

# Cross Cultural Entrepreneurship with a Focus on Female Entrepreneurs in Brazil and in the United States



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# Learning outcomes



- Be able to recognize different and similar types of entrepreneurship processes around the world, with a focus on female entrepreneurs in Brazil and the United States.
- Be able to understand economic and socio cultural factors that might contribute to these similarities and differences.

# What is an entrepreneur?



- (a) A person who owns and starts an organization, such as a business.
- (b) A person that sees a business opportunity while nobody else does.
- ( c )A person that builds an organization out of nothing.
- (d ) A determined, hard working, ‘go getter ‘ individual with ambition in her or his DNA.
- ( e) all of the above.

# Entrepreneurial traits



- Self motivation (me + me=me)
- Courage
- Confidence
- Patience
- Experience
- Knowledge
- Perseverance
- Drive

# The Entrepreneur as a problem solver



- Entrepreneurs reconcile limited resources with the environment (Deakins & Freel, 2007).
- Some economies in the world are perceived as more conducive to entrepreneurship than others (Deakins & Freel, 2007), i.e., the US.

# Entrepreneurship as a socially constructed phenomenon (Anderson et al, 2007)



- Embedded in socio cultural practices
- Product of political, legal and economic scenarios

# Push and Pull Entrepreneurship



- Pull (positive ?) entrepreneurship = **opportunity entrepreneurship**. Entrepreneur finds a business opportunity in the market.
- Push (negative?) entrepreneurship = **necessity entrepreneurship**. Entrepreneur must find a way to earn a living, since job opportunities are limited.

# Are there any national differences in entrepreneurial activities?



- How does entrepreneurial activity relate to national economic growth? (The higher the entrepreneurial rate the higher the level of national economic growth?)
- Why are some countries more entrepreneurial than others?



## \*Developed Asia [Hong Kong, Japan, Singapore]



- Opportunity Entrepreneurship is higher than necessity entrepreneurship but still low.
- Women are low in entrepreneurship relative to men
- A small percent of adults:
  - See business opportunities
  - Know an entrepreneur
  - Think they know how to start a business
- Low income disparity
- \*Study developed by Florida International University

# \*Eastern Europe

[Croatia, Hungary, Poland, Russia, Slovenia]



- Opportunity entrepreneurship is higher than necessity entrepreneurship but still low.
  - Women are low in entrepreneurship rates relative to men
  - A small percent of adults:
    - See business opportunities
    - Think they know how to start a business
    - Some know an entrepreneur
  - Substantial farm sector
  - Moderate income disparity
  - Low venture capital, informal financing
  
  - \*
- Study developed by Florida International University

# \*European Union



- Opportunity entrepreneurship is moderate
- Necessity entrepreneurship is very low
- Women are low in entrepreneurship relative to men
- Many adults:
  - See business opportunities
  - Think they have start-up skills
  - Know an entrepreneur
  - Have high fear of failure
- Low income disparity
- High social security costs
- Moderate venture capital, informal financing
  
- \*Study developed by Florida International University

# \*Former British Empire (Anglo)

[Australia, Canada, New Zealand, South Africa, United States]



- Opportunity entrepreneurship is high
- Necessity entrepreneurship is low
- Women are low in entrepreneurship relative to men
- Many adults:
  - See business opportunities
  - Think they have start-up skills
  - Know an entrepreneur
  - Have low fear of failure
- Moderate income disparity
- Moderate venture capital, informal financing
  
- \*Study developed by Florida International University

# \*Latin America

[Argentina, Brazil, Chile, Mexico]



- Opportunity entrepreneurship is high
  - Necessity entrepreneurship is high
  - Women approach men in entrepreneurship rates (many informal)
  - Many adults:
    - See business opportunities
    - Think they have start-up skills
    - Know an entrepreneur
  - Highest income disparity
  - Highest firm registration barriers (taxes, licenses, etc.)
  - Moderate venture capital, informal financing
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- \*Study developed by Florida International University

