Multi-Year Expert Meeting on

Enterprise Development Policies
and Capacity-building in Science, Technology and Innovation (STI)
(Fourth session)

Geneva, 16-18 January 2012

Women Entrepreneurship and Innovation in Brazil

by

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This view expressed are those of the author and do not necessarily reflect the views of UNCTAD.
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ENDEAVOR

NGO WHICH WORKS TO DEVELOP ECONOMIES BY SUPPORTING HIGH-IMPACT ENTREPRENEURS

Map showing locations of ENDEAVOR programs:
- New York 1997
- Chile 1997
- Argentina 1997
- Uruguay 2000
- Brazil 2000
- Mexico 2001
- Colombia 2006
- Egypt 2007
- Turkey 2006
- India 2008
- South Africa 2004
ENDEAVOR IN BRAZIL

INCREASE THE NUMBER OF HIGH IMPACT ENTREPRENEURS IN THE COUNTRY

WHO THEY ARE:
- **Passionate** (about what they do)
- **Generate real value** (innovation and excellence)
- **Being big** (vision, ambition)
- **Going for it** (attitude)
- **Being ethical** (getting it right, no shortcuts)

HOW THEY DO IT:
- Transparency
- Management
- Good people

+ employment
+ income
+ innovation
+ economic growth
- inequality
SOURCE FOR ENTREPRENEURS – INTERVIEWED IN 2008

- Zica – Beleza Natural
- Started experimenting with her own hair and opened the first salon in her house in Rio de Janeiro
- Now worth R$ 70 million with over 20 salons

- Sibylle, a civil engineer, brought advanced German technology to Brazil.
- She founded her company in 2001 to recycle used water and purify it for drinking.
- At the beginning it was difficult to sell untested technology, but she has managed to grow the business to cover the whole of Brazil.
Brazilian GDP grows 5.8% and the majority of entrepreneurs in the survey do not feel the effects of recession (29%) or grow (23%).

There are 4.1MM registered companies in Brazil (IBGE). TEA = 15% (GEM), Opportunity-based = 62% (GEM).

The 30 954 high growth businesses in Brazil (about 1.7% of all employer businesses) create over half the jobs in Brazil between 2005 and 2008 (IBGE-Endeavor).

Still, the informal sector comprises 18% of GDP (FGV).
WOMEN PARTICIPATE IN THE LABOUR MARKET, BUT SOME GENDER DIFFERENCES REMAIN

- **Participation:**
  - a) 44% of the labour force (IBGE, PNAD)
  - b) 51% of entrepreneurs are women (GEM)

- **Gender differences:**
  - a) Less likely to be employed in the formal sector (women = 36%, men = 44%)
  - b) 42% women start businesses out of necessity compared to 39% of men
  - c) Women only received legal protection to manage their own assets in 2003 (OECD, SIGI)
FINDING 1 – NETWORKS ARE IMPORTANT FOR WOMEN

WOMEN THAT MEET WITH BUSINESS NETWORKS INNOVATE MORE

- Women start their companies with a smaller network and find it more difficult to access information.

  53.8% of male entrepreneurs have 3 or more other owners in the business compared to 26.9% of female.

  It is more difficult to access information when starting their business (15.8% women agree compared to 3.8% of men).

- Women meet other business owners and interact with government much less than men.

  57.7% of male entrepreneurs “joined a business chamber, association or cooperative” compared to 46.2% of women.

  Men were more likely to have ‘been accepted into any sort of government-sponsored business development/ assistance program’ (38.5%, compared to women 19.2%).
FINDING 2 – FEMALE ENTREPRENEURS HAVE LESS CONFIDENCE WHEN THEY START

TRAINING AND ROLE MODELS HELP WITH CONFIDENCE

Lower confidence at start-up

- At start-up, women feel that they need to acquire more confidence when starting a business (18.5% women compared to 4% of men).

Running a business and increasing confidence

- Women seem to increase their confidence by completing **training** (73.1% compared to 50.0%),
  - using **role models** (81.8% compared to men 50%)
  - using **consultants** (19.2% of men never use consultants compared to 3.8% of women).

The same level of confidence at time of survey

- After running a successful business, women are just as confident that they can succeed in achieving their goals as men (4.0 on a scale of 5).
FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – WOMEN’S VIEWS

THE MAJORITY OF WOMEN HAVE NO TROUBLE WITH DISCRIMINATION, BUT SOME INEQUALITIES REMAIN

- Women are more likely to say they have to deal with ‘social culture or family preoccupations’ (19.2% compared to 3.8% of men).

- “Maybe if I was a man, it would have been easier to interact with institutions, such as BNDES.”

