

FUNDAÇÃO GETÚLIO VARGAS DE SÃO PAULO
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

NEWTON MONTEIRO DE CAMPOS NETO

**THE SOCIAL CONTEXT OF ENTREPRENEURSHIP IN BRAZIL AND SPAIN IN
THE LATE TWENTIETH AND EARLY TWENTY-FIRST CENTURIES**

SÃO PAULO

2010

NEWTON MONTEIRO DE CAMPOS NETO

**THE SOCIAL CONTEXT OF ENTREPRENEURSHIP IN BRAZIL AND SPAIN IN
THE LATE TWENTIETH AND EARLY TWENTY-FIRST CENTURIES**

Tese apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas de São Paulo, como requisito para obtenção do título de Doutor em Administração de Empresas.

Campo do conhecimento:
Administração de Empresas

Orientador: Prof. Dr. Tales Andreassi

SÃO PAULO

2010

Campos Neto, Newton Monteiro de

The social context of entrepreneurship in Brazil and Spain in the late twentieth and early twenty-first centuries / Newton Monteiro de Campos Neto. - 2010. 226f.

Orientador: Tales Andreassi

Tese (doutorado) - Escola de Administração de Empresas de São Paulo.

1. Empreendedorismo -- Brasil. 2. Empreendedorismo -- Espanha. 3. Empresários -- Condições sociais. 4. Economia -- Filosofia. I. Andreassi, Tales. II. Tese (doutorado) - Escola de Administração de Empresas de São Paulo. III. Título.

CDU 658.011.8

NEWTON MONTEIRO DE CAMPOS NETO

**THE SOCIAL CONTEXT OF ENTREPRENEURSHIP IN BRAZIL AND SPAIN IN
THE LATE TWENTIETH AND EARLY TWENTY-FIRST CENTURIES**

Tese apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas de São Paulo, como requisito para obtenção do título de Doutor em Administração de Empresas.

Campo do conhecimento:
Administração de Empresas

Data de aprovação:

____/____/____

Banca examinadora:

Prof. Dr. Tales Andreassi
(Orientador) - FGV-EAESP

Profa. Dra. Beatriz Maria Braga
FGV-EAESP

Prof. Dr. Gilberto Sarfati
FGV-EAESP

Prof. Dr. Eduardo Fernandez-Cantelli Suarez
IE Business School

Prof. Dr. Marcos Hashimoto
Insper Instituto de Ensino e Pesquisa

AGRADECIMENTOS

Agradeço a diversas pessoas que colaboraram de formas diferentes para o cumprimento desta jornada, permitindo que eu estudasse um mesmo assunto por tantos anos.

Ao professor Tales Andreassi, pesquisador dedicado e consciente, que desempenhou não apenas o papel formal de orientador acadêmico deste trabalho, mas também o de verdadeiro mestre na acepção acolhedora da palavra.

Ao professor Fernando Fontes do IE Business School de Madri, por ter sempre acreditado e apostado que eu seria capaz de superar tamanha carga de aulas, debates, leituras, produções acadêmicas e participações em congressos mantendo um vínculo profissional parcial porém saudável com esta escola tão prestigiosa.

A professor Howard Aldrich, profundo conhecedor do campo que teve a rara bondade e paciência de ler o projeto de qualificação, enviar sua opinião e sempre responder meus correios eletrônicos com rapidez.

Aos meus assistentes de pesquisa Fernando Soares e Thiago Sakuda pela amizade, dedicação e competência de suas colaborações operacionais e intelectuais.

E principalmente à minha esposa Livia Fukuda. Passamos pelos estágios de sermos namorados e noivos durante o programa de doutorado e seu apoio foi fundamental para que eu conseguisse transpor todas as barreiras burocráticas, sociais e motivacionais que surgiram ao longo destes anos. Seu obstinado incentivo, seus olhares carinhosos que dizem tudo e sua paciência oriental me mantiveram focado nos objetivos do estudo e sempre me inspiraram a prosseguir com entusiasmo.

Esta tese é dedicada aos meus quatro avós Newton, Dagmar, Edimir e Adília, aos meus pais Newton e Célia, aos meus irmãos Pedro, Cláudia, Carlos, Bruno e Núbia e às minhas sobrinhas Manuela e Helena. Se hoje tenho coragem de trilhar caminhos tão complexos e desafiadores é, no mínimo, por causa de todos vocês.

"L'homme se découvre quand il se mesure avec l'obstacle."

Antoine de Saint-Exupéry

RESUMO

Este trabalho teve o principal objetivo de contribuir para o entendimento do contexto social que circunda empreendedores inovadores brasileiros e espanhóis que emergem em seus próprios países de origem, procurando mapear e entender relações sociais relevantes estabelecidas durante o delicado período de emergência de seus empreendimentos no final do século XX e começo do XXI. Autores alinhados com o pensamento da sociologia econômica foram utilizados como referência para a determinação das perguntas de pesquisa, que provocaram a realização de um estudo comparativo entre empreendedores finalistas de um mesmo prêmio atribuído a empreendedores inovadores brasileiros e espanhóis. No total, 19 empreendedores oriundos de setores emparelhados em ambos os países foram entrevistados e documentos sobre eles e seus empreendimentos foram levantados, possibilitando verificar, entre outras coisas, a influência relativamente homogênea do contexto social de ambos os países no período de emergência de empreendimentos fundados por empreendedores advindos de classes sociais mais elevadas destas sociedades, com especial ênfase nas complicadas características do padrão de financiamento dos empreendimentos, no aumento consistente do apoio social e público ao empreendedorismo, no elevado envolvimento emocional que os empreendedores estabelecem com seus empreendimentos e no peculiar papel das relações de confiança construídos entre os empreendedores, seus sócios e funcionários.

Palavras-chave: empreendedorismo, contexto social, organizações, normas sociais, Brasil, Espanha.

ABSTRACT

This study had the main objective to contribute to the understanding of the social context that surrounded the innovative Brazilian and Spanish entrepreneurs that emerged in their own countries of origin, seeking to map and understand relevant social relations established during the delicate period of emergence of their ventures in the late twentieth and early twenty-first centuries, focusing specifically on the role that organizations and social norms had over this period. Authors aligned with the thinking of economic sociology were used as reference for the determination of research questions, which led to the execution of a comparative study between entrepreneur finalists of the same award given to innovative Brazilian and Spanish entrepreneurs. A total of 19 entrepreneurs coming from sectors paired in the countries were interviewed and documents about them and their ventures were studied, making it possible to verify, among other things, the relatively homogeneous influence of the social context of both countries during the emergence of ventures founded by entrepreneurs coming from higher social classes, with particular emphasis on the complicated standards of financing options, on the consistent increase in social and public support to entrepreneurship, in the high emotional involvement that entrepreneurs establish with their ventures and in the peculiar role that trust play among entrepreneurs, their partners and employees.

Keywords: entrepreneurship, social context, organizations, social norms, Brazil, Spain.

LIST OF FIGURES

Figure 1.2 - Emergence of an entrepreneurial venture	page 025
Figure 2.2 - A model for the new institutionalism in economic sociology	page 042
Figure 2.3a - The size of Brazilian and Spanish economies from 2000 to 2009 (in billion US\$) and the GDP real growth from 2000 to 2009 (2010 estimated)	page 052
Figure 2.3b - Literacy rates (% population) and life expectancy at birth (age in years) in Brazil and Spain from 2000 to 2009	page 053
Figure 2.3c - GDP per capital (US\$ PPP) of Brazil and Spain from 2000 to 2009	page 054
Figure 3.2 - Possible levels of similarities between two social contexts	page 078
Figure 3.8a - Time spent with each entrepreneur visited	page 122
Figure 3.8b - Deriving Categories from Data	page 123
Figure 4.3 - Theoretical roles that organizations play in the emergence of entrepreneurial ventures in Brazil and Spain	page 147
Figure 4.3.2 - International comparison between variables related to the access to finance for new businesses	page 151
Figure 4.4 - Internal Constitution of venture 205	page 175
Figure 5.1 - Organizations and social norms influencing the emergence of entrepreneurial ventures in Latin social contexts	page 189

LIST OF TABLES

Table 2.2.2 - Most important issue categories in each country	page 046
Table 2.3 - World Bank reports <i>Doing Business In</i> Brazil and Spain 2005-2010	page 060
Table 3.5 - General sectors hosting entrepreneur s selected in Brazil and Spain	page 092
Table 3.6 - Script followed during semi-standardized interview	page 095
Table 3.7a - General sectors to which interviewed entrepreneurs belonged	page 100
Table 3.7b - Summarized profile of entrepreneurs evaluated in Brazil and Spain	page 101
Table 3.8 - Data raised on entrepreneurs selected and their ventures	page 125
Table 4 - Categories of analysis and their origins in the methodology	page 130
Table 4.3.1 - Organizations that played substantial roles as information providers in Brazil and Spain	page 150
Table 4.3.2 - Organizations that played substantial roles as capital suppliers in Brazil and Spain	page 155
Table 4.3.3 - Organizations that played substantial roles as public regulators in Brazil and Spain	page 159
Table 4.3.4 - Organizations that played substantial roles as business enablers in Brazil and Spain	page 163
Table 4.3.5 - Organizations that played substantial roles as status providers in Brazil and Spain	page 165
Table 4.4 - Social norms most often questioned or followed in Brazil and Spain	page 177
Table 5.1 - Types of organizations mentioned to have played significant influencing the emergence of entrepreneurial ventures in Brazil and Spain	page 183

LIST OF ABBREVIATIONS

BNDES - Banco Nacional de Desenvolvimento Econômico e Social
CAD - Computer Aided Design
CEBRAE - Centro Brasileiro de Assistência Gerencial à Pequena e Média Empresa
CEMPRE - Cadastro Central de Empresas (IBGE)
CEO - Chief Executive Officer
CGC - Cadastro Geral de Contribuintes
CNPq - Conselho Nacional de Desenvolvimento Científico e Tecnológico
DIRCE - Directorio Central de Empresas (INE)
E&Y - Ernst & Young
EOY - Entrepreneur Of the Year award
FINEP - Financiadora de Estudos e Projetos
GDP - Gross Domestic Product
GEM - Global Entrepreneurship Monitor
IBGE - Instituto Brasileiro de Geografia e Estatística
ICB - Industry Classification Benchmark
IFC - International Finance Corporation
INE - Instituto Nacional de Estadística
INPI - Instituto Nacional de Propriedade Industrial
INSS - Instituto Nacional do Seguro Social
IPO - Initial Public Offering
ISO - International Organization for Standardization
JSTOR - Journal Storage
LGAI - Laboratori General d'Assaigs i Investigacions
NGO - Non Government Organization
OECD - Organization for Economic Cooperation and Development
PPP - Purchasing Power Parity
SBA - Small Business Administration
SEBRAE - Serviço Brasileiro de Apoio às Micro e Pequenas Empresas
SENAI - Serviço Nacional de Aprendizagem Industrial

ABBREVIATIONS FOR THE FIGURE 4.3.2

AR - Argentina

AU - Austria

BE - Belgium

BR - Brazil

CA - Canada

DE - Denmark

FI - Finland

FR - France

GE - Germany

IN - India

IR - Ireland

IS - Iceland

IT - Italy

JA - Japan

KO - Korea

NO - Norway

SI - Singapore

SP - Spain

SW - Sweden

UK - United Kingdom

US - United States

TABLE OF CONTENTS

1	INTRODUCTION	page 016
1.1	Background and setting	page 016
1.2	Problem statement, research questions and objective	page 019
1.3	Theoretical reference	page 026
1.4	Structure of the dissertation	page 028
2	LITERATURE REVIEW	page 031
2.1	Weber and Schumpeter as starting points	page 031
2.1.1	Max Weber	page 031
2.1.2	Joseph Schumpeter	page 033
2.2	Entrepreneurship and social contexts	page 037
2.2.1	Entrepreneurship and organizations	page 043
2.2.2	Entrepreneurship and social norms	page 045
2.3	The social context of entrepreneurship in Brazil and Spain	page 047
2.3.1	Legal forms of organizations and social norms in Brazil and Spain	page 061
2.3.2	Supportive organizations towards entrepreneurship in Brazil and Spain	page 065
2.3.2.1	SEBRAE	page 065
2.3.2.2	Endeavor	page 067
2.3.2.3	VUE - Ventanilla Única Empresarial	page 069
2.3.2.4	SGR - Sociedad de Garantía Recíproca	page 070
3	METHODOLOGICAL PROCEDURES	page 073
3.1	Research nature and research method	page 073
3.2	Why comparing Brazil and Spain	page 077
3.3	Ernst & Young and the Entrepreneur Of the Year award	page 078
3.3.1	The award in Brazil and Spain	page 081
3.3.2	The selection criteria of Ernst & Young	page 082
3.3.3	The concepts of "entrepreneur" and "entrepreneurial venture" considered by this study	page 084

3.4	Building the sample	page 086
3.5	Selecting the entrepreneurs	page 089
3.6	The semi-standardized interviews	page 093
3.7	The entrepreneurs assessed	page 098
3.7.1	Entrepreneur 101	page 101
3.7.2	Entrepreneur 102	page 102
3.7.3	Entrepreneur 103	page 103
3.7.4	Entrepreneur 104	page 105
3.7.5	Entrepreneur 105	page 106
3.7.6	Entrepreneur 106	page 107
3.7.7	Entrepreneur 107	page 108
3.7.8	Entrepreneur 108	page 109
3.7.9	Entrepreneur 109	page 110
3.7.10	Entrepreneur 201	page 111
3.7.11	Entrepreneur 202	page 112
3.7.12	Entrepreneur 203	page 113
3.7.13	Entrepreneur 204	page 114
3.7.14	Entrepreneur 205	page 115
3.7.15	Entrepreneur 206	page 116
3.7.16	Entrepreneur 207	page 118
3.7.17	Entrepreneur 208	page 119
3.7.18	Entrepreneur 209	page 120
3.7.19	Entrepreneur 210	page 121
3.8	Processing the interviews	page 122
3.9	Limitations of the method	page 126
4	ANALYSES AND FINDINGS	page 129
4.1	Motivations to start an entrepreneurial venture	page 133
4.2	The emergence of entrepreneurial ventures	page 138
4.3	The role of organizations in the emergence of entrepreneurial ventures	page 142
4.3.1	Information provider	page 147
4.3.2	Capital supplier	page 150
4.3.3	Public regulator	page 155

4.3.4	Business enabler	page 161
4.3.5	Status provider	page 164
4.4	The role of social norms in the emergence of entrepreneurial ventures	page 166
5	CONCLUSIONS AND FUTURE RESEARCH	page 179
5.1	Conclusions	page 179
5.2	Future Research	page 190
	REFERENCES	page 192
	APPENDIXES	page 211

1 INTRODUCTION

1.1 Background and setting

On September 29, 2008, in the United States, the Dow Jones industrial average index suffered its largest one-day drop in history. During the following month, a subsequent national financial problem, identified as rooted in a large amount of uncollectible debts, contaminated the international financial system to such magnitude that all the market-oriented societies themselves were unexpectedly put in jeopardy. To discuss the causes and seek a set of synchronized solutions, leaders of the largest countries in the world gathered in Washington under the "Group of Twenty" on the weekend of November 15th and 16th. On November 16, 2008, these leaders issued a document called the "Statement from G-20 Summit" with a number of actions each country should implement in the following months to block the threat of a world financial collapse. The second paragraph of this document makes use of a word not seen very often in the general press until the late twentieth and early twenty-first centuries:

Our work will be guided by a shared belief that market principles, open trade and investment regimes, and effectively regulated financial markets foster the dynamism, innovation, and **entrepreneurship** that are essential for economic growth, employment, and poverty reduction. (*Summit on Financial Markets and the World Economy*, 2008, emphasis mine)

As this extract reveals, entrepreneurship grew bigger than an economic subtopic, and became a global social and political matter, affecting employment and poverty in large portions of the human settlements on earth.

Months before the emergence of this global crisis, in March 2008, one of the largest and most traditional Brazilian newspapers from Rio de Janeiro, *O Globo*, in its Sunday edition dedicated the whole cover page of the Employment & Career section to defining in capital letters the word *empreendedorismo*¹. The entire page was then

¹ entrepreneurship in Portuguese.

used to explain, as a dictionary would, a tentative meaning of the term. The journalist highlighted the fact that this word, used in Brazilian newspapers more often since 1997, did not yet have an entry in two of the largest Portuguese dictionaries. In fact, as she highlights, publishers of the *Novo Dicionário Aurélio* and *Dicionário Houaiss* decided to incorporate this new entry in their new issues, both in production and scheduled for release in 2010 (Rodrigues, 2008).

In Brazil, during the first decade of the 21st century, a wide range of organizations promoting entrepreneurship-related knowledge and events could be observed. The Brazilian organization SEBRAE - Serviço Brasileiro de apoio às Micro e Pequenas Empresas², for instance, created in 1970 to support small businesses' need for accountability and formation, today is involved in a large number of activities around the country to facilitate entrepreneurs' lives and to help establish new business ventures. Its focus changed from supporting the management of small business, generally based on accounting, legal or financial advisory services, to promoting the so-called spirit of entrepreneurship within these small businesses (verbal information)³. Also, at the end of 2008, along with the Global Entrepreneurship Week fostered by the Kauffman Foundation around the world, the largest Brazilian television channel *TV Globo* dedicated a whole section of its top audience news program *Jornal Nacional* to the subject of entrepreneurship for the first time. The section lasted a whole week, showing different examples of successful Brazilian entrepreneurs. In 2009, the initiative would take place again in the same period.

Ten years before, in November 1999, it was also possible to see one of the very first appearances of the word *empreendedor*⁴ in a printed edition of the Spanish newspaper *El País*, when the head of the Spanish southern province of Andalucía⁵ declared that society, through the action of entrepreneurs and their private initiatives, was primarily responsible for the great economic results of that region in that year. In

² Brazilian service for supporting small companies, in Portuguese.

³ Personal interview with Mrs. Etel Tomaz, national director of SEBRAE and working for the organization since its first years. September 19, 2007.

⁴ entrepreneur in Spanish.

⁵ In Spain a Province or State is called *Comunidad Autónoma* and the highest local politician in the executive branch of power is called *presidente* of the *Comunidad Autónoma*. In this occasion, Manuel Chaves, *presidente* of the *Junta de Andalucía* in 1999, commented a report prepared by the ESECA (Sociedad de Estudios Económicos de Andalucía, Society for Economic Studies of Andalucía) about the economic growth of that region.

2006, the Ministry of Industry, Tourism and Commerce of the Spanish government started the program *Emprendemos Juntos*⁶ to promote the culture of entrepreneurship by establishing, among other initiatives, the day of the entrepreneur in 15 provinces of Spain with the involvement of national, regional and local governments and both public and private organizations.

A society is compounded not only by markets but by a lot of people and organizations that assume different roles in the emergence of new entrepreneurial ventures. These roles are certainly conditioned by how the members of this society and its subgroups interact with each other and how they decide to act in each moment. Obstacles and incentives for entrepreneurship are evidently dependent on the surrounding socioeconomic environment. As an interdisciplinary field or research, depending on the evolution of multiple kinds of political, social, economic and psychological knowledge, entrepreneurship still offers different and rich perspectives to be explored. As market-oriented and post-industrial principles and practices consolidate in different degrees throughout the world, entrepreneurship seems to increase in relevance in a large range of societies during the late twentieth and early twenty-first centuries.

The entrepreneurs, people through whom the phenomenon of entrepreneurship emerges and develops, also represent an unsolved issue, the issue of understanding why relatively few people in market-oriented societies can assume this function of identifying opportunities in the market, developing an innovative combination of resources towards the creation of a new service or product and successfully convincing groups of people to acquire or promote the acquisition of their new service or product.

This study followed Richard Swedberg's argument that social sciences have very important contributions to make toward both scholars' and practitioners' understanding of this phenomenon (Swedberg, 2000, p. 7). Provoked by this period of human history and by my own historical background as a person who grew up involved in the establishment and development of a variety of new ventures in Brazil

⁶ We Start Together in Spanish.

and abroad, and motivated by the assumption that entrepreneurship can potentially create social wealth and promote social mobility in societies living under market-oriented economies, the final objectives of this study are both academic and practical, following Swedberg's beliefs.

1.2 Problem statement, research questions and objective

Let us imagine an organization called ACME founded just like thousands of other organizations during the 1980's, 1990's and 2000's in a Latin country. The emergence of ACME was led by a man or a woman who apparently did not have any special skills or resources other than those of any other person with a similar political, social, economic or even psychological background. With the ability to create or recognize a business opportunity, take advantage of privileged information, assemble productive teams, identify new sources of raw material and other entrepreneurial characteristics, this person built one of the largest organizations of its sector, with a considerable impact on his or her society.

Due to this outstanding achievement of starting and developing an organization apparently out of nothing, this person was nominated for the Entrepreneur of the Year award, organized periodically by one of the largest global auditing companies in the world. In order to build ACME so successfully, this person performed actions within social groups and took some decisions that no or very few other people were able to repeat or foresee. During the early stages of such endeavor, the founder of ACME obviously interacted with many people from different kinds of organizations, responding to their social norms, either by taking advantage of or overcoming these norms to succeed. With different levels of importance, those organizations and social norms affected ACME during the very first years of its emergence in such a way that it could not have succeeded if one of them had negatively impacted ACME and the company had not properly reacted.

In the other hand, whether or not he was aware of it, the founder of ACME depended not only on the decisions taken after receiving incentives from organizations and

social norms but mainly on decisions taken after facing obstacles imposed by organizations and social norms surrounding him or her. Financial institutions, suppliers, clients, government agencies, social clubs, trade unions, trade fairs, NGO's - Non Government Organizations and business schools are some examples of such organizations, just as religious, economic, political, kinship and reciprocity are some categories of social norms abridged here as a social context, a social surrounding. Aldrich (2000, p. 217), for example, suspects that entrepreneurs are specialists in building cooperative exchanges ruled by norms of reciprocity. Would it be possible to empirically observe his suspicions and how they influenced entrepreneurs' decisions in Latin countries?

It was not the objective of this study to explain comprehensively the process in which entrepreneurship phenomena emerge and takes place. As any broad literature review of the field of entrepreneurship in the beginning of the 21st century can reveal, most of the literature in this area had been created by North American researchers or foreign researchers directly connected to the North American academia that erroneously or for practical purposes tended to universalize its empirical or theoretical findings⁷. In entrepreneurship, however, such generalizations are frequently not viable because entrepreneurs are conditioned to a series of political, social, economic and psychological issues that are so interrelated and so complex that we may be never be able to fully comprehend them either globally or locally, isolated or combined. It is extremely difficult to develop knowledge in social sciences because of the enormous complexity of social relations adding many rational and irrational variables to any kind of analysis.

Therefore, social researchers should be able to exercise abstraction when analyzing a social phenomenon, not aiming to depreciate the value of measurement techniques or mathematics, but to highlight the fact that it is the intimate cooperation of empirical work and theoretical work in social sciences that allows the knowledge exchange among related fields and subsequent knowledge advancement. That is why, although North American researchers interested in the field are able to highlight the characteristics of a successful entrepreneur and predict most of the obstacles that an

⁷ Conference by Howard E. Aldrich at the opening ceremony of the second McGill-Cornell Conference on Institutions and Entrepreneurship occurred in Montreal, Canada, in 2008.

entrepreneur faces in North America, this does not necessarily mean that this knowledge can be useful to analyze characteristics of entrepreneurs or obstacles that entrepreneurs face in the Middle East, Latin Europe or in Latin America, for instance. In those regions, the role that specific social contexts play in obstructing or facilitating the process of starting an entrepreneurial venture is still unfamiliar to a large number of researchers in the beginning of the 21st century. Without noticing it or simply avoiding its observation, those relations are frequently taken for granted in current literature, that expects that readers already know about the sort of organizations that may have a greater chance to establish relationships with entrepreneurs, or which kind of social norms will influence more or less an entrepreneur's actions. Venture capitalists and IPO's - Initial Public Offerings, for example, are common figures in the established literature about entrepreneurship, despite the fact that these actors and systems barely exist in large portions of the current economic world or, if existent, have very limited impact on its entrepreneurial environment.

All human action, including the decision to start or not a supposedly innovative business, involves alternative possibilities. As these possibilities are chosen, we may be able to observe patterns in the way decisions are made. Those patterns usually follow specific norms, norms that are generally limited in time and space in a social group but not necessarily shared by each member of the group. They embrace not only human realistic conditions but also human creativity towards problem solving, a characteristic often attributed to entrepreneurs. That is why this study concentrates effort in analyzing the phenomenon of entrepreneurship in a particular situation, delimited by time and space as suggested by Aldrich (verbal information)⁸ when reviewing the development of the field. It focuses its attention on innovative entrepreneurial ventures created during the period of the 20 years after 1985 and before 2005 by entrepreneurs from Brazil and Spain, born and raised in their own countries. When entrepreneurs from a specific region create new ventures in this very same region, they hurdle specific obstacles and trace specific incentives that deserve better understanding. Different kinds of social agents (i.e. organizations) and social traditions (i.e. social norms) may affect those entrepreneurs differently than expected by the current academic literature. That is why this study's main objective is

⁸ Conference by Howard E. Aldrich at the opening ceremony of the second McGill-Cornell Conference on Institutions and Entrepreneurship occurred in Montreal, Canada, in 2008.

to contribute to the understanding of the social context that surrounded the innovative Brazilian and Spanish entrepreneurs emerged in their own countries of origin, seeking to map relevant social relations established during the delicate period of emergence of their ventures in the late twentieth and early twenty-first centuries, focusing specifically on the role that organizations and social norms had over this period.

And if the world is adapting to the capitalist market-oriented way of life with the emergence of Brazil, Russia, India and China as important market-oriented economies, among others, nothing is better than heading back to the thinkers that soon identified the characteristics of this new way of exchanging products and organizing societies in the last centuries. Because of that, Max Weber and Joseph Schumpeter writings are revisited by this study as their observations regarding the establishment of capitalist societies and its social peculiarities can support the assembly of a theoretical reference to accomplish the desirable research objective.

A revision of what has been studied up until the writing of this study regarding entrepreneurship under different schools of thought demonstrated that theoretical frameworks, when existent, are directly borrowed and/or adapted from sociology, economics and psychology, leaving entrepreneurship papers lacking substance and magnitude in the research context (Zahra, 2007). Gone was the time when the field lacked legitimacy, but still some sort of madness could be observed in the passion for the subject, that attracted scholars from the most different traditions with the most different methods of investigations in the 1980's and beginning of the 1990's (Aldrich, 1992, p. 191). On the other hand, despite the multifaceted assessment, there is no consensus about what entrepreneurship is yet (Aldrich, 2005, p. 456) and therefore, exploratory attempts to assess the phenomenon are still valid.

The best way encountered to solve this issue in the study was to find a group of thinkers that could host a knowledge that simultaneously regarded economic and sociological issues, considering the emergence of the entrepreneurs as important social actors, embedded in intricate social networks. That was how intellectual organizers of the theoretical path of economic sociology such as Richard Swedberg and Neil Smelser emerged were used as rich sources of reflections for the better

understanding of the phenomenon of entrepreneurship. Within this perspective, Aldrich (2005, p. 469) explicitly mentions that there is a need for deeper research dedicated to better understanding the phenomenon of entrepreneurship in a cross-national context, through the research of the social structure and institutional environment behind the observed differences (Aldrich, 2005, p. 469). Recent studies by Brazilian professor Martes (2006) on entrepreneurship and institutional conflict have produced pioneer and distinguished observations about the fundamental role that innovative entrepreneurs play when facing resistance from the institutional system. By revisiting the works of classic authors, Martes argued that, despite the socioeconomic changes that occurred in the last century, Schumpeter was successful in explaining radical changes promoted by the action of entrepreneurs while struggling to establish new ways of doing things.

Thus, this study is clearly inspired by their observations, considering that innovative entrepreneurs face more obstacles regarding some organizations and social norms than less-innovative ones. As general research opportunities became visible in the literature, visible in part two of this study, three specific research questions took form to guide the execution of this study:

- 1) In which **social contexts** did Brazilian and Spanish entrepreneurs start their entrepreneurial ventures in the late twentieth and early twenty-first centuries? How these social contexts influenced the emergence of their entrepreneurial ventures?
- 2) What kind of **organizations and social norms** were **relevant in facilitating or obstructing** the emergence of entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries?
- 3) How entrepreneurs assembled **specific social ties** to take advantage of incentives or to overcome obstacles created by organizations and social norms during the emergence of their entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries?

If successful in partially or totally answering those questions, this study should also be able to explore whether obstacles and incentives created within local Latin social contexts promoted or discouraged the emergence of innovative entrepreneurial ventures in the late twentieth and early twenty-first centuries and through which organizations and social norms this occurred. Entrepreneurship literature and entrepreneurship addressed reports such as GEM or *Doing Business In*, as well as common sense, have been consistently treating obstacles caused by organizations and social norms as directly prejudicial to entrepreneurship.

This simplistic approach towards the creation of an entrepreneurial environment pushes society and governments, ultimately, to dedicate great effort to fight obstacles and create incentives in an increasing coordinated attempt to favor the entrepreneurial environment. By exploring in detail the influence that organizations and social norms had in the emergence of entrepreneurial ventures in comparable social contexts, it may be possible to start exploring a hypothesis raised by this study that obstacles and incentives created by organizations and social norms in market-oriented economies assume individually or collectively both positive and negative roles in the emergence of Schumpeterian (innovative) entrepreneurial ventures in such a way that the creation or elimination of erroneous obstacles or incentives may deeply harm the entrepreneurial activity within a society. Although it may seem obvious that obstacles assume negative roles and incentives assume positive roles in the emergence of innovative ventures, there are no studies so far that could answer if obstacles can assume positive roles and incentives can assume negative roles in the process of starting an entrepreneurial venture. Any potential positive influence of obstacles over the emergence of entrepreneurial ventures in a comparative study between Brazil and Spain could open up room for the necessity of a deeper immersion in this exploratory assumption for future research.

The focus is on this emerging period of the entrepreneurial venture not only because this period clearly deserves more theoretical attention in the field of entrepreneurship (Aldrich, 2000, p. 211) but also because this tends to be the period with the highest level of mortality and organizational conflicts in the process of developing a new entrepreneurial venture. Emerging entrepreneurial ventures are still in the process of defining key relations, such as finding partners and obtaining key customers or

suppliers. These moments provide a rich environment for researching relevant social relations that will often require crucial decisions and decisive actions from entrepreneurs. As we will see further, successful entrepreneurs tend not to realize or simply to forget the importance of the social interrelations carried out during the early stages of the venture, although as the venture's early history is rebuilt together with them, such interrelations are remembered and key aspects of each one are credited. Graphically, the period in which this study focused could be illustrated as the period comprehended between the moments imminently before t_0 until t_1 as shown in figure 1.2. What happened after the period in which studied ventures were socially recognized as successful entrepreneurial ventures (t_1), if it was its stabilization, its growth, its decadence or its disappearance, this moment was not intended to be covered by this study.

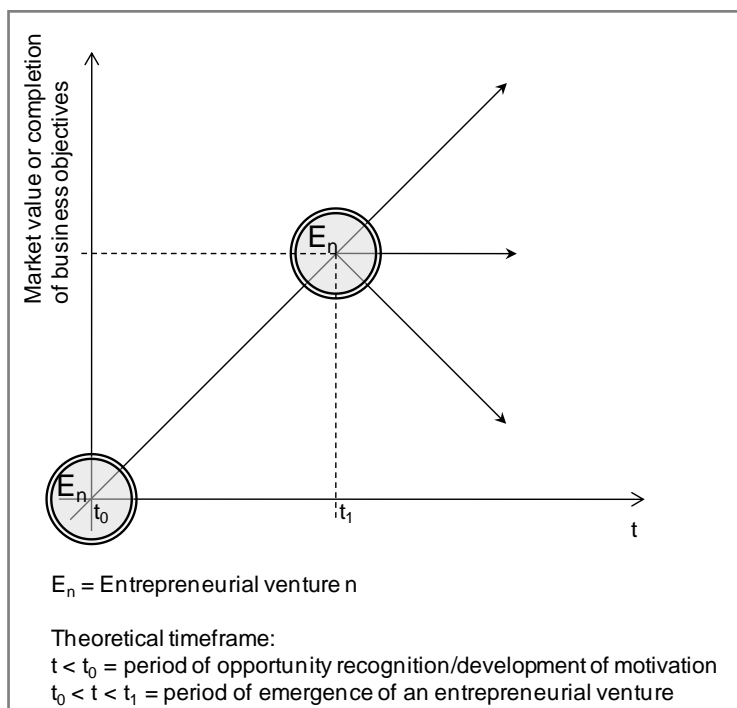


Figure 1.2 - Emergence of an entrepreneurial venture

Source: prepared by the author

1.3 Theoretical reference

While entrepreneurial behavior is ingrained in the capitalist economy, economic theories, with one or two important exceptions, have virtually nothing to say about its importance or about its origins (Salles, 2008). That is, despite the fact that the origin of the term entrepreneurship is attributed to economists, entrepreneurship is still seen as a marginal economic function, without an economic theory or economic model able to explain its emergence and development, because relationships have always been difficult to quantify.

