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BRAZILIAN AND AMERICAN ENTREPRENEURIAL EXPERIENCE: CULTURAL AND FINANCIAL ASPECTS FROM BRAZILIAN ENTREPRENEURS' POINT OF VIEW

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Abstract

Objective: this study aims to compare the entrepreneurial experience, specifically related to the determinants culture and access to capital between Brazil (the South and the Southeast regions) and the United States of America (South Florida), from the entrepreneur's point of view.

Methodology: an exploratory qualitative study was developed through in-depth interviews with Brazilian entrepreneurs, who had entrepreneurial experience both in Brazil and in the US.

Results: even though the American economy and the image of entrepreneurs in the US encourage entrepreneurship, the fear of failure is present in both countries. Besides, the common belief that it is easy and cheap to get credit in the US was not verified in the interviews. Finally, the perspective of entrepreneurs in relation to the regulation in the US is also contradictory. Even though they like the regulation in the US and criticize the Brazilian bureaucracy, they also would like to have the flexibility that they have in Brazil.

Methodological and theoretical contributions: this study makes it possible to future researchers to compare the venture capital market in both countries, as the other determinants that compound the entrepreneurial ecosystem.

Originality/Relevance: this study's relevance comes from the comprehension of the differences between the entrepreneurial experience in Brazil and in the United States, through Brazilian entrepreneurs' experiences.

Contributions: through the entrepreneurs' experiences, it was possible to identify how the differences between the two countries, mainly regarding cultural and financial aspects, can modify the entrepreneurial ecosystem.

Keywords: Entrepreneurship. Entrepreneurial Experience. Culture. Access to Capital.

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1 INTRODUCTION

Nowadays many authors recognize entrepreneurship and entrepreneurs' impact on economic growth, employment level, innovation, and productivity (Ahmad & Hoffman, 2008; Sarfati, 2013; Henrekson & Johansson, 2008). The entrepreneurial activity is one of the main factors responsible for the increase of the Brazilian states' income level (Almeida, Valadares & Sediyaama, 2017). It is also important to mention that entrepreneurship is relevant for established companies in the market. Montalvo (2006), states that entrepreneurial orientation, combined with the learning ability help companies to innovate and achieve better results in industries such as high-tech.

Brazil and the United States have very different entrepreneurial ecosystems. A study made by the US News & World Report created an entrepreneurship ranking that assesses 80 countries. The ranking is based on an equally weighted average of scores from 10 attributes: access to capital, infrastructure, transparent business practices, educated population, skilled labor force, entrepreneurial culture, connection to the rest of the world, innovation, technological expertise, and well-developed legal framework. Brazil ranks 37th place in the 2017's report, which shows a discrepancy in comparison to developed countries such as the U.S, placed in 3rd place (US News & World Report, 2017).

A study made in Brazil by Endeavor, ICE Brazil (Endeavor Brazil, 2017), calculated an entrepreneurship index in different Brazilian cities. That study was based on two main frameworks, the "OECD / Eurostat Framework for Entrepreneurship", proposed by Ahmad and Hoffmann (2008) and designed to compare the OECD countries, and the "Entrepreneurial Ecosystem Diagnostic Toolkit" (Aspen Network of Development Entrepreneurs, 2013), focused on developing countries. That index analyzed entrepreneurship through three main aspects: entrepreneurial performance, performance determinants, and its impacts (Endeavor Brazil, 2017, p. 102.)

According to the index, the entrepreneurial performance results from a set of seven determinants: regulatory environment, infrastructure, market conditions, access to capital, innovation, human capital, and culture. Since the determinants reflect the main factors that affect entrepreneurial performance and considering Brazilian and American entrepreneurial environments differences, this study analyzes the determinants "culture" and "access to capital" in both countries. These determinants connect correlated factors that can be analyzed from the perspective of entrepreneurs'



who have had entrepreneurial experiences in both countries. However, the remaining determinants would require a deeper analysis regarding the countries' contexts, which would require further research besides interviewing entrepreneurs. Accordingly, the research question is: how differences with regard to culture and access to capital create different entrepreneurial experiences in Brazil and in the USA, from the Brazilian entrepreneurs' point of view?

Therefore, the aim of this study is to compare the entrepreneurial experience in Brazil (South and Southeast regions) and in the United States (South Florida region), from the Brazilian entrepreneurs' point of view. Specifically, with respect to the determinants culture and access to capital.

