the registration of legal entities of the ministerial diploma No. 2/2016, of 6 January.	2 days	500
2	Recognition of signatures from the scripture of society	Single Service Counter (Chest)	Pursuant to Decree No. 1/2018 of May 4, which recently updated Article 90 of the Commercial Code, the partners are no longer required to sign the company's statutes before the notary. The statutes are issued in written form and can be signed and sent together with the identification documents of the partners for subsequent authentication of their signatures by the competent authority. No public deed is not necessary. This can be done at the single service counter (chest).	1 day	200 This fee charged can be consulted in the fees table of the notary acts in Ministerial Diploma No. 2/2016, of 6 January.

3	Opening a bank account and payment of registration expenses	commercial Bank	Company registration expenses can be paid by a bank deposit. For companies with turnover over 2,500,000 metica, the Tax Authority requires a bank account on behalf of the company for tax registration purposes.	1 day	Without cost
4	Company registration	Conservatory of the registration of legal entities	To register the company, the company's statute must be submitted by the partners with the registration of legal entities. Registration expenses vary according to the company's share capital. In addition to a fixed rate of 1,000 metica. Additional rates for each registration include a company's capital rates: amounts up to 5,000,000 metica are taxable at a rate of 0.4%, and amounts exceeding 5,000,000 metica are taxable at a rate of 0, 03%. To finalize the registration process it is necessary to publish the Statute in the Republic Bulletin (BR). The publication extract is prepared by the registration of legal entities. Pantries include a fixed rate of 300 metica, plus 25 metica per page. The fees charged can be consulted in the fees table in the registration of legal entities of the Ministerial Diploma No. 2/2016, of 6 January.	3 days	2,582
5	Publication of the company's statutes in the Republic Bulletin (BR)	National Press	The company's statute must be published in the Republic Bulletin (BR). The institution responsible for BR is the National Press of Mozambique. The applicant must submit a printed copy and an electronics of the publication extract (the full status in a format published) to the national press in Maputo. Publication expenses vary according to the number of pages of the publication extract and are calculated by the national press. The fixed rate for the publication of the statutes is 2,820 metica for each page of 25 lines (Ministerial Diploma No. 79/2017, of December 27). A fee of 450 metica is also charged for sending Nampula's statutes to the national press in Maputo. The interested party must deposit in the national press account the disagrees for the publication of the statutes and send a copy of the proof of payment to the national press. Statutes are also published online: http://www.portaldogoverno.gov.mz/por/Governo/Legislacao/Boletins-da-Republica .	21 days	28,650
6	Tax registration and obtaining a single tax identification number (NUIT)	Tax Authority (AT)	The company must register in the Tax Area Direction and request the Single Tax Identification Number (NUIT). You must fill in two copies of the form M/01C and submit them to the Fiscal Area Direction, attaching the following documentation: Nuit of the partners; Company's name and registration certificate reserve certificate.	3 days	Without costs

7	Obtain a simplified operating license	Single Service Counter	<p>There are commercial activities of 9 economic sectors (agriculture, commerce, industry, construction, communications, culture, fishing, services and tourism) that can obtain a simplified operating license. Such sectors are described in detail in Decree No. 39/2017 of 28 July.</p> <p>The requirements for obtaining a simplified operating license are:</p> <p>a) Fill in the licensing form;</p> <p>b) Attach the following documents:</p> <ol style="list-style-type: none"> 1. Copy of a valid identification document: passport, driving license, professional wallet, voter card (for Mozambican citizens); 2. Certificate of registration of the legal entity or copy of the publication of the statutes in the Republic Bulletin and proof of the applicant's quality, for legal persons; 3. Copy of proof of issuance of NUIT (single tax identification number). <p>After all the information and documents are analyzed and approved by the Single Service Counter (Chest), the fee is paid and the license is issued. The cost of licensing is equivalent to 50% of the minimum monthly wage of a civil servant, which is updated annually in April.</p>	3 days	2,128
8	Communication on the onset of activity and registration of workers in the Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	<p>The company must communicate the beginning of any activity, the admission of workers and the working hours in the Provincial Directorate of Labor, Employment and Social Security. These three documents can be subjected at the same time. The start -up communication and the admission of workers can be complete on the same day, but the approval of working hours by the provincial work inspection takes 4 days.</p> <p>In addition, the company must complete and send the nominal relationship sheet on the Ministry of Labor, Employment and Social Security portal (http://www.mitess.gov.mz:7081/folhanominal/rg/registremresa.aspx). This form contains detailed information about each worker and must be updated every April based on March data. When the start of commercial activity occurs after April, the employer must fill the nominal relationship sheet within 30 days (Ministerial Diploma No. 104/2015, 27 November). The following documents must be attached to complete this procedure: commercial activity license, commencement communication, declaration of NUIT (Single Tax Identification Number) and DECLARATION OF ATTRIBUTION OF THE INSS.</p>	4 days	Without costs
9	Declaration of beginning of activity in the Tax Authority	Tax authority	<p>For VAT purposes and tax on the income of legal persons, the beginning of the activity must be notified at least 15 days before the actual start date. After the documentation is submitted and registered, the user receives the original stamped from the form M/02 and a letter signed by the director of the Tax Authority indicating the start date of the activity.</p>	3 days	Free

10	Registration of the company and workers at the National Institute of Social Security (INSS)	National Institute of Social Security (INSS)	<p>The applicant must enroll in the Social Security System, within 15 days from the beginning of the activity, the company and workers who are not yet registered (Decree No. 51/2017, of October 9).</p> <p>The registration of the company must be made in person and the following documentation must be sent: Copy of Form M/02 for tax registration; Identity documentation, birth certificate or direct, NUIT (Single Tax Identification Number) and commercial activity license. The documentation may be sent within 30 days from the date of its issuance. Once the company is registered, a password is provided and employees can be registered online by completing an electronic form available on the INSS website (http://www3.inss.gov.mz/seguranca/acesso/Login?Returnurl=%2f).</p> <p>For the purpose of validating and issuing the identification card of each beneficiary, the company must send the following documents within 30 days after employee registration:</p> <ol style="list-style-type: none"> 1. Valid identification document, birth certificate or direct; 2. Single Tax Identification Number (NUIT). 	2 days	Free
11	Subscription of an occupational accident insurance	Insurance company	Companies must hire compulsory collective insurance that covers occupational accidents and occupational diseases that are not covered by the Social Security Health System, pursuant to article 231 of Labor Law No. 23/2007, of August 1. It is not necessary to submit the insurance hiring document. However, the company must have the documentation available in the event of an employee's inspection, accident or illness.	1 day	Free

Source: Report *Doing Business Subnational Mozambique* from the World Bank (2019)

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