Following the theoretical path of Weberian sociology and the market embeddedness in society, key economic sociology intellectual organizers such as Richard Swedberg, Neil Smelser, Victor Nee and Frank Dobbin emerged as sources of reference to analyze a socioeconomic phenomenon like entrepreneurship on a global scale, strictly dependent on combinations of social actions which directly affect a large number of human groups. Economic sociology theory considers fundamental relationships and the development of trust among competitors, providers, consumers and other stakeholders as an important part of the decision making process. As Smelser and Swedberg highlight (2005, p. 3), economic sociology is concerned with applying a sociological perspective to the production, distribution, consumption and exchange of goods and services. People who are not economists would expect economic literature to be full of analyses of entrepreneurship, but in reality, economic literature has relatively little to say about it (Swedberg, 2000, p. 11). According to Dobbin:

Since about 1980, both sociologists and economists have been challenging this division of intellectual labor, in which economists explain economic behavior using deductive models and sociologists explain all other kinds of social behavior using inductive methods (Dobbin, 2004, p. 3).

So what is exactly the problem that prevents economists from properly assessing this phenomenon? The second edition of the Dictionary of Sociology identifies that:

The fundamental problem in Economics is to explain how the limited productive resources and effort of a society are allocated among the wide range

of alternative uses to which they might be put. Conventional Economic theory seeks to address this issue by adopting a position of methodological individualism (Marshall, 1998, p. 180).

This individualism itself is already a consequence of an atomized view of the problem and it is exactly this atomized view that compromises any sort of analysis that depends on social interaction to be properly understood. That is why it is not easy to fit entrepreneurs into the current or classic economic theories. That does not mean that economic sociologists should ignore economists or oppose them as is happening in some studies in the field (Swedberg, 2003, p. 105). Schumpeter argued that economic sociology should be situated precisely at the junction between economics and sociology, and for this reason, it should bring knowledge from both sciences to investigate common problems (Swedberg, 2003, p. 130). Economic sociology argues that we cannot consider an economic phenomenon disconnected from the social perspective of it (Steiner, 2005, p. 14) and this happens because organizations are socially constructed, embedding moral, religious, social, historical, political, cultural (Zukin & Dimaggio, 1990) and legal perspectives (Swedberg, 2003, p. 189). These theoretical references from economic sociology are the most appropriate to this study because the study takes into account the impact of individual people who are constantly interacting to build a collective reality of a present economic phenomenon, the phenomenon of entrepreneurship.

Today, a number of people are dedicated to research economic sociology based on the auspicious works from Max Weber, Joseph Schumpeter and Karl Polanyi, by understanding the key role of the entrepreneur in this specific *habitat* of the rationalized market-oriented economies. But research in economic sociology had been restricted until the 1980s. Its revival began to flourish with the concepts sometimes referred to as the new economic sociology, credited to the research inspired in an article published by Mark Granovetter in 1985. In this article, Granovetter argued against an atomistic view of economic action, claiming that economic actors are embedded in networks of social relations so deeply that “to construe them as independent is a grievous misunderstanding” (1985, p. 482). To Granovetter (1985) it is not feasible to investigate a network component without taking into account the social context in which it is embedded. In fact, the most common subjects treated in economic sociology are those of embeddedness and the

social construction of economic phenomena (Swedberg, 1997). Although with a different use, this notion of embeddedness of the economic phenomena can be traced back to Karl Polanyi when he states that "the human economy, then, is embedded and enmeshed in institutions, economic and non-economic" (2001, p. 250). Polanyi argued that *laissez-faire* capitalism does not emerge spontaneously but is created and enforced by governments (2001, p. 145). In fact, Yakubovich, Gravonetter and McGuire (2005) showed, at an industry level, how the pricing system adopted by the North-American electrical industry was completely based on social relations and political decisions.

More recently, according to Bandelj (2009), economic sociology research could be divided in three comprehensive lines of research, privileging distinct social forces in their analysis: social network connections, power of control and the role of culture in economic life. In spite of their differences, all lines of research are at the same pace in putting emphasis on the need to bridge the gaps between economics and sociology, focusing particularly on the social origins and consequences of economic exchanges, the social meanings and social interactions of its members and how they facilitate or obstruct economic achievements.

Although not purely based on the theoretical tradition of economic sociology, this study uses its founders and intellectual organizers as preeminent references to the development of a coherent approach over the researched problem.

1.4 Structure of the dissertation

With the objective to facilitate reading, part two of the literature review opens with Weber's and Schumpeter's early examinations on the subject studied and how their theories serve as the most appropriate theoretical foundation to address the research problem properly (section 2.1). This is followed by section 2.2 dedicated to discussing the last decades of academic development about the phenomenon of entrepreneurship and the latest reflections on entrepreneurship and social contexts in general, including its relations with organizations and social norms. Section 2.3

explores the specificity of the social contexts of Brazil and Spain as the specific playgrounds where the phenomenon was studied, including a historical and economic general overview of both societies, a review of how organizations and social norms take legal form in both countries and the description of four supportive organizations later identified as particularly distinct after literature revisions and research methods took place.

In part three of this study, the methodology is discussed and elected and the consequent field work is planned and executed with detailed explanations in nine sections (from 3.1 to 3.9). Briefly speaking, the phenomenon of entrepreneurship is studied via entrepreneurs themselves, considering the continuous interactions they had with organizations and social norms during the establishment of their entrepreneurial ventures. The subsequent comparison of entrepreneurs acting in similar type of industries in two different Latin countries clarified the role that organizations and social norms played in Brazil compared to Spain in the emergence of those ventures. In order to achieve satisfactory results, the methodology employed by this study considered *generic qualitative* (Merriam, 1998, p. 11) methods of research to perform documental analysis and semi-structured interviews with entrepreneurs in each country, followed by the method of content analysis (Bardin, 1993) that allowed the identification of the categories in which interviews have developed while exploring the research questions.

All the research was done without the use of probabilistic tools. This lack of representativeness in the sample is expected to be compensated by the profundity of the analyses over the selected sample, all of them finalists of the Entrepreneur of the Year award organized by Ernst & Young both in Brazil and Spain. Ernst & Young selects finalists every year for the Entrepreneur of the Year award based on six major criteria. In total, more than 400 finalists were chosen to compete for the award over the last decade both in Brazil and Spain in different categories. One hundred and fifty eight of these ventures were founded after 1980 and operated in a sector with at least one counterpart in the other country. Nineteen of these 158 were finally interviewed, most inside their own offices inside the headquarters of the very same ventures they founded years before, totaling ten in Brazil and nine in Spain. Limitations to the method are found at the end of this same part, in section 3.9.

The analyses and findings regarding this dataset and sample are found in the part four of the findings, where it is possible to see the categories in which their answers were allocated to the different phases of development of their ventures. Findings regarding the different motivations that took Brazilian and Spanish entrepreneurs to start a venture (section 4.1), how the ventures assessed emerged in these countries (section 4.2) and what kind of roles both organizations and social norms (sections 4.3 to 4.5) specifically played in the emergence of entrepreneurial ventures in Brazil and Spain are found in this part of the study.

In part five, conclusions are brought to light, together with a group of suggestions for future research.

2 LITERATURE REVIEW

2.1 Weber and Schumpeter as starting points

2.1.1 *Max Weber*

In Max Weber's tradition, the subject of entrepreneurship is raised with a more explicit sociological bias, shifting the orientation of the analysis to the relationship between institutional motivation and human action (Freund, 2006). From the beginning, Max Weber's analysis of the "Spirit" of capitalism influenced his consequent view over entrepreneurship, stating that the entrepreneur is not merely a risk-taking adventurer, but the representation of the rational attitude of the modern professional that is rooted in Protestant values of practical conveniences. Weber described in detail how the Protestant Reformation produced a new type of personality that created a more active spirit in the attitude of workers and capitalists that ended up developing the modern industrial capitalism. He noticed, for instance, that Protestant working women used to work harder and save money for long term objectives. He saw that Protestant entrepreneurs reached the tops of their professions more often than wealthy, established Catholic families from the European Continent in the business world, concluding that this type of man and woman "get nothing out of his wealth for himself, except the irrational sense of having done his job well" (Weber, 2007, p. 33).

According to Swedberg (2000), Weber's first doctoral dissertation, from 1889, brings a discussion on how the emergence of two modern institutions shaped the structure without which modern markets would simply not be possible: the notion of the firm as a legal personality and the concept of limited liability. The consolidation of the common-law as a valid alternative to Roman law during the 18th and 19th centuries also contributed to rationalize the development of trade and business as laws could evolve without unnecessary revisions, amendments and attachments. As Harris

(2000) points out regarding the industrializing English laws that took form from 1720 to 1844:

Unlike high Continental law of early modern Europe, high English law of the previous centuries was not developed by secluded universities, interpreting old [Roman] texts and drafting new comprehensive codes, having ample motivation and opportunity to discuss abstract jurisprudential issues. It was developed by a handful of overworked common-law judges and Lord Chancellors. Their agenda was shaped by the disputes that reached their halls and had to be settled within a reasonable time according to forms set generations earlier, during the formative periods of the common law system. (Harris, 2000, p. 111)

It was about this kind of empowerment of rationality and easiness of its applicability in accordance with the development of Protestantism in Europe and America that Max Weber talked about in his original observations of "The Protestant Ethic" and that is one of the main reasons why this study starts based on his analyses. In the late nineteenth and twentieth centuries, Weber perceived the consolidation of a specific manner to satisfy human necessities, based on the increasing rationalized use of money, production and distribution (Freund, 2006). Weber's "The Protestant Ethic and the Spirit of Capitalism" was published as a two-part article in 1904 and 1905, seeking to specify the distinctive characteristics of modern capitalism. He was one of the first researchers to highlight the intrinsic connection between social organization and economic output. The man is not just an economic man, Weber reminds us, ahead of that, he is a social man.

Societies practiced different types of trade and exchange of products for thousands of years and their relation with the transactions of goods always reflected social patterns. Historically, in most of the societies found on this planet, including ancient and tribal societies, an individual's economic interest was subdued to social ties (Malinowski, 1984; Thurnwald, 1932). Therefore, it was the establishment of market-oriented societies, based on the specificity of some Protestant values that encouraged *laissez-faire* economic practices observed in English settlements. In the English and North-American societies of the 18th and 19th centuries, citizens were encouraged to believe that they earned power from God to put in practice their economic ideas in order to receive, yet in this world and in this life, the fruits of their work, without any kind of obstruction or limitation derived from any kind of divine or imperial power. For that reason, the development of England as the power of the

19th century created the basis for the development of capitalism as a feasible economic system for some types of societies (Polanyi, 2001, p. 32).

The development of industry, through the increase in the number of self regulated organizations like private firms, created an economic system accused of being self destructive by consciously creating social inequalities and economic disruptions accountable for world instability and controversial accumulation of wealth and power (McLellan, 2000). However, whatever the strong or weak points of this system were, the fact is that individualism and capitalism based on Protestant values crossed the oceans with the English Empire, grew up together with North America, won the American civil war that questioned this very system and conquered the West of North-America, expanding the territorial reach of these values from the Atlantic to the Pacific Ocean. In the beginning of the twentieth century, the first modern-type North American companies started to establish their operations outside of the United States, differentiating their practices from the imperialist actions performed over neo-colonized Africa and Asia at that time by the main European nations. The British and North-American companies, although also fighting for market conquest and strategic suppliers, based their expansion on promoting a political environment favorable to liberal economic practices.

Weber used methodological individualism to understand broad society development as the aggregation of decisions made by individuals and found out that the impact of Protestantism on the development of market-oriented societies was incredibly powerful. The nascent capitalism regime was not just an economic system or a special kind of production arrangement. It was part of a new culture and a way of life, rooted in the religious tradition of Protestantism and clearly differentiated from previous mercantilist periods in Europe (Weber, 2007).

2.1.2 Joseph Schumpeter

Most of the books and articles that trace back the emergence of the term *entrepreneurship* in academic literature point to Richard Cantillon's book *Essai sur la*

Nature du Commerce en Général posthumously published in 1755. Despite Cantillon's early observation of this actor in society, Schumpeter argues that his perception of the entrepreneur followed the academic doctrine of his time, highlighting the role of the entrepreneur simply as the risk-bearing manager, in contrast with the security of salaried workers (Schumpeter, 2006, p. 254).

Despite being an economist by training, Schumpeter followed Weber's observations over capitalism, accepting the sociological complexity involved in the attempt of understanding economics. He paid much attention to individual contributions to the system and noticed that something very important was missing in the Economic Theory (1909, p. 213), something that constantly changed the way things were produced. Something that sometimes changed the economic *status quo* in such a manner that economic power could be transferred from one hand to another very fast. Schumpeter realized that these important changes in the economy were brought about by this person he called the entrepreneur, an agent that can only exist in a specific political and social context where he or she obtain some degree of social acceptance and freedom to act (2006). What makes Schumpeter convergent to Weber at this stage of the study is exactly the social domain of both theorists.

During the industrial revolution in the eighteenth century, Britain saw major technological changes in agriculture, manufacturing and transportation of goods with resulted in a profound impact on its socioeconomic and cultural conditions. The development of new legal entities based on the development of new technologies brought up the necessity, in the nineteenth century, of protecting the property of ideas with the development of legal frameworks such as the concept of the copyright (for books, music, photographs, etc), patent (for industrial inventions) and trademark (for distinctive signs or logotypes) (Schultz, 2006). Once legally protected by the rights of intellectual property, inventors and capitalists could now invent products and services to exploit their inventions economically in their own interests or in the interests of their private sponsors. This apparently simple social order under the capitalism "spirit" represented a spectacular advancement for the ascension of technology in those regions.

In the first decades of the twentieth century, Schumpeter (2006) identifies this strength of the *Unternehmergeist*⁹ in society. The concept of entrepreneurship cannot be fully understood without his contributions. Schumpeter argued that the innovation and technological change of a nation comes from the entrepreneurs and had a very clear view about the role that both innovations and entrepreneurs played in market-oriented economies. Nations that had adopted market-oriented economic models had experienced a kind of economic evolution explained by neoclassic economists with the use of limited static analysis that focuses on the calculation of economic variables thought the use of supply and demand curves in accordance with rational choice theory. According to Schumpeter, innovations were responsible for the dynamism and the evolution of this economic model, since they were responsible for strong internal impacts on the system by changing the way products and services are developed, produced and delivered.

New combinations of old products or practices were also considered innovations by Schumpeter and those innovations are often responsible for changing economic power from one hand to another in society, giving dynamism to the system. This is the moment where the person responsible for those changes appears: the entrepreneur. Therefore, the entrepreneur is not just a well succeeded businessman or businesswoman, more than that, he is an innovative businessman or businesswoman. The entrepreneur is a special type of economic actor, responsible for putting innovations into action, - not necessarily technological innovations - and therefore promoting the development of the economy as a whole. Moreover, Schumpeter affirms that the entrepreneur is not motivated by the hedonistic fruits of his work; he is a natural leader in search of social recognition. Schumpeter defines an ideal-type of entrepreneur whose actions ignite the process of "creative destruction" as innovative products, services and management practices create new markets that often destroy established ones. According to Schumpeter (1911), the entrepreneur is able to rearrange a set of resources in a different way, parting with established ideas and provoking a short moment of self crisis in the system or in part of it. In that sense, Schumpeter contributed by starting a different economic debate

⁹ Entrepreneur-spirit in German.

about the role of individuals not necessarily motivated only by rational profit in the development of markets.

One precise case illustrates well the different mindsets over the exploration of innovation and entrepreneurship under different social perspectives: during the development of flying machines. Many inventors were studying flying machines by the year 1900. The Brazilian inventor Alberto Santos-Dumont, for example, began work in 1898 on his machines, and was the first person in the world to fly a self propelled flying machine in Paris, in 1903. In accordance with his set of values and beliefs, Santos-Dumont never thought about patents or making a fortune from his inventions. According to Hoffman's (2004) work on the inventor:

Santos-Dumont did not believe in patents. He made the blueprints of his airships freely available to anyone who wanted them. He saw the flying machine as a chariot of peace, bringing estranged cultures in contact with one another so that they could get to know one another as people, thereby reducing the potential hostilities. (Hoffman, 2004, p. 4)

Meanwhile, on the other side of the Atlantic Ocean:

[...] the Wright brothers had a very different motivation from Santos-Dumont in developing the plane. They were not idealists. They did not dream about bringing distant peoples together. They were not thrill-seekers. [...] They were intent on building flying machines for financial gain. (Hoffman, 2004, p. 6)

These passages go in accordance with Max Weber's writings about the Protestant Ethic and the "Spirit" of capitalism published only one year later, in 1904 and 1905 and with Schumpeter's later conception of entrepreneurs.

The invention of the telephone, the electric light, the radio and the airplane at the beginning of the twentieth century, as well as the improvements in construction techniques (Eiffel Tower, Panama Canal, etc) and in manufacturing production (by people like Henry Ford, Jules Henri Fayol or Frederick Winslow Taylor) made people aware of the practical results of entrepreneurial action not only from the invention a new product, but mainly from promoting new combinations of existent practices or new uses for adapted products. Ford, for example, was producing faster, cheaper and better, and was achieving great market results. He did not invent a new product.

Instead, he developed a new way of doing something that already existed. The research and application of those managerial techniques profoundly affected the way that companies developed in North America, stimulating the study and research of scientific management practices. It is possible to see, for example, that the top North American business schools, among the world's top 100 business schools listed by 2008 MBA Financial Times ranking, were founded, on average, in 1923, while their non-North-American counterparts were founded, on average, in 1962¹⁰.

In the end, Schumpeter's theoretical conception of the entrepreneur as being able to accept the social complexity of the phenomenon because it integrates economic thought within the more dynamic social context in which economic actions take place.

2.2 Entrepreneurship and social contexts

The establishment of the capitalist economic model as a feasible global model remained in jeopardy during the whole twentieth century. The Russian Revolution brought a new form of centralized market system into practice and the beginning of the Great Depression in 1928 raised an important question mark on the market-oriented economic system. After the end of the Second World War, the ideological differences of the former allies, the United States and the Soviet Union, put the world under great political stress, feeding fear and ideological wars around the globe. The collapse of the Soviet influence, however, and the absorption of capitalism in Eastern Europe, Russia and China, combined with the market openings of India, South Africa and Latin America, were profound political and economic events, and drastically changed the world. This all started in the late twentieth century and that is how, in great part, "entrepreneurial fervor in the 1980's became a worldwide movement, spreading across countries, regardless of their level of development, mentality or value orientation towards business" (Alvarez, 1996).

In the early 1970's, still restricted to the United States, entrepreneurship studies attracted the attention of scholars, and became a promising field of research (Aldrich, 2005, p. 452). Back then, this initial academic effort to assess the subject is mainly

represented by the first academic *Conference on Entrepreneurship* at Purdue University in the fall of 1970, the publishing of *Competition and Entrepreneurship* by Israel Kizner in 1973 and the Academy of Management's annual meeting of 1974, where Karl H. Vesper held a meeting of those interested in forming an interest group on entrepreneurship. It was only in 1987, however, that the North-American Academy of Management created a division for entrepreneurship.

Since then, studies have been developed with exponential growth, legitimizing the field. By 2003, for example, more than 48 academic journals and 90 centers of research in entrepreneurship already existed in the United States (Katz, 2003). In the 1970's, 1980's and even the 1990's, few business schools had people dedicated full-time to the subject. Today, many business schools have at least a Research Center on Entrepreneurship. In fact, out of the world's top 100 business schools listed by the 2008 MBA Financial Times ranking, more than 50 have at least one Research Center for Entrepreneurship, founded, on average, in 1995¹⁰. Entrepreneurship today is also firmly established in the undergraduate and MBA curricula of most business schools and is starting to be found in the curriculum of other fields of knowledge as distinct as Architecture, Engineering, Biotechnology and Finance. The GEM - Global Entrepreneurship Monitor initiative, for example, started in 1999 with 10 countries under analysis. In 2007, less than 10 years after its inception, the survey had spread to more than 50 countries, with more than 200 researchers and scholars from each country actively participating in its production every year.

When searching for the words entrepreneurship, entrepreneur, entrepreneurs, entrepreneurial and their equivalents in Portuguese and Spanish in the title and the abstract of academic papers within business journals and popular paper locating systems¹¹ from 1995 to February 2008, it was possible to see, after evaluating the papers' abstracts, that the following broad themes emerged as the most studied:

¹⁰ In March 2009 the author entered in each website of each business school listed in the Financial Times ranking of 2008 and searched for a research center in entrepreneurship and the year of its foundation.

¹¹ This search was done in February 2008 over a period of four weeks for the following journals and paper locating systems: JSTOR, EBSCO, Emerald, Enanpad (Brazil), Revista de Empresa (Spain) and Revista de Administração de Empresas (Brazil). Themes were clustered in the broadest sense of each category, just as an initial exploratory exercise.

- The psychology of the entrepreneur;
- The ability to build social relations and establish alliances to reach business or social objectives (including the immigrant perspective);
- The ways to deal with the pre-establishment or the execution of small and medium business strategies, including financial resources;
- New technologies development with the study of incubators and why entrepreneurs succeed or not in creating new ventures;
- The teaching of the entrepreneurial spirit as a skill to dominate the fast changing environment of the markets; and
- Family business development and succession.

The results showed that comparable themes have been studied in Brazil, Spain and elsewhere (especially in North-America) and that very few of these approximately 800 papers explicitly declared to utilize a sociological approach over the phenomenon. Aldrich (2005, p. 455-456) did a similar exercise but using journals covered by JSTOR¹² to search the joint occurrence of the terms *Schumpeter* and *entrepreneur* over the period between 1980 and 2002, concluding that neither authors writing for organization theory journals nor those writing for sociology journals make use of Schumpeterian definitions, demonstrating the lack of theoretical basis that research on entrepreneurship still incurs. In fact, within the papers revised by the author of this study, few had a solid or declared theoretical foundation, although it is deducible that most of them were based in strategic management or institutional theory literature. Regarding theoretical foundations, it has been found that "greater care and creativity in contextualizing entrepreneurship research can enrich future scholarship in the field" (Zahra, 2007). According to him, this is due to the fact that too much text has been produced in the last decade without the effective linking of theory and research objectives. It is possible that the emergence of the academic field of entrepreneurship in conjunction with the consolidation of global academic norms of productivity (Adler and Harzing, 2009) that are contributing to this fact.

When social sciences started to reassess the phenomenon of entrepreneurship, researchers were called "to pay more attention to the concrete ways in which

¹² JSTOR (short for Journal Storage) is an independent, self-sustaining not-for-profit organization that maintains an on-line system for archiving academic journals.

entrepreneurs locate and exploit opportunities" (Swedberg, 2000, p. 10). Today, entrepreneurs find obstacles of legitimacy during the initial period of their ventures because key actors surrounding the venture lack information about the new organizational form and also because key actors in the normative elite may deny social approval for the new venture until it proves itself possible, creating an early deficit of *cognitive* and *sociopolitical* legitimacy as suggested by Ranger-Moore *et al.*¹³ (1991 *apud* Aldrich, 2000, p. 216). Therefore, entrepreneurs face much more difficult conditions when founding business ventures of a new kind (i.e. with a new business model) than founders reproducing old forms of organizations, justifying more theoretical attention to this period (Aldrich, 2000, p. 212). Shane (2003, p. 145) suggested that more than analyzing an entrepreneur and his actions, researchers must also study in deeper detail the environment surrounding him or her and the interactions he or she had with other members of a society and its social norms, appointing to the very initial *raison d'être* of this study: better understanding the social context that surrounded the innovative brought about by Brazilian and Spanish entrepreneurs in their own countries of origin, discovering what relevant social relations were established during the delicate period of emergence of their ventures in the late twentieth and early twenty-first centuries, while focusing specifically on the influence that organizations and social norms had over this period.

Some other examples of promising future research, mentioned by Aldrich (2005, p. 469), included the study of social networks around entrepreneurs and the impact of cultural diversity on the development of entrepreneurial ventures. Cross-cultural comparative studies as well as studies regarding emerging economies are even rarer, although extremely necessary due to their ability to raise complimentary findings to the field.

If we specifically address the relation between entrepreneurship and institutions in general, the subject can be considered even fresher. Prestigious universities with relevant presence in the academic field of entrepreneurship, such as McGill in Canada and Cornell in the United States, organized two conferences in 2007 and

¹³ RANGER-MOORE, J. et al. Density-dependent Dynamics in Regulated Industries: Founding Rates of Banks and Life Insurance Companies. *Administrative Science Quarterly* [S.I.], v. 36, p. 36-65, 1991.

2008 centered specifically on the subject of *Institutions and Entrepreneurship*. According to its organizers, the Conference was intended to:

[...] further the institutional approach to entrepreneurial studies. An institutional approach to entrepreneurship shifts attention away from the personal traits and backgrounds of individual entrepreneurs, and towards how institutions shape entrepreneurial opportunities and actions; how entrepreneurs navigate their cognitive, normative, and regulatory environments; and how actors modify and build institutions to support new types of organizations. (Second Annual McGill/Cornell Conference on Institutions and Entrepreneurship, Montreal, QC, June 2008).

Approaches like this are appealing because much of the existing academic research on entrepreneurship focuses on what makes the individual successful (David, 2008), not on how institutions shape entrepreneurial opportunities and actions, motivating the existence of this study in exploring how institutional factors such as social and environmental movements, national regulatory systems, or social values, influence the emergence of entrepreneurial ventures.

Nee (2005, p. 55-56) proposes a schematic representation (figure 2.2) for what he saw as a "multilevel causal model for the new institutionalism in economic sociology" enabling *institutional mechanisms* to shape the incentive structure for organizations and individuals in a given social context. Without entering into the matter of how this model differs or not from those proposed by institutional theory as Nee discusses in his paper, the most important point for this study is the relevance that norms practiced by social groups attain during their interaction with pre-existing organizations present in the model, opening room for reflections on what could specifically happen with emerging entrepreneurial ventures that still need to find ways to fit into a pre-existent institutional environment.

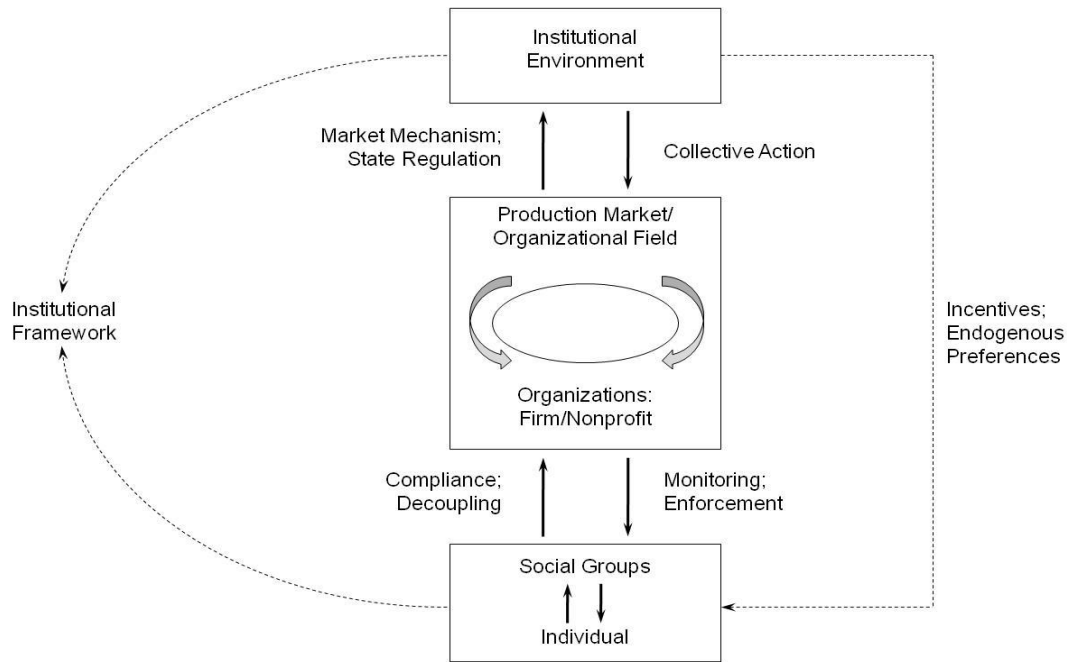


Figure 2.2 - A model for the new institutionalism in economic sociology

Source: Nee (2005, p. 56)

By analyzing the institutional and social context that surrounds entrepreneurship, Martinelli (2004, p. 215) also believes, as this study does, that this context is often overlooked or taken for granted, despite the social, cultural and historical complexities it represents. That is how different, but complimentary manners to approach the problem are proposed by him: via the *socio-cultural* context, via the *political-institutional* context or via *stakeholder* relations in which entrepreneurs are embedded and consequently led to take their decisions. Under these forms, the *social-cultural* domain considers the role of cultural attitudes or social relations influencing the entrepreneurial arena, the *political-institutional* domain considers the role that market policies, legislation and governance factors play in the entrepreneurial context, while the *stakeholder* domain considers "all those groups and individuals whose cooperation is needed for a successful business performance" (Martinelli, 2004, p. 215). Although not structured in this way, this study considered to tackle the three domains suggested by Martinelli, deciding to investigate, in parallel, two of the main aspects in which entrepreneurs could have suffered influence during the emergence of their entrepreneurial ventures: the **organizational aspect** and the **normative aspect** of the social context. Naturally, forces that will allow the emergence of the entrepreneurial venture are created by real day-by-day interactions

with each actor in the field. Under this concept, organizations and social norms that had any kind of influence in the emergence of an entrepreneurial venture in a Latin social context should be identified and properly analyzed to allow any kind of academic advancement in the field.

Surprisingly, none of the references consulted throughout the years of development of this study mentioned this apparently paradoxical role that obstacles and incentives play by negatively and positively influencing the emergence of entrepreneurial ventures, as this study intends to explore. It may be a well established *cliché* the fact that turbulence, crisis, problems, obstacles or barriers are often appointed as sources of opportunities for entrepreneurship but if that is true, how could those factors influence the emergence of entrepreneurs in Brazil and Spain?

2.2.1 Entrepreneurship and organizations

In a helpful discussion about what organizations are, Silverman (1970) suggested that organizations have three distinguishing features: they arise at a certain moment in time, they exhibit patterns of social relations that are less taken for granted than those visualized in non-organizations (like families, for example), and organizational members incessantly look for coordination and control.

Aldrich (2008, p. 4) makes use of his own recent and revised definition that organizations "are goal-directed, boundary-maintaining and activity-systems". To define *boundary-maintaining* he uses Weber's concept that by establishing an organization an automatic distinction between members and non-members is generated. Modern organizations, for example, tend to define its members contractually, but this is not always the case as some organizations such as chambers of commerce and alumni clubs reveal. To define *activity-systems*, Aldrich refers to a special technology or knowledge, specifically developed by the members of the organization for accomplishing a certain task or work.

Social network studies within the framework of economic sociology have been relatively successful in exploring the correlation between organizational interactions and economic output in entrepreneurial ventures, clearly demonstrating the importance that both noneconomic and institutional factors gain in relations among groups of people (Granovetter, 2000, p. 268).

In the search for comparable data that could explain how public organizations and formal norms can affect the practical process to open and keep a business in different countries, the World Bank report *Doing Business In*, for example, analyzed the regulatory environment surrounding the creation of new companies in 178 countries in 2007, creating a general ranking of easiness of doing business. This ranking compared ten different aspects to: start a business, deal with licenses, employ workers, register a property, obtain credit, protect investors, pay taxes, trade across borders, enforce contracts and close a business. The study calculated the time and cost to comply with local legal norms. Although this kind of study may work as guidance for governments, existent businesses and entrepreneurs by indicating the sort of difficulties of opening and maintaining a business in a particular country, it does not explain how important specific private or public organizations were in obstructing or encouraging the emergence and development of an entrepreneurial venture.

In Spain specifically, a recent academic paper covered briefly and partially the issue of local organizations interacting with local entrepreneurs. Gómez, Mira and Mateo (2007), by studying the determinants of entrepreneurial activity and supportive institutions in the province of Alicante, reported that some public programs, as well as the support of some specific organizations in the promotion of entrepreneurial ventures in the region of Alicante, were recognized as positive by entrepreneurs and business actors in the region, despite the lack of coordination they perceived. This kind of finding shows us that Latin entrepreneurs are sensible to organizations intervening in the market in their favor, demonstrating a kind of interdependence of public and private organizations that may deserve better comprehension in some countries. As we will see later, in the part dedicated to the findings, a comparative study based on the results of the GEM - Global Entrepreneurship Monitor report in Brazil, Mexico, Argentina, Portugal and Spain, concluded that entrepreneurs from

these countries feel a lack of government interest in their necessities (Coduras and Justo, 2002), corroborating this study's preliminary perception that organizations, including public ones, play important roles in the emergence of Latin entrepreneurial ventures.

2.2.2 Entrepreneurship and social norms

In a Weberian ([1922] 1978, p. 311-325) perspective, social norms can be seen as regularities in the behavior of agents who are involved in a social relation. Different from legal norms that usually are linked to counterpart sanctions, social norms are not specifically written somewhere or explicitly agreed to be followed by the members of a society. Classic misinterpretations of social norms occur when a person accustomed to a specific society moves to another society in another country or in another region of the same country and faces difficulties in taking decisions because he or she does not know how to behave, or being unaware that a certain type of behavior was expected to be performed within that group. Within these limitations, even a small community within a big city or a single family could develop their own social norms over time.

Norms represent specific individual or collective interests, being accepted or not accepted as valid, right or fair by the members of a community, that must be constantly measuring the risks and benefits of following or not following established social norms (Bicchieri, 2006). When social norms are enforced, sanctions are usually informal, as when the disobedience of a certain norm brings reactions that vary from censure to exclusion of the transgressor. Due to this inherent social nature, social norms can be considered local phenomena, in the sense that their understanding and expectations of conformity vary with the circumstances, people and the situations to which they apply. That is how trust emerges, because if we stop to think, the world could be so unpredictable and so dangerous that there would be no room for trust among people. Trust can exist only and exclusively in a social context, where social networks and the regular use of norms and sanctions exist.