This study will be able to contribute to a better comprehension of the Brazilian entrepreneurial environment in comparison to the American one since the United States is a reference in different dimensions related to entrepreneurship. That subject is very relevant nowadays since the number of Brazilian immigrants to other countries has been increasing due to the economic crisis in the country. According to the Department of Federal Revenue of Brazil Federal (Gerbelli, 2019), more than 22 thousand Brazilians reported an immigration declaration in 2018, while that number was under 10 thousand in 2014.

2 BACKGROUND

This section provides main theoretical references in three main topics: entrepreneurship and entrepreneurial ecosystems, access to capital, and entrepreneurial culture.

2.1 Entrepreneurship and Entrepreneurial Ecosystems

The term entrepreneurship has different meanings and range of applications, from a restrict perspective to a broader one. One commonly referenced definition of the term was coined by Schumpeter (1949), who defined the entrepreneur as a wild spirit. For him, the entrepreneurs are responsible for the innovation and technological change in the market spring, through their creative destruction. If this definition is considered, the number of entrepreneurs is significantly reduced since few people are able to take their business to that level of innovation and impact.

Representing a broader definition there is the one used by the Global Entrepreneurship Monitor (GEM), a report that has been analyzing entrepreneurship



in different countries since 2000, and it is produced by the Babson College and London Business School. GEM defines entrepreneurship as "any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business." (GEM, 2017a, p. 109) This definition and the one adopted by Endeavor Brazil and IBGE for the creation of the Entrepreneurship Statistics reports (*Endeavor Brasil & Instituto Brasileiro de Geografia e Estatística*, 2011), were used in this study.

The entrepreneurial ecosystem concept is also important. Isenberg (2011) defines it as a group of variables that affect entrepreneurial activities' development. Those variables are public policy and leadership, financial resources, culture, human capital, markets, variety of institutional support, and infrastructure.

The entrepreneurial ecosystem concept is also analyzed from other perspectives, such as from the studies of Moore (1993), who analyzes it as the companies' ecology, or the GEM's studies, which states that the ecosystem regulates the conditions that influence the context for the creation of new businesses (Bosma, Acs, Autio, Coduras, & Levie, 2009). From the same perspective, Endeavor Brazil (2017) proposes entrepreneurial environment analysis through the determinants, illustrated below in Figure 1. They are the result of an adaptation from the determinants defined by Ahmad e Hoffman (2008): regulatory framework, creation and diffusion of knowledge, entrepreneurial capabilities, entrepreneurial culture, access to finance, and market conditions.



Figure 1 - Determinants that measure entrepreneurial performance

Source: Endeavor, 2017.

2.2 Entrepreneurship and access to capital

The ICE Brazil 2017 highlights how important financial resources are to business survival: "The availability of resources to invest in the business, as in its early stages



as in growth stages, is crucial to the company's future." (Endeavor Brazil, 2017, p.45.) The ICE Brazil 2017 mentions two ways of raising capital: available capital via debt and access to venture capital. The first is through banks "[...] in the form of contracting a debt for the entrepreneur who subsequently receives a credit, which will be repaid with interest [...]" (Lang et al. *apud* Endeavor Brazil, 2017, p. 46.) And the second is through the sale of part of the business, which is intermediate by investment funds, such as venture capital funds. This way the investors give money to the company in exchange for its equity (Endeavor Brazil, 2017).

Endeavor's analysis of Brazil is based on the determinants' description made by OCDE, proposed by Ahmad e Hoffman (2008). That description points out five areas that are related to the performance of the determinant access to finance: debt financing, angel investors, access to venture capital, access to other investments, and the stock market. The last item, the stock market, was not explored by Endeavor when analyzing the Brazilian scenario. Ahmad e Hoffman (2008) highlight that the possibility of getting loans through public and private institutions is very important to the entrepreneurial activity since it enhances the opportunities that the entrepreneur can have. In addition, the authors state that the government can improve credit market through initiatives that improve access to debt capital. That could happen by creating regulations that improve credit markets efficiency, making it more accessible and cheaper, which would improve the credit market in general. Also, the government could provide solutions specifically for entrepreneurs, such as fiscal incentives for entrepreneurial loans, which would motivate banks to help entrepreneurs.

According to Endeavor Brazil (2017), the two main ways of raising capital in Brazil are based on available capital via debt and venture capital. Besides, a study made by CNI in partnership with the Britain government (*Confederação Nacional da Indústria & Great Britain*, 2015), states that among the main difficulties pointed out by small and medium Brazilian industrial companies are: inadequate credit lines to business needs, warranty requirements, cost of loan and financing, and excess of requirements to register and to obtain documents.

