

# EVIDENCE ON THE CHARACTERISTICS OF WOMEN ENTREPRENEURS IN BRAZIL: AN EMPIRICAL ANALYSIS

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## ABSTRACT

*Interest in women entrepreneurs from various backgrounds and perspectives have led to increased publication in the literature about women entrepreneur issues. However many questions remain unanswered. This article aims to answer some of these questions by providing another perspective on women entrepreneurs. Specifically this study examines women entrepreneurs from Brasil, using a sample across racial lines. The article examines the characteristics of women entrepreneurs across three key categories: human capital, network structures as well as financial capital. The impact of various factors on the economic success of the women entrepreneurs is also analyzed.*

**JEL:** M12; M13; M21

**KEYWORDS:** International Business Administration, New Firms, Start ups, Business Economics

## INTRODUCTION

The burgeoning development of entrepreneurship studies in general and women entrepreneurship studies in particular has resulted in an increasing body of literature (De Lourdes, 1994; Gilbertson, 1995; Godody et al, 2000; Heriot and Campbell, 2003; Peterson, 1995; Robles, 2004). The current dynamics for women entrepreneurs from various backgrounds requires that their stories be told from individualistic perspectives, focusing on each set of women's unique contribution in their own society. Telling the story of women entrepreneurs en masse using a broad brush to sweep across women entrepreneurs of various countries and with various backgrounds is not appropriate or indicative of the true picture that exists (Reynolds et al, 2002; Allen et al, 2008). This paper is important at this pivotal period as it represents a contribution to the literature from the perspective of South American, albeit Brazilian women entrepreneurs.

Brazil has made great strides since its independence in 1822 (Alvarez, 1990; Dias, 1995). Independence sought to achieve, among other things, advancement for women in various sectors of the society. While during the 1940s women represented only 13% of the labor force in Brazil, their participation increased to 21% during the 70s and to 42% during the 90s. In 2001 53% of Brazilian women were economically active (Madalozzo and Martins, 2007).

Today, Brazil is seen as a fertile and viable option to study entrepreneurship in general and women entrepreneurship in particular, since in addition to being seen as a leader in entrepreneurship (Allen et al, 2006), it is also described as having the world's fourth largest economy with a Gross Domestic Product (GDP) of 812 billion dollars (Allen et al, 2006). The Total Entrepreneurial Activity (TEA) is said to be approximately 13.4 % of the population with almost half (46%) of this number being women (Allen et al, 2006). It is ranked very high on the Global Entrepreneurship Model (GEM) list of countries with the highest entrepreneurial activity. An international study by Babson college shows that 19.95% of the women in that population are business owners, with 25.4 3% of the males in the country being business owners (Allen et al, 2008).

However, South American countries such as Brazil are still primarily patriarchal structures (Moghadam, 2005; Patai, 1988). While the wage differential between the genders has decreased in Brazil over the last few decades, recent research shows that a wage gap (see Jacobsen, 1998) still exists. The wage gap is highest for women with higher educational and income levels (Madalozzo and Martins, 2007). Thus, any look at the position of women in such an environment has to be examined with this backdrop in mind.

To this end, this paper analyzes the characteristics of women entrepreneurs in Brazil. The paper examines why women entrepreneurs display some characteristics and how these characteristics impact their economic success. In doing so, the paper contributes to the current literature on women entrepreneurs from a differing perspective than that often taken in studies on women entrepreneurs. The focus here is an examination of women entrepreneurs in South America, more specifically Brazil and with the incorporation of a look across racial lines.

The rest of this paper is organized as follows. Next, the relevant research is examined. The discussion continues with a presentation of the research methodology and sample used, highlighting three key areas of focus. The results section is extensive, organized into six subcategories, namely general characteristics, human capital characteristics, network structure characteristics, financial capital characteristics, a regression analysis and a qualitative analysis. The paper concludes with a section that provides for, among other things, directions for future research.

## **LITERATURE REVIEW**

Few English-based studies on Brazil women entrepreneurs exist. Thus, a broad focus for the literature on women entrepreneurs in Brazil could include four legitimate sub-categories: Latina women entrepreneurs in the United States, Latina women entrepreneurs in the Caribbean or Latin American countries, women entrepreneurs in other South American countries and finally women entrepreneurs in Brazil.

One study that looked at the broader perspective of women in the Brazilian society painted a picture of Brazil women entrepreneurs showing for the most part, that they have struggled to overcome gender discrimination to pursue their own businesses. An earlier study by Telles (1994) chronicled the changes in race relations over the past century that impact the current occupational distribution (Telles, 1994). The author looked at seventy-four Brazil metropolitan areas and concluded that industrialized areas have lower occupational inequality when compared to rural areas, where racial inequality is greater (Telles, 1994).

A more recent study completed by the National Foundation for Women Business Owners in 1999 chronicles various issues that are critical to the operation of their businesses (National Foundation of Women Business Owners /NFWBO, 1999). Critical issues identified included: cyclical patterns of the national economy; access to financial capital including bank credit and the desire for additional business training and education (NFWBO, 1994). Improving network structures with other business owners, particularly women, was also a concern for these women business owners (NFWBO, 1999).