# \*Developing Asia

[China, India, Korea (South), Thailand]

- Opportunity entrepreneurship is high
- Necessity entrepreneurship is high
- Women approach equality in entrepreneurship rates
- Many adults:
  - See business opportunities
  - Think they have start-up skills
  - Know an entrepreneur
- Substantial farm sector
- High % population unemployed < 25 yrs old
- High income disparity
- Political System with:
  - High levels of corruption
  - Weak property rights protection
- Highest firm registration barriers
- Moderate venture capital, informal financing

# Do certain economic and socio cultural elements foster entrepreneurial activities?



- Collectivistic societies and entrepreneurship (Asia, Latin America).
- Individualistic societies and entrepreneurship (U.K., US ).
- Risk aversion (might hinder formal entrepreneurship but has minimum effect on informal entrepreneurship).
- Other socio cultural factors (family, networking, educational practices, recognition by society, power, self actualization, religion).

# Geert Hofstede's studies on business values



- Professor Geert Hofstede developed a comprehensive study on how values in business are influenced by culture. ([www.geert-hofstede.com](http://www.geert-hofstede.com)).
- The study incorporated 100,000 individuals in 50 countries.
- Hofstede's cultural dimensions: PDI (Power Distance Index linked to social inequality), IDU (Individualism), MAS (Masculinity), UAI (Uncertainty Avoidance Index), LTO (Long term Orientation).