The developed countries have an entrepreneurial culture with more historical presence and representativity when compared to Brazil, and that results in investors that are more aggressive (Ramalho, Furtado & Lara, 2011). Those differences between Brazilian investors and investors in developed countries affects the Private Equity and Venture Capital industries' development in each country. The Second



Brazilian Industry Census of Private Equity and Venture Capital (*Agência Brasileira de Desenvolvimento Industrial*, 2011), mentions that due to historical Brazilian interest rates, investors tend to keep their capital in fixed income investments, which has higher returns in Brazil than in the US and the European Union, where interest rates are almost zero.

The Brazilian Industry Overview of Private Equity and Venture Capital ((KPMG & *Associação Brasileira de Private Equity & Venture Capital*, 2016) gathers information about the industry from 2011 to 2015. The study shows companies' attractiveness by different forms of financing. According to the study, the entry of new investors in the company (private equity/venture capital) attracts 13% of the companies. The report also mentions that venture capital financing had a higher number of transactions when compared to private equity (60.4% and 39.6% respectively), even though it had less volume of investments compared to private equity (6% and 94% respectively). However, Endeavor Brazil (2017) highlights that the number of Brazilian cities that did not have venture capital and private equity operations increased from 2011 to 2017, which shows a reduction in demand for this type of capital.

2.3 Entrepreneurial Culture

There is some controversy about the term entrepreneurial culture. Some studios are not even sure if there is a unique entrepreneurial culture (Hayton & Cacciotti, 2013). Ahmad e Hoffman (2008), when applying the term "culture" to entrepreneurship analyze it through four factors: society's attitude towards risk, society's perception regarding entrepreneurs, the desire of running their own business, and entrepreneurial education. They state that culture affects all of the other determinants that compounds the framework. According to the framework's description, the first item is related to society's attitude towards risk since entrepreneurs usually need to make decisions that involve taking risks. The second and the third items (society's perception regarding entrepreneurs, the desire of running their own business) analyze what motivates and encourages entrepreneurs to start their own business, which includes government initiatives that can boost the entrepreneurial movement. The last item, focused on entrepreneurial education, is focused on the efforts of implementing the entrepreneurial mindset through education. That does not mean teaching specific abilities but introducing the concept and demonstrating its impacts' importance to the society, also it is important to stimulate



the development of entrepreneurial traits such as proactivity (Ahmad & Hoffman, 2008).

To analyze this determinant, Endeavor Brazil (2017) segments entrepreneurial culture in two dimensions: (1) entrepreneurial potential, which includes aspects related to opportunity perception, creativity, proactivity, and willingness to grow, in a way that generates impacts on society, and (2) entrepreneurial image, which is related to society's perception of entrepreneurs and their business. Factors such as society's perception of entrepreneurial activity, identification of the relationship between entrepreneurship and socio-economic development, and the relationship of entrepreneurs with their employees, can create a positive perception of entrepreneurship. This perception may motivate more people to consider entrepreneurial careers and Endeavor Brazil states that a community with a strong entrepreneurial culture can understand and take advantage of new opportunities, providing competitive advantages for enterprises located in these places. Also, Krueger and Brazeal (2018) conclude that entrepreneurs are not born, they actually become entrepreneurs through the perception of entrepreneurial opportunities.

The GEM report (2017a) points out the Americans' capability perception, one of the highest among developed countries. That shows that besides being able to recognize opportunities, they are more confident about their entrepreneurial abilities. The data also reports that the American media gives significant attention to entrepreneurship and that most Americans believe that entrepreneurs have a high social status.

A study realized by Endeavor and META (2015), published in 2015, compared the Brazilian entrepreneurial culture with the rest of the world, especially with the US. The test is based on the evaluation of four factors, that according to the study influence the entrepreneur's success: (1) opportunity recognition, which is related to capability of identifying opportunities and trends; (2) proactivity, which is the ability of turning ideas into reality; (3) creativity, described by the ability of creating new ideas; and (4) dreaming big, which is the systemic perception and motivation to pursue progress and success. Brazil's total score is higher than the global average but lower than the American score. Besides, Brazil has a higher score in the factors opportunity recognition and creativity than the global average, however, the US had higher scores than Brazil in all of the analyzed factors.