As a fruit of social interactions, we also observe social norms in those moments in which there is conflict of interest or potential for mutual gain, allowing us to enter in the theoretical space, where social norms are more likely to influence work environments, markets and ultimately entrepreneurs in the exercise of their Schumpeterian function. It is under this Weberian framework that social norms were addressed in this study.

Regarding this direct relation of social norms and entrepreneurship, the GEM report detected, since its inception at the end of the 1990's, the importance that it plays, together with cultural aspects, in the promotion or discouragement of entrepreneurship. Annually, GEM researchers consult local academic experts from each country to classify the most important issues affecting entrepreneurship in their countries. Issues are then classified in accordance to the number of mentions they receive. Table 2.2.2 shows the issues most mentioned that affect the entrepreneurial environment in each country, including Brazil and Spain:

Table 2.2.2 - Most important issue categories in each country

	Most Often Mentioned	Second Most Often	Third Most Often
Brazil	Government Policy	Education and Training	Finance
Korea	Government Policy	Finance	Education and Training
United States	Cultural, Social Norms	Finance	Education and Training
Australia	Education and Training	Cultural, Social Norms	Government Policy
Norway	Education and Training	Cultural, Social Norms	Government Policy
Canada	Government Policy	Finance	Cultural, Social Norms
Argentina	Cultural, Social Norms	Finance	Government Policy
India	Government Policy	Education and Training	Cultural, Social Norms
Italy	Education and Training	Government Policy	Cultural, Social Norms
United Kingdom	Education and Training	Cultural, Social Norms	Government Policy
Germany	Government Policy	Finance	Cultural, Social Norms
Denmark	Education and Training	Government Programs	Finance
Spain	Cultural, Social Norms	Finance	Government Policy
Israel	Government Policy	Education and Training	Finance
Finland	Cultural, Social Norms	Government Policy	Education and Training
Sweden	Government Policy	Cultural, Social Norms	Education and Training
Belgium	Cultural, Social Norms	Government Policy	Finance
France	Cultural, Social Norms	Finance	Education and Training
Singapore	Cultural, Social Norms	Education and Training	Government Policy
Japan	Cultural, Social Norms	Finance	Government Policy
Ireland	Government Policy	Finance	Cultural, Social Norms

Source: GEM report 2000 (Global version)

According to this study, by the end of the twentieth century, *social norms* were among the three most often mentioned issues affecting the entrepreneurial environment in 17 of the 21 countries researched, only behind *government policy* and

government programs that together were mentioned as a top three issue in 19 of the 21 countries researched.

The fact that *government policy* and *government programs* are among the most mentioned issues among those affecting entrepreneurship in almost all of the countries researched does not attract as much attention as *social norms*, an issue not very present in the academic literature about entrepreneurship.. The difficulty of measuring the extent and manner in which social norms have on the entrepreneurial process adds much complexity to any attempt to map their role in the entrepreneurial process.

Aldrich (2000, p. 217) suspects that "successful entrepreneurs are more likely than others to work on building networks of trust and cooperative exchange governed by norms of reciprocity", something that Cochran and Reina¹⁴ (1962 apud Lipset, 2000, p. 113) accentuated for the Latin American social context where *hombres de confianza* (men who can be trusted) were selected more for this characteristic than for their expertise.

2.3 The social context of entrepreneurship in Brazil and Spain

The Latin Union Organization gathers 37 countries from around the world that share linguistic and cultural characteristics directly or indirectly derived from the old Roman Empire¹⁵. In terms of population and size of the economy, Brazil and Spain are two of the largest countries represented in this multilateral organism headquartered in Paris, France since 1954.

¹⁴ COCHRAN, T. C.; REINA, R. E. Entrepreneurship in Argentine Culture. Torcuato Di Tella and S.I.A.M. (Philadelphia: University of Pennsylvania Press) [S.I.], p. 266-268, 1962.

¹⁵ The Latin Union is an international organization founded in 1954 through the Convention of Madrid, currently gathering 37 member States that use Catalan, French, Italian, Portuguese, Romanian or Spanish as one of their official languages. Its budget is formed by mandatory contributions from the member States. More information on: <<http://www.unilat.org/>>. Accessed in: March 3, 2010.

The historical origin of the linguistic and cultural resemblance between Spain and Portugal has its roots in the invasion of the Iberian Peninsula by the Romans at the end of the second Punic War (218 B.C. – 201 B.C.) and its final conquest by Caesar Augustus in 17 B.C. (Martinez, 1963). The region was integrated to the Roman Empire as the province of Hispania, with Roman cities being founded all around the region and with Roman social system and language being consequently adopted.

Regarding the long transition period between the Romanization of the Iberian Peninsula and its division between Islamic and Catholic settlements during the first centuries of the second millennium, Morris and Manning (2005) recall that:

"In the 160s major invasions and plague reached the [Roman] empire at the same time. The situation held until the 230s, but then frontiers collapsed. [...] In 410 the Goths sacked Rome [and] the western empire broke up into smaller kingdoms. [...] The demographic-economic collapse was part of the ancient to medieval transition. [...] By the 800s, the Mediterranean world had broken into three camps: the dynamic, creative Islamic east and south; a harried struggling Byzantine Orthodox Christian center and a backward, impoverished and depopulated Catholic Christian west."

These events caused the division of the peninsula into a medieval Catholic north and an Islamic south that ended only in 1492 when the Catholic kingdoms of Aragon and Castile conquered the region and systematically expelled Jews and Muslims from the region. This started what became known as the Spanish Golden Age, which lasted from the end of the fifteenth century to the end of the seventeenth with the flourishing of trade, arts and literature.

Columbus arrived on the continent later named America also in 1492, following a European geographic expansion that reshaped the occupation of this new part of the world (Wehling and Wehling, 1994). According to Wehling and Wehling (1994), the colonial formation of Brazil occurred through a series of interpretations of the reality that does not allow us to know what precisely transpired. The process in which this region, today known as Brazil, developed involved a complex network of relations throughout Europe that gradually incorporated Brazil in its geographical scope since around the year 1500. Since then and for more than three centuries, from any perspective, the only known innovations developed in the country were for the basic

necessity of exploring the vast forest wood stocks and later the sugar cane plantations and extraction of gold and precious stones.

One of the very few initiatives within this period to develop some kind of innovative knowledge about the colony occurred in 1792 when the IME - Instituto Militar de Engenharia¹⁶ was established in Rio de Janeiro by Queen Mary I of Portugal. IME is considered the first engineering school of the Americas although, at that time, the main objective of the school was to coordinate the formation of the Portuguese army and its fortifications throughout the colony. Meanwhile, Spain and Portugal had already accounted for the existence of a number of universities, including the still existent Universities of Salamanca and Coimbra, founded in 1218 and 1290, respectively.

But capitalism and markets, as we know them, were not there yet, neither in Spain, Portugal or Brazil. Polanyi (1944) argued that in pre-capitalist societies, economics were embedded in larger sets of social relations that cannot be analyzed in neoclassical economic terms. Because of that, he proposed three forms in which economic exchanges take place: thought reciprocity (exchange of goods), redistribution (controlled by a large set of institutions) and market exchange (in the modern sense of it). It was in Western Europe, since about 1800, that market exchange began to separate from social constraints, subordinating social relationships to the pursuit of rational profit.

It was only in 1808 that Brazil lost the status of being a pure colony and was suddenly promoted to the headquarter of the Portuguese crown, approximating its history with that of Spain as a European established nation and directly inheriting Polanyi's market type of economic exchange. The imminent invasion of Spain and Portugal by French troops in 1808 started the Iberian Peninsular War (1808-1814), where England and France (led by Napoleon) declared war on each other. Portugal sided with England and Napoleon threatened with invading Portugal, which he did, together with Spain. Spain's liberation struggle marked one of the first civil wars in

¹⁶ Military Institute of Engineering, in Portuguese. Its history is available at: <http://www.ime.eb.br/index.php?option=com_content&view=article&id=30&Itemid=64>. Accessed in: July 3, 2010.

history and the emergence of large-scale *guerrillas* throughout the country, while the French occupation destroyed the Spanish administration, which fragmented into quarrelling provincial *juntas*¹⁷ (Rodriguez, 2008).

Meanwhile, the entire Portuguese court fled to Brazil in 36 ships, taking more than 15 thousand aristocrats and court staff with them (Gomes, 2007). The Brazilian ports were quickly opened for trading with all friendly nations and the city of Rio de Janeiro was completely refurbished. During these first few years, the Portuguese King created the Central Bank, the Ministry of Public Finances, the National Library, the National Press, among many others public institutions that would reshape the former colony. The court also allowed, for the first time, the construction of industries in the colony and two law schools that became the first undergraduate schools available in the country.

In Spain, the Spanish war and revolution against Napoleon's occupation led to the Spanish Constitution of 1812, later considered a cornerstone of European liberalism (Rodriguez, 2008). But the burden of war destroyed the social and economic fabric of Portugal and Spain, and brought about an era of social turbulence, political instability, and economic stagnation in both countries, with devastating civil wars between liberal and absolutist factions, led by officers trained during Peninsular War up until 1850. These cumulative crises and disruptions of invasion, revolution, and restoration led to the independence of many of Spain's American colonies and the independence of Brazil from Portugal.

Since then, and for many decades more, none of the countries involved (either former colonies or ruling powers properly accompanied the industrialization process led by England, some northern European countries and the United States. Despite that, Brazil and Spain followed their histories as independent States, with Brazil specializing in the production of commodities like sugar and coffee and Spain struggling to enter into an industrialization period that was interrupted by a violent civil war in 1936. Deeply rooted in the history of the preceding century, the military coup that divided the country in July of that year was actually the conclusion of a

¹⁷ Provincial independent administrations.

tragic clash between two secular Spains: a traditionalist and conservative Spain and a modernizing and liberal one. The confrontation stemmed from the impact of the French revolution and the war that divided the peninsula between the Spanish *frenchified* elites and Spanish patriots (Buades, 2009).

This is one of the reasons why, although always adept of market-oriented practices, with the early presence of companies like Ford Motors or PricewaterhouseCoopers¹⁸ - with the last particularly dependent on the existence of a business community to exist, Brazil and Spain never developed an economic environment propitious to the emergence of innovative entrepreneurs on a large scale. It is true that people like Francesco Matarazzo¹⁹ (1854-1937) in Brazil and Eduardo Barreiros²⁰ (1919-1992) in Spain were considered, and can still be considered, the archetypes of the innovative entrepreneur in their respective societies, but people like them were few in number when compared to other European and American industrialized societies.

Most recently, living with long-standing authoritarian regimes for 21 years in Brazil (1964-1985) and 37 years in Spain (1939-1976), both countries joined the list of newly democratic nations, together with Argentina (1983), Uruguay (1985) and Portugal (1974), among others²¹.

Today, despite the obvious socioeconomic differences observed between Brazil and Spain, both countries were among the top 15 economies in the world in 2008, still sharing many common historic and religious characteristics as well as a lot of *Latinity* in a broader cultural definition of it. As we have seen, both the distant and recent past undoubtedly connects these countries, opening room to innovative theoretical associations among their social realities. Christianity, the distant origin and proximity of their Latin cultures, the relationship between metropolis and colony - Brazil was an indirect colony of Spain when Spain controlled Portugal from 1580 to 1640, the

¹⁸ Ford Motors was founded in 1919 in Brazil and in 1920 in Spain while PricewaterhouseCoopers was founded in 1915 in Brazil and in 1929 in Spain.

¹⁹ Francesco Matarazzo arrived at the port of Santos in 1881, at the age of 27, and started one of the largest Brazilian industrial conglomerates from nothing.

²⁰ Eduardo Barreiros was born in the impoverished Spanish region of Galicia in 1919. At the age of 26 he started converting Gasoline motor engines to Diesel, creating one of the largest Spanish industrial conglomerates from nothing.

²¹ According to Encarnación (2003, p. 21), between 1974 and 1990, 30 new democracies were established across the world.

proximity of the Portuguese and Spanish languages and legal systems (as we will see soon in section 2.3.1), the size of their economies (figure 2.3a) and the recent arrival of democracy, after decades of dictatorship, highlight just some of the similarity that both countries share.

The dream of again becoming an important economic powerhouse, that Spain has pursued for more than a century after losing the war against the United States in 1898 (in which it lost Cuba, Puerto Rico, Guam and the Philippines) and consequently its importance in the international scenario (Ulzurrun, Lillo et al., 2008), has also been pursued by generations of Brazilians who grew up hearing that Brazil's destiny was to be a large and important economically and socially developed nation. Emerging from its relative international isolation during the Franco era (1938-1975), Spanish fresh democracy and ingress in the exclusive list of economically and socially developed countries of the OECD - Organization for Economic Cooperation and Development could be seen as an inspiring case for Brazil, despite the 14 year long period of strong expansion that had come to an end for Spain at the end of 2008 (figure 2.3a). Although Brazil cannot count on the support of an organization like the European Union to finance its growth or dampen its recessions, it could count on a large and diversified set of natural resources that Spain did not have access to in its industrializing process.

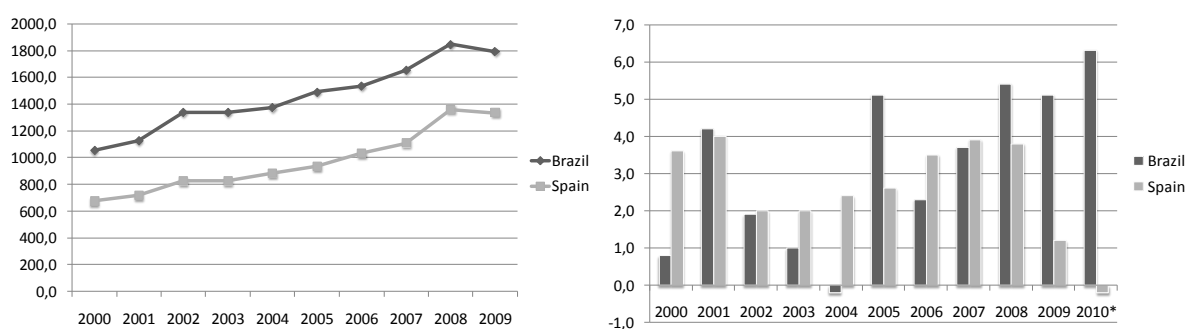


Figure 2.3a - The size of the Brazilian and Spanish economies from 2000 to 2009 (in billion US\$) and the GDP real growth from 2000 to 2009 (2010 estimated)

Source: The CIA (Central Intelligence Agency) United States government agency

At present, both countries continue to expand their relations with each other, exchanging foreign direct investments and hundreds of thousands of people,

including tourists, immigrants and business travelers each year. Figure 2.3a gives an idea of how the evolution of both countries has been occurring in the last decade, highlighting the opposite economic trends observed at the end of the first decade of the twenty-first century regarding GDP growth, which is likely to suffer a small reduction in Spain. Whether this is a circumstantial situation or a trend that will last a long time, it is impossible to predict at this moment, but other socioeconomic indicators are able to show some most durable convergences that may approximate even more the social realities of both countries in the future, as figure 2.3b shows, with literacy rates²² and life expectancy at birth²³.

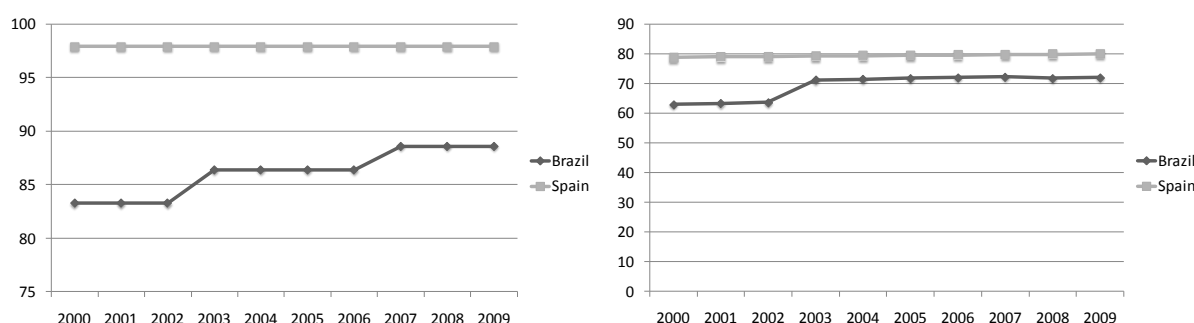


Figure 2.3b - Literacy rates (% population) and life expectancy at birth (age in years) in Brazil and Spain from 2000 to 2009

Source: The CIA (Central Intelligence Agency) United States government agency

Soares (2008) reckons that the Gini coefficient in Brazil is falling 0.7 points per year and that this is superior to the trend of all the OECD countries analyzed but Spain, whose Gini fell 0.9 points per year during the 1950s. According to him, the time needed for Brazil to achieve various benchmarks in inequality are: six years to reach the level of inequality in Mexico, 12 years to reach the level of the United States and 24 to reach Canadian inequality levels, from 2009 on, concluding that the speed in which inequality is falling is adequate, but the main upcoming challenges will be to keep inequality falling at this same rate for another two or three decades in a row.

²² There are no universal definitions and standards of literacy. Unless otherwise specified, all rates are based on the most common definition - the ability to read and write at a specified age (CIA).

²³ Average number of years to be lived by a group of people born in the same year, if mortality at each age remains constant in the future (CIA).

In fact, even if Brazil grew by a fixed rate of 5% a year from 2010 on, it would take 20 years to achieve the average income level of Spain²⁴, while figure 2.3c shows how far those realities have been turning away in the first decade of the 21st century²⁵.

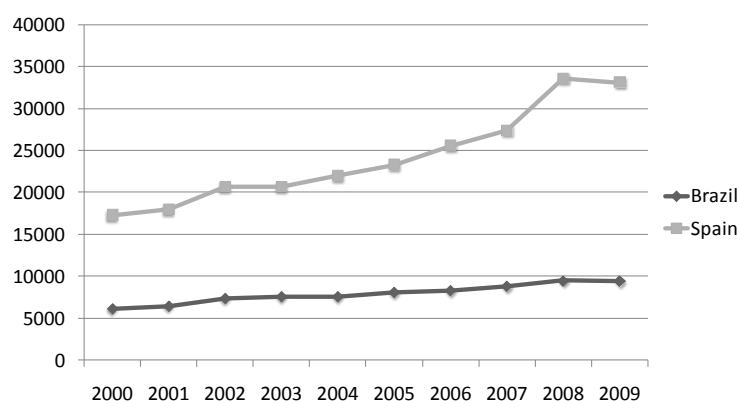


Figure 2.3c - GDP per capital (US\$ PPP) of Brazil and Spain from 2000 to 2009
Source: The CIA (Central Intelligence Agency) United States government agency

In terms of business activity, the CEMPRES - Cadastro Central de Empresas of the IBGE - Instituto Brasileiro de Geografia e Estatística²⁶ contained 4.4 million companies and other active organizations, which occupied 43 million people, 37 million employed and six million as partners and owners. Of all these companies and other active organizations existent in 2007, 89% were business entities, 0.4% were public organizations and bodies and 11% were organizations without commercial purposes²⁷. In Spain, by 2008, the DIRCE - Directorio Central de Empresas of the INE - Instituto Nacional de Estadística²⁸ contained 3.3 million companies. Different from its Brazilian counterpart, however, the DIRCE does not cover some economic activities such as of agriculture, fishing, public organizations, defense, social security, households employing domestic staff and extraterritorial organizations. More than 50% of these 3.3 million companies did not employ a single person and only 5.5%

²⁴ Carlos Aberto Sardenberg, economic analyst of *Jornal da Globo*. Analysis available at: <<http://video.globo.com/Videos/Player/Noticias/0,,GIM1247081-7823-CARLOS+ALBERTO+SARDENBERG+FALA+SOBRE+O+PODER+DE+COMPRA+DA+NOVA+CLASSE+MEDIA,00.html>>. Accessed in: April 14, 2010.

²⁵ In 2007, the HDI (Human Development Index) of Brazil was 0,813 (ranked 73rd in the world) while Spain's was 0.955 (15th in the world).

²⁶ Central Business Directory of the Brazilian Institute of Geography and Statistics. Report available at: <<http://www.ibge.gov.br/home/estatistica/economia/cadastroempresa/2007/cempre2007.pdf>>. Accessed in: April 24, 2010.

²⁷ *sem fins lucrativos* in Portuguese.

²⁸ Central Business Directory of the Spanish National Statistical Institute. Report available at: <<http://www.ine.es/prensa/np513.pdf>>. Accessed in: April 24, 2010.

had more than 20 employees by 2008, demonstrating the strength of the phenomenon of self-employment in Spain.

According to Fillion (1996), one of the most cited references by Brazilian scholars of entrepreneurship, the demand for entrepreneurial training is not limited to the business sector anymore. It is now being equally demanded by all areas of humanities and administrations because their essential need is to establish several structural changes simultaneously, showing that many current school systems are not designed to master the practical questions required by entrepreneurship knowledge, but to master analytical ones. This happens because students, from primary school to the university, evolve into an educational system where the points of reference are very well established, making them to feel insecure in a socioeconomic system where things are in constant change²⁹.

As we have seen in the introductory part of this study, with empirical examples of public, private and nonprofit organizations getting increasingly involved in the expansion of the entrepreneurship phenomenon in Brazil and Spain, dedicated attempts to understand it can be traced back to the end of the 1980's. A single search for books with the words *empreendedor* or *emprendedor*³⁰ in their titles in two of the main online bookstores³¹ of Brazil and Spain returned 47 and 68 books, respectively, edited since 1989 and 1997, with more than 50% of the total production after 2005 and 2007 in Brazil and Spain, respectively. If we sum up 2008 and 2009 book launches alone, we see 18 and 33 books with *empreendedor* and *emprendedor* in their title in Brazil and Spain, respectively.

A comparable pattern can be observed when assessing the number of doctoral dissertations produced by scholars of both countries with these same words in their titles: 51 doctoral dissertations produced in Brazil and 34 in Spain³², with more than 50% of the total production occurring after 2006 and 2007 in Brazil and Spain,

²⁹ Fillion refers to Canada, but the observation could be taken as valid to Brazil and Spain.

³⁰ entrepreneur in Portuguese and in Spanish, respectively.

³¹ In Brazil, the search was done on Livraria Cultura <<http://www.livrariacultura.com.br>> and in Spain, on Casa del Libro <<http://www.casadellibro.com>>. Results were sorted by the year of publishing. Accessed in: April 28, 2010.

³² In Brazil, the search was done on Capes Banco de Teses <<http://www.capes.gov.br/servicos/banco-de-teses>> and in Spain, on Teseo <<http://www.educacion.es/teseo>>. Accessed in: May 17, 2010.

respectively. Among them, only two specifically focused on the institutional environment of entrepreneurship, one in Brazil (Salles, 2008) and another one in Spain (Haro, 2010), demonstrating the fresh nature of this subject.

In Brazil, Salles (2008) used a classic Brazilian sociological framework based on local authors like Barbosa, Buarque, Damatta and Holanda in conjunction with international institutional theorists like DiMaggio and North and development theorists like Sen to take an updated picture of capitalism in Brazil and the institutional environment towards entrepreneurship in the country at the beginning of the twenty-first century. Although sociological in nature, her study connects to this via key authors like Weber, Schumpeter and Polanyi, becoming a rich source of information for the Brazilian side of this study. Through qualitative methods, Salles (2008) interviewed 24 different Brazilian individuals that participated in organizations that had adopted either at their inception or sometime later the development of entrepreneurship as their mission. According to her, one of the main explanations for the Brazilian backwardness regarding entrepreneurship in the late twentieth and early twenty-first centuries is due to an institutional environment that is still incoherent and inhospitable for entrepreneurs. She observed that all the existent support for entrepreneurs in Brazil is handled by a few organizations that act without any sort of coordination in an institutional environment where governments still appear as the distributor of the rules of the game and civil society acts as a mere follower.

Salles's (2008) study complements Encarnación's (2003) who researched the post-dictatorship development of Brazil and Spain in order to demystify the role of civil society in their socioeconomic development. His work unveiled the fragility of the argument of those who believe that the presence of a strong and participant civil society sustains a stable and well functioning political system. According to the findings of Encarnación (2003), Spain never counted on an active and participant civil society but the correct coordination of the country's authorities, agencies of government and party system was deeply responsible for the democratic consolidation that allowed Spain to become a socioeconomic developed nation after Franco's death³³. In contrast, Brazil's extremely active and engaged civil society has

³³ The beginning of this period can be symbolically attributed to the Moncloa Pacts, which consisted of agreements signed by all major political and social leaders of Spain at the Moncloa Palace on

not been enough to overcome the local political context that does not allow the country to develop harmoniously. The year of 2009, for example, despite the good economic moment in Brazil, saw a worsening in the general crime rates in the state of São Paulo, with thefts reaching the highest level of the historic series, with more than 257,000 events, 18% higher than the previous year (Tavares and Brancatelli, 2009). Ironically, Encarnación's (2003) study may lead us to conclude that in general Brazilians live in a more socially connected society, led by individualistic political classes, while the Spanish live in a more individualistic society, led by socially-driven political classes.

In Spain, Haro (2010) used institutional theory based on classic international authors like DiMaggio, North, Meyer and Scott, together with one of the most cited local institutional theorists Urbano, to perform a national quantitative study over 150 Spanish companies. His main objective was to explore correlations between the Spanish institutional environment and the degree of corporate entrepreneurship found inside those companies. The results showed a significant positive relationship between regulatory factors and activities of strategic renovation and business development, proving that Spanish laws, regulations and support programs may have served to stimulate entrepreneurial activities within existing organizations (Haro, 2010, p. 282).

His finding confirms those of Montero (2002), who studied local industrial policies in regions of Brazil and Spain to explore the reasons why certain regions developed cooperation between public agencies and private organizations while others did not in both countries. With more than 25 political parties acting in its large and diversified territory, the lack of a coherent party system in Brazil leaves room for an intricate network of political trade that compromises the government's ability to generate fiscal and industrial policies. Montero's study concludes that in Brazil and in Spain, governments "continue to have a unique role in development [as] the corporate coherence that is a *sine qua non* of Weberian states is a function of the interests of politicians and the political context in which they function".

October, 1977. The Moncloa Pacts aimed to ensure the stabilization of the transition period to a democratic system, reforming the Spanish state in the political and economic areas.

This odd social closeness between Brazil and Spain that allows focus on their differences is also detected from the *praxis* side of the business environment. The already mentioned report *Doing Business In*, produced since 2004 by the IFC - International Finance Corporation and the World Bank, provide reports monitoring indicators of the easiness or difficulty of executing basic business actions in almost every country of the world, comparing the obtained results regionally and globally. If we compare the indicators obtained in Brazil and in Spain from 2005 to 2010, it is possible to see that despite being among the top 15 economies of the world, Brazil ranks approximately 120th in ease of doing business, while Spain ranks approximately 50th (table 2.3).

Brazil clearly stands out as having a bureaucratic institutional environment towards business, but Spain is quite far from the other largest Western European economies with the exception of Italy, another large Latin European country. In the 2010 ranking, for example, while Spain ranked 62nd and Italy ranked 78th, the United Kingdom ranked 5th, Germany finished 25th and France was 31st. The United States, a country constantly used in the Brazilian business literature as a benchmark for business practices, was ranked 4th in this same report. Most of the key indicators of this report calculate the number of procedures³⁴ or the amount of time necessary to achieve certain tasks, showing that Brazil was behind Spain by 2005 in at least four groups of indicators: starting businesses, registering properties, paying taxes and closing businesses. For example, when comparing the number of procedures to start a business in Brazil with the number in Spain by 2005, Brazil demanded 10 more procedures than Spain (17 to 7).

This aspect of the report may resemble the objective of this very study in observing the relations among entrepreneurs and organizations. But the similarities stop there, as the IFC/World Bank *Doing Business In* report does not explore how these interactions occur, which organizations most influence interactions positively or negatively towards the emergence of an entrepreneurial venture and does not take into account the role of innovation as a key component of the entrepreneurial process, neither as a potential source of conflict among the organizations involved,

³⁴ A procedure is defined by the IFC as any necessary interaction of the company founders with external parties such as, for example, public organizations, lawyers, auditors and notaries.

as this study does by accessing these relations exclusively with innovative entrepreneurs. The *Doing Business In* report of 2005 is used to dialogue with Part Four of analyses and findings for this study because it is the first year that the report brings standardized indicators for both Brazil and Spain and the only year that it covers the sample on which this study is based.

Although studies dealing with entrepreneurship, social networks and emergent ventures in different social contexts already exist in a limited number, no other study so far has assessed the phenomenon in the way proposed here: through the comparative study of the social context of emergent entrepreneurial ventures in two large Latin countries. Besides, as we saw, the phenomenon of entrepreneurship in Brazil and Spain have been developing by leaps and bounds in the 20 years preceding this study, justifying this attempt to contribute to what has been observed so far.

In the hope that up until now this study has been able to demonstrate the complexity of the research problems addressed and the possibilities proposed by the pertinent academic literature for dealing with them, this section ends by opening up two subsections regarding how organizations and social norms take legal form in the countries studied and how supportive organizations identified as important to the emergence of entrepreneurial ventures in Brazil and Spain came into existence.

Table 2.3 - World Bank reports *Doing Business In Brazil and Spain 2005-2010*

Indicators	2005		2006		2007		2008		2009		2010	
	Brazil	Spain	Brazil	Spain	Brazil	Spain	Brazil	Spain	Brazil	Spain	Brazil	Spain
Ease of Doing Business world ranking			122	38	121	39	126	46	125	49	129	62
STARTING A BUSINESS												
Procedures (number)	17	7	17	10	17	10	18	10	18	10	16	10
Time (days)	152	108	152	47	152	47	152	47	152	47	120	47
Cost (% of income per capita)	11.7	16.5	10.1	16.5	9.9	16.2	10.4	15.1	8.2	14.9	6.9	15
Minimum capital (% of income per capita)	0.0	16.9	0.0	15.7	0.0	14.6	0.0	13.7	0.0	13.1	0.0	12.8
DEALING WITH CONSTRUCTION PERMITS												
Procedures (number)			19	12	19	11	18	11	18	11	18	11
Time (days)			460	277	460	277	411	233	411	233	411	233
Cost (% of income per capita)			184.4	77.1	179.9	65.7	59.4	64.9	46.7	62.3	50.6	60.9
EMPLOYING WORKERS												
Difficulty of hiring index (0-100)	67	67	67	67	67	78	78	78	78	78	78	78
Rigidity of hours index (0-100)	80	80	80	80	60	60	60	60	60	60	60	40
Difficulty of redundancy index (0-100)	70	60	20	50	0	50	0	30	0	30	0	30
Rigidity of employment index (0-100)	72	69	56	66	42	63	46	56	46	56	46	49
Redundancy cost (weeks of salary)	165	68	165	56	37	56	37	56	37	56	46	56
REGISTERING PROPERTY												
Procedures (number)	14	4	15	3	14	3	14	4	14	4	14	4
Time (days)	42	20	47	25	47	17	45	18	342	18	42	18
Cost (% of property value)	2	7.1	4	7.2	4	7.2	2.8	7.1	2.7	7.2	2.7	7.2
GETTING CREDIT												
Strength of legal rights index (0-10)	2	5	2	5	2	5	2	6	3	6	3	6
Depth of credit information index (0-6)	6	6	5	6	5	6	5	6	5	5	5	5
Public credit registry coverage (% of adults)	7.8	39.4	9.6	42.1	9.2	44.9	17.1	44.9	20.2	45.8	23.7	45.3
Private credit bureau coverage (% of adults)	42.5	6.5	53.6	6.5	43	7.4	46.4	8.3	62.2	8.1	59.2	7.6
PROTECTING INVESTORS												
Extent of disclosure index (0-10)	5	7	5	4	5	5	6	5	6	5	6	5
Extent of director liability index (0-10)			7	6	7	6	7	6	7	6	7	6
Ease of shareholder suits index (0-10)			4	4	4	4	3	4	3		3	4
Strength of investor protection index (0-10)			5.3	4.7	5.3	5	5.3	5	5.3	5	5.3	5
PAYING TAXES												
Payments (number per year)			23	7	23	7	11	8	11	8	10	8
Time (hours per year)			2,600	56	2,600	602	2,600	298	2,600	234	2,600	213
Profit tax (%)											15.7	21.2
Labor tax and contributions (%)											46.9	35.1
Other taxes (%)											6.6	0.5
Total tax rate (% of profit)			147.9	48.4	71.7	59.1	69.2	62	69.4	60.2	69.2	56.9
TRADING ACROSS BORDERS												
Documents to export (number)			7	4	7	4	8	6	8	6	8	6
Time to export (days)			39	9	18	9	18	9	14	9	12	9
Cost to export (US\$ per container)					895	1,050	1,090	1,000	1,240	1,121	1,540	1,221
Documents to import (number)			14	5	6	5	7	8	7	8	7	8
Time to import (days)			43	10	24	10	22	10	19	10	16	10
Cost to import (US\$ per container)					1,145	1,050	1,240	1,000	1,275	1,121	1,440	1,221
ENFORCING CONTRACTS												
Procedures (number)	25	23	24	23	42	23	45	39	45	39	45	39
Time (days)	566	169	546	169	616	515	616	515	616	515	616	515
Cost (% of claim)	15.5	14.1	15.5	14.1	15.5	15.7	16.5	17.2	16.5	17.2	16.5	17.2
CLOSING A BUSINESS												
Time (years)	10	1	10	1	4	1	4	1	4	1	4	1
Cost (% of estate)	8	8	9	15	12	15	12	15	12	15	12	15
Recovery rate (cents on the dollar)	0.2	83.4	0.4	77.8	12.1	77.6	14.6	76.9	17.1	73.2	17.1	73.2

Source: prepared by the author with individual reports of each year and country

2.3.1 Legal forms of organizations and social norms in Brazil and Spain

The ways in which the interactions among entrepreneurs and other individual members of society and organizations take place are limited to the legal aspects that formally define procedures of exchange. According to Weber (1889 apud Swedberg, 2000), the emergence of two specific institutions molded the existence of modern markets: the notion of the firm as a legal personality and the concept of limited liability.