Interest in Spanish related Caribbean entrepreneurial ventures has been sporadic over the last two decades, where working for pay and profit by multiple household members is a fact of life. When women are unsuccessful in obtaining work in the mainstream labor market, they are forced to pursue entrepreneurial ventures, such as owning their own business or self-employment in order to earn an income. Such a pursuit is said to offer women from such countries increased autonomy in household decision-making (Grasmuck and Espinal, 2000) and a sense of liberation that involves them in their society's political economy (Weiling et al, 2001). Overall, women in such countries also occupy a less favorable position when compared to their male counterparts (De Bowman, 2000).

Studies that assess entrepreneurship in South American countries have been completed, with a few exploring the state of women entrepreneurs in specific countries, namely: Argentina, Peru and Columbia. One study on women business owners in Argentina took a predictable path of comparing women to their male counterparts. The study found that women entrepreneurs were mainly concentrated in the industries of retail trade and personal services. Older women from the sample (ages 41 to 50) were extensively concentrated in these industries (NFWBO, 2000). In addition, women were noted as being younger and operating smaller businesses with fewer employees and less sales revenue than their male counterparts (NFWBO, 2000).

Another South American study on women entrepreneurs, focused on Peruvian women, looking specifically at middle-class mothers, struggling to make ends meet by engaging in entrepreneurial ventures as an alternative to obtaining other sources of income. This study is critical to an understanding of women in the patriarchal structures of South American countries and their struggle for independence in a society that has categorized (because of their class status) as not needing assistance from programs that help more impoverished women entrepreneurs. Yet, they are not affluent enough to avoid all forms of assistance, mainly financial (De Bowman, 2000).

A report completed by the Inter-America Development Bank (IADB), looked at women business owners in Brazil, Argentina and Mexico and confirmed previous findings (Smith-Hunter, 2006; Moore and Buttner, 1997). These findings indicate that access to financial capital was a key concern for women business owners in various countries (Weeks and Seiler, 2001). However, the report cautioned that overcoming such an obstacle was not the sole catalyst for women to become successful in their entrepreneurial ventures. Instead, the report indicated that programs are also needed to supplement this access, by linking women to support systems that provide them with the training and technical assistance needed (Weeks and Seiler, 2001).

## **RESEARCH METHODOLOGY AND SAMPLE**

The results from this study are comprised of information obtained from thirty-three Brazilian women entrepreneurs, surveyed during the months of July and August 2007. The questionnaire was prepared on the basis of a questionnaire used in a similar study in the United States in 2005 (see Smith-Hunter, 2006). The questionnaire is presented in the Appendix of this paper.

Women entrepreneurs were contacted through a variety of sources, including entrepreneurship membership organizations and professors at the University of Sao Paulo who work with women entrepreneurs. The surveys were then emailed to the women entrepreneurs who completed the questionnaire and emailed them back. Approximately, twenty percent of the women (six in total) who completed the survey were contacted and further interviewed in person, in or near the city of Sao Paulo, Brazil. These latter personal interviews were conducted during the period August 13-23, 2007. The interviews were conducted at either the entrepreneurs' place of business, home, or at a mutually agreeable location. The justification of targeting twenty percent of the sample is based on the precedence used in pilot studies.

Women entrepreneurs who participated in this latter open-ended questionnaire, face-to-face interview portion of the study varied in the type of businesses they operated. Consideration was given to the inclusion of women entrepreneurs operating different types of businesses, different size of businesses, and variety in the number of years in operation. Both women who operated businesses with a partner and women who operated businesses as sole proprietors were included in the sample. This varied perspective was intentional in order to capture how different sectors of the sample of Brazilian women entrepreneurs would view the same questions. These six women entrepreneurs operated the following types of businesses: Ecology Store and Restaurant (medium sized business, in business for approximately three

years), Beauty Salon (partnership, large business, in business for sixteen years), Arts and Crafts (small business, in business for six years), Manufacturing (medium sized business, in business for 9 years) and a Publishing Magazine Business (small business, in business for approximately one year).

The women entrepreneurs in the current sample indicated that they were at least part owners of a registered company in Brazil. Thus, this study does not include women in the informal sector of the economy. Due to the sources of this sample, the Brazilian women entrepreneurs in this sample may not be indicative of the entire population of women entrepreneurs in Brazil.

The data from the study was prepared and stratified based on six key categories. Each of these six categories are discussed in turn.

*General Characteristics* :The overall characteristics of the businesses were analyzed. They include: the types of businesses, the obstacles the business owners faced, the factors that motivate the women entrepreneurs, whether or not they started the businesses themselves, the number of employees of the business, the number of years in operation, the location of the business, the age and race of the business owners and whether they have children.

*Human Capital Characteristics* : Human capital has been defined as the propensity of a person or group to perform a behavior that is valued from an income earning perspective by an organization or a society. Human Capital also refers to the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being. This definition of human capital extends beyond those capital assets linked directly to productivity, to encompass factors that reflect the broader values associated with a well-educated population (Becker, 1993).