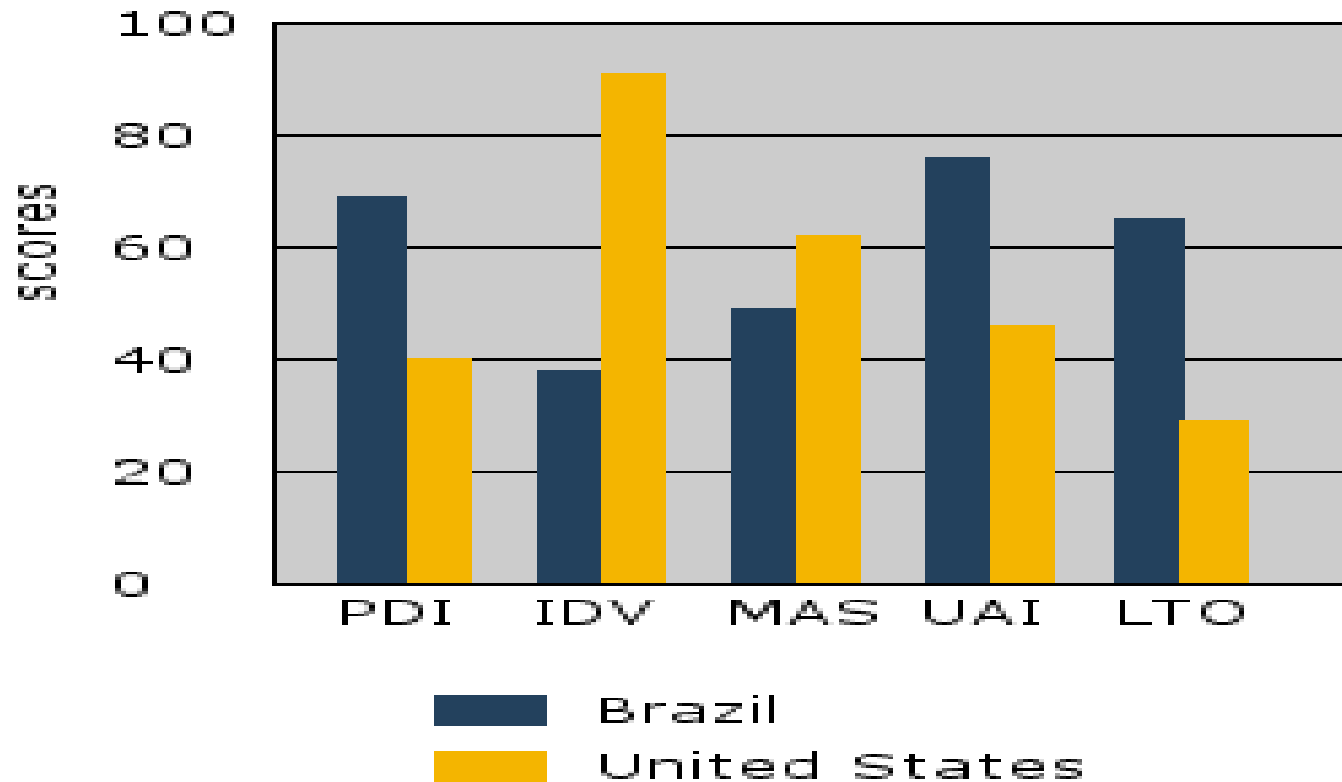


## Brazil and the US:

Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation



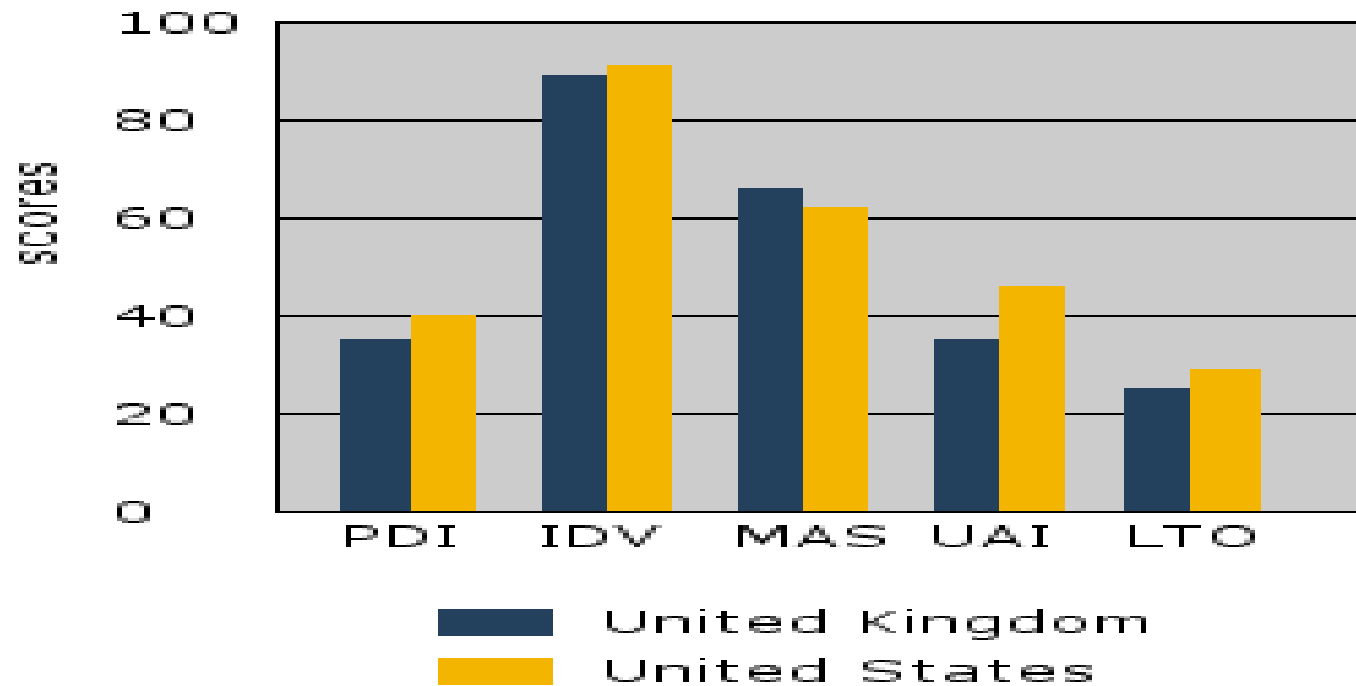
The 5D Model of professor Geert Hofstede