Laws represent the formal way in which social norms, individual and collective interests take place in most countries. Swedberg (2003) urges for more studies that cover the sociological analysis of the role of law in economic life, asking for more empirical studies on the role that law and regulations play in the economic sphere. It is not within the scope of this study to analyze the influence of specific laws in the emergence of entrepreneurial ventures in Brazil or in Spain. The aim of this section is to complement this study with information that can contribute to enhancing answers to the research questions, especially regarding the development of legal tools that may indicate the comparative evolution of the legal framework to start an entrepreneurial venture in Brazil and in Spain. However, as organizations and social norms influence the emergence of ventures in both countries, a deeper comprehension of the format they formally assumed in society was made necessary. To complement this analysis, specific organizations were investigated in this section and their influences were identified as relevant at the same time that their formats were not identified as common.

In the case of Brazil and Spain, it is correct to affirm that the legal environment of each country that formalizes both organizations and some social norms is very similar in origin and historical development. Both countries also share the characteristic of having relatively recent and therefore modern Constitutions, with the Brazilian Constitution being promulgated in 1988 and the Spanish in 1978. Roman law is the basis of civil and commercial law in both countries, just like it is to most of the countries in continental Europe and Latin America. The private law of both countries also has its remote antecedent in the Roman law. The private and public

laws set precepts and rules that govern the civil status of individuals and organized individuals (organizations), including state and public organizations. Family law, on the other hand, is less influenced by Roman law, being replaced by the influence of values set by the Catholic Church (i.e. the Ten Commandments) in both countries. Although small, this influence is also existent in some branches of civil and commercial law exercised in both Brazil and Spain in the late twentieth and early twenty-first centuries (Troplong, 1852). Before continuing to explore this subject, it is important to note that what is called an organization by this study could be referred to as a legal entity under Brazilian (*peessoa jurídica*) and Spanish (*persona jurídica*) laws.

In Brazil, the law responsible for defining the formal varieties of more than four million legal entities existent in the country in 2007 is inside the Brazilian Civil Code. In January 2003, a new Brazilian Civil Code came into place, substituting the previous one from 1916, modernizing articles and redefining basic concepts such as the variety of legal entities existent and their purposes. In Spain, the law responsible for defining the juridical forms of more than three million legal entities existent in the country in 2008 is the Spanish Civil Code, promulgated in July 1889 and still in use with some changes and complementary laws. Despite the differences and peculiarities observed between them, both Codes can be considered reasonably similar in format and content. According to them, legal entities must be within the juridical territory of the internal or external public law or the private law. In Brazil, for example, legal entities of internal public law are the Union, States, Federal District and territories, municipalities, public autarchies such as the Brazilian INSS - Instituto Nacional do Seguro Social³⁵ and other bodies of public character such as public foundations and federal or state universities.

The main characteristic of these entities in both countries is that their legal creation and extinction always occurs through law enforcement. Legal entities of external public law are foreign States and also all the people and entities that are governed by public international law and international organizations such as the United Nations or the European Union, for example. The legal entities of private law fall into the

³⁵ Social security institute, in Portuguese.

categories of public entities or private entities, taking into account the origin of the funds used in the constitution of the entity. Those funds can come from public capital, joint public and private capital or exclusively private capital. In Brazil, the legal entity of private initiative can take the forms of *Fundação*, *Associação*, *Cooperativa*, *Sociedade* (including five different forms), *Entidade Religiosa* or *Partido Político*. In Spain, legal entities can take more than 20 forms, including specific mercantile forms such as *Sociedad Anónima Deportiva*, *Sociedad Anónima Europea* or *Sociedad Agrária de Transformación*, just to mention a few. Despite those differences, almost all of the entrepreneurs investigated in both countries have adopted the most common legal form of *Sociedade Limitada* or *Sociedad Limitada* to operate (abbreviated as *Ltda.* in Brazil and *S.L.* or *S.R.L.* in Spain). The few entrepreneurs that adopted another legal form, opted for the *Sociedade Anônima* or *Sociedad Anónima* forms of legal entity (abbreviated as *S.A.* in both countries). Nevertheless, organizations mentioned by Brazilian and Spanish entrepreneurs as having influenced the emergence of their ventures were of the most different forms.

Regarding social norms specifically, the most substantial changes that the Brazilian and Spanish Civil Codes experienced during the timeframe covered by this study (1985-2005) were the elimination of any kind of discrimination based on sex that took place in Spain in 1990 and in Brazil in 2003. In 2005, a new amendment to the Spanish Civil Code also implemented faster divorce procedures and the permission of marriage between people of the same sex and the adoption of children by such couples.

By comparing both Codes from the eyes of an entrepreneur, however, the questions that most distinguish each legal environment from one another are the high level of informality observed in Brazil due to its bureaucratic and tax burdens and the possibility of a single partner holding a limited liability form of legal entity in Spain, while in Brazil this is still not yet permitted, contributing even more to the number of informal businesses in the country. In Spain, the requirement of a limited liability company to have at least two partners was extinguished in March 1995 by the new Spanish Limited Liability Companies' Law of that year. Confirming the tendency of European countries to accept this new form of legal entity, the Parliament of the European Council approved, in Strasburg in 2009, the Directive 2009/102/CE

recommending that its members adopt laws, recognizing the necessity of standardized laws to rule this new kind of legal entity:

A legal instrument is required, allowing the limitation of liability of the individual entrepreneur throughout the Community, without prejudice to the laws of the Member States, which, in exceptional circumstances, require that entrepreneur to be liable for the obligations of his undertaking. (European Council Directive 1009/102/CE).

In Brazil, measures are also being taken to address this issue: bills of law numbered 4,605/2009 and 4,953/2009 set the possibility of existence of Brazilian single-partner limited liability companies. Nevertheless, such bills of law still state that single partner limited liability companies shall only be controlled by natural persons, not by legal entities. Despite this, the promising approval of these bills of law by the Brazilian Congress could inject millions of people into the formal market of the country, increasing tax collections by the government and stimulating the emergence of new entrepreneurial ventures. These expectations can be corroborated by the creation of the *Simples Nacional* tax program in Brazil, created in 2006 by the Complementary Law 123/2006 to provide differential tax treatment in favor of microenterprises and small businesses. The program increased, for example, the business registrations of the Brazilian retail sector by 13% compared with the year before the program started.

The *Simples Nacional* tax program was immensely promoted by SEBRAE, highlighting the key role of this organization in raising the awareness of Congress in favor of the law. Together with Endeavor, SEBRAE constituted the two relatively unusual kinds of organizations that were mentioned by Brazilian entrepreneurs as having exercised important influences in the emergence of their ventures.

In Spain, despite the controversial influence exercised by programs created by public organizations that will be analyzed in more depth in Part Four, there were not unusual forms of organizations such as SEBRAE and Endeavor mentioned as relevant to the emergence of entrepreneurial ventures. Instead, interviewed entrepreneurs mentioned only the VUE - Ventanilla Única Empresarial as facilitating the emergence of entrepreneurial ventures. Local academic literature, however, mentioned the potential positive influence of the SGR - Sociedades de Garantía

Reciproca on entrepreneurial ventures launched after the last reform of the respective law in the year 2000.

Despite the different roles that these four supportive organizations or initiatives may have had over the emergence of entrepreneurial ventures in Brazil and Spain, their origins were investigated to allow a more profound comprehension over the studied phenomena.

2.3.2 Supportive organizations towards entrepreneurship in Brazil and Spain

2.3.2.1 SEBRAE

Created in 1970 with the name CEBRAE - Centro Brasileiro de Assistência Gerencial à Pequena e Média Empresa³⁶, the current SEBRAE was born inside the Brazilian national development bank BNDES - Banco Nacional de Desenvolvimento Econômico e Social³⁷ (at that time called BNDE) as a completely public organization, first managed by the staff of the Bank inside of the Department of Special Operations (Mancuso, 2002). BNDES was established in 1952 with the specific function of promoting and expanding the development of industrial infrastructure in Brazil. In 1964, bank specialists concluded that small and medium enterprises were too vulnerable to market crisis, not so much because of the lack of demand, but due to the lack of funding. From this point on, the Bank started to give support to small and medium enterprises and in 1971 an assistance nucleus for small and medium enterprises was created.

The emergence of CEBRAE enabled the generation of socioeconomic information about the group of small companies, sensitizing the government and large companies to their strategic importance for the country (Mancuso, 2002). The final design of the CEBRAE is credited to the ABDE - Associação Nacional dos Bancos de

³⁶ Brazilian Center of Business Assistance for Small and Medium Enterprises, in Portuguese.

³⁷ National Bank of Economic and Social Development, in Portuguese.

Desenvolvimento³⁸, and FINEP - Financiadora de Estudos e Projetos³⁹. Those institutions, in addition to BNDES, comprised the board of the organization in its beginning. In October 1970, the Decree number 57,323 turned CEBRAE into a civil society, nonprofit, operating with non recoverable government loans. The Governing Council of CEBRAE was determined to be composed of organizations of the productive sector, representing 13 institutions: ABACE - Associação Brasileira dos Centros de Apoio as Pequenas e Medias Empresas⁴⁰, ANPEI - Associação Nacional de Pesquisa e Desenvolvimento das Empresas Industriais⁴¹, ANPROTEC - Associação Nacional das Entidades Promotoras de Empreendimentos de Tecnologias Avançadas⁴², CACAB - Confederação das Associações Comercias do Brasil⁴³, CNA - Confederação Nacional da Agricultura⁴⁴, CNC - Confederação Nacional do Comércio⁴⁵, CNI - Confederação Nacional da Indústria⁴⁶, SNE - Secretaria Nacional de Economia do Ministério da Economia, Fazenda e Planejamento⁴⁷, BDE - Associação Brasileira de Instituições Financeiras de Desenvolvimento⁴⁸, Banco do Brasil S.A., BNDES - Banco Nacional de Desenvolvimento Econômico e Social, CEF - Caixa Econômica Federal and FINEP - Financiadora de Estudos e Projetos.

In practice, that meant that some of the main Brazilian public organizations still maintained influence over CEBRAE, with the president of CEBRAE frequently appointed by the president of Brazil (Mancuso, 2002). However, because it was a nonprofit civil society, CEBRAE had its own legal personality and was not part of the structure of the federal government, and did not represent a budget unit of the Brazilian government. This singular legal status and direct dependence of extra-budgetary donations provided by the Ministry of Planning made CEBRAE an

³⁸ National Association of Development Banks, in Portuguese.

³⁹ Financing Agency of Studies and Projects, in Portuguese.

⁴⁰ Brazilian Association of Centers to Support Small and Medium Business, in Portuguese.

⁴¹ National Association for Research and Development of Industrial Enterprises, in Portuguese.

⁴² National Association of Organizations Promoting Advanced Technology Ventures, in Portuguese.

⁴³ Confederation of Business Associations of Brazil, in Portuguese.

⁴⁴ National Confederation of Agriculture, in Portuguese.

⁴⁵ National Confederation of Trade, in Portuguese.

⁴⁶ National Confederation of Industry, in Portuguese.

⁴⁷ National Secretariat for Economic Affairs at the Ministry of Economy, Finance and Planning, in Portuguese.

⁴⁸ Brazilian Association of Development Institutions, in Portuguese.

organization with an unstable presence in the national business scenario due to a constant deficit, and a lack of structure and long term goals.

In 1990, one government Decree (number 99,570) and two Congress Laws (the Laws number 8,029 of April 12, 1990 and number 8,154 of December 28, 1990) changed the denomination of CEBRAE to SEBRAE - Serviço Brasileiro de Apoio às Micro e Pequenas Empresas⁴⁹ and separated definitively the organizations from their dependence of the Ministry of Planning, but curiously not from public funds (Mancuso, 2002). According to these regulations SEBRAE would receive up to 0.6% of the taxes calculated on the payrolls of companies, creating the singular form of a nonprofit non-government organization, controlled by board members appointed mainly by public organizations, which the president is chosen by the president of Brazil and its funds are generated from Social Security tax collections and private initiatives such as open courses. Therefore, although legally separated from the government apparatus, SEBRAE remains aligned to the development process of the country, with its policies defined by its Governing Council.

By 2010, SEBRAE announced the goals of attending to over 700,000 firms, contributing to the formalization of a million self-employed, increasing to 17,000 the number of small companies focused on innovative solutions and expanding to 1,700 the number of municipalities with regulated general local laws for small businesses.

2.3.2.2 Endeavor

The Endeavor Office Enterprise of Brazil was created from a partnership with Endeavor Initiative Inc. in the United States, an international nonprofit organization that promotes entrepreneurship in developing countries⁵⁰. The objective of this North-American NGO is to identify and support entrepreneurs able to inspire and educate the society through their examples, encouraging entrepreneurial attitudes and

⁴⁹ Brazilian service for supporting small companies, in Portuguese.

⁵⁰ The information contained in this subsection was obtained both in Endeavor global website <<http://www.endeavor.org/>> and in a personal interview performed with Rodrigo Teles (president of Endeavor Brazil) in September 29, 2009. Website accessed in: February 15, 2010.

activities, contributing to the leverage and economic growth of the countries in which they operate.

Endeavor's headquarters are located in New York and the initiative was started in 1997 by a group of Harvard University alumni who, having worked in emerging markets, identified the lack of culture to encourage new business development and programs that effectively supported entrepreneurs. Believing that the entrepreneurial mindset, which benefited the United States in the last decades, could be successfully replicated in developing countries, the founders of Endeavor began their operation in Argentina and Chile in October 1997. By 2010, Endeavor operated through partners in over 11 countries (Argentina, Brazil, Chile, Colombia, Egypt, India, Mexico, South Africa, Turkey and Uruguay) and each unit had an independent administration, maintained by contractors and local partners. The organization plans to expand its offices to 25 emerging markets throughout Asia, Africa and the Middle East by 2020, having significant impact on the emerging markets in which they operate.

Since Endeavor started its operation in Brazil, it has raised US\$ 86 million in investment and generated estimated revenue of \$1 billion in 2006. As a nonprofit organization, Endeavor Brazil relies on donations, support, agreements and partnerships to keep their activities running. Currently, the greatest sources of revenue come from these initiatives: 1) sponsoring companies that carry out substantial donations of financial resources through long-term agreements of more than three years; 2) strategic partners who donate financial resources and/or materials to enable Endeavor's performance in the search, selection and support of entrepreneurs or the dissemination of the entrepreneurial culture; 3) volunteer donors that have no expectation in brand visibility; 4) knowledge partners who donate content (articles, videos, surveys, books) about entrepreneurship for publication on the Endeavor's website; 5) partnerships with government agencies and NGOs who promote entrepreneurship; 6) executive support through donations of equipment, services and materials to facilitate Endeavor's projects and programs; and finally, 7) media support to help Endeavor spread the entrepreneurial culture in society through advertising and/ or editorial. Another income source is the Endowment Fund, an endowment that makes best use the money received in donations.

The companies that comprise the group of Endeavor Entrepreneurs are the ones who have the potential to act as role models for future entrepreneurs. To belong to the Endeavor Entrepreneurship group, entrepreneurs go through a rigorous screening process in which they and their companies are analyzed by a series of panels. Selection criteria include Entrepreneurial Initiative, Business Innovation, Value and Ethics, Role Model Potential, Development Impact and Fit with Endeavor. Only companies with high growth potential and a good structure can be selected to join the team of member companies of Endeavor, which means an enormous endorsement of quality. Annually, more than 1,000 candidates are analyzed in Brazil, but only two to five are selected. These companies receive consultancy from a group of volunteers formed by high-executives, CEOs, successful entrepreneurs, top MBA students, investment funds and other contributors who donate their time in counseling Endeavor Entrepreneurs. Therefore, a company that belongs to the selective group of Endeavor Entrepreneurs may be considered differentiated when compared to the market through strong reputation and high growth potential.

2.3.2.3 VUE - Ventanilla Única Empresarial

The VUE - Ventanilla Única Empresarial⁵¹ is the result of a series of collaboration protocols and subsequent agreements signed by different Spanish public entities since 1999 to create a "One Stop Shop" for business creation in the country.

The very first collaboration protocol was signed in April 1999 by the Spanish Ministers of Finance, Labor and Social Affairs and Public Administration and the President of the Higher Council of Chambers of Commerce, Industry and Navigation⁵². Following this protocol, the Royal Decree 670/1999 was signed for the establishment of an Interministerial Commission for Administrative Simplification, whose priority lied in "those parts of the administrative activity aimed to create

⁵¹ Literally "single window", or "one stop shop" for opening a business (legal entity), in Spanish.

⁵² This information was obtained in: <<http://www.ventanillaempresarial.org>>. Accessed in: July 15, 2010.

employment and in general, to all those areas that result in a surge of economic activity" (Spanish Official Gazette, 1999⁵³).

As a result of this initial movement, a following protocol of cooperation for the improvement of the "One Stop Shop" for business was signed on November 10, 1999, now including the Ministers of Justice and Public Administration, the Presidents of the Association of Registrars and Commercial Property of Spain, the General Council of Notaries and the Superior Council of Chambers of Commerce, reducing the necessary proceedings to start a business.

The main objective of this endeavor was to create an interconnected system of records to facilitate the counseling and opening of Small and Medium Enterprises, by reducing the bureaucratic burdens on business creation. The idea was that in one single physical space (and later also in a virtual space), citizens could make suitable arrangements for the implementation of a company by setting up legal registries with the Spanish Treasury, the Social Security Treasury, the Province and the City. On the other hand, in a VUE, citizens also receive advice on the various aspects involving the creation of a business, including possible legal forms, means of financing, public assistance and subsidies for businesses and self employment.

According to official data⁴⁷, from June 1999 to December 2005, Spanish "One Stop Shops" have facilitated the creation of more than 36,500 companies and have received more than 162,000 people interested in starting a new business.

2.3.2.4 SGR - Sociedad de Garantía Recíproca

As we will see later in Part Four, this study did not cover a single Spanish entrepreneur that used a SGR - Sociedad de Garantía Recíproca⁵⁴ to overcome the problem of lack of capital in Spain. Cabrero, Bergamini and Pérez (2007), studying the evolution of the Spanish Mutual Guarantee Societies from 2000 to 2005, found

⁵³ Translated by the author.

⁵⁴ Mutual Guarantee Societies, in Spanish.

out that despite its increasing importance in facilitating the access to capital for SMEs - Small and Medium Enterprises, the system is still largely unknown by Spanish entrepreneurs. In 2010, Spain had more than twenty SGRs operating in the country, created after the implementation of economic policies focused on the improvement of the Spanish business environment in 1978. Due to their serious inefficacy because of inappropriate legal settings and the absence of public counter-guarantees, a profound reform was started in 1994, with its current model being fully operational since 2000. This is probable the reason why Spanish entrepreneurs in this study, who started their ventures from 1986 to 1997, were not affected by this system. Since 2000, SGRs are legally defined as financial institutions, being completely incorporated into the Spanish financial system and controlled by the Bank of Spain, and although reasonably young if compared to other European countries, the Spanish guarantee system became unique in guaranteeing 100% of the enterprise's debt.

SGRs are compounded by participatory members (SMEs) and protective members (public organizations and other kinds of organizations with economic interest in the areas where SMEs are involved, i.e. local governments, chambers of commerce, banks, sector associations or private enterprises). In order for an SME to be eligible for a guarantee, it must first be a participatory member of an SGR, presenting its proposal for evaluation by the SGR who will study the viability of the project, the risks involved and the company's economic and financial situation. The SGR will then offer financial advice tailored to the individual needs of each SME and suggest an optimal funding. SGRs provide both financial and technical guarantees which are then presented to any kind of capital supplier. The guarantees that SGRs provide allow SMEs to have access to funding under more favorable terms than they would if applying directly to another funding source like a bank, given pre-negotiated agreements with practically all credit institutions existent in Spain. The guarantee is then counter-guaranteed by the publically owned Spanish company CERSA - Compañía Española de Reafianzamiento for between 30% and 75%, depending on the type of venture.

According to CESGAR - Confederación Española de Sociedades de Garantía Recíproca, the Spanish Confederation of Mutual Guarantee Societies, by 2004,

Spanish SGR's provided 11,201 guarantees, totaling 10,488 million Euros. These guarantees were granted primarily to SMEs with less than 50 employees, benefiting all kinds of sectors.

3 METHODOLOGICAL PROCEDURES

3.1 Research nature and research method

Scientific studies can assume different natures depending on specific research objectives. According to Selltiz et al. (1987), studies can be of an exploratory nature, a descriptive nature or a causal nature. Exploratory studies usually have the objective of obtaining a new general comprehension of a phenomenon, allowing researchers to become more familiarized with it. Descriptive studies have the objective of deeply understanding an observed phenomenon and the need for accuracy may result in the necessary use of a hypothesis, although this is not indispensable. Causal studies, by seeking to investigate possible relations of cause and effect, make the existence of a hypothesis essential for the success of the study (Selltiz et al., 1987).

Under the mentioned perspective, this study can be considered of both a descriptive and an exploratory nature: descriptive regarding the effect of organizations and social norms on the development of entrepreneurial ventures in Brazil and Spain and exploratory regarding the possibility of finding positive impacts regarding obstacles entrepreneurs face in the emergence of their ventures. Once the nature of the research was identified, the next step was to define the most appropriate research method, through the selection of procedures and techniques that could lead the study to answer the research questions in the best way.

Specific work has been done in the last decades regarding methodological issues surrounding the specificity of researching entrepreneurship. When the development of entrepreneurship as an academic field of study began, a pioneer study conducted by Hornaday and Churchill (1987) across more than 200 studies, published in *Frontiers of Entrepreneurship Research*, demonstrated that entrepreneurship research needed more in-depth field studies, with greater application of theory from related fields. Their suggestions included the responsible and balanced use of objective data (usually secondary data) and subjective data (usually primary data) according to the objectives of their research. For this reason, interviewing an

entrepreneur, instead of consulting a public or secondary set of information about his or her life and venture, may result in intentional or unintentional inaccurate information about the researched phenomenon, just like Mintzberg (1978) had observed years before, when he identified differences in the intended, emergent and realized strategy of an organization. For example, the manager of the organization often provided intended strategies or only strategies that he or she perceived as crucial, instead of providing the organization's stated strategy.

According to Smith, Gannon and Sapienza (1989), objective and subjective measures are more suitable in specific situations and researches must first focus their attention on the trade-offs involved when selecting ways of measuring the phenomena. Such trade-offs were taken into consideration when the methodological procedures of this study were designed. Back then, "[...] entrepreneurship research [was] still [a] very much a mono-method field, in spite of repeated calls for the field to free itself from dependence on mailed surveys and related questionnaire-based methods." (Aldrich, 1992).

In fact, substantial differences were observed by Landstrom and Husen (1996) between methodological procedures used in the U.S. and Europe for researching entrepreneurship at that time by comparing published academic articles on both sides of the Atlantic Ocean. In the U.S., researchers tended to use surveys and questionnaires much more frequently than researchers in Europe, where a diverse range of methodologies were represented, including more qualitative approaches. This was confirmed by Stayaert (1997), who claimed that a number of European Ph.D. research studies were undertaking qualitative and ethnographic approaches through the use of extensive interviewing and observation for the study of entrepreneurship. Visibly, most of the newest ways of approaching the entrepreneurship phenomenon have emerged from social sciences, through a wide variety of research methods.

This study aims to access the phenomenon of entrepreneurship via the entrepreneurs, considering their constant interactions with different types of organizations and social norms during the early stages of establishment of their entrepreneurial ventures. Following Danjou's (2002) arguments, when he points out that entrepreneurship is a phenomenon based on individuals developing real actions

and therefore it does not make sense to separate the entrepreneur from the entrepreneurial process when analyzing the phenomenon. It would be a big mistake to turn this personal and collective adventure called entrepreneurship into something rationally abstract or purely psychological because by doing that we may reduce our analysis on the entrepreneurs to the limited level of their individual potentialities, while distorting any attempt of scientific achievements as a social and interactional phenomenon. The very people who lived the experience of establishing an entrepreneurial venture from scratch hold significant information about the phenomenon. These people should be stimulated to remember, through the use of a semi-standardized script that could help take them back in time, which results in them revealing impressions and opinions that surveys or databases, for example, would hardly be able to provide. This happens, according to Merriam (1998), because:

The key philosophical assumption [...] upon which all types of qualitative research are based is the view that reality is constructed by individuals interacting with their social worlds. Qualitative researchers *are interested in understanding the meaning people have constructed*, that is, how they make sense of their world and the experiences they have in the world. (Merriam, 1998, p. 6, her emphasis).

Through this methodology, researchers seek to understand the phenomenon by taking into consideration several points of view from different people involved in the problem being examined. What Merriam (1998, p. 11) calls a *generic qualitative study* refers to this very approach in which the phenomenon assessed identifies recurrent patterns in the form of categories that cannot be constrained within a single unit nor a bounded system. For this reason, a specific group of qualitative research methods were chosen to better answer the research questions, including the acquirement of both objective and subjective information (Smith, Gannon and Sapienza, 1989). Different procedures and inductive inference methods (Creswell, 2003) were used, based on content analysis (Bardin, 1993), when studying collected documents and information and recorded semi-structured interviews, without the use of probabilistic tools.

This lack of a representative sample is compensated for by the profundity and the spectrum of the content analysis done over the material gathered within the selected sample. The content analysis to be utilized here is the one defined by Bardin (1993) as the set of techniques that uses systematic and objective descriptions of the

communication's content to obtain indicators (i.e. categories) that allow the inference of knowledge regarding the conditions under which such content were produced.

In summary, this study's methodological procedure to answer the research questions within the theoretical framework of economic sociology went as follows:

- Unobtrusive method of document collection officially produced by the ventures founded by the researched entrepreneurs. This was done through the research of websites, web logs (blogs), press notes, investors relations' reports, brochures and official letters;
- Unobtrusive method of document and audiovisual material collection unofficially produced by the researched entrepreneurs or by members of the ventures founded by them. This was done through the research of personal websites, web logs (blogs), newspaper's digital records, public video records, virtual scrapbooks and social networking websites;
- Personal semi-standardized recorded interviews with selected entrepreneurs performed in the headquarters of their ventures;
- Interpretation of documents, audiovisual material and intelligent verbatim transcriptions of the recorded interviews through content analysis (Bardin, 1993).

The combination of the entrepreneur's environment observation, the analysis of data regarding each country's social context, documents concerning the ventures and each entrepreneur's interview allowed the triangulation of data suggested by Merriam (2009, p. 215) as the most well known strategy to shore up the internal validity of a qualitative study.

3.2 Why comparing Brazil and Spain

In the attempt to answer the research questions on how organizations and social norms influence the emergence of entrepreneurial ventures in Brazil and in Spain, the question of why this geographical comparison is valid naturally arises. How does this geographical variable contribute to the proposed research? And why are Brazil and Spain being compared to each other and not to other countries?

Sociologists have known from a long time that knowledge can be created from the confrontation of different social patterns (Unamuno, 1926, p. 167). Using the classic example of Berger and Luckman (1967), if we put a Papuan (A) on a desert island with an American (B), they will both learn from each other how they should behave to get what they want from one another. A and B will learn from each other institutionalized norms in a way that they will both start to perform a new behavior in response the actions of the other. This is one of the final goals of this comparative study: perceiving points that could be difficult to spot by analyzing just one society and learn from each other's role of organizations and social norms and how each affects the emergence of entrepreneurial ventures.

Comparative studies are used to highlight differences between two or more social groups. However, there could be no valuable point of comparison between people living under extremely different social systems. Although this may deserve specific research, the social norms that influence a Brazilian entrepreneur acting in an urbanized area of Brazil are certainly very different from the ones that influence an entrepreneur acting in a rural area of Mauritania. One possible way of setting up a social research study that can focus on the relatively limited number of differences, as this study does, comes when comparing Brazilian entrepreneurs with their counterparts in a not so distant social reality. By doing that, evident similarities are discharged in favor of an enriched focus on the small number of differences observed, allowing both better understanding and better differentiation of a specific social phenomenon (figure 3.2). In a theoretical framework of possible levels of comparison between two social contexts, this study could be classified as being performed in the Level 3 (very similar social context).

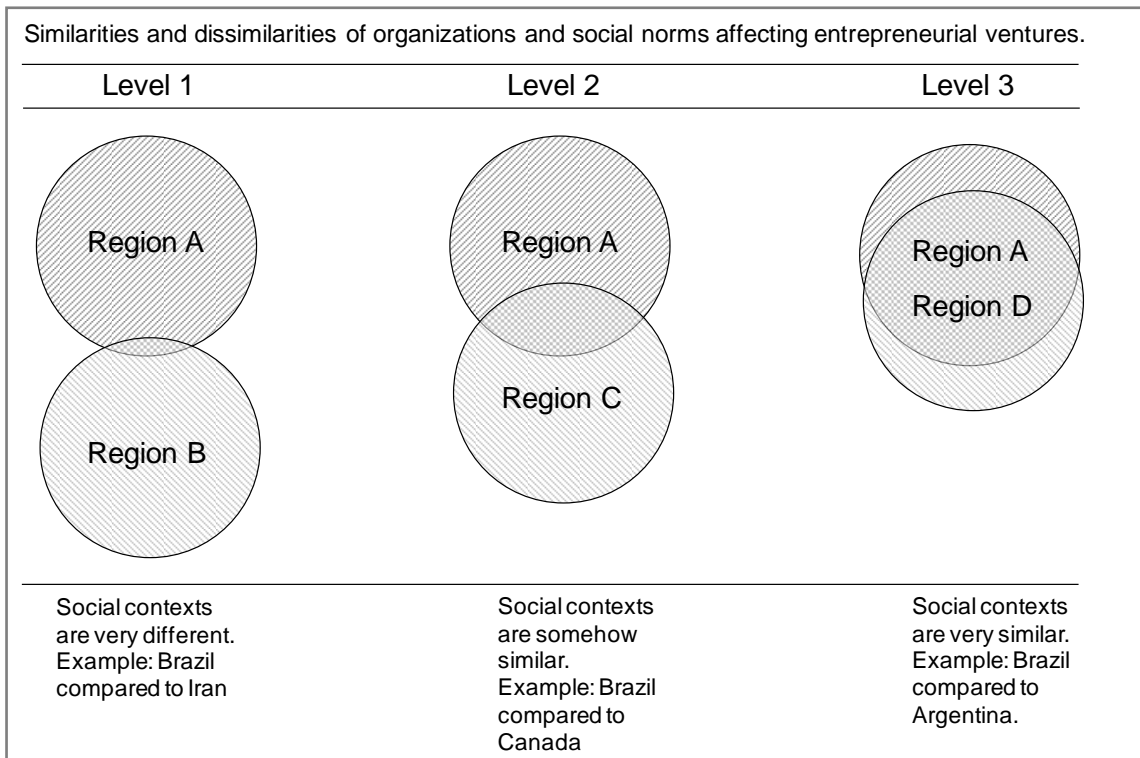


Figure 3.2 - Possible levels of similarities between two social contexts

Source: Prepared by the author

But the reason behind comparing Brazil and Spain resides not only in the advantages brought by a comparative social study. As seen in section 2.3, recent political and social studies comparing Brazil with Spain confirm the appropriateness of the approach of this study and its ability to most likely focus its attention on the relatively enlarged number of similarities and reduced number of dissimilarities among its findings, allowing more comparable reflections.

3.3 Ernst & Young and the Entrepreneur Of the Year award

As soon as the counterpart countries were confirmed as valid arenas to explore innovative answers to the research questions, a subsequent problem appeared: where the information about obstacles and incentives caused by organizations and social norms could be found in Brazil or in Spain? Who records this kind of information? Organizations establish different kinds of relations with an

entrepreneurial venture, often being connected to the failure or the success of the venture. Up until 2009, there was not one government agency or data bureau currently holding this data in Brazil or in Spain because entrepreneurs are not obliged to record their actions somewhere. Maybe some entrepreneurs can record this type of information in weblogs someday and maybe future researchers will be able to identify potentially nascent entrepreneurs and ask them to record this information on purpose. But for now, this information is not available. For this reason, different ways of finding and selecting comparable entrepreneurs were imagined: owners of specific types of companies, young people helped by NGOs committed to the development of entrepreneurial ventures, government programs created to support entrepreneurs, winners of different awards given by magazines or simply assessing notorious, well known entrepreneurs in each market. On the other hand, how could we find a way to compare entrepreneurs from two different countries and be sure that they were in fact comparable, by complying with similar requirements? In addition, how could we design a research study that could be repeated, replicated or even amplified by other researchers someday? A study that can be replicated gains validity and credibility because it allows new attempts to explain the phenomenon (Merriam, 2009).