According to the studies published by Endeavor Brazil (2017) and GEM (2017b), the general aspects of a country's culture impact on factors that shape its entrepreneurial culture. Thus, Geert Hofstede's model was used. This model's purpose is to understand the influence of the local culture on the workplace's values. Based on his studies, Hofstede (1991) developed the five dimensions model: (1) power distance; (2) individualism vs. collectivism; (3) masculinity vs. femininity; 4) uncertainty avoidance; long-term orientation vs. short-term.

When the Hofstede index is applied to Brazil and to the United States (<https://www.hofstede-insights.com/country-comparison/brazil,the-usa/>, retrieved

October 4, 2010) it is possible to compare the countries and identify differences mainly regarding the individualism vs. collectivism and uncertainty avoidances indexes. Brazil is more collectivist and has a higher uncertainty avoidance index than the United States. According to Hofstede (1991), the more individualist society is, the individuals tend to rely less on their relationships and be more concerned about themselves than about their families or society. Nevertheless, the more collectivist a society, the stronger is its community perception and people tend more to look for groups to be part of in exchange for loyalty. Concerning uncertainty avoidance, Hofstede (1991) states that a society with higher uncertainty avoidance tends to create more rules and laws as preventions, whereas a society with less uncertainty avoidance has a higher tolerance for diversity and risks.

3 METHOD

The research's nature is descriptive and aims to contribute to the comprehension of socio-economic conditions of the Brazilian and American entrepreneurial ecosystems through the analysis of the determinants culture and access to capital, from entrepreneurs' point of view.

The entrepreneurs' perspective was chosen because it is a phenomenon based on individuals who develop real actions, thus it is important not to separate the entrepreneur from the entrepreneurial process to analyze it (Danjou, 2002).

The techniques used in data collection are classified as qualitative research and primary data which were used to investigate the issues that underlie this study. These data resources were collected through individual in-depth interviews, "[...] a methodological resource that seeks to [...] collect responses from the subjective



experience of someone who owns relevant information"(Duarte & Barros, 2005, p.62-63).

The study was conducted with twelve Brazilian entrepreneurs who have had entrepreneurial experiences both in Brazil and in the United States. The business industry was not necessarily the same in both countries and the companies could be active or inactive. The sample was selected using a non-probability sampling technique, through the authors' contacts and social networking sites and associations, such as a Facebook group called "Brazilian entrepreneurs in the U.S" and an association called "Women entrepreneurs BrUsa".

To contact potential entrepreneurs 100 emails were sent from which 23 were replied. 12 interviews were realized since some entrepreneurs who replied did not have previous entrepreneurial experience in both countries. The interviewers created their businesses in the South and Southeast regions of Brazil (seven entrepreneurs in Sao Paulo, two in Rio de Janeiro and one in Minas Gerais, Parana and Santa Catarina) these entrepreneurs also created ventures in South Florida, within the United States. It is important to notice that this study does not aim to detail and compare those regions since they are only a limited representation of entrepreneurs in Brazil and the U.S.

The script used to conduct the interviews was created based on the instructions of Belk, Fischer, and Konizets (2013), on the information obtained from the literature review, and on the adaptation of multi-item measures developed for quantitative research of international entrepreneurship (Coviello & Yli Renko, 2016). Before starting the interviews, a pre-test interview was conducted to identify necessary changes in the interview script, seeking greater assertiveness. The interviews were conducted between March and April 2018. Two interviews took place in person and the other ten were conducted via phone through online platforms (WhatsApp, Facebook, and Zoom), and have been recorded with the respondent's permission. To ensure the anonymity of respondents the masculine gender is used as a reference to entrepreneurs.

The data analysis was performed using the content analysis technique, which, according to Bardin (2010) "[...] is a set of communication analysis techniques [...] ". After conducting and recording the interviews, that lasted an average of 23 minutes each, with a total of 4 hours and 26 minutes, the recordings were transcribed, resulting in 153 pages. Once the transcripts were revised, the content analysis was made by categorization. Bardin (2010) presents two ways of performing categorization. The first



consists of providing a category system in advance, and the second, which was used in this study, consists of a category system that results from analog and progressive classification of elements that were obtained through the research.

After successive reading and organization of data, the coding and categorization were realized from the research's objectives' perspective, with the MAXQDA software's support (Qualitative and Mixed Methods Data Analysis, version 18.0.7 - demo). Thus, four categories of analysis were determined, which are described below.