*Network Structures*: Network structures are defined as the formal and informal connections of overlapping organizational, family and social memberships that accounts for our level of success, the resources we have available to us to satisfy our needs and obligations and expectations (Hogan, 2001; Easter, 1996; Aldrich, Reese and Dubini, 1989; Coughlin and Thomas, 2002). It has been described as the “hidden hand of influence” that impacts the development of business markets (Hogan, 2001; Choi and Hong, 2002; Chung and Gibbons, 1997).

***Financial Capital***:While there are different ways to measure financial success for business owners (Begley and Boyd, 1987), possible sources of financial capital include liquid assets (checking and saving accounts), credit lines, loans, capital leases (mortgages and motor vehicle loans), financial management services (transaction and cash management), owner loans, credit cards and trade credits (Bitler, Robb and Wolken, 2001).

*Success Factors*: Factors that impact the success of businesses for women range from previous work experience (Brush and Hisrich 1991; Cuba et al, 1983; Schwartz, 1976; Christopher, 1998; Gimeno et al, 1999 and Model, 1985), educational levels (Christopher, 1998; Gimeno et al, 1997; Model, 1985; Maysami and Goby, 1999) and assistance from family and friends (Model, 1985; Maysami and Goby, 1999; Smith-Hunter, 2006). Other factors that impact the financial success of women entrepreneurs include: membership in organizations (Moore and Buttner, 1997; Smith-Hunter, 2006), new innovation (Lerner and Almor, 2001), knowledge of the culture, communication and human relation skills and knowledge and quality of the product or service they offer (Maysami and Goby, 1999).

*Qualitative Studies*: An open-ended style of one-on-one of interviewing was used for the qualitative section of this research project. The same questions were asked of all six candidates chosen for the in-depth interviews (See Appendix B). The questions focused on subject areas such as: the business owners’ desires for the long-term progress of their business, and what changes they would make. In addition,

questions focused on what societal and governmental policies should be addressed to assist women entrepreneurs in the Brazil. Also, the level of assistance obtained from organizations and whether membership in any organization or women's groups are helpful? Any advice they would give to other women entrepreneurs? And How being a female impacts their entrepreneurial position?

Overall, the questions on the qualitative portion of the study provided expansion, exploration and clarification of the quantitative questions and help to explore how the quantitative questions truly reflected the women entrepreneurs' true feelings.

Qualitative questions and the answers to them allowed the women space to describe their business experiences. Qualitative answers also provided information on the how, why and who of what was asked. Another benefit of qualitative research is that it aided in the examination of how women entrepreneurs' human capital potential interacts and intersects to impact their network structures and key issues related to accessing financial capital and economic success.

## RESULTS

The results from the study of the Brazilian women entrepreneurs are presented in four main categories below, namely: general characteristics, human capital characteristics, network structure characteristics and financial capital characteristics.

### General Characteristics

Table 1 reports some general statistics on the types of businesses engaged in. Brazilian women's companies specialize in different areas of economic activity, but are found to be primarily in the services industry. These businesses included: cosmetics distribution, computer sales, event planning, beauty salon, hotel owner, publisher for a magazine and an ecology store/restaurant (see also table 1). The other areas of activity included: manufacturing and shipping. The manufacturing sector consisted mainly of: furniture, arts, and crafts and bathroom tiles. The results regarding the dominance of women entrepreneurs in the service industry has been confirmed repeatedly in other studies. NFWBO (2000) found women entrepreneurs distributed in the following industries: business (22%), service (20%) and surprisingly construction (10%), while Instituto APOYO (2000) found women entrepreneurs distributed in the following industries: retail (44%) and services (9%). NFWBO (1999) found women entrepreneurs distributed in the following industries: services (46%), goods producing (19%) and communications (14%).

Additional data on the survey participants are provided in Table 2. The top three principal motivations for the Brazilian women entrepreneurs to start their own businesses were: "to be my own boss, always wanted to start my own business and family responsibilities." Other motivators that rounded out the top five reasons were: "to make more money and a good way to find employment." These results are similar to those by the Instituto APOYO report (2000) and the report by NFWBO (2000), which also saw the personal fulfillment of owning their own business as a key motivator for the Argentinean and Latin American women entrepreneurs analyzed in those studies. In identifying the main obstacles or problems they face as business owners, the Brazilian women saw their top problems to be: state and federal regulations, competition and finding good employees. The results here are somewhat similar to others, which also cited cash flow and government regulations as serious obstacles (Weeks and Seiler, 2001; NFWBO, 2000; NFWBO, 1999; Instituto APOYO, 2000). Specifically, Seiler and Weeks (2001) and Instituto APOYO (2000) found access to cash and government policies as the top two problems for women entrepreneurs, while NFWBO (1999) and NFWBO (2000) saw government regulations and finding good employees as the top two obstacles.