The answer came after months of investigation at a national level in both countries. The auditing company Ernst & Young (E&Y) organizes every year, in many different countries around the world, the award program entitled the *Entrepreneur of the Year* (or simply EOY as they call it internally). The program analyzes various self-indicated candidates and submits them to a jury responsible for selecting the finalists and eventually the winners of the award, according to a set of specific criteria. The six criteria of selection comprise: Entrepreneurial spirit, financial performance, strategic direction, global impact, innovation and personal integrity and influence. After confirming the existence of a standardized judging process and clarifying that both E&Y Brazil and E&Y Spain had organized their ceremonies for almost the same period of time, the finalists of both ceremonies were chosen as the most appropriate research objects.

In 2008, Ernst & Young was one of the largest and most traditional auditing and consulting organizations in the world, with more than 130,000 employees and more than 21 billion dollars in revenues worldwide. Its physical presence in 140 countries

around the world also demonstrates how global the organization is. Considered one of the "Big Four" auditing firms, along with PricewaterhouseCoopers, Deloitte Touche Tohmatsu and KPMG, Ernst & Young, according to Forbes Magazine in 2007, was also the 7th largest private company in United States.

Ernst & Young is a global organization consisting of many member firms, headquartered in London under the name of Ernst & Young Global Limited (Ericksen, 1997). The company is the result of a series of mergers of ancestor organizations. The oldest originating partnership was founded in 1849 in England as Harding & Pulein. In that year, Frederick Whinney joined the organization and was made partner in 1859. With his sons in the business, it was renamed Whinney, Smith & Whinney in 1894. In 1903, Ernst & Ernst was established in Cleveland by Alwin and Theodore Ernst and in 1906 Arthur Young & Company was set up by the Scotsman Arthur Young in Chicago. As early as 1924, these American firms allied with prominent British firms, Young with Broads Paterson & Co., and Ernst with Whinney Smith & Whinney. In 1979, this led to the formation of the Anglo-American Ernst & Whinney, creating the fourth largest accountancy firm in the world. In 1989, the number four merged with the then number five, Arthur Young, to create Ernst & Young⁵⁵.

In 2008, one of Ernst & Young's activities included the Entrepreneur of the Year award program, run in 45 countries. The program started in 1985 in the United States to recognize those entrepreneurs whose "ingenuity, daring, hard work and stubborn perseverance create and grow successful businesses; promote entrepreneurship by teaching it as an art and science; and educate the public as to its power to transform lives, organizations and economies" (Ericksen, 1997). Previous EOY winners include Jeff Bezos of Amazon.com, Pierre Omidyar of eBay, Sergey Brin and Larry Page of Google, Howard Schultz of Starbucks, Catherine L. Hughes and Alfred Liggins of Radio One, and Jim McCann of 1-800-Flowers.com. To be able to organize such large events every year, an enormous amount of work is done throughout the year, including the promotion of inscriptions, selection of finalists and organization of

⁵⁵ The historical information contained in this paragraph was obtained from the following websites: <http://en.wikipedia.org/wiki/Ernst_%26_Young> and <<http://www.ey.com/GL/en/About-us/Our-history>>. Accessed in: July 5, 2010.

ceremonies around the world. Since the year 2000, the Ernst & Young global office also organizes a *World Entrepreneur of the Year* ceremony, and gathers in Monte Carlo, Monaco, the winners from every country to compete with each other.

3.3.1 *The award in Brazil and in Spain*

By analyzing the spreadsheets, press notes and pamphlets provided by Ernst & Young, which contain the finalists and the winners of the award both in Brazil and in Spain, in conjunction with the information available on the companies' websites, it is possible to draw initial remarks.

In Brazil, the award was first introduced in 1998 and is called *O Empreendedor do Ano* in Portuguese. More than 10 people have won the final award in the Master category, more than 40 have won it in its different industry specific categories and more than 150 people have been chosen as finalists from the beginning until 2009, according to the history of the award in Brazil. In 1998, the Ernst & Young Brazilian office was the first to organize the ceremony in Latin America and the 14th to organize it in the world. In addition to the selection of the overall winner of the Master category, the first edition of the ceremony in Brazil had four other categories: Indústria (Industry), Comércio (Trade), Serviços (Service) and Tecnologia (Technology). In 2001, the category Responsabilidade Social (Social Responsibility) was created and in 2002, another category, called Emerging, was launched to recognize emerging ventures (small or medium ones) with good growth prospects. Different from other categories, this category allows ventures younger than three years old to participate.

In Spain, the ceremony began in 1996 and is called *El Emprendedor del Año* in Spanish. According to a local Ernst & Young's pamphlet from 2007, the objective of the prize is "to recognize the entrepreneurs, their efforts, sacrifices and, ultimately, the risks they have assumed and face every day to lead with excellence their businesses". Moreover, it states that "the aim of the award is to distinguish and publicize the success of Spanish entrepreneurs, reward in particular their

entrepreneurship, their sense of innovation and improved management as key factors to meet the challenges imposed by a changing and increasingly complex economic environment".

Different from Brazil, the Spanish national award only takes place after the regional Entrepreneurs of the Year are chosen from seven Spanish regions: 1) Andalusia and Extremadura; 2) Aragon, Cantabria, La Rioja, Navarra and Basque Country; 3) Asturias, Castilla-La Mancha, Castilla and Leon, Galicia and Madrid; 4) Balearic Islands; 5) Canary Islands; 6) Catalonia and 7) Valencia and Murcia. This fact demonstrates how the award had to be adapted to reflect a peculiarity of the Spanish territory, culturally marked with historical and regional desire for autonomy.

In Spain, more than 10 people have won the final national award of the Entrepreneur of the Year, more than 50 have won in their different categories and more than 250 people have been selected as finalists up until 2008.

3.3.2 The selection criteria of Ernst & Young

According to Ericksen (2002), who participated in the design of Ernst & Young's award since its early stages in the 1980's and later became the Global Director of the program, in any country where the award is organized, candidates must meet the following six criteria evaluated by the jury of the award. These criteria were developed almost a decade after the program started in the United States in 1986 and were designed after interviews with the judges that detected a pattern in the criteria the judges followed to select finalists and winners:

1) Leadership: Do the entrepreneurs have a vision to which they are committed; are they passionate about what they do; are they calculated risk-takers; and do they grow personally as their companies grow? Are they strategic about their actions? Do the entrepreneurs set high standards for themselves and their companies? Do they demonstrate an unflinching desire and determination to succeed? Do they rely on trusted individuals but still retain the capacity to think independently and to take risks in the face of uncertainty? Do the entrepreneurs turn business visions into business realities? These criteria are covered in the chapter on leadership.

2) Financial Performance: Have the entrepreneurs built enterprises that make money and grow, as evidenced by solid metrics such as revenue and profitability? Does financial performance indicate that their companies use professional planning and manage for the long term? What is their track record for raising financing, making quality investments, and providing for long-term sustainability? These criteria are covered in the chapter on financial performance.

3) Management Team: As their companies grow, have these entrepreneurs ensured continued success by assembling a management team of high-quality people, including executives, advisors, and boards of directors? Do they demonstrate entrepreneurial maturity by building strategic alliances and surrounding themselves with talented people? Do they build and rebuild their teams' commitment to common goals? These criteria are covered in the chapter on team building.

4) Culture, Values, and Incentives: Have the entrepreneurs created workplace environments in which employees are respected, recognized, and rewarded for their individual and team contributions? Have they created a corporate culture that is customer focused and that encourages giving back to their communities? Do the entrepreneurs live their values? Do they have the ability to communicate ideas and the potential to influence others? These criteria also are covered in the chapter on team building.

5) Originality: Do the entrepreneurs consistently use creativity and innovation to help their businesses thrive? Are they flexible, diversified, and adaptable? Do they recognize the business imperative of anticipating and embracing change within a culture of innovation? Are their business practices and products original? Have they pioneered a new approach or technology? Do they pay attention to continuous improvement and innovation in all aspects of their businesses? These criteria are covered in the chapter on innovation.

6) Degree of Difficulty: Did the entrepreneurs overcome obstacles or adversities as they launched and built their businesses? Have they confronted personal adversity and triumphed as creative individuals? Do they demonstrate perseverance in the face of trouble? These criteria also are covered in the chapter on innovation.

Despite being used for promoting the auditing company among emerging businesses, the jury, along with former winners and experts from academia, business and the media, analyzes which participants of the award comply with these six criteria in order to choose the finalists and the winners of the Entrepreneur of the Year award in each country. According to Ericksen (2002, p. 2), the program "looks for people who have proven their ability to go up against the odds".

As we will see in the next section, since Ernst & Young's criteria to select finalists and winners of the award matches with pertinent academic definitions of what this study considers to be an entrepreneur, finalists and winners of the award were directly

considered entrepreneurs by this study – at the moment they developed and succeeded with their ventures, and their organizations considered entrepreneurial ventures. It is important to note that these criteria used to select finalists and winners of the award are used without major changes since the beginning of the award both Brazil and Spain, allowing also a longitudinal observation among finalists during this time. Section 3.9 (Limitations in the method) brings a deeper discussion about the limitations of Ernst & Young's criteria.

3.3.3 The concepts of "entrepreneur" and "entrepreneurial venture" considered by this study

Although economic sociology carries a set of conceptual definitions with it, it is important to set the limits of the most common terms used during the progress of this study because, as we will see, this study dialogues constantly with them.

There is a developed, although not yet finished, debate about what is entrepreneurship and how we define an entrepreneur. Aldrich (2005, p. 456) identified four different interpretations of the term entrepreneur: a person involved in projects with high growth rates and high capitalization; a person involved in innovation and innovativeness; an opportunity recognizer and; a creator of new organizations.

The definition of entrepreneurship and who must be considered an entrepreneur is definitely not finalized, but by utilizing the theoretical framework of economic sociology, we stay at least a short way apart from the possibilities. By heading back to the founding thinkers of this theoretical tradition, it is possible to see that a few decades after Weber, Schumpeter studied the business cycles and concluded that one of the most important driving forces disrupting and changing the economy was technological progress (or innovation). Innovations could affect economies in different ways: locally, regionally or even in global markets; and the ones who would bring most of these innovations into reality he called entrepreneurs, people motivated by better profit opportunities but also guided by passion and social recognition.

Schumpeter defined five major categories of innovation and attached the role of the entrepreneur to these five categories: product innovation, process innovation, opening up of new markets, discovering of alternative suppliers and organizational innovations. The outcome of Schumpeter's argumentation towards the entrepreneur is a causal relationship between personal characteristics, leadership qualities and the drive for development and change (Ebner, 2005).

The decision to use a sample of entrepreneurs from the finalists and winners of the EOY award was taken after verifying that the six criteria followed by the judges of the award were conceptually close to the characteristics found within the early entrepreneurs described by Schumpeter and recently mapped by Aldrich (2005), allowing the level of confidence that a sample could answer the research questions to grow considerably. Clearly speaking, criteria 1 (leadership), 3 (management team) and 4 (culture, values and incentives) matched Schumpeter's leadership attribute of the entrepreneur, and criteria 5 (originality) and 6 (degree of difficulty) matched Schumpeter's innovation attribute of the entrepreneur, while criterion 2 (financial performance) matched Aldrich's high growth characteristic of entrepreneur's ventures.

The most interesting characteristic of this finding was that Ernst & Young's offices around the world followed *quasi* standardized criteria to select finalists and winners of the award (Ericksen, 2002). The reason why criteria are considered only *quasi* standardized and not absolutely standardized is because they are flexible, as factors that define success evolve over time and are different in different industries, countries and circumstances. In any case, for methodological purposes, Ernst & Young's criteria for selecting the Entrepreneur of the Year will be used here as this study's definition of the entrepreneur.

For the purpose of this study, an entrepreneurial venture was considered the organization built by an entrepreneur who was chosen as a finalist or as a winner of the event The Entrepreneur of the Year organized by Ernst & Young. Therefore, the entrepreneurial ventures started by those entrepreneurs will be directly considered as successful organizations at the time they were considered for the award. The term "entrepreneurial venture" in reference to the organization started by an entrepreneur

in this study was chosen after comparing different possible terms such as business venture, business initiative, entrepreneurial company, entrepreneurial firm, entrepreneurial organization, innovative business, new firms and so forth. The word enterprise could be used almost with the same sense given to the term but due to the ampler meaning of the word, the term entrepreneurial venture in English can express precisely one key subject of this study: the organizational outcome of a personal entrepreneurial journey. An entrepreneurial venture, in this sense, can only be assembled by a person or a team and his/her/their followers, and not by another organization or an appointed project leader or business manager. The idea behind defining this specific type of organization is to help this study maintain its methodological and concise approach.

3.4 Building the sample

Due to the small number of entrepreneurs effectively winning the award in both countries and to the fact that they operated in many different sectors, the analysis of who should be interviewed considered every selected finalist for the award. This early decision increased the total universe of entrepreneurs from approximately 100 people to more than 400 in both countries. Every finalist had potential to receive the EOY award since they were selected by E&Y for the finals according to the same six criteria. Also, the difference between winning or not winning the contest is kept in the hands of the jury that meet and choose the winner some hours before the ceremony takes place. After contacting Ernst & Young in both countries to obtain the list of finalists dating back to the year of its launching, only the database containing the finalists and winners of the EOY award in Brazil was received, provided by the local Ernst & Young office. The office of Ernst & Young in Spain did not provide the database, despite a series of attempts to contact different people at different levels of the organization. As a consequence, the necessary information had to be retrieved from the intranet of the organization in Spain after the local search engine of Google in Spain⁵⁶ was able to locate press notes about the award inside the servers of Ernst

⁵⁶ <www.google.es>

& Young Spain, from web addresses that were not listed on their local web page. The information was then downloaded for the period from 1996 to 2007. The only difference regarding the information previously raised in Brazil was the absence of the categories in which finalists competed for the award. This occurrence made impossible the initial intention of this study, which planned to compare finalists and winners of both countries according to the category in which they competed or won the award.

In any case, approximately 100% of the finalists for the award in both Brazil and Spain, up to 2008, were identified and gathered within a unique Microsoft Excel spreadsheet. This information was labeled Original Data. The next step comprised the search for specific additional information about the entrepreneurs and their ventures, allowing further analysis and the selection of who should be interviewed according to the sectors in which they operated and the age of their ventures. This new information, labeled General Researched Data included the following complementary information: Picture, General Sector, Specific Sector, Contact Data, Foundation Place, Foundation Date and Venture's Briefing including, whenever it was possible, not only the description of the venture created but also the role of the entrepreneur in its development. The main pieces of necessary information that allowed the research to progress were the briefings about the ventures which allowed their categorization into the proper general and specific sectors of operations and also the founding date of the venture to determine its age. This information was obtained manually and the task was executed for each one of the 406 finalists of the award, 154 from Brazil and 252 from Spain, operating in more than 50 different sectors in both countries. Out of these 406 entrepreneurs originally listed, it was possible to locate or generate the following information about them and their ventures: General Sector in which their ventures operated: 404; Specific Sector in which their ventures operated: 404; Contact Data: 367; Foundation Place: 160; Foundation Date: 340; Venture's Briefing or Historical Data: 320. Briefings were sometimes obtained using Ernst & Young's press notes or in news documents such as newspapers or magazines with content available on the internet, but most of the time they were found on the web pages of the ventures in the section about *our history*, *company's history* or something similar. The information found was relatively balanced in percentage among Brazilian and Spanish entrepreneurs and ventures.

With the information collected, it was possible to classify each venture according to the sector in which it operated at the time of the award candidacy. This was the most time demanding task before the selection of the entrepreneurs to be interviewed. The ventures were allocated to General and Specific Sectors under a standardized industry table, by selecting the most appropriate sector in the table when the products or services of that venture were classified from the point of view of a potential customer, but not necessarily using the jargons of a particular sector.

In a paper dedicated to discussing of the role of empirical research in entrepreneurship, Schwartz and Teach (2000) argue that performance is related to the industry where the venture operates and to periodical growths and drops perceived by each industry in time. One of their conclusions is that some successful entrepreneurs just needed to be able to identify which sectors were going to grow and which moment was the best moment to enter into that sector. By classifying all ventures in appropriate and standardized sectors, we should be able to observe how similar or dissimilar each of the entrepreneurial ventures being developed was in both countries, according to the sectors in which they operated. After all, all finalists or the award were chosen from approximately the same period of time and according to the same overall selection criteria. This exercise could even be seen as a validation of the procedures undertaken by two different and independent Ernst & Young offices in assembling a jury, analyzing the ventures and running the award. If entrepreneurs acting in both countries under the same general or specific sectors were similar in profile and achievements, the utilization of the award as a point in common in the methodology of comparison could be seen as valid.

Today, there are different standardized ways of saying to which industry or sector an organization belongs. The ICB - Industry Classification Benchmark was chosen due to its strong relation with Europe's financial press and therefore with Spain as the European counterpart of the study. Its table was applied to the spreadsheet containing the 400+ entrepreneurs and their ventures were classified according to the 114 *subsectors* and 19 *supersectors* found in the 2008 ICB table. For the purpose of this study, however, in order to facilitate future discussions, ICB's *subsectors* will be called from now on as specific sectors and ICB's *supersectors* as general sectors.

Ventures operating in more than three considerably different specific sectors were simply classified as multi-sector, while ventures operating in up to three specific sectors kept each code registered individually. Finally, in order to visualize the overall structure of the sectors in which entrepreneurs chosen as finalists operated, the number of entrepreneurs operating in each sector within each country was compared to each other.

The sectors that contained both Brazilian and Spanish entrepreneurs, operating in their respective countries, were very much alike. As Schwartz and Teach (2000) argue, this may have occurred because these sectors were the ones that allowed a larger number of people to come up with an entrepreneurial venture successfully, since performance could be strongly related to the overall industry in which the organizations operate and these industries may have been the ones in which more opportunities were seized upon by entrepreneurs. It would be interesting to compare completely different countries in terms of social and economical patterns to see what could happen.

3.5 Selecting the entrepreneurs

In order to answer the research questions, entrepreneurs were to be assessed after the selection of entrepreneurial ventures from both countries across comparable industries and periods of time. The ventures should also be private and profit-oriented and not representing conglomerates that operate in more than three sectors. This matching principle would allow the subsequent proper comparison between entrepreneurs, avoiding industry-related and age-related noise in the findings.

After analyzing the final classification of ventures by standardized sectors, it was possible to see that a large number of sectors were represented in the original dataset: out of the 114 specific sectors found in the ICB table, 77 were represented in the dataset and 41 had at least one representative in both countries. These 41 sectors represented five *industries* out of the 10 originally listed in the ICB table, showing the economic diversity that Brazil and Spain share with each other. Out of

the 406 entrepreneurs, it was not possible to identify the sector for only two cases, while 19 were classified as operating in multiple sectors (more than three different specific sectors) and 15 as operating in the social responsibility sector, totaling 36 ventures that were taken out of the original. The 370 left became the new starting point for this study and were comprised of 137 Brazilian and 233 Spanish entrepreneurs, operating in 408 different specific sectors, 38 more specific sectors than entrepreneurs. Because of that, on average, each entrepreneur operated in only 1.1 specific sectors, demonstrating their degree of specialization and loyalty towards a specific sector.

Now, the only variable that needed to be controlled to finally form the population that was going to be contacted for the scheduling of interviews was the age of the ventures. This factor complemented the idea of period matching by assuming that younger organizations and entrepreneurs would have dealt with fresher obstacles and incentives caused by organizations and social norms and therefore would contribute more to understanding the studied phenomenon as it happens in the beginning of the 21st century. Within the 370 entrepreneurs now representing the population, we located the founding date of 316 of the ventures. On average, these ventures were founded in October 1971. The date selected to cut the population was January 1, 1980, a year located between the transition periods to democracy in Brazil (from 1979 to 1989) and in Spain (from 1975 to 1982) and one of the first years where organizations and people were influenced by the invention of data processing, microcomputer and their popularization.

That decision also allowed the inclusion of ventures that were identified only as being founded in the 1980's (the case of 12 ventures). These aspects were considered important for comparing across a similar political environment and through the presence of technologies comparable to those available in the 1990's and 2000's. Entrepreneurs that had inherited or acquired organizations founded before 1980 were not included in the population, even though their presence as sons, grandsons, daughters and granddaughters of business owners may have changed completely the development of the organization with innovative actions after assuming control over it. This was done to avoid the further selection of entrepreneurs that faced a different sort of obstacles or counted on different sort of incentives to establish or

redefine their father's or grandfather's businesses. After applying this time-constraint filter, 155 entrepreneurs qualified as possible interview candidates in both Brazil and Spain. Table 3.5 summarizes this process⁵⁷.

These 155 entrepreneurs represent the population over which this study starts, being 78 the Brazilians entrepreneurs that, on average, created their ventures formally in 1991 and the 77 Spanish entrepreneurs that, on average, created their ventures formally in 1989. As we can see, by adding the variable of the foundation date of the venture, the number of entrepreneurs considered for the Ernst & Young award potentially existent to be interviewed in Spain became similar to the number in Brazil, due to the fact that, on average, Spanish ventures were much older than the Brazilian ones.

⁵⁷ Notice that the table shows sectors in which entrepreneurs operated. Therefore, each unit does not necessarily represent one entrepreneur.

Table 3.5 - General sectors hosting entrepreneurs selected in Brazil and Spain

General Sector (ICB's supersector)	SPAIN				BRAZIL				Total****				Weight in the sample
	Pre 80's	Post 80's	Foundation Date not found		Pre 80's	Post 80's	Foundation Date not found		Total Pre 80's	Total Post 80's	Total F. Date not found		
0000 Not Found*	2	0	0	2	0	0	0	0	2	0	0	2	0,4%
0001 Social Responsibility**	2	1	1	0	13	2	7	4	15	3	8	4	3,4%
0500 Oil & Gas	1	1	0	0	2	0	2	0	3	1	2	0	0,7%
1350 Chemicals	3	3	0	0	2	0	2	0	5	3	2	0	1,1%
1700 Basic Resources	7	4	1	2	3	2	1	0	10	6	2	2	2,2%
2350 Construction & Materials	24	11	5	8	4	2	2	0	28	13	7	8	6,3%
2700 Industrial Goods & Services	53	25	18	10	21	8	13	0	74	33	31	10	16,6%
3300 Automobiles & Parts	2	0	1	1	4	2	1	1	6	2	2	2	1,3%
3500 Food & Beverage	8	4	0	4	1	1	0	0	9	5	0	4	2,0%
3573 Farming & Fishing	29	19	5	5	11	6	5	0	40	25	10	5	9,0%
3700 Personal & Household Goods	36	22	9	5	12	7	5	0	48	29	14	5	10,8%
4500 Health Care	8	5	3	0	11	6	3	2	19	11	6	2	4,3%
5300 Retail	26	12	12	2	20	8	7	5	46	20	19	7	10,3%
5500 Media	6	2	3	1	9	0	9	0	15	2	12	1	3,4%
5700 Travel & Leisure	27	9	11	7	5	2	2	0	32	11	13	7	7,2%
6500 Telecommunications	1	0	1	0	1	0	1	0	2	0	2	0	0,4%
7500 Utilities	1	0	1	0	0	0	0	0	1	0	1	0	0,2%
8300 Banks	1	1	0	0	0	0	0	0	1	1	0	0	0,2%
8500 Insurance	0	0	0	0	4	1	3	0	4	1	3	0	0,9%
8600 Real Estate	8	4	3	1	4	1	1	2	12	5	4	3	2,7%
8700 Financial Services	0	0	0	0	2	1	1	0	2	1	1	0	0,4%
9500 Technology	19	2	14	3	34	4	29	1	53	6	43	4	11,9%
9999 Multisector***	15	9	1	5	4	3	0	1	19	12	1	6	4,3%

*Cases in which the sector was not identifiable.

**This sector does not exist in the ICB table. It was created to separate entrepreneurs operating in social responsibility ventures.

***This sector does not exist in the ICB table. It was created to separate entrepreneurs operating in three or more different specific sectors.

Note: Not necessarily each number represent one entrepreneur. For example, entrepreneurs operating three specific sectors were counted three times in this table.

Source: prepared by the author

Coincidentally or not, one important aspect of the research was unveiled: that a reasonable number of entrepreneurs, operating in similar sectors in both countries, demonstrated either the compatibility of both economies and/or of the sectors chosen by entrepreneurs to outperform within their countries. The possibility of studying standardized entrepreneurs founding ventures in similar sectors during the same period of time in two not so different societies could now potentially contribute to the better understanding of the studied phenomenon.

3.6 The semi-standardized interviews

Interviewing is definitely not a neutral tool for obtaining information about something. In fact, it is "inextricably and unavoidably historically, politically and contextually bound [but has become] a routine and nearly unnoticed part of everyday life" (Fontana and Frey, 2005) in the late twentieth and early twenty-first centuries. Television shows, press and every sort of organization from schools to NGOs uses some form of interview to obtain someone's history and perception about something. However, asking questions and obtaining answers are much harder tasks than they look. The beliefs and codes used by both the interviewer and interviewee are immediately interpreted by the interviewer, influencing both the development of a semi-structured interview and later the conclusions over the recorded and written codes. Besides, the interviewee's expectations about the outcome of the interview may considerably change his or her real opinions or perceptions about something. On the other hand, interviews assessing past actions allow and may even stimulate the interviewee to intentionally or unintentionally re-contextualize his or her past according to a revised perception of that time. In addition, the interviewer's mood can also affect the result of interviews and especially the conclusions made thereafter. Thus, standardized interviews look to be a much more accurate and objective way of collecting interviewee answers about a topic, but they also bring the trade-off of being much more limited and inflexible. If the nature of the research demands freedom for both interviewer and interviewee to explore the phenomenon together, we would end up with a methodological problem.

For that reason, the methodology was designed to be applied through the use of semi-standardized interviews within the context of a generic qualitative study (Merriam, 1998), repeated in each country until the occurrence of repetition in the observed answers (Santos and Eisenhardt, 2009). After a certain number of interviews, estimated at seven due to the limited number of subjects assessed by the research script, patterns were expected to emerge in the speeches, allowing the termination of the process. The methodology was also designed to be performed in five subsequent moments for each interviewee: preparation, appointment, *rendezvous*, local interpreting and registering (Fontana and Frey, 2005). Only inside

the *rendezvous* moment was the interview really performed. This was designed to limit the weight of the interview in the methodology.

After every single interview was executed, intelligent verbatim transcriptions of the recorded interviews were produced. Intelligent verbatim transcription omits utterances like 'em', 'er'; 'you know', 'I mean' and 'sort of'. In addition, abbreviations are replaced by the more formal terms, such as 'I've' being replaced by 'I have', and 'you're' replaced by 'you are'. The answers were re-organized according to the order of the questions, answers were cross-referenced and comparisons were made to start the process of identifying categories in the answers.

Only cold calls were used to obtain the appointments. Standardized telephone speeches and e-mail messages were written both in Portuguese and Spanish (see Appendix A.1) with the goal of explaining to the entrepreneur's secretary or assistant the precise objective of the interview.

Interviews were planned to occur through face-to-face meetings during the months of April 2009 in Spain and August 2009 in Brazil and one entire day was scheduled to be used in each meeting. Telephone calls started at least two months before the visits and each interview was structured in six parts, totaling about one hour or sixty minutes of talking:

- Part I: Ice breaking and exchanging business cards;
- Part II: Explaining research objectives;
- Part III: Information about the venture;
- Part IV: Information about organizations influencing venture;
- Part V: Information about the entrepreneur; and
- Part VI: Information about social norms influencing venture.

Parts IV and VI addressed directly the research questions and were considered the heart of the interviews. In total, an entire interview could take from 45 to 75 minutes, depending on how fast or slow the interviewee was. A pilot interview performed in Brazil in February 2009 took approximately 55 minutes. A special effort was made during the ice breaking part on purpose since people from both countries were known

to require relatively long ice breaking periods to feel comfortable with the visitor. To avoid misunderstandings and consequently a bad start for the interview, the researcher would deliberately avoid talking about polemic issues, his past, football, politics, judgments, sex, religion, racism, philosophy, personal beliefs or personal travels during this initial part of the interview. The preferred subjects were about the weather, the way to the meeting place, the venture's office and the EOY award. At this point, the interviewer would ask for permission to record the interview. The script that served as guide for the interview in Portuguese and in Spanish is found in the Appendix (Appendix A.3). Table 3.6 summarizes the script followed during the semi-standardized interview and the objective of each kind of question.

Table 3.6 Script followed during the semi-standardized interview

Part	Purpose or examples of questions	Purpose of the questions and/or expected results	Time (m)
I	Ice breaking.	Establishing trust between the interviewer and the interviewee.	2m
II	Explaining the purpose of the research.	Expanding trust and starting a collaborative dynamic. Recording the interview.	3m
III	When the venture started? Who started it? How the idea emerged? How the sector was identified or chosen? Which financial resources were used? When it became innovative? How it differentiated from other ventures? What initial obstacles appeared? It was due to the innovativeness of the venture? With which people did you have relations initially?	Getting information about the opportunity recognition and the people and organizations involved in the period of emergence. Identifying why and how innovation and obstacles emerged.	15m

IV	Who were the first customers? From a comprehensive list of organizations: which ones were essential? Which ones were not essential but supported the venture? Which ones harmed the venture? Which organizations promoted or harmed competitors? How did they do this? What would happen if more organizations were created to support entrepreneurs?	Getting information about organizations promoting or harmed a venture's emergence in different degrees. Verifying which organizations acted and understanding how they did it.	15m
V	Age, city and country of birth? Marital status and number of children? Where did you spend childhood and adolescence? Profession of parents, siblings, grandparents? Geographical origin of the parents and grandparents? Where did you study? Which religion do you follow? What people said about you as a leader?	Getting information about the social origins and evolution of the entrepreneur. Understanding who they were and who they became in their societies.	10m
VI	Explaining basic and generic definition of social norms. Highlighting its differences to laws. In the past, did you question norms or follow them? Has this position changed over time? Did you have to go against any norm of your sector? Do you set the norms of your venture? How is that done? Do you feel indebted when you receive a favor? Do you use favors as currency to do business? Do you delegate or concentrate decisions? Under what norms? How did you define the remuneration norms of your venture? Are your personal values reflected in the venture? How?	Exploring generic work norms, norms of reciprocity, norms of retribution, sector norms and the role of trust in the emergence of the venture. Discovering how norms influenced the emergence of the venture.	15m

Source: prepared by the author

After the interview, brochures about the venture or regarding internal norms would be asked for and a visit to the venture's site would be performed, with or without the interviewee, enabling the researcher to access part of the realities commented on during the interview.

Out of the 77 Spanish available to contact within the population, 52 were effectively contacted, with their assistants or secretaries exchanging at least one sentence with us, while the other 25 never answered or returned our calls. Fifteen denied receiving the researcher while 14 confirmed a date and a time for the interview and six said they would probably be able to arrange a date in the future and would return the call, which they never did.

Less than a week before the trip to Spain had started, two entrepreneurs contacted us to cancel their appointments. Later, after arriving in Spain, two more cancelled the meetings. Three out of the four cancelations were due to important business trips and one was due to the emergence of the influenza H1N1 flu in Spain, which generated a small disorder with cancelations gatherings for events like football matches and airline flights at the end of April 2009. A fifth meeting was canceled by the researcher due to transportation difficulties in getting to the city of Pamplona between two trips to interview entrepreneurs in the north and in the south of the country.

Finally, nine entrepreneurs were fully interviewed in Spain, between April 14 and April 30, 2009, with four having their ventures headquartered in the Autonomous Community of Madrid (Madrid), two in Catalonia (Barcelona), one in the Basque Country (Bilbao), one in Andalusia (Seville) and one in Valencia (Valencia). In the first meeting, the recording machine did not work and all notes had to be done by hand. The following eight meetings accounted for eight hours and four minutes of recorded interviews. Except for the meeting with the entrepreneur from Seville, all of the meetings took place in the venture's headquarters. Seville had a local holiday on the day of the interview so the meeting had to be transferred to a hotel nearby the headquarters of his venture. Spanish entrepreneurs were tagged from 101 to 109 for better controlling documents and files regarding them.

The Brazilians were the second group to be assessed. The first calls to schedule the interviews were made in June 2009. The learning curve with the appointments with the Spanish in February and March 2009 impacted positively on the process in Brazil, despite the fact that we lost the good excuse of an international trip just for doing interviews.

Out of the 78 Brazilians available to contact, 53 were effectively contacted, with their assistants or secretaries exchanging at least one sentence with us. Twenty-five never answered or returned our calls and no one denied receiving the researcher, while 15 confirmed a date and a time for the interview and 18 said they would probably be able to arrange a date in the future and would return the call, which they never did.

Again, two interviews were canceled before they took place by the entrepreneurs or their representatives. One interview was canceled by the researcher due to his inability to go to Belo Horizonte between two meetings in Rio de Janeiro and one in Curitiba. Later, two interviews would have to be excluded from the study due to the impossibility of concluding the semi-structured interview during the meeting (the interviewees had to leave the meeting urgently before the end of the interview).

Finally, 10 entrepreneurs were fully interviewed in Brazil, between August 14 and August 28, 2009, with five having their ventures headquartered in the State of São Paulo (all within the city of São Paulo), two in Rio Grande do Sul (Porto Alegre), one in Paraná (Curitiba), one in Minas Gerais (Passos) and one in Rio de Janeiro (Rio de Janeiro). The 10 meetings accounted for nine hours and 39 minutes of recordings. Nine meetings took place in the venture's headquarters and one in the researcher's office in São Paulo. Brazilian entrepreneurs were tagged from 201 to 210 for better controlling documents and files regarding them.