1. Entrepreneurial culture and entrepreneur potential: that category consists of the aspects related to the opportunity perception, creativity, proactivity, and willingness to grow. That category is more focused on the entrepreneur's internal image;
2. Entrepreneurial culture and entrepreneurship perception: that includes the society's perception, which can be positive or negative, regarding entrepreneurs and their companies. This category is more focused on the entrepreneur's external image;
3. Financial Aspects: consists of the possibilities that the entrepreneur has to access the capital, such as debt, angel investors, venture capital, stock market, and others;
4. Regulation: this category consists of the aspects related to public regulations that impact entrepreneurship, such as bureaucracy, requirements, licenses, and others.

More details about the categories 1, 2, and 3 can be found in the literature review (background), especially in Ahamad e Hoffman (2008) and Endeavor's studies (Endeavor Brasil, 2017). Even though the fourth category is not explicitly described in the literature review, the regulation aspect was frequently mentioned during the interviews since it is strongly related to an entrepreneurial culture.

Table 1 below summarizes entrepreneurs' basic information. The first column "Interviewed" has the "E" identification as a reference to the word "entrepreneur".



Interviewed	Age	Academic Degree	Entrepreneurship Career Start (Brazil)	Entrepreneurship Career Start (USA)
E1	40	B. A	2004-2016	2015
E2	34	M.A	2014	2014
E3	41	B. A	2014	2016
E4	37	B. A	1998	2006-2013
E5	60	B. A	2000	2012
E6	36	High School	1999	2005
E7	40	Graduated	1996	2017
E8	35	B. A	2012	2015
E9	41	High School	1997 and 2010	2004 and 2011
E10	44	B. A	2012	2015
E11	55	Graduated	1997	2009
E12	33	High School	2003	2011

Table 1 – Entrepreneurs and companies' basic information.

Source: Prepared by the authors.

4 RESULTS AND DISCUSSION

In this section, all categorized data were analyzed in four sections, each dedicated to a category, as mentioned before. Those categories are described as follows.

4.1 Entrepreneurial Culture and Entrepreneur Potential

One aspect related to an entrepreneurial culture that was noticed in the entrepreneurs' interviews is the proactivity, which is the entrepreneur's capacity to overcome obstacles and move their business forward. Entrepreneurs seem to be more proactive when they are in the United States than when they are in Brazil. However, the fear of failure is present in the entrepreneurial path in both countries. All of the entrepreneurs but one, described themselves as conservatives, especially in Brazil. Also, eight of them have indicated that they have changed their approach to running their business while in the United States, feeling safer as an entrepreneur in this country rather than in Brazil.

"We always have that... That feeling... I am going to do it, but I am afraid ... I was going, but I was afraid [...] right? we have to think about what can go right, what can go wrong [...] So, let's do it, but yes, I was afraid [...] I've always been very conservative, but I am taking a different approach here (USA). "- E3



"[...] the fear is different since I am in another country, dealing with another culture, so the responsibilities are bigger and so do is the fear of failing [...] I am stricter here. – E1

"[...] So I thought:" If I've already lost everything twice, lose one more... Who is an entrepreneur does not have that fear [...] I believed it would eventually work. I can fail many times, but one day I will succeed. If it does not work in this industry, we can try another one, we will not give up and we will be fine. [...] I think that positive thinking helps a lot. "- E8

Indeed, the fact that these entrepreneurs had already run a business in Brazil before starting a business in the United States could have contributed to making them feel safer. However, cultural influence was also present in that process, as described by three entrepreneurs:

"I cannot say I was not afraid of failure, but I wanted to try [...] I think this is the amazing thing about Silicon Valley: failure is not to try and somehow I became convinced of that. "- E2

"A positive aspect here (USA) is that if your business does not work, you can find a job somewhere else. So that was my backup in my head: if my business does not go well, I can find a job. "- E4.

"People value what you do and there are job opportunities for everyone. If you want to work, you can find a job, people who do not work do not want to work." – E9, commenting on the facility of finding a job in the USA.

The fact that the American economy was doing well when the entrepreneurs started the business in the country, led the entrepreneurs to feel more confident and to be more proactive. That is related to the fact that the entrepreneurs know that if their business does not succeed, they can find a job easily.

4.2 Entrepreneurial Culture and Entrepreneurship perception

Besides cultural aspects directly related to entrepreneurship, some Brazilian and American cultural aspects related to the population's perception regarding the entrepreneurs were also mentioned during the interviews.