# The United Kingdom and the US : Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation

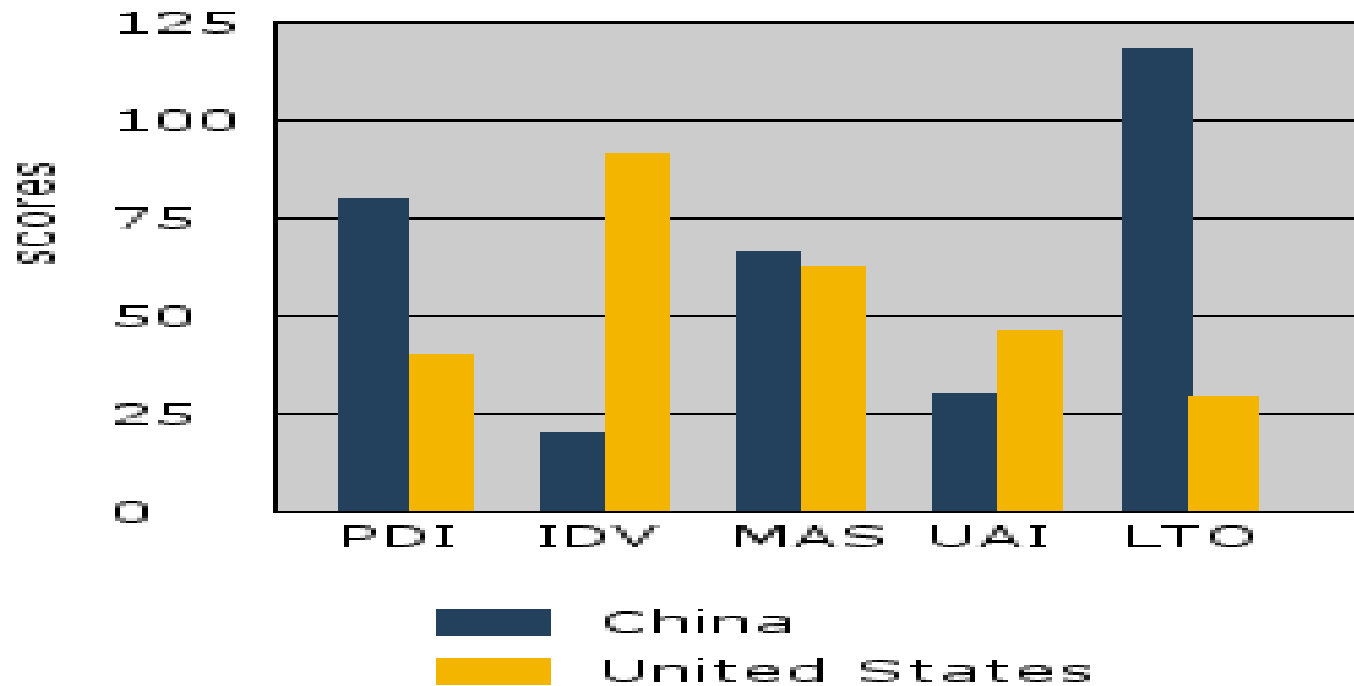


The 5D Model of professor Geert Hofstede



# China and the United States: Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation

The 5D Model of professor Geert Hofstede



So, in view of these selected findings, how do entrepreneurship practices differ around the world?



- Nations with a high degree of individualism tend to create a business environment that fosters entrepreneurship, as well as nations with a low degree of risk uncertainty.
- But other factors other than cultural (i.e. economic) must be examined.

# What makes entrepreneurs in developing countries different from their counterparts in developed nations?



- Entrepreneurs in developing countries face a different set of circumstances than their counterparts in advanced countries.
- The risks posed by economic, political and regulatory uncertainty is heightened. (Lingelbach et al, 2007).
- Entrepreneurial experiences in developing nations are broader, but limited personal and family savings and the cost of law limit the growth prospects of these businesses. This many times leads to 'informal' entrepreneurship (Maloney, 2004).