3.7 The entrepreneurs assessed

Entrepreneurs that accepted a meeting were interviewed in the period between February 2009 and May 2009 in Spain and between June 2009 and August 2009 in

Brazil. This order of starting with the Spanish first was defined because the researcher lived in Brazil, which would allow the matching to take place with more flexible deadlines in the researcher's country of living. The transcriptions of the interviews were done from August to October 2009. In total, 19 entrepreneur finalists for the award EOY, organized by Ernst & Young in Spain and in Brazil were fully interviewed, representing a sample of approximately 12% of the population with the expectation that this group would represent the whole class of innovative entrepreneurs that built successful entrepreneurial ventures in the late twentieth and early twenty-first centuries in those countries. They operated in the six following general sectors according to the ICB standard: Industrial Goods & Services, Personal & Household Goods, Retail, Media, Travel & Leisure and Technology. Only one entrepreneur, the Spanish entrepreneur 104, operating in the Travel & Leisure general sector, did not have a counterpart entrepreneur interviewed in Brazil. All of the other entrepreneurs in both countries had at least one corresponding person operating in the same general sector in the other country.

In Brazil, ten entrepreneurs were fully interviewed. They were labeled from 201 to 210. On average, Brazilian entrepreneurs that were interviewed founded their ventures at the age of 30 years old (ranging from 22 to 41 years old), in the year 1991 (ranging from 1985 to 2005) and were nominated to the award 11 years after they started their ventures (ranging from 3 to 18 years). In 2009, on average, they were 48 years old (ranging from 37 to 62). Two of them were women and they were born in five different regions of Brazil. They can be perceived as coming from middle or upper middle social classes, according to the schools they attended, their accents in Portuguese and their family histories. Only the entrepreneurs 206 and 208 were identified as coming from a lower middle and lower social classes. On average, they have two siblings and were usually the oldest son or daughter of the family (six of them). Only one entrepreneur, the 207, had a father who was a businessman, differentiating this group from their counterparts in Spain. Four declared to be Christian or Catholic, two are Jewish (204 and 210) and two are practitioners of Brazilian Kardecist Spiritism (203 and 206). Two declared to be agnostic (201) or not followers of any religion (208).

In Spain, nine entrepreneurs were fully interviewed and were labeled from 101 to 109. On average, they founded their ventures at the age of 28 years old (ranging from 21 to 43 years old), in the year 1989 (ranging from 1986 to 1997) and were nominated to the award 13 years after they started their ventures (ranging from 5 to 20 years). In 2009, on average, they were 48 years old (ranging from 33 to 66 years old). Four of them were women and they were born in six different regions of Spain. They can be perceived as coming from upper middle or upper social classes, according to the schools they have attended, their accents in Spanish and their family histories. Only the entrepreneur 103 was identified as coming from a lower middle social class. On average, they had 2.5 brothers and sisters and usually they were the oldest son or daughter (five of them were the oldest). Seven of them had fathers who were businessmen at some point of their lives, demonstrating their natural relation with the subject of assembling and managing a business. Six declared to be Christian, Catholic or Franciscan while three declared not having a religion. Table 3.7a brings a summary of all the entrepreneurs interviewed, listed by the general sectors to which they belong:

Table 3.7a - General sectors to which interviewed entrepreneurs belonged

General Sectors (according to ICB 2008 standard)	Researcher's Control Numbers (Spain)	Researcher's Control Numbers (Brazil)
2700 Industrial Goods & Services	103, 105 and 108	203
3700 Personal & Household Goods	102	208
5300 Retail	109	210
5500 Media	107	201, 206 and 207
5700 Travel & Leisure	104	-
9500 Technology	101 and 106	201, 202, 204, 205, 209 and 210

Source: prepared by the author

As the table 3.7b summarizes, entrepreneurs from both countries were extremely similar in many aspects of their lives, not only in professional experience but also in terms of original social status, age at the time they started their ventures and family

structure. Although not statistically applicable, two things initially distinguished Brazilian entrepreneurs from Spanish in the first moment: the religious diversity and previous family experience with business related issues. Brazilians tended to be more committed to a religion, although not only to Christianity as was the case in Spain. On the other hand, Spanish entrepreneurs tended to have a father or grandfather as a current or former business practitioner. Within the Brazilians, only one entrepreneur saw his father as businessman, while in Spain seven entrepreneurs had fathers that owned businesses during their childhoods and adolescence.

Table 3.7b - Summarized profile of entrepreneurs evaluated in Brazil and Spain

	Brazil	Spain
Entrepreneurs fully interviewed	10	9
Identification within this study	201 to 210	101 to 109
Age when venture was founded	22 to 41 years old	21 to 43 years old
Year of venture's founding	1985 to 2005	1986 to 1997
Years until EOY award appointment	3 to 18 years	5 to 20 years
Age at the time of interview (2009)	37 to 62 years old	33 to 66 years old
Son or Daughter of Businessman	1	7
Raised in higher social classes	8	8
Raised in lower social classes	2	1

Source: prepared by the author

3.7.1 Entrepreneur 101

Entrepreneur 101 was born in Madrid in 1967. His father and grandfather were both businessmen. At the age of 23, in his first job after graduating from his university, entrepreneur 101 joined an Information Technology company that provided security solutions for the emerging market of microcomputers and computer networks in Spain. There, as a software analyst, he perceived that the company was overloaded with demand from customers, providing a service that was far more unreliable than it

should be. The idea of starting a competitor inevitably came to his mind as it was usual for him and his family to always be alert to business opportunities.

In 1990, entrepreneur 101 founded his venture, dedicated to explore more or less the same market in which his first employer operated. According to him, initially, the main difference his venture would provide in comparison to the service provided by his previous employer was in a highly professionalized and reliable service, delivering exactly what was commercially promised, even if they had to promise less than the market traditionally tended to do. According to him, within the IT sector of that time, reliability was too important to be considered a marginal ingredient in the commercial process. Despite of his beliefs, he faced two large initial obstacles to implement the venture: Spain and Europe were suffering a severe economic crisis by 1993 and banks did not give him credit to start. Seeing from today, he thinks that those two initial obstacles had in fact impacted positively in the emergence of his venture because it forced the venture to start slow, both because of the lack of clients and because of the lack of financial resources. Because of that, he thinks he was able to invest time in what was necessary to succeed, which was establishing and guaranteeing such a level of quality in the service provided that each new client would serve as a successful case for the next one. Soon his venture would provide new and complementary IT services, with the expansion of operations completely based on the reliability of their contracts, something apparently obvious to anyone but difficult to provide in the Spanish market at that time. In 1999, entrepreneur 101 won the EOY award in Spain by having created one of the largest IT companies in the country. By 2010, the company has operations in 12 countries.

3.7.2 Entrepreneur 102

The entrepreneur 102 was born in 1975 in Madrid with parents from Catalonia and Belgium. Her grandfather and father, together with her uncles, built one of the largest private banks of Spain, making entrepreneur 102 a person that grew up in one of the wealthiest families of the country, with deep and long connections both with the Spanish Royal family and the Opus Dei religious organization. She was educated

and trained in Spain and in England to acquire the necessary skills to work and eventually run a financial institution. However, before her twenties, she saw that she was much more a person of creative thinking than a person of numbers and rational thinking. Inspired by the sensation that she should invest more in her creative vein and by experiencing the life of being at a very exclusive top social class in Spain, entrepreneur 102 figured out that the souvenirs and gifts that she and her family and friends received at social events such as polo matches and golf circuits around the country were of a very poor quality, and people who attended these kind of events gave them away to employees like drivers, housekeepers, cooks, etc.

At the age of 21, she gave up her financial career and decided to develop a business producing personalized high quality souvenirs and gifts for selected companies. By using her father's network, she agreed that it was easy to get the first customers right at the beginning of the venture's emergence. However, the involvement of her family's name in the business also brought to her the huge responsibility of building her own reputation as a flourishing businesswoman inside the family and in the market, potentially affecting her family reputation as a consequence. The venture was able to innovate in the sector by exploiting the very specific niche of designing, producing and creating high end souvenirs to the top 0,1% customers of large corporations such as automakers, phone companies and banks. The business grew up at a high speed, acquiring hundreds of customers in a matter of a few years and an enemy as well, as one of her main competitors blackmailed her father before running out of business. With an established brand, currently present all around the country, entrepreneur 102 was a finalist for the EOY award in 2001 in Spain.

3.7.3 Entrepreneur 103

Entrepreneur 103, born in 1961, was the only entrepreneur interviewed that came from the lower middle class in the Spanish sample. In fact, he declares himself as one of the few entrepreneurs he ever met in Spain that came from a lower social class. Entrepreneur 103 was born in Sabadell, Catalonia, as the oldest son from a family of six siblings and started to work at the age of 13 in the same metallurgic

company where his father worked, within the same sector in which he would become one of the largest players in the market less than twenty years later. He started but never finished his university. At the age of 27, while still working to the branch of a bank in his town, he met, during summer vacations, a French guy on the beach that told him about the emergent sector of steel laser cutting in France, a technology that was not yet available in Spain. Only one month after that, during his honeymoon that was moved to Paris with this purpose, entrepreneur 103 visited his contact's company and explored the possibility of marketing this technology in Spain.

During the first few months, he conciliated the work in the bank together with the development of his new venture until he got his first clients and was able to open the company. The process of opening the venture was easy, due to the government agencies specialized in dealing with this process. At the beginning, since he did not have a laser cutting machine, he had to send steel pieces to France in order to have them cut there. In order to acquire a machine he would have to invest a lot of money since he did not have any significant guarantee to access a bank loan. He got stuck in this stage as banks systematically denied him loans to acquire a laser cutting machine. In 1993, however, a deep crisis hit Europe, and particularly Spain, and the commerce for industrial goods stopped. According to him, this was a lucky moment because one of the main suppliers of laser cutting machines in Germany believed in his ability to commercialize laser cutting services and sold to him a laser cutting machine without any form of financial guarantee, for him to pay in installments (the guarantee was the machine itself). When the crisis was over, he was ready to explore the market with the support of a public research organization and even with the support of a competitor, since this sector of steel laser cutting services was still in its formation. The venture saw an incredible growth and the entrepreneur was a finalist for the EOY award in Spain in 1999.

3.7.4 Entrepreneur 104

Entrepreneur 104 was born in Barcelona, in 1943. Daughter of an important local businessman, she got married at the age of 18. At the age of 23, she already had four children, so she states that her first job was raising her children and taking them to school, the dentist, doctor visits, etc. According to her, that was not an easy time because in a relatively short period of time her mother, her husband and her brother, a renowned Spanish film maker, developed serious diseases and died. After her children grew up and became teenagers, she felt like she should start something to get independence from her father. By 1980, she started to explore the possibility of opening a shirt store in a privileged location in Barcelona where her father had an empty place. During the period of a few months, by exploring possibilities like these, she remembered she was always able to make food for the large amount of friends that her children always brought home. As she also had the opportunity to grow up eating in the best restaurants of Spain and France because her father was a restaurant affectionate, she knew, from the point of view of a customer, what a good experience in a restaurant looked like. It is important to note that in the 1960's, when entrepreneur 104 was young, very few people could afford to eat in good restaurants with frequency.

With that in mind and with the real estate available, she decided to open with her oldest son their first restaurant. Her great inspiration to make something different in the business came from her deceased brother when he was still alive and they were both building a house on a Spanish island. He projected some very weird and tall window to the house and when listening to the criticism of his sister he just answered: "If I wanted an ordinary house, I would project ordinary windows." That sentence, according to her, always remained on her mind, especially at the time she decided to have a business of her own, at the age of 43. In 1981, she had the idea of serving healthy fast food to white collar customers of the region. She innovated, for example, by dressing the waiters in t-shirts and polo shirts instead of the classic white shirt and bow tie of the restaurants at that time. Due to the innovativeness of her venture, she believes that the local association of restaurants isolated her from taking part in

sector claims for a long time. In 2001, entrepreneur 104 won the EOY award due to the successful launching of many restaurants.

3.7.5 Entrepreneur 105

Entrepreneur 105 was born in the city of Bilbao, in 1964. Coming from an upper middle class Basque family, she has traveled through Europe and the United States during her adolescence and decided to follow the academic life by taking a Masters degree and later a Ph.D. degree still at a young age. At the age of 27, entrepreneur 105 was a professor in a prestigious local university in the Basque country when she decided to launch her first and definitive venture together with a colleague, also a professor in the university.

It all started with students' final projects, when her students detected with certain regularity that the agricultural sector of the region was not yet automated as other European rural areas and even Spanish ones. Following all the academic books available on business and entrepreneurship at the time, entrepreneur 105 and her partner developed a market research, a strategic plan and a business plan with detailed information on the possible ways the venture could emerge and grow. At the beginning, they kept working for the university, while at the same time they visited trade fairs about the sector, studied possible competitors and established possible goals. After sending their business plan to the local Basque government, they receive a public subvention of about 35.000 Euros (estimated by her to be about 60.000 Euros in 2009). With that initial support they finally entered the sector of automating rural areas by controlling, for example, the amount of water available for chickens and the humidity of strawberry fields. According to her, at this point, their venture was not innovative yet. Instead, it just replicated what was working in other rural areas of Europe, with lots of competitors providing similar services. However, soon after they started the business they decided to invest time, money and energy in an area that could differentiate their venture from others: the Research & Development area. That was how they started to develop technology and equipments for the sector of automated agriculture, such as water sensors and controlling software. She believes

that the tax environment of the Basque country supported a lot this kind of investment in technology and innovation, because different from other regions of Spain and Europe, investments in R&D allowed for a very high percentage discount on local taxes. Entrepreneur 105 was a finalist for the EOY award in 1998 when her company started to export its technology to the whole world.

3.7.6 Entrepreneur 106

This entrepreneur was born in a middle class family in a small town in the Spanish province of Palencia in 1953. He grew up and did his undergraduate studies in Seville and then moved to Madrid to work. The older son from a family of six siblings, he lost his father at the age of 13. His father had the bakery of the town inherited from his father. According to him, due to that situation, and despite the presence of his grandparents, he soon became the "man" of the family, developing a very strong sense of leadership. After completing his university, entrepreneur 106 ended up working for an American company in Germany, learning a lot about American business practices. There, he also received a masters degree from an American university in Germany where he became very interested in the possibility in having his own business in the future, because he did not see himself on a career track inside of a multinational company.

Within this company, entrepreneur 106 saw the possibility of representing an American provider of theirs in Spain. He knew the Spanish market and noticed that CAD (Computer Aided Design) technology should enter the country somehow. He started the business by convincing this provider that he could represent them in Spain. In order to obtain a loan from the bank, he had to acquire an apartment with the support of some cousins that offered a guarantee for the first importation. The company was founded between 1987 and 1988, when he was at the age of 36. Since this technology did not exist in Spain yet, he started by visiting business associations where his potential customers could be. This early decision helped him to enter in this market very fast. At the beginning, he believes that his mains differentiation was in his ability to deliver what he promised promptly, something that was not common in

the IT sector of Spain at that time. Since he did not have exclusivity in distributing the CAD technology in Spain, he had to compete with other distributors including some that had large corporations backing them, pushing him to innovate as an option to the differentiate his venture from the others. Brightly, he started to provide CAD development services instead of only the software to companies, allowing many of his customers to outsource their engineering and design departments to him. By 2006, with hundreds of engineers executing CAD projects to customers, entrepreneur 106 became a finalist for the EOY award in 2007.

3.7.7 Entrepreneur 107

Entrepreneur 107 was born in 1963 in Gandia, Valencia and studied agricultural engineering by the influence of his father, who was a businessman in this same sector. According to him, he was a restless kind of person, always thinking of new ways to doing things. That was how he started his first informal business venture at the age of 21 by providing the service of maintaining fresh flowers in the buildings and offices of Valencia for a monthly fee. Since he had access to the flower producers and also commercial audacity to visit offices around the city, he thought he could obtain a good source of revenues between these two worlds and he did. Some months after that, together with a colleague from the university, he assumed a failed deal from his father and turned it into a successful case. His father bought tons of fertilizer at wholesale prices but the buyer did not close the deal as expected, leaving him with a large amount of product with no destination. Entrepreneur 107 did not speak to his father at this time, however, together with his colleague and future business partner, he developed a successful marketing campaign to sell the fertilizer at retail prices by developing a providential brand and a strong local sale's campaign, solving the problem.

After his graduation, he contacted the main newspaper in the region and proposed, together with his colleague, to start a section on agribusiness where he and his colleague could develop content and sell advertisements at the same time, generating extra revenues to the newspaper and commissions for them. It was during

the hard work of selling advertisement for this Valencian newspaper that entrepreneur 107, then at the age of 24, was asked to develop, by chance, the advertising campaign of one of the largest fertilizing companies of Spain. With very scarce resources, he developed a very creative campaign, gaining the account of this client and starting his own one client dependent advertisement agency. He started the venture in 1987 together with his colleague, creating the first advertisement agency of Spain specializing in promoting agricultural products. Soon after they would visit most of the Spanish companies dedicated to agricultural businesses, conquering new customers at a fast speed. Due to the substantial growth of the venture and its consolidation as one of largest advertisement agencies in Spain, entrepreneur 107 became a finalist for the EOY award in 2007.

3.7.8 Entrepreneur 108

Entrepreneur 108 was born in 1961 in Madrid. Since childhood she belonged to an upper middle class family in the city, daughter of a businessman from the real estate sector. Entrepreneur 108 was the third of five siblings, being the oldest of the girls. She followed an academic career studying economics at the London School of Economics and again in Madrid to validate her studies. After that, she did a Master and a Ph.D. in economics, although she never presented the final dissertation. Unhappy with her career of teaching in a university and working in the family business simultaneously, entrepreneur 108 decided to explore new ways of living, growing the idea of starting her own business or acquiring an existent one, in search for financial and intellectual independence.

She looked for different kinds of businesses and with the support of her husband, also a businessman, she acquired a young security company that had only one client and just a few months of existence. Soon, she would find out how heavily regulated that market was, facing many obstacles caused by government regulators and by employers associations, both heavily influenced by the largest players of the market. In order to succeed and differentiate her venture from others, she started to observe how the service was provided in the field and found a direct correlation between the

quality of her human resources and the perception of quality by the customer's clients. On the other hand, she perceived that companies in this sector had a high turnover of employees, spending a lot of time and effort on hiring and training new ones. She realized that these aspects were core characteristics of the sector in which she was entering and because of that, she decided to invest a lot of time and effort in building a human resources policy that could set her business apart from others in this very homogenized and regulated sector. She designed a set of flexible benefits for employees and created a professional environment that diminished turnover, obtaining both their loyalty towards her venture and their cordiality towards her customer's clients. In less than 20 years, entrepreneur 108 created one of the largest security service companies in Spain, and became a finalist for the EOY award in 2004.

3.7.9 Entrepreneur 109

Entrepreneur 109 was born in Seville in 1959 into a middle class family of the region - his father was the owner of a local hotel. During his undergraduate studies in medicine, entrepreneur 109 only thought about business and perceived that year after year what he really wanted from the medical school was to open and manage a hospital, not taking care of sick people. Together with his girlfriend and younger brother, he started a business advisory company in Seville to help small businesses with business formation. Less than one year after that, they started their first classes of typing on typewriters. He became really impressed when he did an automatic typing course, without the use of a professor, and from there, he started to investigate self-learning. For many weeks, he used to phone companies of Seville to search for companies throughout Spain that had this teaching technology by consulting phone books from the main capitals. He finally visited two or three companies and learned about a new trend in the market called informatics, the use of personal computers for tasks such as text and spreadsheet processing. Soon, he and his colleagues would start the first school of informatics in a town close to Seville in 1986, when he was at the age of 27. They used the equivalent of 6.000 Euros at today's prices from a loan obtained in a local bank with the guarantee of his father. At

that time, his business was not very different from many schools of informatics around Spain. However, due to the increasing demand, they were able to open a new school every six months with their accumulated resources. When they reached the mark of ten schools, they decided to open schools in Seville and invest in the development of software to teach people how to use a PC. By 1995, he figured out how to conduct multiple classes at the same time, through the use of a professor trained in a holistic perspective. With that technology, only one professor was necessary to teach many different subjects for different people at the same time. Perceiving that something should have been done, he locked himself in a room for about two months just to read and investigate the possibilities of exploiting this service. He decided to travel around Europe to explore the possibility of creating a franchise. The plan worked very well and in 2002 he became a finalist for the EOY award.

3.7.10 Entrepreneur 201

Entrepreneur 201 was born in 1960 in the state of São Paulo, Brazil. Her father worked in a public bank and moved around the country selling bank services to small and medium sized firms. She always felt that her family was business averse because her grandparents broke a very traditional candy industry during one of the countless Brazilian economic crises, leading the whole family to bankruptcy. That was why her father and her uncles ended up all working as public servants. After studying communication in one of the best private universities of São Paulo, she became an economic journalist and went to work in one of the largest Brazilian newspapers. It was while working for this prestigious newspaper and interviewing executives for the economic section of the paper that she perceived how the communications market was starting to change. Large companies could no longer rely on their histories and established departments to specifically communicate changes and deal with the press. They now needed communications departments to take care of everything related to how the company was perceived by the market. But the first time she really considered opening a business occurred after the president of a large corporation invited her to either work in their communications department or

to open a communications agency to provide services to them. About a year after that, she felt that the time was right and she decided to found her venture in 1995, at the age of 35 years old, without a single customer. Due to her complete lack of experience with business, she faced some serious initial obstacles caused by relations with bad suppliers, accountants and tax agencies. A lack of basic managerial skills also badly damaged her emerging venture, as employees and clients were mistreated. She did not know how to differentiate her services from those provided by other agencies that appeared every now and then in the market. It was only after six or seven months of operations that she recognized a way to differentiate her venture from the others in the sector: she found out that she was good at handling communication in "situations hard to understand and complex to explain". The company grew steadily in the next years, becoming one of the largest communications agencies of the country. Due to its success entrepreneur 201 became an EOY finalist in 2008.

3.7.11 Entrepreneur 202

Entrepreneur 202 was born in Porto Alegre in 1958 and was the oldest son of one of the first Japanese immigrants to the State of Rio Grande do Sul. He still considers his father one of the most entrepreneurial people he ever met, "almost irresponsible" due to his audacity to cross the ocean to start a new life in another continent. His father faced great difficulties in establishing his life in such a completely different cultural environment to which he was accustomed in Japan, but succeeded in raising his family in Brazil.

Following his father's advice, entrepreneur 202 studied engineering and soon started to work in a local engineering company that worked with CAD systems in the beginning of its popularization together with the microcomputers. After that, he built a successful executive career in a large North-American multinational and then in a large German multinational company, both in the IT sector. Between those experiences, he had the opportunity to start his own business, becoming partner of a group of engineers that decided to produce modem devices on a mass scale. The

initiative did not succeed as the demand for these devices never grew as they expected at the time they started. The demand only increased after they closed the company, leaving him the learning experience that in the technological sector, the market sometimes comes far behind the innovation itself. When working for a German company, he had the opportunity to live in Germany for a while, learning even more about the sector in which he would later be recognized as an entrepreneur.

After getting back to Brazil, entrepreneur 202 met a CAD provider in Porto Alegre and decided to acquire 50% of the company, predicting growth in this market, at the age of 35 years old. Throughout the first years he perceived that his partner did not believe in the growth of this sector while he believed exactly the opposite. He ended up acquiring the other 50% of the company and started to implement substantial changes in the way to treat costumers and conquer the market. He started to develop complements to the CAD system that would allow companies from specific sectors to have customized tools for their needs, stimulating the acquisition of the software. The excessive tax regulation always generated obstacles for his venture just like the lack of specialized professionals interested in working for emerging ventures, but due to the innovation of his applications that stimulated the sales of CAD systems, he won the EOY award in 1998.

3.7.12 Entrepreneur 203

Entrepreneur 203 was also born in Porto Alegre, in 1960. After studying engineering, he worked for an auto parts company before earning a scholarship to study in Japan for three months. There, he had an incredible experience of seeing total quality programs and came back to Brazil thinking about the applicability of those management tools. He was then contacted by a colleague that had tried to start a venture that did not work and they talked about the possibility of opening a venture in the engineering sector, exploring those concepts of total quality management. Together with a third colleague, they thought about the venture for about a year,

trying to figure out on which specific segment they were going to focus. At the age of 25, he finally founded his venture, specializing in designing machines in general.

After a few years of hard work and not much success, they found out that there was no company building machines specifically for industrial plants. Although this move represented a daring decision, they thought they could design and provide smaller industrial machines for the Brazilian market, competing with foreign companies that were penalized by high import taxes. Since the beginning, however, they had taken the strategic decision of applying managerial tools to engineering industrial companies, something that was not normal in that time. They believed very much in managerial tools and invested a lot in business courses abroad and in local universities to differentiate their company from others in the machine and engineering sectors. For example, his master dissertation was produced to solve a managerial problem that the company was having. By doing that, they were able to implement a fairly good accounting control, cost control and people management system. Luckily, they received an important support from a supplier that provided raw products to whole industrial sectors of the south of Brazil at that time. By establishing a good connection with this supplier's representative, he was able to detect business opportunities earlier than the others emergent industrial firms in the region, allowing them to arrive early with business proposals. The venture was so successful in designing and building industrial machines with efficiency that they decided to open a factory in the United States in 2003, the same year entrepreneur 203 was chosen as the winner of the EOY award in Brazil.

3.7.13 Entrepreneur 204

Entrepreneur 204 was born in the 1947 in São Paulo, second child of a family of Jewish immigrants from Lithuania and Romania. He studied in one of the best universities of the country and started a career in finance. For many years, entrepreneur 204 worked for one of the largest consumer goods companies in Brazil, analyzing the potential financial return of projects and partnerships that constantly arrived with the board of the company. Often, these proposals of partnerships arrived

from abroad. Once, one of these projects caught his attention despite the fact that it was rejected by the board of directors of the company due to the limited size of the operation. After studying the project with more interest, he thought that it could be a good idea to explore this technology and he presented the numbers to the CEO of the company. Together, they decided to explore this technology by themselves, in a parallel initiative to which they would dedicate part of their time. The technology, offered through a partnership with the original vendor in the United States, provided identification services of products through the use of code bars and laser pistols. As the CEO did not have time to get involved in the business, entrepreneur 204 decided to quit the company where he worked for more than 15 years and dedicate himself exclusively to this venture.

In 1998, at the age of 41, he formally started a partnership with the North-American company that produced the technology that allowed code bars to be scanned. During the first five years, despite his projections, they sold very few systems, leading the venture to critical financial situations. Large retailers in industries did not believe in the technology, and furthermore, the Information Technology sector in Brazil started began to go through deregulation by the government, with the possibility of allowing imported scanners while his original plan consisted of a small factory in Brazil. However, he kept firmly believing in the project and kept visiting trade fairs, IT seminars, potential clients etc., in the hope that someday there would be demand for his product. In 1996 and 1997, the market started to change drastically and commercial automation increased at a very high speed. Still very well positioned and with the help of good partners from the IT sector, they started to sell their products in much larger volume. Due to the success of his venture, entrepreneur 204 became a finalist for the EOY award in both 2001 and 2002.

3.7.14 Entrepreneur 205

Entrepreneur 205 was born in Rio de Janeiro in 1963, coming from a middle class family of public servants in the city. He graduated in the first batch of students of the bachelor in Information Technology from a large public university in the city. He and

twelve colleagues then gathered with the intention to open a venture in the IT sector to support medium-sized companies that wanted to use these new tools, the microcomputers, a tendency at that time. Since there was a huge demand for IT professionals in the market they had to face their first important decision, how to find a good job in a large company or how to dedicate time to a venture without a clear strategic purpose. Finally, led by entrepreneur 205, seven of them started the venture in 1985 when he was at the age of 22 years old.

During its first years of operation, four partners left the company with only three remaining in the business. By producing software for a wide range of solutions, they figured out that their security software was gaining importance as it was one of the few available in Brazil adapted for the Brazilian market. They then decided to invest more time in developing good security software that soon became the standard software used in microcomputers. One of the first obstacles that they faced was regarding management: all the partners and the first employees of the venture had been trained to be technicians and not managers and that made a lot of the difference in the beginning as they faced basic managerial obstacles such as team management, dealing with suppliers and establishing partnerships. As the security product performed well, they decided to invest more and more in security products, turning the company into a reference in the sector. That proved to be the right decision, as the company grew rapidly. In 1999, it became the very first company to receive public funds for software developers. In time, their company won the bid to develop and take care of the security system that ensured the credibility of the new Brazilian electronic elections, booming its positive reputation to foreign countries. In 1999, entrepreneur 205 and his founding team were appointed finalists for the EOY award for the first time, and were recognized as finalists again in 2002 and 2003.

3.7.15 Entrepreneur 206

Entrepreneur 206 was born in Campinas, São Paulo, in 1971. He had always been a very independent boy since his father has died when he was at the age of two and he was an only child. The parents of his father died soon after that, so he lost complete

contact with his father's family. He was not that poor in the sense that he had to work for a living, but his family could not provide him more than the basic resources. In 1989, at the age of 17, he was emancipated by his mother so that he could open his first business, a company responsible for organizing concerts for two rock bands, for who he became manager. Soon, he realized that this business was too unstable, so he opened a disco club that gained a certain reputation in the disco circuit. With the money from these initial businesses, he was able to acquire a good amount of professional sound and lighting equipment that he rented out during the week and used during the weekend at the club. At this time, he figured out that he had a business that was not sustainable. It did not have a financial flow enough to support trend changes, so he decided to move to another sector by providing equipments and service for business events. The market was starting to use presentation tools for business meetings and he was able to grow with the growing demand for this service.

By 1996, he already had a large flow of regular customers, from small companies to the larger ones. It was in this business that he had the chance to be exposed to great leaders of the Brazilian business scenario and he started to learn everything he did not learn at the university about business. He always felt privileged for being paid, while at the same time learning so much from them. It was through covering these stories that he found out that his business was very simple and not innovative at all. It was also at this time that he found the first hints of the course that the communication sector was going to take. He was able to visit the headquarters of a large customer in the United States in 1998, and during this trip, he imagined that the type of internal communication via satellite being used in the US could be done someday in the future in Brazil. With the support of an NGO dedicated to supporting entrepreneurs, he developed a business plan to innovate in this segment ,creating a company in 2005 to provide internal television channels for large corporations and retail companies. Three years later, he was appointed a finalist for the EOY award.

3.7.16 Entrepreneur 207

Entrepreneur 207 was born in the city of São Paulo in 1972, having studied in one of the best private colleges in São Paulo. Grandson of immigrants from Syria, Lebanon, Armenia and Italy, after graduation he worked for one of the largest consumer goods companies in Brazil and was transferred to work in Manaus, in the north of the country. It was during a post graduation done in the United States that his younger brother made contact with the Brazilian printing sector, as he analyzed and worked for a Brazilian printing firm during his practical assignment. After that, they got together to study the possibility of starting a company in the printing sector to explore a specific niche that his brother had identified that did not exist in São Paulo at the time. They finally decided to acquire, in 1998, a small printing company in São Paulo and were able to convince a top player in the German printing industry to sell them a specific high quality printing machine that did not exist in Brazil by the time. Since they did not have enough money or a co-signer to finance the machine acquisition, the printing machine itself worked as the guarantee.

The company, although not innovative, grew up successfully as they were able to provide the best graphic and printing service in the region by combining the best printing quality with some of the best paper and ink suppliers in the world, something that nobody did at that time in Brazil. By becoming successful newcomers in a centenary established industry in the city, their venture provoked jealousy among competitors and generated moral strength to try new things. It was only by 2005 that they had the idea of separating their printing service from the traditional paper based kind of job, investing in software that would allow production and publishing processes to work much faster than any other kind of previously existent process. The idea and the model of developing their own technology came after they went to the largest trade fairs in the sector, all around the world, and were not able to find any kind of system to properly control the digital flow of traditional media. Since then, their growth rate has become so high that they are now considering exploring this market in other countries, with teams locally studying the European and North-American markets. They were appointed finalists for the EOY award in 2008.

3.7.17 Entrepreneur 208

Entrepreneur 208 was born in the city of Passos, Minas Gerais, in 1957. She grew up in a very humble family of nine children. Her father was a peasant, planting in the backyard of their home for the whole family, and for farmers as an employee. As an illustration of how humble they were, one of her regular tasks as a child was selling part of the products harvested by her father in the streets of Passos to help the family. As her mother was constantly sick and her father did not have money to buy clothes for the whole family, he used to buy fabric at wholesale and eventually sewed clothes for everybody.

In 1978, at the age of 21, she moved to São Paulo and began her studies for a bachelor degree in the Portuguese language in one of the best private universities in the state, with a scholarship and the support of her older brother, as she lived with him. After a discussion with her brother, she moved in with some friends and found an old and abandoned sewer machine. Inspired in her childhood by her father, she started to sew underwear and blouses with fabrics that she had accumulated for fun at home over the years, but had never used. Soon, she started to expose her products in front of the gate of the university and some friends started buying her products with frequency. This allowed her to have a recurrent small income and she soon displayed her clothes in an improvised stand in front of different universities around the city of São Paulo. In 1992, she finally opened a company to produce and distribute clothes in small shops within the city for an alternative and hippie clientele. By 1994, her brother joined the company and casually developed some pants with natural cotton fabric. The product was a success. Some shops around the city started to ask for more products and she soon realized the power of the natural fabrics and the ecology approach. Soon, her company would assume this identity and grow very fast. The moment was appropriate because it was right after the Eco 1992 meeting in Rio de Janeiro and the sustainability concept started to gain traction in Brazil. To compensate for her lack of knowledge in business, she constantly hired consultants from different areas and in 2001, she opened a large factory close to her hometown, always with self generated capital. In 2003, entrepreneur 208 was appointed a finalist for the EOY award.