Family and social support were also cited as important influences when taking risks. That aspect could be related to the fact that Brazil is a collectivist society, according to the Hofstede model (1991.)

"[...] and in Brazil, sometimes people are willing to help you if you are going through a difficult time. So, sometimes you feel supported. However, here (USA) I feel lonelier since my family and my friends are far from here. "- E4

"[...] It is risky, but I always end up having the support from my family and everyone who knows me, all customers and friends." - E8



Also, according to Hofstede's model, the differences between collectivist society in Brazil and individualistic society in the US create differences related to personal relations and business relations. The entrepreneurs cited the impact of personal relationships, tradition, and politics in their businesses in Brazil, which has not occurred in the US.

"I do not know if it is still like this nowadays [...] but [...] it was a closed market, decisions were based on relationships, the family name, status... if your family was known and important to the neighborhood." - E6.

"About the legislation (in Brazil), you know how it works. I used to work for politicians, and they are the ones who create the laws. So, we had rules to follow, but not in my company. Since we worked with politicians, they were the ones making the rules". – E11.

According to Hofstede's (1991) scale that measures risk aversion level, Brazil has a higher level of risk aversion and a greater need for rules and systems, which increase bureaucracy. However, the country has a weaker necessity of following those rules (<https://www.hofstede-insights.com/country-comparison/brazil,the-usa/>, retrieved October 4, 2010). That was also suggested by the entrepreneur's perception regarding rules' flexibility in Brazil over American's rigidity.

"[...] the biggest problem of the culture is to understand how to proceed, right? The Americans are very "by the book" [...] they act according to the law. In Brazil you have paths, flexibility, here (USA) that does not work." - E4

"[...] In Brazil you always have a way to deal with rules, that does not happen in the U.S. Here you need to follow the rules, there are no excuses. If you do something wrong here, you will be punished." – E7

However, the entrepreneurs have shown that in many cases they have developed their resistance mechanisms to that flexibility.

"I should comply with some rules, regarding exchange-term issues, guarantees, these things [...] if I am too strict, I run the risk of not responding to the clients as well as I would like to and lose them." - E6

"I am the head of the company. I do not like to be very strict, because when you are too strict you make things harder. You know? When you are flexible, you... you are able to deal with unexpected problems and it is easier to solve them." – E11

The entrepreneurs also reported that there is a greater social recognition of efforts and positive impacts generated by the entrepreneurs in the US.

"[...] culture and also part of the legislation are more "welcome" to invest and be an entrepreneur. It is a pleasure to be an entrepreneur here, you know? People are grateful for you being someone who is investing in the country, because they know that you are paying for taxes that



will pay their children's school, you know? So, people recognize your efforts as an entrepreneur [...]" - E1

4.3 Financial Aspects

In Brazil, two entrepreneurs had to raise money from their families to start their business. Another two entrepreneurs raised funds to expand their business. One applied for a bank loan and the other raised funds from angel investors through convertible notes. They did that because they were seeking for legal and bureaucratic simplicity, which illustrates Brazilian laws and tax impacts in raising funds. It is important to highlight that this entrepreneur had academic experience in Silicon Valley, which skews his perception of fundraising.

"We thought about a round of pure equity and had some investors for it. But we ended up choosing not to follow that path. [...] We were looking for the financing model that would generate the least friction possible, from legal and bureaucratic points of view [...] We chose that because of its simplicity [...] and because it is widely accepted and known by most investors." - E2.

"I used my own capital to start the business. During the first year, which was a very difficult year [...] I started to get loans from the bank and pay in monthly installments. I did that because I had to replenish inventory and reinvest in the company [...] But I had a hard time trying to get out of debt due to Brazilian high-interest rates." - E8.

When asked if the amount of financial capital used to start the business was above, below or at the industry average, entrepreneurs who started their businesses with their capital in Brazil, said it was average or below it. Also, it was mentioned the fact of starting the company with the least resources possible in order not to need to raise money, even if it would impact a slow growth rate. In the US, all projects were started with their resources and only an entrepreneur reported that they had raised money from their family.

Despite two entrepreneurs, all of them reported having started their business in the U.S with financial resources below or at the industry average. Besides it was pointed out the difficulty to obtain a line of credit with American banks, not only because they are immigrants but also because of the differences in the financial system. The common belief that credit in the U.S is more accessible and cheaper is not necessarily true. At least considering the interviewed entrepreneurs, who have recently immigrated to the U.S.