Table 1: Types of Businesses

Type of Businesses	%
Shipping (Manufacturing)	3.0
Arts and Crafts	21.2
Dentist	3.0
Computer Sales	6.1
Cosmetic Distribution	6.1
Design and Make Furniture	3.0
Event Planning	6.1
Ecology Store and Restaurant	3.0
Clothing Boutique	15.1
Jewelry Manufacturing	9.0
Beauty Salon	12.1
Manufacturing Tiles	3.0
Publishing Magazine	3.0
Hotel Owner	3.0
TOTAL	100.0

*This table shows the types of businesses of the study's participants.*

The women in the current Brazilian study also played an important role as creators of new companies, with 54.5% started their own businesses. This is followed in popularity by starting with a partner (39.4%). NFWBO (2000) and Instituto APOYO (2000) also found that women entrepreneurs were often the original creators of their businesses. Most of the businesses in the current study remain primarily owned by the women, with (51.5% operating sole proprietorships, followed by partnerships at 30.3%. It should be noted that most partnerships were with other women (80%), as opposed to men (20%).

One factor that can be used to estimate the size of a business is the number of employees. Most of the women entrepreneurs (84.8%) had less than 50 employees, with the average number of employees for the thirty-three business owners being nineteen. This relatively high value for average number of employees is based on a larger than expected business size from four firms that owned: a hotel chain, beauty salon chain and a shipping manufacturing business, all having a disproportionately large number of employees. As expected, other studies have shown much smaller average number of employees for women (NFWBO, 1999 and Instituto APOYO, 2000). One study with results similar to those reported here was completed by NFWBO (1999), incidentally another Brazilian women entrepreneurs' study that also found the average range of employees as existing between 10-50 employees.

Companies owned by women entrepreneurs were young, with most (52%) owning their businesses for less than five years and 27% owning their businesses for 6 to 10 years. Weeks and Seiler (2000) and Instituto APOYO also found that the women entrepreneurs in their study had been in business for less than ten years, while NFWBO (2000) sample of women entrepreneurs showed an average tenure of twelve years in business.

The GEM report labeled entrepreneurs who started a business to exploit a perceived business opportunity as opportunity entrepreneurs and referred to those entrepreneurs who were pushed to start a business because all other options for work are either absent or unsatisfactory as necessity entrepreneurs (Allen et al, 2008). That same report indicated that 58% of Brazilian women entrepreneurs were opportunity entrepreneurs and 41% were necessity entrepreneurs (Allen et al, 2008). The current study's results are an almost exact replica of those studies, finding that 57.6% of the women entrepreneurs were opportunity entrepreneurs and 42.4% of the women entrepreneurs classified as necessity entrepreneurs.

Most of the women located their businesses outside the home (57.6%). These numbers echo results by NFWBO (2000) and Instituto APOYO (2000) which also found similar results. Most women entrepreneurs in the current study had children, on average with two children. This result has also been confirmed in other research studies (NFWBO, 2000 and NFWBO,1999). Most of the women

entrepreneurs were in the 31-40 age group (39.4%) and the 41-50 age group (24.2%), with the average age of the women business owners being 42 years. Again, these results are similar to other studies. (NFWBO, 2000 and Weeks and Seiler, 2000). However the results here differ from NFWBO (1999) who found the women be between 45-54 years old on average. As expected, most of the women entrepreneurs were Latinas (51.5%). However, the sample included other races such as Whites (24.2%), Blacks (21.2%) and Asian (3.0%).

Table 2: Profile of Study's Participants

<b>Problems faced By Business Owners</b>	<b>Means</b>
State and federal regulations	2.54
Too much competition	2.38
Finding good employees	2.24
Rising costs of business	2.09
Not enough time for business and personal life	1.93
Cash flow problems	1.81
Too many factors out of their control	1.34
Not enough business knowledge	0.89
Too much paperwork	0.56
<b>Reasons For Becoming a Business Owner</b>	<b>Means</b>
Be my own boss	2.63
Always wanted to start my own business	2.52
Family Responsibilities	2.39
To make more money	2.21
Good way to find employment	2.15
Opportunity presented itself	2.04
Needed a job	1.97
Dissatisfied with my work situation	1.85
Thought I could do a better job than others	1.67
Dead end in my job	1.22
To deliver an important service	0.65
<b>Origins of Businesses</b>	<b>%</b>
Start the business themselves	54.5
Start the business with a partner	39.4
Purchase the business from someone else	3.0
Inherit the business	3.0
<b>Type of Business</b>	<b>%</b>
Sole Proprietorship	51.5
Partnership	30.3
Corporation	18.2
<b>Years in Business</b>	<b>%</b>
1- 5 years	52
6-10 years	27
11- 15 years	12
>15 years	9
<b>Age of Business Owners</b>	<b>%</b>
20-30 years	15.2
31-40 years	39.4
41-50 years	24.2
>50 years	21.2
<b>Race of Business Owners</b>	<b>%</b>
Latina	51.5
White, not Latina	24.2
Black	21.2
Asian	3.0

*This table shows the study's participants profile in terms of demographic and business characteristics*

### Human Capital Characteristics

Data on human capital characteristics are presented in Table 3. A significant number of Brazilian women business owners had university educational experience (72.7%), with a large portion pursuing graduate school (33.3%). These results are slightly higher than others that have also shown women entrepreneurs to be a highly educated group. The study showed that most of the Brazilian women entrepreneurs (60.6%) had not been employed in previous businesses. In addition, to their academic experiences, the Brazilian women entrepreneurs also detailed their other human capital experiences where school education and accounting experiences showed the largest mean values.