3.7.18 Entrepreneur 209

Entrepreneur 209 was born in São Paulo, in 1972. According to him, his family, of Portuguese origin, has been in Brazil for more than 400 years. Right at the end of his graduation in Law from his university, in 1994, entrepreneur 209 traveled to the United States, where he was able to observe the emergence of the internet. Despite being a lawyer, he felt that this technology was going to grow fast and would inevitably arrive in Brazil in the following years. After he came back, together with some friends from the high school that had become engineers, they decide to evaluate the possibility of opening a company exclusively to work with the internet. As he comically considered during the interview, at that time there was no internet to research about the internet, so they had to acquire the few important books and imported magazines to gain knowledge about it, and talk to people from the sector, to really understand the possibilities of exploiting this market. They started by showing the internet to people, explaining what was possible to do with it. Despite the disbelief that either electronic mails or online information would ever becoming important, they kept investing time in the venture, acquiring laptops to better show the technology. The amount of clients they raised was small, but they kept developing websites for different types of companies, including the website of the largest internet provider of that time. Suddenly, television and all important press vehicles in the country started to announce the miraculous possibilities of commerce via the internet. They then perceived how well positioned they were to explore the wave of customers that would soon arrive. As they had already introduced their brand to the main internet providers' websites, they were rapidly recognized as pioneers in the market. Their growth was so high and the scarcity of this kind of service was so great that they could ask basically for any amount of money in exchange for their services during these years. The many inefficiencies of the company were, by far, compensated for by the large number of customers waiting to be served. Due to this amazing growth, entrepreneur 209 was appointed a finalist for the EOY award in 2000. In the same year, he would sell the company to a large investment bank right before the internet crisis.

3.7.19 Entrepreneur 210

Entrepreneur 210 was born in Curitiba, Paraná, in 1961. An only child, entrepreneur 210 grew up in an upper middle class Jewish family in the city. After graduating in engineering from one of the best public universities in Curitiba, he worked for a local software company and decided to follow a parallel academic career. He then moved to Rio de Janeiro where he earned a Master in Information Technology. After going back to Curitiba, entrepreneur 210 started to teach in a local college, combining his teaching work with some part-time projects. It was during his work for this university that entrepreneur 210 had the idea of assembling special kinds of microcomputers specifically designed for schools and universities. He perceived that schools and universities were going to heavily depend on microcomputers to perform basic teaching and thought that special microcomputers could be assembled specifically for this sector's needs. He then developed a business plan and presented his ideas to the owner of the university, an important businessman of the region. Although he had little capital, about 20,000 dollars to start with at that time, the owner of the university as well as other partners, believed in the project and decided to join forces and capital to help start the venture in 1988. The business started small as the market at that time was dominated either by illegally imported microcomputers or large multinationals from the sector. For this reason, his venture struggled to survive for many years in this very hostile market, with small and limited support from a few organizations related to his partners. They considered discontinuing the venture, but entrepreneur 210 always believed that, some day, a local Brazilian computer factory would be able to compete with big players and the market for contraband product. The best way of achieving their business objectives, they believed, was by specializing in something. So, he decided to concentrate his efforts in public biddings since he believed they had the local knowledge and enough flexibility to provide public organizations with customized machines. This strategy worked well and with the appreciation of the Brazilian currency, local machines turned competitive and were able to compete also in retailing and other regular distribution channels. Due to the successful emergence of his venture, entrepreneur 210 was appointed a finalist for EOY award in 2004 and 2008.

3.8 Processing the interviews

Entrepreneurs provided more than 700 answers during the semi-standardized interviews, all of which summed up to more than 1,000 minutes (more than 16 hours) of valid audio and 19 pages of field notes used to register information, not necessarily audio, recorded during the interview which captured non-verbal aspects such as emotions visible through body language and the cleanliness and layout of the office. All the interviews were then transcribed, generating a document containing more than 180 pages. The approximate total time spent with each entrepreneur is indicated in figure 3.8a. This data was digitally reordered in a Microsoft Word document, creating a second set of texts that allowed entrepreneurs to answer each one of the 39 questions present on the script individually, in a comparative perspective.

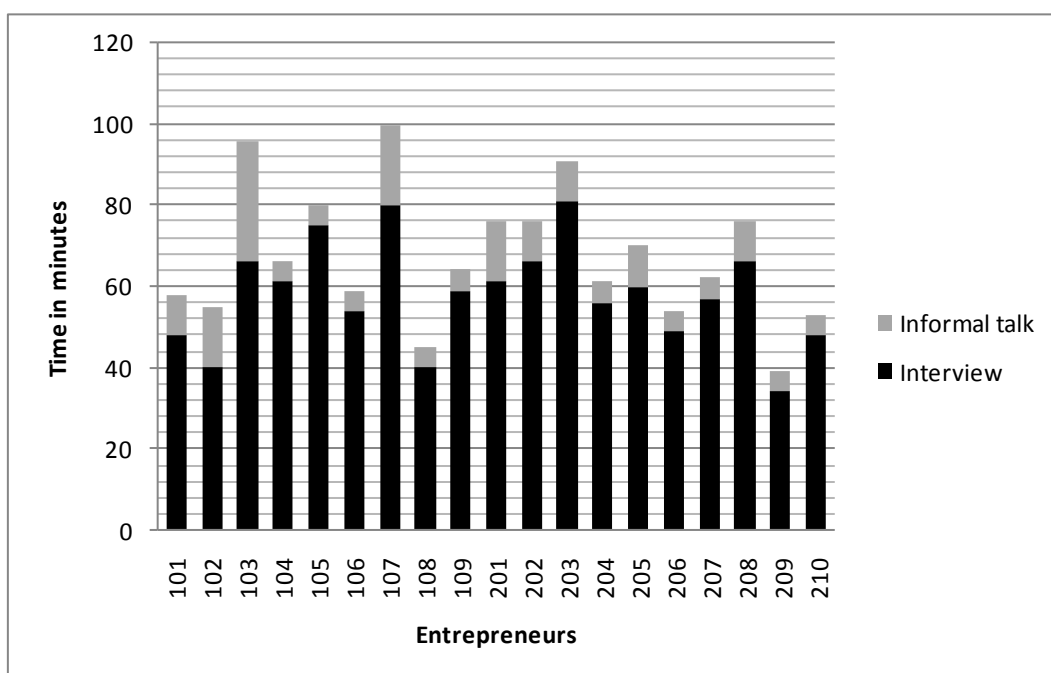


Figure 3.8a - Time spent with each entrepreneur visited

Source: prepared by the author

In order to identify the main patterns observed in the speeches of entrepreneurs, Bardin's (1993, p. 112) suggestions to start the analyses were followed by isolating

the elements and classifying them. In practical terms, all organizations or social norms mentioned by entrepreneurs were marked in green, red or yellow colors in Microsoft Word's text, depending on the positive, negative or dubious negative-positive effect that the organization or social norm impinged to the emergence of the entrepreneurial venture, despite from which country such effect took place. The categorization of what was found followed Bardin's (1993, p. 112) principles of an optimum categorization construction. She affirmed that good categories must bring mutual exclusion, homogeneity, belonging, objectivity, fidelity and productivity to the data categorized, generating categories in a process clearly observable in figure 3.8b:

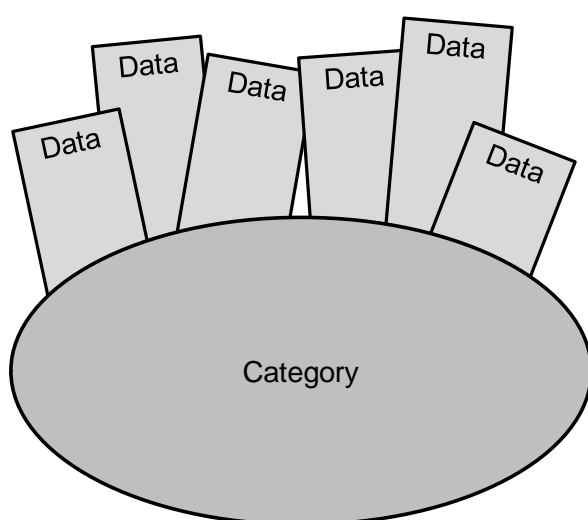


Figure 3.8b - Deriving Categories from Data

Source: Adapted from Merriam (2009, p. 181)

Documents and other kinds of secondary data collected to complement and validate the information provided by the entrepreneurs during the interviews were compared during this process. The secondary data found throughout this process was mostly complimented by interviews and comments provided by entrepreneurs to economic newspapers and magazines, as table 3.8 reviews. In there, entrepreneur's declarations coincided almost exactly with those provided for this study.

As these patterns emerged, posterior analysis was done, taking into consideration possible causal relations, the consistency or the inconsistency among the subjects mentioned, the country to which they belonged, the general sectors in which their

ventures operated and the age of their ventures. Inspired by Santos and Eisenhardt's (2009) analysis over interviews with North American nascent entrepreneurs, this analysis was done through the process of circling among theory, data, and literature, with the objective of refining the findings, relating them to existing theories, and clarifying possible contributions. Finally, a comparative analysis was done to highlight the differences among the social realities of both countries. The data analyses found in Part Four of this study took about four months to conclude.

Table 3.8 - Data raised on entrepreneurs selected and their ventures

Type of data:		Primary		Secondary		Data found about entrepreneurs or their ventures							
Origin of data:		Data produced by entrepreneurs or their ventures						Data found about entrepreneurs or their ventures					
Country	Entrepreneur	Recorded Interview (minutes)	Informal talk ² (minutes)	Website or blog	Press Note or Investor Report	Brochure or pamphlet	CDROM	Newspaper Digital Record ³	Magazine Digital Record*	Public Video Record	Social Networking Record		
Spain	101 ¹	8+40	10	1		3		2	2				
	102	40	15	1				1	2				
	103	66	30	1		2		1					
	104	61	5	1		2		3					
	105	75	5	1		2	1	1					
	106	54	5	1		2							
	107	80	20	1									
	108	40	5	1	1			12	2				
	109	59	5	1									
Brazil	201	61	15	1		1		3	2				
	202	66	10	1				2	1				
	203	81	10	1				3	1				
	204	56	5	1				7	2		1		
	205	60	10	1	1	3		15			2		
	206	49	5	1		2	1			1			
	207	57	5	1					4	1			
	208	66	10					2	3				
	209	34	5					2					
	210	48	5	1							25		

¹ Recording machine literally broke in the minute 8 of the interview. From that point on, answers were recorded in a notepad.

² In every meeting entrepreneurs provided additional information before of after the interview took place. Time is estimated according to the field notes.

³ Mainly via Valor Online in Brazil and Cinco Dias in Spain (access granted via local libraries).

* Includes specialized content producers and newsletters from different organizations.

3.9 Limitations of the method

Different kinds of limitations were raised regarding the methodology utilized to answer the research questions. Limitations were explored by their relations with: Brazil and Spain as a valid comparable playground for entrepreneurs, the Entrepreneur of the Year award as a valid source of innovative entrepreneurs for the study, the size and the characteristics of the sample as an effective choice among the research possibilities and the potential that the questions asked during the semi-structured interviews accomplished the research objectives.

As shown in the figure 3.2, comparing a Latin country with another Latin country could be seen as limiting the findings of this study due to a potential high level of similarity between social realities of the two countries. However, as the same figure 3.2 theoretically illustrates and socioeconomic data presented in section 2.3 clarifies, Brazil and Spain share a large enough number of socioeconomic differences that set both societies apart in terms of their socioeconomic characteristics and institutional environments toward entrepreneurship.

Ernst & Young is a business and the Entrepreneur of the Year is an award executed with the objective of building the E&Y brand and capturing new clients through the early screening and identification of growing businesses. Although compounded by professors from recognized universities and former winners of the award, the process of choosing the jury and the organizations selected as finalists may be biased in detriment to the accuracy of the process. For example, the fact that the sectors represented in both countries were similar could have happened due to a special interest of E&Y in looking for clients in those specific sectors. We will never know their motivations for selection without having access to privileged information from inside the company. The selection of a large number of older ventures as finalists, ventures founded in the 1940's, 1950's or 1960's, can contribute to this perception.

In terms of the process of contacting entrepreneurs only through the cold call method, one limitation resides in the fact that perhaps only the most accessible people were available to receive the researcher. Entrepreneurs that had something

to hide in their histories would never accept the visit of an independent researcher and therefore the sample could end up biased in favor of those who had nothing to hide. This problem was not given serious consideration as an important flaw in the methodology because if that happened, the study would still be useful for the objective of researching entrepreneurs that did not have special arrangements or tricks that contributed to their success stories. Further, the majority of the population that wants to start a entrepreneurial venture in Brazil or Spain are without access to special arrangements.

Despite of the use of a pilot interview that improved considerably the format of the questions, an evolution in the quality of the discussions was observed as interviews took place. Despite that, the methodology progressed similarly from the first to the last interview, allowing proper comparison afterwards. Besides, due to the fact that the interview was semi-standardized, some answers could not be directly assigned to a specific question, while others could have been assigned to multiple questions. To solve this problem, cross-references were created in the Microsoft Word document of reordered answers to facilitate the flow of the analysis. Another tool extensively used during the analysis of data was a comprehensive map of summarized answers, created in a Microsoft Excel spreadsheet as suggested by Miles and Huberman (1994) for this kind of situation. The file was organized with entrepreneurs in the columns and interview topics and script questions in the rows, totaling 4,760 cells of information (28 columns by 170 rows).

With more than 700 questions asked of the 19 entrepreneurs interviewed (approximately 39 questions for each one), it was remarkable to see that entrepreneurs remembered relatively well the period concerning the early stages of their ventures. Sometimes, they had to take smalls breaks to exercise going back in time and to figure out which organizations and norms were relevant to the emergence of their ventures. This characteristic of the interview may have represented a limitation in the method either because the entrepreneur did not remember those moments in time properly or because he or she searched for another answer that would either make their history sound better or non-contradictory. As mentioned in section 3.8, supportive secondary data such as brochures, press news and websites

were accessed before and after the interviews to test the veracity of parts of their speeches. Importantly, no contradictory data were found.

Regarding the entrepreneurs' relations with social norms, answers were not as clear and straight forward as the ones given regarding their relations with organizations. Because of that, the following analysis had to be made much more in combining the explicit and implicit answers of entrepreneurs with knowledge developed by other researchers regarding Latin American and Latin European social norms than expected, revealing the exploratory character of this part of the study.

The last limitation observed in the methodology was the reduced number of entrepreneurs assessed. After all, only 19 entrepreneurs were studied in both countries, representing about 12% of the population of 155 entrepreneur finalists for the EOY award with ventures founded after 1980. These 155 people, on the other hand, are expected to represent the whole class of innovative entrepreneurs that built successful entrepreneurial ventures in the late twentieth and early twenty-first centuries, exposing the probabilistic vulnerability of the study. This lack of a representative sample is expected to be compensated by the profundity of the analyses over the sample assessed.

4. ANALYSES AND FINDINGS

In this part of the study, the whole set of data collected in the field was analyzed following the processes described in part three of methodology, more specifically as explained in section 3.8. As a result, this part of the study was divided into four correlated sections on how ventures emerged and were impacted by organizations and norms in Brazil and Spain in the late twentieth and early twenty-first centuries.

Four categories and five subcategories were identified and are presented here in sections 4.1 - Motivations to start an entrepreneurial venture, 4.2 - The emergence of entrepreneurial ventures, 4.3 - The role of organizations in the emergence of entrepreneurial ventures and 4.4 - The role of social norms in the emergence of entrepreneurial ventures. Section 4.3 is divided into five subsections as specific categories emerged from the research: 4.3.1 - Information provider, 4.3.2 - Capital supplier, 4.3.3 - Public regulator, 4.3.4 - Business enabler and 4.3.5 - Status provider.

Table 4 summarizes the connections among these categories and subcategories, identified during the execution of the analyses. The questions contained in the script of interviews and the original research questions indicate through which research process categories became visible. Since the interview was performed in a semi-structured way, entrepreneurs had freedom to speak about things that were not questioned, but that they remembered along the way. In that case, categories were assigned to the questions that originated from such remembrances.

Table 4 - Categories of analysis and their origins in the methodology

Categories and subcategories of analysis ⁵⁸	Short version of the question contained in the script translated into English ⁵⁹	Research question (RQ1, RQ2 and/or RQ3) ⁶⁰
4.1 4.2	Question 1: In which year was the venture that competed for Ernst & Young's EOY award started?	RQ1
4.1 4.2	Question 2: It has been your main venture so far?	RQ3
4.1 4.2	Question 3: The venture at that time was initiated by you or someone else? Tell me more about it.	RQ3
4.1 4.2 4.3 (4.3.2)	Question 4: How did you choose the sector? What was your capital source?	RQ1 RQ2 RQ3
4.2	Question 5: How long did it take you to realize if your venture was innovative? What made your venture different?	RQ2
4.2 4.3 (4.3.1) 4.3 (4.3.2)	Question 6: What were the main initial general obstacles you faced?	RQ1 RQ2
4.4	Question 7: Did they arise because you did something different from others?	RQ1 RQ2 RQ3

⁵⁸ Categories and subcategories are: 4.1 - Motivations to start an entrepreneurial venture, 4.2 - The emergence of entrepreneurial ventures, 4.3 - The role of organizations in the emergence of entrepreneurial ventures, 4.3.1 - Information provider, 4.3.2 - Capital supplier, 4.3.3 - Public regulator, 4.3.4 - Business enabler and 4.3.5 - Status provider and 4.4 - The role of social norms in the emergence of entrepreneurial ventures.

⁵⁹ See appendix A.2 for the original scripts with the full version of the questions in Portuguese and Spanish.

⁶⁰ To facilitate the understanding of this table, research questions are repeated in these footnotes: 1 - In which social contexts Brazilian and Spanish entrepreneurs started their entrepreneurial ventures in the late twentieth and early twenty-first centuries? How these social contexts influenced the emergence of their entrepreneurial ventures? 2 - What kind of organizations and social norms were relevant in facilitating or obstructing the emergence of entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries? 3 - How entrepreneurs assembled specific social ties to take advantage of incentives or to overcome obstacles created by organizations and social norms during the emergence of their entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries?

4.3	Question 8: From where did these initial obstacles come?	RQ2 RQ3
4.2 4.3 4.4	Question 9: Obstacles were created by specific people or by the organizations to which they belonged?	RQ2 RQ3
4.1 4.2 4.3	Question 10: Did you start the venture first and then search for customers or the other way around?	RQ1 RQ2 RQ3
4.1 4.2 4.3	Question 11: Do you remember your first clients? How did you acquire them?	RQ2 RQ3
4.1 4.2 4.3	Introduction to questions 12 to 18: Think of organizations in general. Examples are explicitly cited ⁶¹ .	RQ2
4.1 4.2 4.3	Questions 12 and 13: Were any of these essential to the emergence of your venture? Any others not mentioned?	RQ2
4.1 4.2 4.3	Question 14: Were any of these important somehow? Any others not mentioned?	RQ2
4.3	Question 15: Did any of these hinder the emergence of your venture? Any others not mentioned?	RQ2
4.3	Question 16, 17 and 18: Did your competitors deal with the same kind of supports or difficulties imposed by these organizations?	RQ1 RQ2
4.3	Question 19: What would happen if several organizations were created to support you and your competitors?	RQ1 RQ3

⁶¹ Organizations specifically cited as examples were: Law, accounting, patent and trademark firms, public bodies, municipal, state and federal, companies where you had worked, companies of friends and relatives, colleges and universities, language schools, TV channels, magazines, press related firms, banks, insurers, money lenders, suppliers, customers, competitors, partners, churches, clubs, NGOs, associations, chambers of commerce.

4.1 4.4	Questions 20 to 29: Objective questions regarding social background: age, family, religion, etc.	RQ1 RQ2 RQ3
4.4	Introduction to questions 30 to 39: In each social group there are norms that evolved over time. Norms are not formal laws.	RQ3
4.4	Questions 30 and 31: In general, did you follow norms or question norms? Has this position changed since you started the venture?	RQ1 RQ2 RQ3
4.1 4.4	Question 32: Have you questioned norms of the sector to succeed?	RQ1 RQ2 RQ3
4.4	Question 33: Did you like setting norms in your venture?	RQ3
4.4	Question 34 and 35: Did you feel indebted when you received a favor? Did you avoid trading favors?	RQ3
4.4	Question 36 and 37: Did you delegate or concentrate decision power? What norm did you use to solve that?	RQ3
4.4	Question 38: Were the remuneration norms important for the success of your venture? How did you define them?	RQ1 RQ2 RQ3
4.3 4.4	Question 39: Do you believe that your system of values is reflected in the venture? How?	RQ1 RQ3

Source: prepared by the author

4.1 Motivations to start an entrepreneurial venture

Brazilian and Spanish entrepreneurs analyzed the possibility of starting an entrepreneurial venture in their countries after a relatively short space of time, varying from a few months to two years. However, the time they took to be nominated to the EOY award varied considerably, ranging from three to 20 years. The four entrepreneurs that took longer to achieve this recognition were entrepreneurs 107, 106, 210 and 203, who each took 20, 19, 19 and 17 years, respectively, to be appointed finalists of the award. Although strange, this did not happen because their communications departments took a long time to present their ventures for the award. Instead, these ventures spent a long time either developing the product or service that was demanded by the market or consolidating the innovative product or service that made their ventures innovative in the first place.

One of the best known attempts to contribute to the understanding of entrepreneurship with the use of psychology comes from David McClelland (1961). McClelland's main argument is that entrepreneurs search for a certain kind of social achievement more than anything else (what he called the *n* achievement). For Swedberg (2000, p. 33), however, McClelland ignores the complex social contexts that surround the entrepreneur, investing effort in the internal pre-existent motivations that could lead a person to become an entrepreneur. It is clear that there is a psychological dimension in entrepreneurship. What is not clear is how important this dimension is in contributing to the advent of an innovative venture and its subsequent success or failure. Swedberg doubts that the "entrepreneurial personality" will ever be discovered, believing that psychologists can better contribute to the field by investigating different types of entrepreneurs in different kinds of situations.

Burt (2000, p. 303) contributed to this issue by alleging that a person could be compelled to start an entrepreneurial venture by identifying opportunities within the privileged position of a social network, occupying spaces he labeled as structural holes. In our sample, depending on the type of bridging role we attribute to the entrepreneur among other people and organizations, this could have been the motivational spark, at best, for entrepreneurs 102, 105, 106, 201, 204 and 206.

The entrepreneurs interviewed alleged different motivations for starting their ventures, but most clearly expressed that financial gain was a consequence, not the objective of their actions. Of course, when you take a sample of entrepreneurs that performed well and interview them after they have earned a substantial amount of money, it is easy for them to rebuild the speech of their initial motivations, putting this affirmation under suspicion. However, by taking their declared motivations and crossing this information with the processes they underwent to put into practice the necessary innovation to succeed in a specific market, it is possible to realize how close their alleged motivations get to the classic theoretical definitions of the entrepreneur, validating the methodology and their speech at the same time. That is why both the ideal type of entrepreneur that is described by Weber (2007, p. 33) in the development of modern capitalism and the entrepreneur portrayed by Schumpeter (1911), that is not motivated by monetary objectives nor the hedonistic fruits of his work but by the search for social recognition, are found in this sample. Most of the entrepreneurs interviewed proudly demonstrated and exhibited their awards of recognition, including the EOY itself, in their own rooms or meeting rooms used to receive visitors (entrepreneurs 103, 105, 106, 107, 108, 201, 202, 203, 205, 206 and 210 had their awards in sight inside their rooms or in a room very close to their offices). Entrepreneur 104 illustrates this situation, confirming how their search for personal pride plays a key role in the character of the venture:

Excerpt 1: Somos una empresa fuera de la [estándar]... pensamos en ganar dinero pero nunca pensamos en el dinero como cosa final. Tenemos ganas de que sea exitoso, de que sea un sitio exitoso, que enganche. Hay una parte de orgullo personal que para mí es tan valeroso como el dinero, entonces, como que cuando estas orgulloso la gente viene y te da dinero. Pero no es al revés: vamos a ver, cómo le sacamos dinero? Es todo lo contrario! (Entrepreneur 104)⁶²

Three entrepreneurs have formally created their ventures as an alternative way to survive (entrepreneurs 103, 206 and 208). Although they could have searched for a regular job (entrepreneur 103 already worked for a large bank and 208 studied in a good private university), one of the drivers that most encouraged them to start their own ventures was the possibility of becoming financially independent by doing

⁶² All excerpts from interviews with entrepreneurs were included in their original language (Portuguese or Spanish) as a way to replicate the meaning of their responses more faithfully. Annex 3 shows the translation of passages into English in the same order they appear in the body of this study.

something they believed in or felt prepared to carry on. These three entrepreneurs (102, 206 and 208) were the only ones in the sample identified as coming from lower social classes in their societies and this finding may suggest that people who have the ability to survive in the Brazilian and Spanish market-oriented economies, by creating new ways to generate income other than working for others, may increase their ability to innovate when they have the chance to run their own ventures. The large number of self-made men and self-made women that came out of nothing in Latin societies that have adopted market-oriented practices may corroborate this finding observed in Brazil and in Spain. This may also occur because when people from lower social classes in those countries perceive that they can change their destiny through the appropriate exploitation of a parallel informal activity that starts to perform well, they put extra effort, dedication and creativity into solving problems that could have been considered unsolvable earlier by other less devoted or wealthier business developers. In fact, their belief that their venture could perform better than others led these three entrepreneurs to merely formalize their businesses after previously accumulating a certain number of clients. These issues are further discussed in the conclusions, together with other findings and data. All of the other 16 entrepreneurs formally started their venture first and then searched for clients, although one (entrepreneur 201, also from a lower social class when compared to the average) started her business after receiving motivation from one specific company to open a communication agency so that this company could outsource its corporate communication services.

Despite that, all of the entrepreneurs interviewed, including these four less economically privileged, could not be classified as entrepreneurs by necessity other than by opportunity as the GEM use to oppose. They could have had another occupation in society if they wanted at the time of their ventures' emergence. Most of them were actually working right before the emergence of their ventures and their motivation to start investing time and resources in their own business ventures was rational, although not very clear nor exclusively based on financial perspectives. Entrepreneur 108 alleged to be motivated mainly by freedom and intellectual challenge:

Excerpt 2: En un momento dado, me metí en una empresa familiar de temas inmobiliarios y realmente pues tenía muchísimas limitaciones, como madre, como mujer, porque no podía elegir mi horario y entonces realmente el entrar a ser yo la empresaria en vez de trabajar para alguien, fue una fórmula para poder conciliar mi vida profesional y mi vida [personal]. Yo quería trabajar, siempre había trabajado, siempre he tenido un proyecto intelectual. Y cuando trabajas para alguien el horario lo pone el alguien, y entonces cuando trabajas para ti, el horario, el alguien eres tú. Esa fue la razón, únicamente! (Entrepreneur 108)

As we have previously seen, she ended up acquiring a very small company in the security sector, and then transformed this company into the fourth largest company within its segment in Spain in less than twenty years. Entrepreneur 106 not only wanted freedom but was also exploring a characteristic of his personality that did not allow him to perform as good as expected in the corporate environment of large multinational companies:

Excerpt 3: [...] una de las razones por la que yo decidí cambiar [de ser ejecutivo a ser empresario] es porque no me veía a mí mismo como “carne” de multinacional. Porque para crecer en la escalera corporativa de una compañía multinacional, hay que tener... no sé, yo no me veía a mí como una persona con las habilidades políticas y tampoco era brillante como para tener un mentor arriba que me apoyaba. No me veía escalando [este juego]... Si porque necesitaba más libertad. (Entrepreneur 106)

That is why this decision to leave an existing activity to endure the business creation process is often delicate, especially when the entrepreneurs-to-be are older and have people, like family, depending on them. Starting a venture involves abandoning the security of a salary and an established organization assembled to protect its leaders and risking your way of living by becoming dependent on the consequences of your acts and decisions, as explained by entrepreneur 204:

Excerpt 4: Quando o [presidente da empresa em que ele trabalhava (apoiador informal da nova iniciativa)] me pediu para eu botar um cara aqui [nesta nova empresa (em que ele a principio trabalharia a tempo parcial)], eu fui com a minha família para Orlando. [...] E eu e a minha esposa a gente estava conversando [...]: "Poxa, então tá, então eu vou botar o [potencial sócio] para tocar aqui, e vou tocar lá..." Eu não conseguia considerar equacionada e resolvida essa questão. E aí ela disse: "Poxa, por que você não sai?" Porque ela achava que era o momento. E aí eu comecei a pensar e a pensar e abri um sorriso assim e não toquei mais no assunto. Daí depois, na volta, ela disse: "E aí, quando é que? Como é que?" e eu disse: "Ah, eu vou sair!" Daí nós conversamos com as crianças mas elas não entendiam porcaria nenhuma. E foi e... é muito difícil isso. Você está acostumado a ganhar uma grana como executivo e de repente muda de telefone, muda do outro lado da [mesa]... é, acabou, não tem mais secretária não tem nada. Você tem que ir à [luta]... e eu tinha uma posição importante na [empresa anterior]... e você se escuda atrás

disso, você se protege. Você tem toda uma organização de tudo, de advogados, de motoristas, de ascensoristas, de secretárias, de engenheiros que te protegem... e quando você vai à luta... (Entrepreneur 204)

This may explain why a considerable number of successful entrepreneurs both in Brazil and Spain started their ventures so young: because their social responsibilities were not well established or limited by dependents. If we consider that the Latin culture, present in both Latin Europe and Latin America, comprises the notion of the extended family where grandparents, sisters, brothers and fathers-in-law gain prominence as they grow in age and socially evolve, this finding may be seen as one empirical observation of how Brazilians and Spanish entrepreneurs respond to the influence of their Latin social contexts when considering whether or not to start a venture in those regions. Limited by this social constraint, young entrepreneurs may make basic mistakes, caused by their rush and lack of experience that may have contributed to both the large group of unsuccessful ventures feeding the large mortality rates observed in these countries and also some innovative ones not conceptually bounded by the professional experience of the entrepreneurs. These practical consequences of a social peculiarity may later discourage or encourage the emergence of new entrepreneurs in these countries due to their impact on the overall perception of how difficult it is to create a successful venture in Brazil or in Spain, despite the differences in the normative environment.

One last observed motivation, commonly present at the moment to start a venture, was the one that came from interactions with external societies other than those to which the entrepreneur belonged, socially and geographically speaking. Many entrepreneurs developed their initial interest or considered the possibility of starting their own ventures after interacting with or visiting different social groups from a different country or region other than their own. This happened to nine of the nineteen entrepreneurs interviewed. These experiences had direct impacts on the products and services they developed, showing the importance of these kinds of events to the conception of the idea, recognition of the opportunity and consequent motivation to start a venture back home. Eight of these ten experiences occurred in interactions with products, services or people from other countries as far away as Japan (entrepreneurs 103, 106, 202, 203, 204, 206, 207 and 209), while two occurred with products, services or people from other regions within the same

country in which they lived (entrepreneurs 107 and 210). This demonstrates how social mobility and interaction add importance to the process of recognizing opportunities within their own societies, by comparing the ways things are done under different circumstances. As we will see later in section 4.4, this kind of experience constituted one of the most important sources of information that allowed entrepreneurs to innovate in a specific existent or inexistent market.

As a result, we may summarize the findings of this session, affirming that Brazilian and Spanish entrepreneurs present in the sample were largely driven by one or more combinations of the following motivations to start their ventures: financial independence, social recognition, exploration of available networks, intellectual challenge, observations of other social contexts, opportunity proposal, being at a young age (without dependents and less patrimony or social reputation to risk), being at an older age (due to the lack of opportunity and subsequent self-employment) or being a woman (in search for independence and intellectual challenge in sectors predominantly masculine).

4.2 The emergence of entrepreneurial ventures

The initial period in which a new organization emerges is a crucial theoretical issue and the organizations that start an innovative path by creating a new industry face a completely different set of challenges than the ones created in existent industries (Aldrich, 1995). This study approaches the founders of the first ones, classified here as entrepreneurial ventures or simply ventures. The second type of organizations is simply referred to here as companies, firms, enterprises or businesses. It is known that some ventures will succeed and others won't in their business objectives of by establishing these new industries, but what they all have in common is that they are largely affected by different types of organizations embedded in their social networks, especially in the initial period of their existence, although most of the entrepreneurs may not pay much attention to that. For this reason, new organizations have a need for legitimizing processes that pass through trust building strategies (Aldrich, 2000).

Labeled by Stinchcombe⁶³ (1965 apud Aldrich, 2000, p. 215) as the *liability of newness*, this phenomenon was constantly observed in both countries, to varying degrees.