# Informal Entrepreneurship



- There are two ways to conduct operations in an economy: formally and informally (Bolivar, 2006).
- The World Bank estimates that over 30 percent of output of developing nations are to some degree outside the scope of governmental regulations (the *invisible economy*, Maloney, 2004)
- Operations conducted informally are of legal nature, they are not of criminal nature, but they are conducted without following the formalities established by the official legal framework (Bolivar, 2006).
- Unregistered business, self employed manufacturers, street vendors, casual retailers, etc.

# Over regulated business environments encourage informal entrepreneurship

- Informal work arrangements are many times a product of over regulation by government bureaucracies.
- There is a direct relationship between the cost of doing business and informality (Bolivar, 2006).
- High taxes, complicated regulation, corruption and bureaucratic hurdles.
- A positive correlation between the strictness of governmental regulations for business entry and the size of the informal economy ( Simeon et al, 2002).

# How do individuals 'opt' to do business either formally or informally?



- Decision is based on analysis of cost of the law against benefits for the business.
- If costs exceed benefits, individuals decide to do business informally (*the shadow economy*)
- If and when situation improves, many decide to become formal. But, when the burden of taxes become unbearable, they return to informality. **From informal to formal and from formal to informal again- a vicious circle.**
- Most of survival businesses and micro enterprises in lower and middle income countries are informal; **these ventures are widespread among women (*petty* businesses).**



# Impact of Informality on Developing Economies



- Governments cannot collect taxes from informal business and therefore cannot finance the provision of good public services. In a vicious circle, governments might be pushing business into informality due to lack of public services.
- Then, governments increase the tax rates to those that remain 'formal', thus creating additional incentive to become informal.

# Understanding the Economic and Socio Cultural Experiences of Female Entrepreneurs in Brazil and the US



- Entrepreneurship is embedded in economic and socio cultural contexts (Anderson, 2007)
- A qualitative exploratorial study conducted simultaneously in Brazil and the US between 2006 and 2009 to understand whether and how economic and socio cultural factors impact on the experiences of female entrepreneurs.
- Sample : 60 female business owners- 26 in the US, 34 in Brazil. Franca and Rio de Janeiro (Brazil sample); Orangeburg and Bamberg, United States sample.
- Face to face and telephone interviews.