Table 3: Human Capital and Network Structure Characteristics

<b>Educational Level of Business Owners</b>	<b>%</b>
Graduate Level	33.3
College	39.4
High/Vocational Level	24.2
Elementary School	3.0
<b>Marital Status</b>	<b>%</b>
Married	51.5
Separated/Divorced	18.2
Single/Never Married	30.3
<b>Other Experiences</b>	<b>Means</b>
Job in the same field as the business.	2.09
School education directly related to the business.	2.84
Seminars, programs relevant to the business.	2.00
Hobby, personal experiences in the same field as the business.	1.61
Supervisory/management experiences	2.18
Accounting experience	2.76
Sales/Marketing experiences	2.09
<b>Previous Self-Employment Experience</b>	<b>%</b>
Yes	39.3
No	60.6

*This table shows the study participants' profile in terms of human capital and network structure characteristics.*

### Network Structure Characteristics

The network structure characteristics are presented in Table 4. A good percentage of the women in the research study are married (51.5%). Followed by the second largest group being single/never married (30.3%). This relatively and surprisingly low marriage rate was also confirmed in another study by NFWBO (1999), but differed from that found by NFWBO (2000) who found a 74% marriage rate and Instituto APOYO (2000) who found a 61% marriage rate. Most of the women entrepreneurs received assistance from family (66.7%) at the start-up stage of their businesses from friends (30.3%) and other sources (18.2%). This family help continued as their businesses grew beyond the start-up stage (51.5%) at a reduced level. Assistance from family and friends in the operation of the business has also been reported in other studies (NFWBO, 2000; Instituto APOYO, 2000).

Interestingly most of the entrepreneurs' family and friends owned businesses (78.8% and 72.7% respectively). A final result was that the women belonged to few membership organizations with only 39.4% reporting that they belonged to such organizations. Part of the explanation for this lack of membership might be because there are few such organizations that exclusively cater to women in Brazil. Other studies have found even lower results for membership in organizations. Specifically, Instituto APOYO (2000) found that only 22% of the women in their study belonged to membership organization.



Table 4: Financial Figures and Assistance with Business

<b>Assistance Received at Start-Up Stage of Business</b>	<b>%</b>
Yes	63.6
No	33.3
<b>Assistance at Start-Up Stage of Business</b>	
Family	66.7
Friends	30.3
Other	18.2
<b>Friends and Family Business Owners</b>	
Family members who are business owners	78.8
Friends who are business owners	72.7
Family who work in the business	30.3
Friends who work in the business	27.3
<b>Difficulty of Bank Loan Access at Start-Up Stage of Business</b>	
Not Difficult at all	24.2
Somewhat difficult	36.4
Very difficult	39.4
<b>Assistance Received Currently</b>	
Family	51.5
Friends	21.2
Other	27.3
<b>Membership Organizations</b>	
Yes	39.4
No	60.6
<b>Source of Start-Up Funds</b>	
Personal savings	84.8
Gift from family/friends	15.2
Loan from previous owner	3.0
Credit card/personal loan	6.1
Bank Loan	18.2
Money from partners	27.3
Other	3.0
<b>Financial Capital Difficulty at Start-Up Stage of Business</b>	
Yes	63.6
No	33.3
<b>Financial Capital Difficulty Currently</b>	
Yes	48.5
No	51.5

*This table shows the level of assistance the study's participants received in the operation of their businesses.*

### Financial Capital Characteristics

The financial characteristic results are presented in Table 5. A considerable challenge facing women entrepreneurs worldwide is access to financial capital. The current results serve to reinforce that difficulty. For example, sixty-three percent of the women entrepreneurs had difficulties obtaining financial capital when they started their businesses. This difficulty declined to 48.5% as they continued to operate their businesses. Access to bank loans was somewhat difficult (36.4%) or very difficult (39.4%) for a majority of the women business owners in the study. To finance their businesses, the entrepreneurs primarily relied on their savings (84.8%) for some of the start-up funds. This was followed by money from partners (27.3%) and then bank loans (18.2%). This difficulty in obtaining start-up funds for a business has also documented by others (Weeks and Seiler, 2001; Instituto APOYO, 2000; NFWBO, 2000).

The average amount of start-up funds used by the women entrepreneurs was US\$34,000. NFWBO (2000) found that just over sixty-five percent of the women entrepreneurs in that study had used \$50,000 or less as start-up funds.

Net profit and personal income for the businesses were mainly at the lower end (US\$0-US\$25,000), with the average personal income being US\$38,000 and an average net profit of US\$130,000. These lower financial figures also held for the sales/gross revenue figures, with most occurring in the \$0-50,000 range, with average sales of \$270,000.. The seemingly large averages for net profit and sales/gross revenue figures are as a result of the wide range in figures and more specifically related to the few “outlier businesses” mentioned previously. NFWBO’s (2000) and Istituto APOYO (2000) also showed a wide range in their samples.