"[...] Here in the U.S. I cannot get as much money from the bank as I used to do in Brazil. So, the credit here is not as accessible as it is in Brazil. Over there (Brazil), the interest rates are really high, however, you can pay by installments, which is easier." – E8



“So, we have a lot of difficulties getting resources, you know? For example, we do not get any help from the government, since we are immigrants. The same with banks, even though we have a bank from Brazil here, still it is very complicated.” – E11

Finally, the entrepreneurs cited a factor that impacts the variable “Saved capital per capita”, assessed by Endeavor Brazil (2017), is related to the Brazilian labor charges and taxes. Those are seen as an inhibitor of the entrepreneurs’ motivation, mainly by those who have prioritized the use of their resources. The interviews have shown that labor laws and taxes affect the fund-raising process and assessment. That subject will be discussed in the following section, which is regulation.

“[...] those aspects... the labor charges, taxes, they are very expensive and discouraging, mainly to the small business owner.”– E8

4.4 Regulation

When reporting their entrepreneurial experiences, they highlighted the limitations caused by the excessive bureaucracy in Brazil. Some factors that are considered responsible for creating such obstacles are the taxes, the laws complexity, and the lack of clarity and effectiveness from the institutions that should be information providers.

"I think that there are few things as difficult for a human to do in their life as open an account for a startup [...] I think the problem is the Brazilian department of federal revenue, not the tax itself. [...] I believe that is related to the taxes’ complexity. [...] The company is established, and it starts to grow but you do not know exactly what you must pay. You find out later what you should have paid, and you are punished for it."- E2.

The laws and bureaucracy in Brazil are also related to the labor legislation and were identified as obstacles to the entrepreneurs since they feel discouraged to grow their companies because of possible negative financial impacts. Also, employees were cited as a limitation due to the difficulties of finding qualified employees.

"The Brazilian system is very bureaucratic, right? Everything I would try to do was difficult, a lot of obstacles, taxes are too high, you are limited to hire employees because employees’ costs are high [...] it inhibits you from hiring more people and expanding your business. So, sometimes you are afraid of investing in your business and make it grows because of bureaucratic complications."- E4

“It should not be that difficult to start a company. Not only to start it but also to shut it down and to do any type of negotiation. It is too bureaucratic. It is an obstacle and discourages potential entrepreneurs from pursuing their goals and starting a business. The bureaucracy is really a very complicated part of the entrepreneurship journey in Brazil.” – E10

The same way that entrepreneurs mentioned the obstacles coming from Brazilian laws and bureaucracy, they were also very critical about the absence of flexibility in the United States. That is mainly compounded by lower bargain related to their



immigrant condition and the requirements and rigidity of rules and prerequisites to perform some jobs.

"[...] In Brazil you always have a way to deal with the rules, that does not happen in the U.S. Here you need to follow the rules, there are no excuses. If you do something wrong here, you will be punished." – E7

"[...] here is much stricter than in Brazil. In Brazil, you do not need to prove to anyone that you are a hairdresser. You can simply open a hair salon. Here (USA) you must study at a school and take two state tests. You must pass these tests to obtain a license and after getting this license you can open your hair salon." - E12

Among the factors that encourage entrepreneurs, there are some acceleration programs and institutions that were mentioned. Those programs are organized by institutions such as Endeavor, Google, Senai, and Senac, which offer courses to help entrepreneurs in Brazil. However, organizations and institutions in the United States were mentioned as very important factors that have encouraged the entrepreneurs in their journeys. Some entrepreneurs had to attend schools and courses to obtain licenses to perform specific jobs and they also mentioned associations and churches that have provided space for networking.

"There is a group that I am part of here in Florida. It is called Florida Association of Women Entrepreneurs. I registered there [...] and it was very important because I was able to network with women and it brought me more visibility. [...] In addition, there was another event in a Catholic Church that I have participated in which enabled me to bring visibility to my brand as well [...]" - E6

"[...] here (USA) you must attend a professional course, to be licensed by the state. [...] and then, after I finished this course, I have never stopped. My clients were also recommending me to their friends and my business has been growing because of that [...] There are institutions that help you [...] Brazil has SENAI and SENAC, I have done basic courses there that helped me a lot." - E8

In addition to private institutions, some American government agencies were pointed out by their effectiveness as information and support providers. Those were highlighted especially when compared to the Brazilian institutions and its obstacles and bureaucracy, as previously presented.