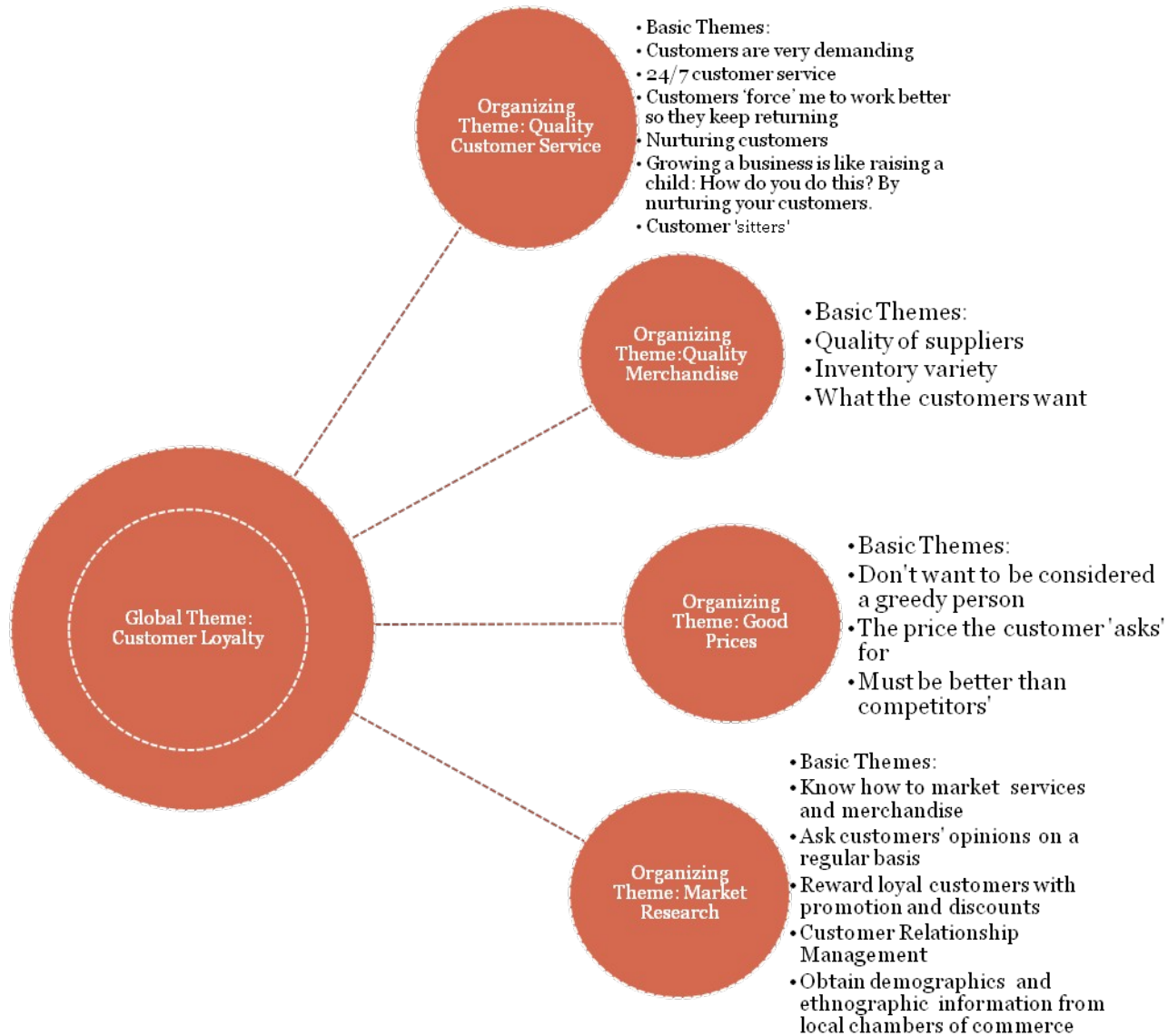
# The method of thematic network analysis