Table 5 – Financial Figures for Businesses

<b>Net Profit (\$ Amounts)</b>	<b>%</b>
0 – 25,000	64
25,001 – 50,000	8
50,001 – 75,000	11
75,001 – 100,000	5
>100,000	10
<b>Personal Income (\$ Amounts)</b>	
0 – 25,000	51
25,001 – 50,000	20
50,001 – 75,000	14
75,001 – 100,000	5
>100,000	10
<b>Sales/Revenue (\$ Amounts)</b>	
0-50,000	35
51,000 – 100,000	24
101,000 – 150,000	16
151,000-200,000	14
>200,000	11

*This table shows the financial figures of the participants’ businesses.*

### Success Factors: Regression Analysis

The analysis continues with a regression analysis. The regression analysis performed here employed a step-wise regression method. The regression results are reported in Table 6. Net income was designated as the independent variable. As a first step, a correlation analysis was performed for net income and variables that were expected to have a high correlation with the net income variable. The Pearson correlation coefficient was calculated for the likely related variables. As a second step, the variables with the highest correlation coefficient were inputted into a regression analysis. The first step produced an R-squared value of 0.8359.

As a third step, a second step in the stepwise regression analysis was performed to remove the variables suspected of causing multicollinearity. When these intervening variables were removed, the third step in the regression analysis improved the significance values of the coefficients, resulting in an R-square value of 0.7253. In the second regression, almost all variables were significant, except for type of business, with the regression showing that: friends that work in the business, family members that assist in the business, organizations that assist with the business and previous seminar experience related to the business having a positive effect on net income. Interestingly, previous supervisory management experience and previous hobby experience related to the business had a negative impact on the net income of the business. Others have also found that previous business related experience does have an impact on

the financial success for the women entrepreneurs (Brush and Hisrich, 1991; Cuba et al, 1983; Schwartz, 1999; Christopher, 1998; Gimeno et al, 1999 and Model, 1985).

The impact of family and friends on the financial success of the businesses for the women entrepreneurs was found to be positive and significant in studies by Model (1985) and Maysami and Goby (1999). Confirming the results from this study on educational levels, Cuba et al (1983), Christopher (1998) and Gimeno et al (1997) also found a positive relationship between financial success and educational levels. Membership in organizations was also found by Moore and Buttner (1997) and Smith-Hunter, 2006) to have a positive and significant effect on financial success of entrepreneurial ventures for women.

Table 6 – Regression Results

Variables	Regression 1	R-Squared = 0.8359	Regression 2	R-Squared = 0.7253
	Coefficients	P Values	Coefficients	P Values
Intercept	1224874	0.0703	958470	0.0003
Number of Employees	113	0.4828		
Previous job experience in the same field as the business	8627	0.9348		
Previous supervisory or management experience	-199403	0.1069	-200009	0.0114
Previous sales experience	-14698	0.8724		
Family Members that work in the business	103441	0.6220		
Friends that work in the business	268530	0.1023	311700	0.0167
Type of Business	-147695	0.1495	-101013	0.1651
Previous seminar experience related to business	405692	0.0014	351931	0.0000
Family members that assist in the business	190693	0.2983	285162	0.0189
School Education directly related to the business	-69075	0.5419		
Previous hobby experience related to the business	-166931	0.1283	-203563	0.0085
Assistance from other sources	89764	0.6111		
Organizations that assist with the business	433550	0.0405	226853	0.0735

*This table shows the coefficient values for the linear regression analysis and the corresponding p values.*

### Qualitative Characteristics

Qualitatively, the in-depth interviews with the participants sought to expand on the quantitative results. The highly educated levels of the women entrepreneurs were tied to the motivational results of the study and the wage gap identified for Brazilian women. More specifically, the majority of the women entrepreneurs indicated frustration in not earning as much as their equally (and sometimes less) qualified male counterparts. Unlike other studies that identified lack of access to financial resources and finding good employees as key problems for women entrepreneurs (Smith-Hunter, 2006; Moore and Buttner, 1997; Maysami and Goby, 1999), the current study identified government regulations related to the start-up and operation of their businesses as major concerns. The women further explained that the rules that were in place for small businesses acted as a large hindrance to their start-up and development.

The qualitative responses also revealed the important finding that the women entrepreneurs were not likely to engage in multiple business ventures simultaneously. This suggests, that they preferred to engage in one particular business at a time, growing it conservatively, rather than engaging in a number of ventures simultaneously that may or may not be successful.

A review of the qualitative responses from the women regarding network structures revealed their greatest frustrations as entrepreneurs. They lamented the lack of membership organizations solely dedicated to women entrepreneurs in their country. They further revealed the lack of support they received from the current membership entrepreneurial organizations that did exist in Brazil, stating that the help they received from such organizations, though well intended was not always applicable to their circumstances as women, wives, mother and entrepreneurs and their resources. One of the strongest positive responses was to the emotional and financial support they received from family and friends. Most of the women

entrepreneurs attributed their success to assistance from these sources. In addition, the more financially successful Brazilian women entrepreneurs indicated that they were exposed to entrepreneurial ventures at an early age.