"About the public agencies, they were important for all I needed, mainly with my work license that was the most important thing for me to work. Everything is easy, you can start your company very easily, it is not bureaucratic. On the same day that you open the company, you can get your license, you know? And it works very well [...]" - E3

"The FDA was very important, it helped me a lot. They gave me all the information and specification that I needed to create a package that would be commercialized in the United States. They helped me when one of my containers got stuck in customs. Here in the United States they help you, they do not get in your way, everything is organized." – E5



American labor legislation was also identified as an incentive, both financially and bureaucratically. Furthermore, the American economy offers greater security and support to entrepreneurs.

"Regarding employees, if you need to hire an employee here (USA), the charges are much lower and it is much simpler, the whole process is much simpler. [...] The country's economy is better. So, if your business does not work, you can find a job somewhere else. That was my backup in my head: if my business does not go well, I can find a job." - E4.

"For someone who is used to the laws in Brazil, the United States is a paradise. I have not had any problems." - E7

5 CONCLUSIONS

Overall, the entrepreneurs' reports have shown that the fear of failure when starting a new business is something that they had to deal with in both countries. However, the American entrepreneurial culture ended up encouraging them more in comparison to the Brazilian one. That happened mainly because in the U.S they feel that failing does not mean the end of a dream since they can try again, or they can find a job easily due to the economy's good situation.

A negative aspect regarding being an entrepreneur in the United States is the lack of friends and family's support. That is very important to consider since the Brazilian culture is more collectivist while the American culture is more individualist. However, a family's last name or a political position can have a big influence on the Brazilian society, making things more difficult for people who cannot take advantage of that and need to achieve things through merit. That "Brazilian way" of achieving things has been analyzed in two different ways by the interviewed entrepreneurs. Some of them think that there are some good aspects about it, comparing it with the lack of flexibility in the American culture. However, others believe that it is not a good thing, highlighting the positive aspects regarding the "by the book" way of following rules in the U.S. The overall impression is that the lack of flexibility is a bad thing when it creates obstacles to their business to grow, such as the necessity of obtaining licenses. At the same, it is considered a good thing when it helps their business to succeed, through the clarity and explicit nature of the rules for example.

The interviews have also shown that society's perception regarding entrepreneurs is more positive in the USA than in Brazil. That is because the entrepreneur is usually seen by Americans as someone who is investing and creating jobs in the country. That positive perception also involves the public institutions, that



were highlighted for efficiently supporting the entrepreneurs. Whereas in Brazil, the laws, bureaucracy, and labor laws create obstacles in the relations between the components of the entrepreneurial ecosystem, which includes the government, companies, startups, and universities. However, some private institutions such as Senac and Senai were mentioned as important support providers.

The entrepreneurs stated that the common belief that getting credit in the U.S is easy and cheap is not necessarily true. That might be related to the fact that most of them have recently immigrated to the United States. Also, that might be related to the business' industry since most of the entrepreneurs did not have access to a line of credit from banks or to more sophisticated ways of raising money such as through angel investors or venture capital firms.

The analysis of the factors that determine the entrepreneurial ecosystems made it possible to compare the entrepreneurial experience between Brazil and the United States according to the entrepreneurs' point of view, achieving the goal of the study. Through the entrepreneurs' experiences, it was possible to identify how the differences between the two countries, mainly regarding cultural and financial aspects, can modify the entrepreneurial ecosystem.

Some methodology limitations can be identified in this study. First, a geographical limitation results from the sample, which included only the State of Florida in the US analysis and two regions in Brazil, South, and Southeast. Secondly, since most interviews were not conducted face to face, some factors related to body language and other components of speech were not captured in the same way they would in a face to face meeting. Also, the entrepreneurs have companies in different industries, which can also be pointed as a limitation.

Since the interviewees have started their entrepreneurial career at different times, from 1997 to 2017, that generates a chronological limitation that derives from different social, economic and political contexts, that certainly had variations during those 20 years. Finally, it is important to consider that the entrepreneurs had previous experience starting their companies in Brazil before going to the United States. Therefore, when pursuing an entrepreneur career for the second time they were more mature and had more experience, which may have influenced their perceptions regarding the determinants analyzed in this study.



Considering the limitations previously discussed, future research could be made to improve this study by providing greater geographical coverage in the United States and Brazil. Also, regarding the determinant access to capital, it would be relevant to compare the venture capital market in both countries. Finally, the other determinants that compound the entrepreneurial ecosystem could be deeply compared between both countries.

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