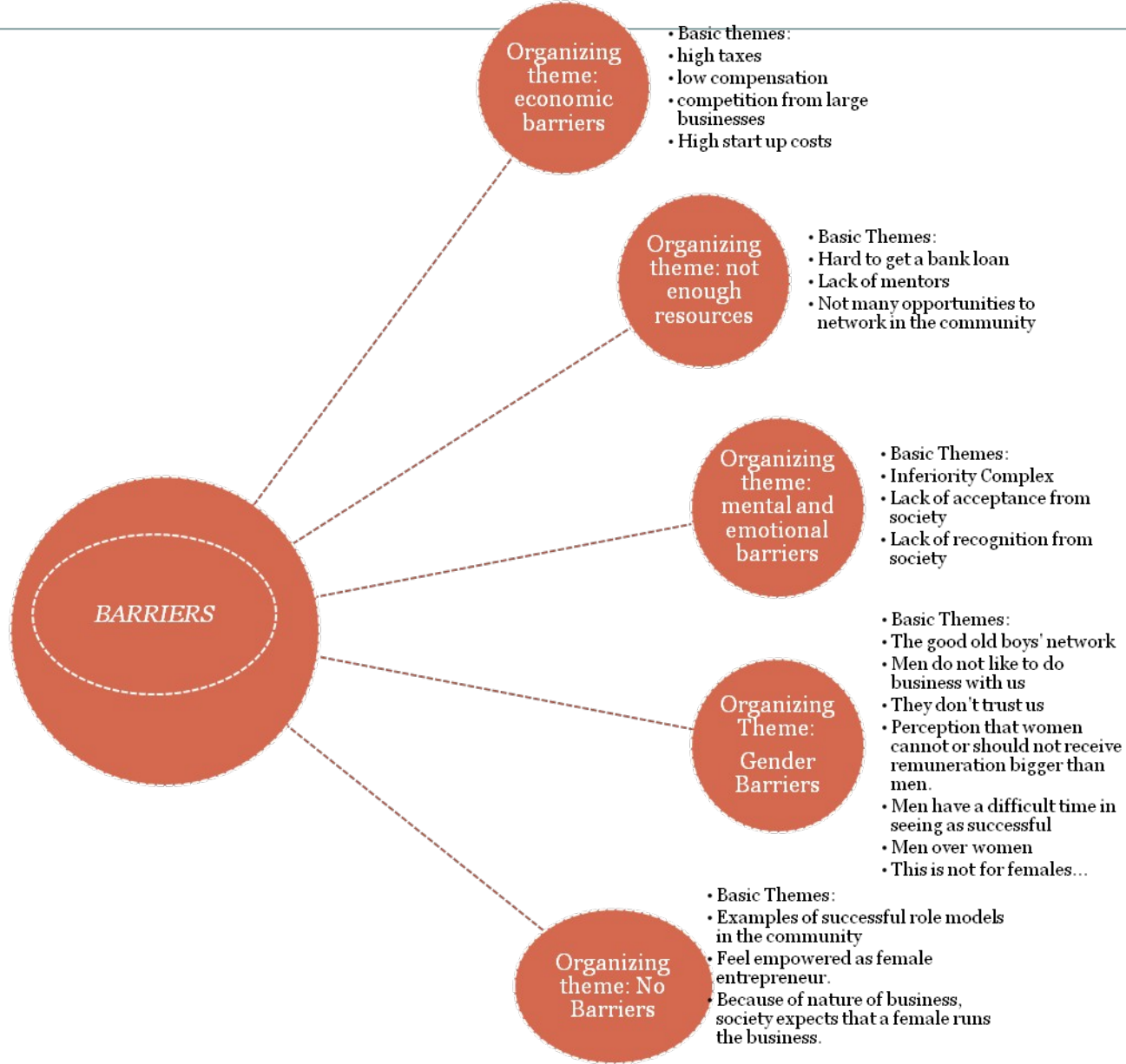


Global themes

Organizing  
themes

Basic themes





# Entrepreneurs in Brazil



- One in eight Brazilians are entrepreneurs; In the US, the rate is one to ten.
- However, more than half of the entrepreneurs in Brazil are informal entrepreneurs (SEBRAE).
- Unemployment is a motivator for entrepreneurship.
- *Guerrilla* and *Economic Refugees* entrepreneurs (remain in the ‘waiting room’).

## In Brazil, informal entrepreneurs are mainly females



- Informal entrepreneurs report very low educational levels ( only 4% with university degree).
- Main activities are centred on commerce, artisans, street vendors, ‘petty business’- traditionally female.
- Informal female entrepreneurs and ‘togetherness’/ ‘connectivity’
- Sole proprietors; very few create jobs (only about 22% of the ventures create up to 2 jobs).

# The importance of family



- Although only young US businesses reported that family is a great contributor to their business success, a larger number of Brazilians (both young and established businesses) emphasize the role of the family in their businesses.
- *Holland-Noronha's typology:*
- *1. the advocates*
- *2. the adapters*
- *3. the hermits*



# The importance of networking



- Networking by attending meetings at local chambers of commerce, volunteering and through family members is important for both groups of women in the study.
- But more Brazilians reported that events are costly than their US counterparts. “Informais” network through informal cooperatives.

# Education and the importance of being recognized by society



- Legally registered entrepreneurs from Brazil use their educational credentials (i.e. college degree) to achieve recognition from society.
- Although the US group also perceived that recognition by society is important for their business success, most of the women were ‘vocationally educated’, not college educated. Most did not perceive that education was a key to their business success, but it helped in “being recognized by society”. One US woman reported that *“adding letters to my name is important to gain respect”*.