The use of personal funds to start their businesses was directly tied to the difficulty they experienced in trying to access funds to start their business, resulting in heavy reliance on their personal savings. The reasoning behind this difficulty can be traced to contextual perceptions that are related to cultural and social norms of the society. More specifically, this lack of confidence in believing that women can operate a financially successful business venture is suspected to be the main reason for the difficulties. In addition, the qualitative questioning revealed that women entrepreneurs who belonged to membership organizations were more financially successful than their counterparts who did not belong to such organizations. Similarly, more financially successful women entrepreneurs in the study were more likely to demonstrate strong linkages to international network structures attending international conferences and workshops that assist them with the operation of their businesses.

## CONCLUSION

This study examines women entrepreneurs in one of the top countries for entrepreneurship in the world, Brazil. The goals of the paper were threefold. First, it sought to provide a summary of the characteristics of women entrepreneurs on human capital, financial capital and network structure issues. Second, the paper rigorously investigated the factors that can impact financial success, using net income as a dependent variable. Third, it used qualitative perspectives to weave a story that clarified the quantitative data presented.

The sample was Brazilian women entrepreneurs in or near the South-eastern city of Sao Paulo. The study used a targeted sample, located through membership organizations, as well as professors at the local University of Sao Paulo, who worked with women entrepreneurs.

In examining the human capital results in this study, it was shown that women entrepreneurs were mostly highly educated, in their forties, but were less likely to be previously employed in another entrepreneurial venture. In terms of the network structure factors, the results show that the women entrepreneurs were mostly married and more likely to receive assistance from family and friends, but were less likely to belong to membership entrepreneurial organizations. The financial capital results indicate women entrepreneurs are more likely to have financial difficulties at the start-up stage of their businesses, resulting in them heavily relying on personal savings to start their businesses. One result that did not correspond to the findings of other studies related to the gross revenue, net profit and personal income figures. These results were higher than expected due to four large businesses in the sample. Despite these financial results, most of the other results are consistent with findings from other studies on Brazilian women entrepreneurs (Weeks and Seiler, 2001; Instituto APOYO, 2000; NFWBO, 1999; NFWBO, 2000).

It is clear from the evidence presented and discussed throughout this paper that certain characteristics of the women entrepreneurs in Brazil were similar to those found for other women entrepreneurs in other geographic regions of the world, reconfirming the perspective that women entrepreneurs worldwide are more alike than they are different. The evidence indicates there is a legitimate opportunity for membership organizations that cater to women entrepreneurs.

As with other studies, this one also has limitations. For example, while the study was conducted in the second largest city in Brazil, the findings cannot be generalized to other Brazilian cities or to South American cities. In addition, the non-random process of obtaining the sample of women entrepreneurs also serves as a limitation on the generalizability of the findings.

While this study addresses many questions and fills some of the gaps from prior studies, there is room for future research. Future research could repeat the current study and expand the sample size, in other Brazilian cities and/or other South American cities.

## APPENDIX A – QUESTIONNAIRE (QUANTITATIVE)

### Questionnaire

1. What year did you become the owner of this business? \_\_\_\_\_
2. Did you:
  - \_\_\_\_ Start the business yourself?      \_\_\_\_ Start this business with a partner/partners?
  - \_\_\_\_ Buy the business from someone else?      \_\_\_\_ Inherit the business?
  - \_\_\_\_ Other (Specify)? \_\_\_\_\_
3. Is this business owned solely by you? Yes \_\_\_\_\_ No \_\_\_\_\_
4. Is this business a partnership \_\_\_\_\_ or a corporation \_\_\_\_\_
5. How many partners, excluding yourself? \_\_\_\_\_
6. How many partners are men? \_\_\_\_\_
7. How many partners are women? \_\_\_\_\_
8. What percentage of the business do you own? \_\_\_\_\_
9. In what State/Region (Sao Paulo, etc.) is the business located?  
\_\_\_\_\_
10. When you started this business, if outside capital was needed, did you have difficulties obtaining financial capital? Yes \_\_\_\_\_ No \_\_\_\_\_
11. When you started this business, where did you get your funds? (Circle all that apply and list the approximate percentages for each)
  - \_\_\_\_ Personal Savings \_\_\_\_\_%
  - \_\_\_\_ Gift from family and friends \_\_\_\_\_%
  - \_\_\_\_ Loan from family and friends \_\_\_\_\_%
  - \_\_\_\_ Loan from previous owner \_\_\_\_\_%
  - \_\_\_\_ Credit card/personal loan \_\_\_\_\_%
  - \_\_\_\_ Bank Loan \_\_\_\_\_%
  - \_\_\_\_ Partners \_\_\_\_\_%
  - \_\_\_\_ Other \_\_\_\_\_%
12. How difficult was it to get a bank loan? \_\_\_\_ not difficult at all \_\_\_\_ somewhat difficult  
\_\_\_\_ very difficult
13. Approximately, how much money did you start your business with ? \_\_\_\_\_
14. How many employees do you have (excluding yourself) ? \_\_\_\_\_
15. How many of these employees are men? \_\_\_\_\_
16. How many of these employees are women ? \_\_\_\_\_
17. What are the top three problems you face in your business (chosed from list below)?  
(indicate letter)  
First Choice \_\_\_\_\_ Second Choice \_\_\_\_\_ Third Choice \_\_\_\_\_
  - a. Too much competition
  - b. State and federal regulations
  - c. Not enough business knowledge
  - d. Too many factors out of my control
  - e. Finding good employees
  - f. Rising costs of business
  - g. Too much paperwork
  - h. Not enough time for business/personal life.
  - i. cash flow problems
  - j. Having others take you seriously
  - k. Keeping customers happy