- “Many [customers] did not believe I was the entrepreneur, and due to my age, they thought I was a sales representative”.
  - Discrimination due to youth was not mentioned by the young men interviewed.
FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – RISK AND GROWTH

ALL ENTREPRENEURS CLAIM TO TAKE MANAGED RISK BUT MEN AND WOMEN VOICE THEIR VIEWS ON RISK DIFFERENTLY IN THE SURVEY

QUALITATIVE – MEN AND WOMEN ARE SIMILAR

“A person that is not willing to take risks, cannot open a business”. - Beatriz

- All entrepreneurs said that they managed their risk, and many advocated planning and creating a reserve to mediate the risks in times of economic hardship.

QUANTITATIVE → A DIFFERENT PICTURE...
FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – RISK AND GROWTH

QUANTITATIVELY, MEN AND WOMEN CHOOSE DIFFERENT OPTIONS

Figure 6. Men in Brazil Most Risk-Tolerant, Women in Jordan Least Tolerant
Owners in Developed Economies Generally More Risk-Tolerant Than Those in Developing Economies
FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – RISK AND GROWTH

GROWTH STRATEGIES ARE CLEARLY DIFFERENT AND WOMEN DO HAVE DIFFERENT STRATEGIES FOR GROWTH, AIMING TO CONSOLIDATE

- “I hope we can grow well, to create a business that can grow by itself and give stability to everyone that works here” – Sibylle
- “Return all the investment and strengthen the business. I want Solumn to keep its place in the market and increase sales.” – Leticia

- Women want to grow, but at a more steady rate than men, while men chose to grow the business into a large enterprise.

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<th>Men</th>
<th>Women</th>
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<tr>
<td>Grow constantly, giving new opportunities to employees and community</td>
<td>44%</td>
<td>56%</td>
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<td>Rapidly transform your business to float on the stockmarket</td>
<td>52%</td>
<td>33%</td>
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FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – INNOVATION

WOMEN ARE MORE LIKELY TO SEE INNOVATION MORE BROADLY THAN MEN

- “Sometimes you don’t have to create something completely from new, but look at a way to do something better.” – Sofia Esteves

- The women interviewed implemented a wider range of different innovations than men:

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<th>Innovation</th>
<th>Women</th>
<th>Men</th>
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<td>Introducing a new method of production</td>
<td>58%</td>
<td>46%</td>
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<tr>
<td>Introducing changes in the marketing process</td>
<td>58%</td>
<td>35%</td>
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<td>Recognizing the value of new, external information, and applying it to</td>
<td>58%</td>
<td>42%</td>
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<td>commercial ends</td>
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FINDING 3 – DIFFICULTIES DUE TO PERCEPTION – INNOVATION

VENTURE CAPITALISTS PREFER TO INVEST IN BUSINESSES WITH A CLEAR PATENT OR LICENSE

- Men are more likely to set up their business to ‘to fill a need I saw in the market for an improvement in an existing product or service’ (50.0%) than women (38.5%).

- Men are also more likely to run ‘traditional innovation’ within their company
  - fund more formal research
  - use licenses (30.8% of men have a license compared to 15.4% of women),
  - run an R&D department, have an R&D fund and an ISO system.
1. **Add networking to existing training courses**.
   - Add sections of these programmes that are focused on networking to gain business and government contacts and provide information about funding and programmes.
   - Market business training and networking sessions differently to attract more women: market outside of traditional business networks.

2. **Promote role models**
   - Provide role models in courses, but remember that press also helps (STAT).

3. **Educate government and business program providers**
   - Difficulties women entrepreneurs have in accessing networks, government support and funding although the way they run their businesses and achieve results is very similar to men.
   - To provide services to women that are most likely to succeed, focus on women that have a deep knowledge of their sector, either through working, studying or an interest.
INNOVATIVE ENTREPRENEURS ARE SIMILAR, REGARDLESS OF GENDER

- Innovative entrepreneurs agree that they like new opportunities and challenges, they persevere and they dare to do something new.

Entrepreneurs like challenges

- Entrepreneurs are motivated by producing something new

Entrepreneurs are motivated by producing something new

- Family is more important to married entrepreneurs

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- STAFF and FINANCE are priorities

STAFF and FINANCE are priorities

- Around 40% of men and women agree or fully agree that family is more important than work.
- Married men and women prioritise family over business more than other entrepreneurs.

- While running their business, the most important thing is finding and retaining staff.
- The biggest issue at start-up was finding access to finance (40.4% of all entrepreneurs).
1. **STAFF - Reduce regulation, especially on employee law**
   - Employees are the best asset, but entrepreneurs are wary of employing because employment law is so rigid, and the cost and potential cost is so high

2. **FINANCE - Create financial incentives**
   - Tax incentives (suggested by more women)
   - Setting up loans or funds for innovation (suggested by more men)

3. **Get more entrepreneurs to trade fairs**
   - Negotiate lower rates for government recommended entrepreneurs or provide bursaries
   - It will help them to build their brand and find new customers
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