# Religion and Entrepreneurship



- Religion and faith in God was associated with success in entrepreneurship especially among the US women. But ethnicity also played a role in this finding (African Americans).
- Religion was perceived as an indication of success among the Brazilian women but played a less significant role than in the US.

# Customer Service was a common denominator but with different nuances



- Both the US and the Brazilian women viewed customer service as important; but different approaches to customer service were found. Brazil: ‘customer sitter”, US: Just a good business practice.
- This might be an indication that socio cultural differences at the country level impact on how the women view their ventures and what they are hoping for with their business.

# Work/Life Balance; Flexibility



- More Brazilian female entrepreneurs perceived that their business success was associated with work/life balance and flexibility (younger sample).
- Most US women did not view their businesses as a way to gain work flexibility. In fact, some would gladly take a '9 to 5 job'.

# Female Entrepreneurship and the *Glass Ceiling* Phenomenon



- The findings revealed that among the college educated women, both in the US and in Brazil, entrepreneurship was viewed as an instrument to escape the glass ceiling phenomenon.
- This phenomenon was not encountered among the vocational educated or the informally educated.

# In a nutshell: How are the Brazilian and the American Female Entrepreneurs alike?

## Social Culturally



- Customer service has no borders, but how they conduct it differs among the Brazilians and the Americans.
- Networking has no borders; but some Brazilians network differently (i.e. 'togetherness' among the *informais*).
- They all perceive that education is important; but some acquire education to be accepted in the society and to compete with males; but very few perceived that a college degree was directly related to their business success. Among the college educated, education was a means to avoid glass ceiling and foster career longevity.
- They all perceive the existence of a male centered society (perceived as a barrier to success)
- Family was mentioned but meant different things (Holland-Noronha's typology)

# How are they alike: **Economically**



- They share the idea that profits are important for continuity of the business but many do not want to grow their business on purpose. They enjoy the flexibility of a small business (both US and Brazil).



# How do they differ?

## Socio culturally



- Some images of success: flexibility= for the younger Brazilians life/work balance; for the Americans *just hard work*- they would leave entrepreneurship on a blink of an eye!
- Education: Brazilians are more educated but do not attribute education to their business success (directly).
- Religion: Americans are more religious and link religion to entrepreneurship.
- More family 'advocates' in Brazil (individualism/collectivism?)

# How do they differ? Economically



- More ‘informais’ in Brazil
- More costly to start a business in Brazil
- Brazilians plan more long term (*Hofstede’s long term orientation? Or just that the business were a bit older than the Americans’ in the sample*).
- More inequalities (barriers) were perceived in Brazil.

Categories of Women:  
Under images of success: Holland-Noronha's typology



- *The independents* (financial independency, self actualization, flexibility)
- *The customer service driven*
- *The believers and the non believers*
- *The passionates (self actualization, joy of creating)*
- *The planners*

# Categories of Women: Under Family Importance



- *The advocates*
- *The adapters*
- *The hermits*

# Categories of Women: Under Networking



- *Social butterflies*
- *The hermits*
- Networking patterns differ: family, traditional ways, does not take advantage of resources.

# Categories of Women: Religion and Entrepreneurship



- **The Believers**
- **The Non Believers**

# Categories of Women: Education



- Indispensable
- Not significant
- The college educated
- The vocational trained
- The informally educated
- The 'mixed educated' woman
- Use education as a mechanism to obtain power (perceive barriers).

# In Conclusion



- Entrepreneurship does not exist on a vacuum. It is an economic and socio cultural embedded process (Anderson, 2007).
- Because countries' macro environments might differ, the 'entrepreneuring' process might also differ.
- Differences at the country level have been addressed by the literature , (Hofstede, 2004; Trompenaars, 1998; Anderson, 2008)
- At the individual level, shared perceptions have been found (Holland-Noronha, 2009) when comparing groups of entrepreneurs from contrasting economic and socio cultural contexts; but different experiences and perceptions on various emerging themes were also found.
- Therefore, entrepreneurship is a **person driven process** and a **response to environment process**.



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# Q & A Session



- Thank you!!!