18. Were you ever or are you self-employed in any business(es) besides this one?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. How important were each of the following reasons for becoming a business owner(choose from list below)? (indicate letter)

First Choice \_\_\_\_\_ Second Choice \_\_\_\_\_ Third Choice \_\_\_\_\_

- |   |  |
|---|--|
| a. To be my own boss                        | h. To make more money                        |
| b. Always wanted to start my own business   | i. The opportunity presented itself          |
| c. Family responsibilities                  | j. Needed a job, wanted a job                |
| d. Good way to find employment              | k. Had hit glass ceiling or                  |
| e. Dead-end in my job                       | l. Dissatisfied with my work                 |
| f. Inherited the business                   | m. Someone else got me into this             |
| g. I wanted to deliver an important service | n. Thought I could do better job than others |

20. How much of each of the following kinds of experiences did you have before you became a business owner?

	A lot	Some	None at all	
a. Job in the same field as the business	2	1	0	
b. School education directly related to business	2	1	0	
c. Seminars, programs relevant to business	2	1	0	
d. Hobby, personal experience in same field	2	1	0	
e. Supervisory/management experience	2	1	0	
f. Accounting experience	2	2	1	0
g. Sales/marketing experience	2	1	1	0

21. What is the highest grade of school that you have completed? \_\_\_\_\_ None  
 \_\_\_\_\_ Elementary School \_\_\_\_\_ High School / Vocational School \_\_\_\_\_ College  
 \_\_\_\_\_ Graduate School

22. What year were you born? \_\_\_\_\_

23. Which group best describes you: \_\_\_\_\_ Black/African American  
 \_\_\_\_\_ White, not of Latino origin \_\_\_\_\_ Latino \_\_\_\_\_ Other(Specify)

24. What is your marital status? \_\_\_\_\_ married \_\_\_\_\_ separated/divorced \_\_\_\_\_ widowed  
 \_\_\_\_\_ single, never married

25. a) Do you have any children? Yes \_\_\_\_\_ No \_\_\_\_\_ b) How many? \_\_\_\_\_

26. Did you see going into business as your only alternative (in order to obtain an income)?

Yes \_\_\_\_\_ No \_\_\_\_\_

27. When you started this business, did you obtain any assistance from (check all that apply): \_\_\_\_\_ Family \_\_\_\_\_ Friends \_\_\_\_\_ Other (please specify) \_\_\_\_\_

28. Does your family assist you with the operation of the business? Yes \_\_\_\_\_ No \_\_\_\_\_

29. Do your friends assist you with the operation of the business? Yes \_\_\_\_\_ No \_\_\_\_\_

30. Does assistance for the operation of your business come from any other sources?  
 (please specify) \_\_\_\_\_

31. Do you have any family members who are business owners? Yes \_\_\_\_\_ No \_\_\_\_\_

32. Do you have any friends who are business owners? Yes \_\_\_\_\_ No \_\_\_\_\_

33. Do you have family members that work in the business on a paid/non paid basis?  
 Yes \_\_\_\_\_ No \_\_\_\_\_

34. Do you have friends that work in the business on a paid/ non paid basis?  
 Yes \_\_\_\_\_ No \_\_\_\_\_

35. Do you belong to any organizations that assist you in the operation of your business ?  
 Yes \_\_\_\_\_ No \_\_\_\_\_

36. How many of these organizations do you belong to? \_\_\_\_\_

37. What is the approximate total sales/revenue from your business for the past year? \_\_\_\_\_
38. What is the approximate net profit or net revenue from your business for the past year? \_\_\_\_\_
39. What was your approximate personal income from your business for the past year? \_\_\_\_\_
40. Is your business based in your home/home office? \_\_\_\_\_ yes \_\_\_\_\_ no
41. What type of business do you operate? \_\_\_\_\_

#### APPENDIX B – QUESTIONNAIRE (QUALITATIVE)

##### *Personal Interview with Women Entrepreneurs*

Name of Entrepreneur \_\_\_\_\_  
Location \_\_\_\_\_  
Telephone Number \_\_\_\_\_  
Type of Business \_\_\_\_\_

1. Why did you enter this specific type of business or industry?
2. What would you have done differently if anything, in terms of your training or experience, before starting this businesses?
3. How much assistance do you receive from individuals in your circle (friends, family, etc.)?
4. Is there someone who helps you in the business, who has significant experiences in your field /industry? How long on average have you known these individuals?
5. If you had difficulty obtaining financial capital for the business, why do you think this is so?
6. How do you define success?
7. What factors (if any) do you feel could improve your financial position?
8. What societal, governmental issues would need to be addressed to assist women entrepreneurs in your country?
9. In addition, what level of assistance obtained from organizations, whether membership organizations or women's only organizations, were most effective?
10. To and what extent being female impacted your current entrepreneurial position (financial success, etc.)?

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