Two examples illustrate how the study's findings regarding the influence of organizations emerged from the speech of entrepreneurs interviewed as they were taken to remember the beginning of their ventures. Coincidentally, both represented the media sector in each country. Entrepreneur 107, as already seen in section 3.7.7, founded a large media group in Spain, specializing in the designing of marketing campaigns for the agricultural sector. Right before the emergence of his venture, he had the idea of building large billboards in the south of Spain with the intention of later renting them to large agricultural companies. This idea came to his mind during one of his first jobs as an advertising salesman for the agricultural supplement of a local newspaper. Since he did not have money to build the billboards made of wood and steel, he convinced the owner of a local blacksmith company to build them for him based on future payments he would receive from clients he already had from the newspaper. The role of the newspaper in opening doors for him was noticeably relevant and he realizes the importance of this help to his venture's successful emergence. However, his initial financial return was only possible because of the support of this small blacksmith's company, a key supplier who trusted him by building a large number of billboards without receiving a cent of payment up front for the first months. Why the blacksmith trusted him, he could not explain. He just said: "he was a good man". Entrepreneur 107 would use his first receivables to pay the rent to the owners of the walls and floor spaces in which he installed the billboards, being, in practice, financed by the owner of this little blacksmith company. Finally, it was with the financial returns from this billboard initiative that he would later use to start his media group, since banks and family were not valid capital suppliers for him at that time.

It was surprising to see that, with the help of the interview, he discovered the key role that this organization had in the very first months of his venture as a key capital supplier. His sudden feeling of gratitude was not exactly put into words but was

⁶³ STINCHCOMBE, J. G. Social Structure and Organizations. In: MARCH, J. G. (Ed.). Handbook of Organizations. Chicago: Rand McNally, 1965. p. 142-193.

clearly observed and registered in the research diary. Illustrating an equivalent event, entrepreneur 206, who started the successful entrepreneurial venture of establishing domestic TV broadcasting stations for large corporations to stimulate internal communication, realized that it was one of his first clients who inspired him in starting this innovative venture through the kind of services his previous non-innovative business had carried out to attend its demand. Before starting the venture that would take him to the finals of the award Entrepreneur of the Year Brazil in 2008, he had a modest but well established video production business, responsible for recording and editing videos for all types of corporate clients. However, one client would constantly hire him to record conferences performed by innovative entrepreneurs, CEO's and owners of large businesses in Brazil. While listening to them and having access to this source of privileged information about the future of the communication industry, he developed the idea to start his next business, an innovative venture that became the largest of its kind in Brazil by 2009.

These findings confirm Aldrich's (2005) perceptions that it is both difficult to determine when new social entities emerge and how to classify actions as innovative. Entrepreneurs 109, 202, 206 and 207 started their ventures within previous organizations they had previously founded, all undoubtedly perceived as non-innovative companies operating in existent markets. They spent many years working in their non-innovative companies (6, 4, 10 and 10 years, respectively) until having the idea that would lead them to create an innovative venture. This confirms the observations of Kanter (1988) in that idea generation often comes during the execution of regular tasks in an entrepreneur's previous job or previous business venture. This finding confirms the classic Schumpeterian principle used by this study that no one is an entrepreneur forever, only when he or she is actually doing the innovative activity (Swedberg, 2000). In fact, confirming this Schumpeterian principle, two entrepreneurs, after the interview, declared to be in the search of support to develop new innovative approaches to their once innovative ventures. Through the form of consulting relationships or referrals, they wanted assistance in making their ventures as innovative as they were in the past, since they were foreseeing the decline or the end of their organizations and industries over time.

The difficulty in determining the exact moment in which a venture emerges as innovative was discussed with entrepreneur 109 for quite a long time when compared to other interviews. This happened because it was very difficult for him to determine the moment in which his venture could be classified as innovative. He concluded that his venture did not have a beginning, but many beginnings. He also realized that he had too many important moments in which crucial decisions had to be made until he finally reached a moment when he could consider his venture innovative. This happened more than six years after the formal foundation of his venture, with the development of a specific product:

Excerpt 5: Si tú te fijas bien, yo no tengo un inicio. ¡Yo tengo varios inicios! Podría ser un error, y creo que es un error pensar que existe un inicio. Para mi es tan inicio mi primer inicio, como el resto de mis inicios. Cuidado. Cuando hablamos de inicios, son hitos. Momentos en los que pueden cambiar el futuro de tu negocio. Cambios hay diarios. Pero no podemos darle el valor de la palabra inicio tal como la estamos empleando. Porque, de hecho te he ido marcando como hay fechas cruciales, no? En el [19]86 nacemos, nos desarrollamos en un modelo, en el [19]92 apostamos sin una economía excesivamente importante, pero sí sustentándola con los negocios que ya había funcionando. Luego, [el año de 19]92 es un hito porque empezamos a hacer algo que además no suele ser muy habitual, que es investigar y desarrollar. Y en el [19]95 es otro hito: nace el modelo de la franquicia y a partir de ahí nos desarrollamos a un nivel de actualmente tener cerca de 600 centros en España y Latino América que utilizan nuestros modelos. Si te hablo de los alumnos que formamos, hablo de millones de alumnos. (Entrepreneur 109)

Confirming this perspective, Schumpeter "repeatedly points out that while ordinary economic behavior is more or less automatic in nature, the entrepreneur always has to think very carefully about what action to take since he or she is involved in doing something that is fundamentally *new*" (Swedberg, 2000). This early finding of the study confirms Schumpeter's view of the phenomenon, showing that it is not only difficult to determine the initial starting point of a venture but also at what point the venture becomes authentically innovative. Excluding the formalization act that legally creates the venture, this finding means that there will not usually be a t_0 date available to analyze for ventures in either Brazil or Spain, making t_0 just a theoretical moment in which the very first important decision had to be made. This makes the emergence of the venture as a whole lose importance when compared to the subsequent decisive interactions and important decisions performed by entrepreneurs in Brazil and Spain, maintaining its status of relevancy in the

entrepreneurial process only if we consider the key meaning of the early opportunity recognition by entrepreneurs.

The literature of institutional theory in economics about entrepreneurship tends to give a lot of the credit to the early opportunity recognizers (Nee, 2005) as miners in search of gold, but that does not seem to be exactly the case in Brazil and Spain from 1985 to 2005, where having the idea or recognizing an opportunity before others was not enough to perform above the average due to subsequent obstacles and the importance of decisions taken as a consequence after market interactions started to take place. During these subsequent moments that took from three to 20 years to occur in the analyzed sample, interactions among entrepreneurs, organizations and social norms led them to make decisions that forced their ventures towards the path of failure, survival or success continuously and invariably. Again, in all of the sample cases, success was achieved (all in the sample were appointed finalists of the award and therefore considered successful entrepreneurs as discussed in sections 1.4 and 3.3). Although individually, these forces may have influenced entrepreneurs' decisions that led ventures to become closer to or farther from being appointed finalists of the E&Y EOY in Brazil or Spain, when combined, the output of their decisions obviously made the entrepreneurs finalists or winners of the EOY award.

Other entrepreneurs, not considered in the sample, surely did not achieve these results, leading us to think that the combined outputs of their decisions took them out of the business or they remained as survivors but not innovative enough to outperform in the market.

4.3 The role of organizations in the emergence of entrepreneurial ventures

In terms of the roles that organizations played in the emergence and development of entrepreneurial ventures in Brazil and Spain, answers did not necessarily correspond with each other in accordance with the country or the sector of the respondents, as could have been expected. With the exception of the role played by specific capital

suppliers and a few public organizations, the role played by organizations in general in both countries did not allow the analysis of findings to be done by country. This characteristic of the findings regarding organizations can be seen as validating the decision to use such a socially homogeneous sample. For this reason, instead, five well delineated roles that organizations played while influencing the early stages of entrepreneurial ventures in Brazil and Spain appeared, playing different, complimentary and sometimes contradictory roles in the delicate moment of the emergence of an entrepreneurial venture in those countries.

In total, approximately 100 organizations were mentioned by the Brazilian and Spanish entrepreneurs and identified in secondary data as having some kind of role in their ventures during the early stages of their emergence, with about 78 organizations impacting positively and 22 negatively. The lack of precision in these numbers is a result of the methodology, since organizations were not only obtained from their speech but also from other documents such as brochures, videos and websites, sometimes without a precise registry on the level of influence that each specific organization had in the emergence of the venture. Organizations that had a neutral impact on the ventures were not controlled and did not form a specific cluster. This was the case because literally millions of organizations had at least some, minor interactions with the ventures. In the extreme, even the airline company that an entrepreneur used at the beginning of his venture or the restaurants at which he ate could have had some influence on development of the venture, but this level of detail could compromise the viability of the research. What is possible to do is to compare organizations that were expected by literature and common sense to have played some kind of role in the emergence of entrepreneurial ventures in Brazil and in Spain and discuss the possible reasons why they did not. This will be done in part five of the conclusions.

Brazilians were more susceptible to point out organizations affecting their businesses than Spanish, mentioning twice as many organizations that affected their ventures than their counterparts in Spain. However, no specific patterns were observed when comparing the entrepreneurs according to the general sectors in which they operated.

It is also important to clarify the relativity of the role that organizations played in the development of new ventures in Brazil and Spain. Organizations, both the ones mentioned by entrepreneurs and the ones indirectly located by the researcher affecting their ventures, were registered together with the neutral, negative or positive impact they had on the emergence and development of a venture and with the intangible strength (weak or strong) in which these negative or positive impacts affected a venture. However, this relativity in the role that some organizations assumed was observed not only when organizations influenced the emergence of some ventures in different ways but also when they influenced in different ways the very same venture. More than a methodological distress, this happened because ventures, as well as organizations affecting them, are not frozen in time and in space and therefore, their continuous exchange of acts and information generated different types of influences (positive and negative) with different levels of strength (strong, weak and neutral). This finding was also not directly addressed by the literature and may represent an important advancement in the field. This kind of variation was observed mainly regarding public organizations, but was also observed in the case of competitors as we will see further. Competitors that recognized the same opportunity approximately at the same time tended to see each other as threats or colleagues in the first moment, therefore bringing a negative or positive influence on entrepreneur's ventures either due to the dispute of key first clients or to the collaborative creation of their new market as a whole.

On the other hand, entrepreneurs may have to deal with the cognitive issue of recognizing only the impact of organizations that were in direct contact with his/her venture, while the real source of the impact may have been coming indirectly from a second or third organization. This happened to entrepreneur 208, who felt negatively impacted by the INPI (Instituto Nacional de Propriedade Intelectual, Brazilian Patent Office) which took many more years than usual to register her main brand in the country. Later, she discovered that the problem was rooted in the slow legal court of another Brazilian state that did not decide whether or not the former owner of the brand, a bankrupt company that had never used it, or its creditors, should have rights over it or not. A competitor that is strongly supported by a client or supplier may incur a similar case just like a company that is supported by a government in a classic dumping event. This kind of false obstacle or false facility entrenched in organizations

apart from the entrepreneur cognitive field may be the cause of important tensions faced by entrepreneurs, especially at the delicate emerging stage of a venture.

Despite the variety of roles that organizations played while obstructing or facilitating the emergence of an entrepreneurial venture in Brazil or Spain, five clusters appeared as the ones that most often influenced, positively or negatively, their emergence in the late twentieth and early twenty-first centuries, indicating the importance of pre and post-established social connections that guaranteed entrepreneurs' access to organizations that often played positive roles on their ventures:

- **Information provider:** organizations that acted mainly positively by assuming the role of key information provider about the market, its necessities, key commercial contacts and other kinds of information that were relevant to entrepreneurs in the early stages of their ventures in Brazil and Spain. Previous employers, previous customers, previous businesses, suppliers, NGOs, universities and trade fairs are examples of organizations that played this crucial role in the emergence of entrepreneurial ventures in Brazil and Spain.
- **Capital supplier:** organizations that acted both positively and negatively by providing or denying access to initial capital (also called seed capital) in the early stages of the venture. As we will see further, by denying access to initial capital, these organizations sometimes played a positive role in the eyes of entrepreneurs, or they could play a negative role when they provide initial capital to emerging or established competitors in similar sectors. Public and private banks, government agencies and programs, large business groups, early clients and key suppliers are examples of capital supplier organizations mentioned by entrepreneurs in Brazil and Spain.
- **Public regulator:** public organizations that acted both positively and negatively by establishing and extinguishing regulatory rules, laws and governmental programs that modified the market in such a way that the reported actions of entrepreneurs were directly influenced by them. Local,

regional and national public companies, agencies and departments from the executive, legislative or judiciary branches of the government are examples of these kinds of organizations.

- **Business enabler:** organizations that acted both positively and negatively by either providing direct access to third party organizations or structuring obstacles to new entrants in markets when entrepreneurs tried to emerge. Employer's associations, chambers of commerce, sector associations and trade fairs are examples of business associations. Note that these kinds of organizations are usually nonprofit oriented, serving different purposes other than generating direct monetary results for their members and emphasizing the relevant role that social networks may assume in countries like Brazil and Spain.
- **Status provider:** organizations that acted mainly positively by providing endorsement, referral or positive reputation to an entrepreneur or his venture during the early stages of its emergence. Previous employers, previous employers' clients, first clients, previous ventures, award assigners and NGOs are example of organizations that played this relevant role in the emergence of entrepreneurial ventures in Brazil and Spain.

As we can see, one organization can play two or more different kinds of roles and affect the outcome of other organizations and entrepreneurs differently while influencing the emergence of a specific entrepreneurial venture in Brazil and Spain (see figure 4.3), collaborating to confirm the presence of this third dimension in the relationship between entrepreneurs and organizations, the dimension of mutual interdependence intrinsically associated with social networks:

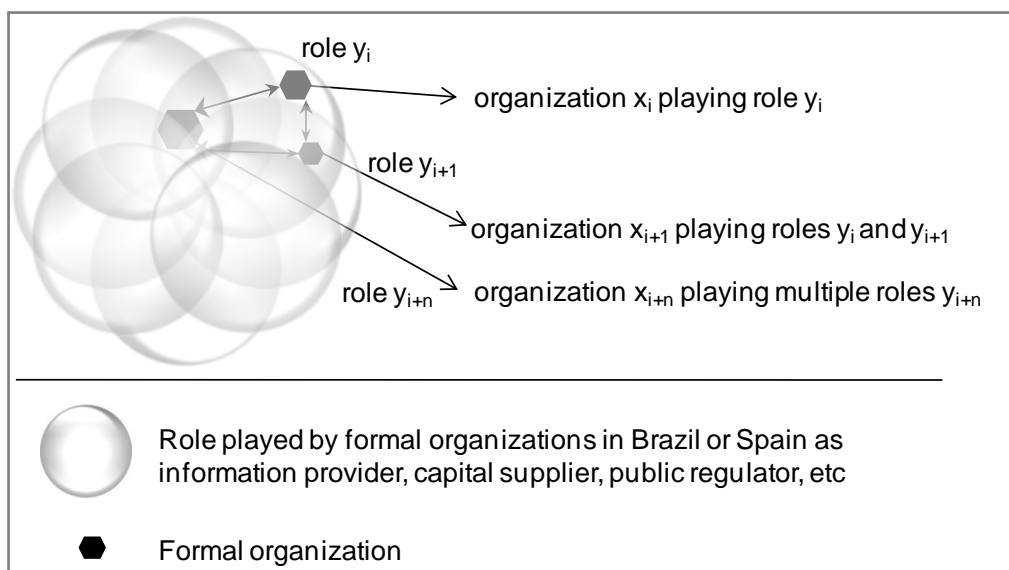


Figure 4.3 - Theoretical roles that organizations play in the emergence of entrepreneurial ventures in Brazil and Spain

Source: Prepared by the author

4.3.1 Information Provider

Organizations that played the role of information providers were key in providing information about the opportunity recognized by entrepreneurs, contributing very intensely in motivating them to start the venture and to take the first steps towards planned or desired business objectives. In the case of entrepreneur 203, it is possible to see how one of his very first suppliers became a key organization in providing him with important information about potential new clients:

Excerpt 6: Nós tivemos um fornecedor que foi importante, que nos dava dicas, como apoio. [...] E até hoje, já são vinte e poucos anos, e é o mesmo gerente de vendas que nos atende, e eu brinco com ele que ele é o fornecedor com status de cliente. Ele entra aqui e eu faço reverência a ele porque são mais de 25 anos, e o dia que a gente abriu as portas da empresa, não sei como ele descobriu que nós seríamos projetistas de máquinas e que iríamos indicar o produto dele. [...] E sempre nos dando apoio, dizendo: "Vai lá que o cara tem trabalho! Vai lá que o cara quer comprar uma máquina!". Então é um fornecedor importante sim. Até hoje é o mesmo gerente de vendas. (Entrepreneur 203)

This finding shows that, against common sense, an incipient entrepreneur in a market similar to Brazil may need to establish good relations with suppliers of his

sector instead of directly addressing potential clients as expected. Some suppliers providing services to correlated sectors may hold key information and social links to whom is in search of certain types of products or services like the ones the venture in formation can provide.

Also among the findings of this section, is the empirical observation of Arrow's (2000, p. 242) perception that small companies tend to develop innovations in which large corporations would not be interested in investing due to their uncertain feasibility (risk) and limited rates of return. As observed by Swedberg (2000), Arrow's arguments were based on logic but needed to be empirically tested in the field. In Spain and Brazil, this was exactly the case observed with entrepreneurs 106 and 204, representatives of the general sector of Technology in both countries. Entrepreneur 106 decided to explore a market (the Spanish market) that was observed but not exploited by his previous employee (a German company) and entrepreneur 204 analyzed, as the financial director of a large industrial Brazilian company, one financially interesting project that had limited attractiveness to the company for which he worked due to the reduced size and scalability of the project. In this episode, the size and scalability of the project were too limited to the large company for which he worked, but not for him individually. It is also true that the CEO and largest shareholder of the company became interested in the project to run it in parallel with the larger business. Entrepreneurs 106 and 204 started their ventures based on those opportunities, recognized with privileged information made available to them within their previous employers. Both ventures were not necessarily innovative in a global perspective but were sufficiently pioneers at a local level:

Excerpt 7: [Eu] estava [há] 15 anos [no grupo] e daí esse empreendimento começou lá dentro e, quando eu era um executivo que tinha assento no *board*, eu cuidava de novos negócios e "velhos pepinos" (laugh). E os novos negócios eram, normalmente, alternativas ou idéias, oportunidades que eram trazidas. [...] Então alguns dos projetos de fora, de informática, eram oferecidos e eu analisava isso. E veio às mãos do [presidente] que era o dono do grupo uma oportunidade. Ele pediu para eu estudar isso e eu estudei. Achei que era bom, mas aí o pessoal de dentro do grupo achou que era muito pequeno. Então eu conversei com o [presidente] e a gente decidiu fazer uma empresa à parte onde eu e ele seríamos sócios [...]. E ele disse: "Você vai tocando." E eu fui tocando... (Entrepreneur 204)

With the exception of some public universities, all organizations that played the role of information providers were private, having impacted mainly the period before the

formal establishment of the venture and the periods immediately following. Entrepreneurs 101, 105, 106, 201, 202, 204 and 210 were directly influenced by information obtained in organizations for which they previously worked. One specific NGO had an extremely positive impact in two Brazilian entrepreneurs (201 and 206) by helping them to define their strategy and goals after their acceptance as members. It is important to mention that those entrepreneurs did not have formal education in business before and therefore, the support of this organization in providing information to professionalize the management of their ventures was very important.

As expected, social network played an important role in the exchange of information that allowed entrepreneurs to recognize a business opportunity and then explore this opportunity. Previous clients in former jobs as well as in former ventures were absolutely key in most of the cases. Access to information was something important for those who started their businesses before the internet.

Entrepreneurs that started after the advent of the internet did not mention this constraint, probably because the lack of information did not represent as significant a problem as before. As entrepreneur 109 remembered when talking about this period of searching for information:

Excerpt 8: [...] efectivamente, me llamó tanto la atención que procuré intentar, bueno, ver quien tenía ese tipo de sistemas de enseñanza. Y bueno, recabé! Recuerdo que por las tardes me iba a Telefónica, que es la empresa de telefonía, que en aquella época era exclusiva, era un monopolio estatal. Y entonces, pues, resulta que me iba a recabar, apuntar números de teléfono mirando guías telefónicas de España en principio, para ver dónde podía dirigirme, si encontraba algún anuncio que me podría ayudar, hasta el punto de que, recuerdo, que un día me llamaran porque iba varias tardes, y me llamaran la atención porque se extrañaban de un tío que fuera permanentemente a ver guías telefónicas y a recabar este tipo de información. Y la guía telefónica de Barcelona, de Madrid, de Zaragoza... yo iba a verlo. Yo iba a ver... ¡no había internet! [laugh] entonces, pues, iba ojear y apuntaba teléfonos, para ver donde podía encontrar empresas de formación que me sonara esa tecnología ¿no? Y entonces pues, bueno, la verdad que ya que cuando recabé un número de empresas importante, pues, empecé a llamar telefónicamente, y a partir de ahí pues, contacté con 2, 3 compañías, con las cual me quedé y a partir de ese momento, pues, me fui a visitarlas. Me fui a visitarlas y bueno, me dieran no demasiada información, pero, bueno, la suficiente para despertar más todavía mi interés. (Entrepreneur 109)

In total, 12 types of organizations were mentioned and identified as having played the role of information providers in Brazil and Spain (table 4.3.1), with massively positive

roles. The only organizations that played a negative role in providing information were restricted to some Brazilian government agencies responsible for providing information about tax payments and brand registering. Within this same territory of government agencies, a Japanese government agency allowed entrepreneur 203 to spend three months learning Japanese production techniques with all costs covered before returning to Brazil with the idea of using this newly acquired knowledge inside his home country. We would expect him to be of Japanese descent, as Brazil holds one of the largest Japanese colonies in the world, but that was not the case. The program was aimed at helping engineers from all over the world.

Table 4.3.1 - Organizations that played substantial roles as information providers in Brazil and Spain

Positive role	Negative role
Previous employers	
Previous employer's customers	
Trade fairs	
Universities and Schools	
Employer's associations	
First clients	
Non Government Organization	
Competitors	
Government agencies	Government agencies
Information companies	
Internet content producers	
Internet providers	

Source: prepared by the author

4.3.2 Capital supplier

The issue of financing the emergence of an entrepreneurial venture has always been an important role played by organizations and people surrounding the entrepreneur. Access to capital, particularly for first-time entrepreneurs, has been made difficult by

the risk-averse nature of financial institutions. One of the first editions of the GEM report (2000), more appropriate to use with our sample, considered six financial variables regarding financial access in 21 countries in which both Brazil and Spain were represented. Spain showed a relatively low level of resources available (with the exception of funding from private individuals). Still, Spain occupied an intermediate position, number 11 of all 21 countries studied by the GEM report in that year, with a score of 3.03. Brazil surprisingly revealed a more positive scenario regarding the availability of equity and debt funding for the support of new businesses (figure 4.3.2):

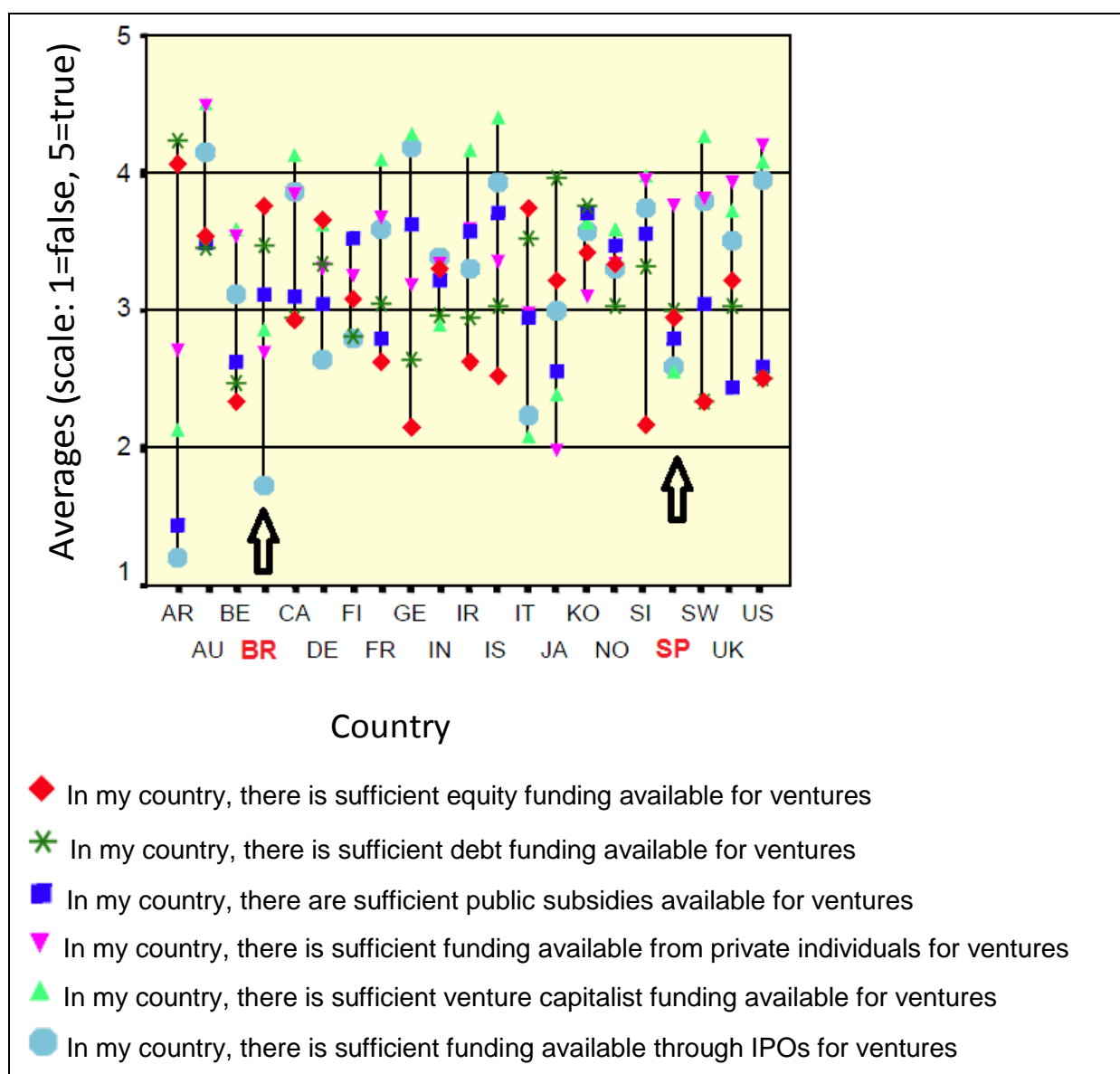


Figure 4.3.2 - International comparison between variables related to the access of financing for new businesses

Source: GEM, Spanish report, 2000

Coincidentally or not, financial organizations in general constituted a big problem for Spanish entrepreneurs but not for Brazilians. Spanish entrepreneurs perceived much more negatively the influence of organizations expected to play the role of capital suppliers (e.g. banks) than Brazilians. That was precisely the case of entrepreneurs 103, 106 and 107 in Spain who strongly complained about the negative impact generated by these organizations. Entrepreneur 103 illustrates well the negatives feelings of these entrepreneurs regarding this issue:

Excerpt 9: Estos bancos se puede decir que eran un obstáculo muy grande, era una negativa lo que tenías aquí. Porque cuando fui a hablar con un banco le dije: “- Oye, me dejarías un *leasing* o algo para estos 70 millones de pesetas?” [about 450 thousand euros] Casi, casi se reían! Sí, sí, los bancos nada, nada de ayudas, al principio nada. Ahora cuando ya no lo necesitas tanto es cuando sí, a veces me siento casi agradecido a algún banco... Pero bueno, yo había estado [trabajando] en un banco y el director, cuando salí de allí, curiosamente, un día que le dije que me iba, tal y cual, la despedida del director fue: “que tu negocio no dependa del banco!”. Me deseó que mi futuro negocio nunca estuviera en manos del banco, nunca dependiera de la financiación, hasta el punto de que muchos están siempre ahora trabajando para el banco, ¿no? Ves los beneficios de algunas empresas y sus costes financieros y dices: “- Estáis trabajando todos para el banco! (Entrepreneur 103)

Despite the clear positive role banks played when providing initial capital to entrepreneurs in the process of starting their ventures in Spain, on one occasion, financial organizations positively impacted the situation by not providing credit to entrepreneur 105 during the first years of her venture's emergence:

Excerpt 10: [...] las empresas, cuando naces, la credibilidad que tienes ante los bancos, es pequeña. Con lo cual, qué pasa? Que tienes que ir más lento de lo que tú quisieras, puedes afrontar proyectos grandes desde el punto de vista técnico pero no desde el punto de vista financiero. Entonces, las mayores trabas, y a pesar de que somos una empresa que siempre hemos sido bien tratada por los bancos, pero no nos han permitido desarrollarnos tan rápidamente... que igual luego a la larga es positivo. [Porque] si hubiéramos tenido que pedir un préstamo de tres millones de euros y luego el cliente no nos hubiera pagado, pues... lo que sí noto yo para todas las empresas en general, lo que veo así un poco en general en mi entorno, es que donde más cuello de botella tenemos las empresas, sobre todo las pymes [pequeñas y medianas empresas] es en el tema financiero, la credibilidad junto a los bancos [...].(Entrepreneur 105)

By 2009, entrepreneur 105 was not only considered a very successful entrepreneur in her sector around the world, but was also a member of different public and private

organizations in charge of promoting better R&D and entrepreneurship environments in the north of Spain. If supplied carefully, financial debt could substitute or diminish the necessity of other forms of capital supply as entrepreneur 101 explains:

Excerpt 11: Bueno, los bancos si [nos han ayudado], nosotros la financiación la hemos trabajado mucho con los bancos, digamos que la financiación bancaria es quizás de las mejores o la mejor, porque tampoco te pide... te dejan dinero y luego se lo devuelves. Pero no entra como socia tuya, entonces en ese sentido no hemos trabajado con socios financieros, con *venture capitalists* y por tanto hemos podido tener una independencia de nuestro negocio, ir donde queríamos ir. En ese sentido nos ha dado mucha flexibilidad, maniobra...(Entrepreneur 101)

Unexpectedly, all of the Brazilians entrepreneurs interviewed did not even mention banks and other private financial organizations as having influenced the emergence of their ventures, neither positively nor negatively, raising the natural question on how this could have happened. By going back to their interviews and considering the way their ventures evolved in the first years, it is possible to observe that the Brazilians did not even consider the possibility of visiting any kind of financial organization to search for a capital supply. This probably occurred due to the economic environment under which most of these entrepreneurs emerged, from 1985 to 2005, a period that did not allow for these kinds of funding products to exist in Brazilian financial organizations or any kind of organization playing the role of external financial supplier. High inflation and frequent currency devaluation permeated the period from 1985 to 1994, while extremely high interest rates marked the period between 1994 and 2005. Although constantly mentioned as one of the largest obstacles to new entrepreneurial ventures and their expansion, the lack of financing options did not stop some Brazilian entrepreneurs from achieving their business objectives.

Without many funding options, entrepreneurs both in Brazil and Spain had to use their creativity to solve the issue of apparent lack of capital suppliers in the market. Heavy equipment suppliers were used in both countries by entrepreneurs 103 and 207 as fundamental sources of financing, as both were allowed to provide the acquired equipment itself as collateral. Coincidentally or not, both operations occurred with German industrial companies, apparently accustomed to working in this way if the entrepreneur has the ability to adequately demonstrate the potential of the market to be explored with the heavy equipment acquired.

Previous employers were also commonly used as sources of revenues (salaries), mainly used for subsistence when the venture did not demand full-time dedication or generated at least an equivalent amount of revenues. That was the case for entrepreneurs 103, 105, 106, 107, 202 and 204.

Another figure that assumed the important role of capital supplier in both countries was the figure of the so-called *client angel*. A specific version of the *business angel* more common in the North-American society, *client angels* were responsible for the initial financial viability of the ventures founded by entrepreneurs 107, 201 and 210. Different from the *business angels*, however, who can be informal investors or venture capitalists who provide capital in exchange for convertible debt or ownership equity, the *client angels* do not demand anything in exchange except the product or service sold (Gompers and Lerner, 2003). It is precisely with this limited but essential flow of cash that Brazilian and Spanish entrepreneurs were able to start their ventures and plan their growth.

Governments also played the role of capital suppliers either by providing direct funding to ventures, basic office structure for the first years or government contracts to entrepreneurial ventures. In Spain, that was the case with two local governments of the Basque Country and Valencia, who provided entrepreneur 105 with cash and basic office structure for the first years of the venture and aided entrepreneur 107 by hiring the venture's services in the first years of operation in a movement designed to promote the emergence of new ventures in the region. In Brazil, on the other hand, the only governmental organization cited, negatively influenced entrepreneur 202. According to him, it was due to the misconception of the government FINEP (Financiadora de Estudos e Projetos) program, which only supported the development of technology to export but not its commercialization. As he stated, selling a new technology abroad demands a large amount of investment in marketing, but FINEP only helped with the development of the technology itself. What could have been seen as government support was actually a limiting and futile initiative that impacted negatively on his venture due to the amount of time and effort their team had spent on adapting their technology to sell abroad without the commercial and marketing support to actually sell it:

Excerpt 12: Cansei de fazer *business plan* para FINEP e para não sei o quê mais... e eu me lembro de uma situação, isso foi lá por [19]95, sem muito dinheiro a gente foi participar de uma feira nos Estados Unidos, para mostrar um aplicativo, este de arquitetura que nós tínhamos desenvolvido, para tentar levar lá para os Estados Unidos, para exportar para lá. Então nós conseguimos mostrar, etc, mas faltava o capital para fazer a [...] adequação do software ao mercado, porque não é só a língua, é uma série de outros atributos que precisam ser desenvolvidos. Nós tentamos o FINEP para desenvolver o canal de vendas e essa "localização" (adaptação ao mercado local) e nos foi negado. Era um software pronto e foi negado porque o FINEP estava querendo investir em desenvolvimento de produto e não no desenvolvimento de mercado [...] o que é um grande erro. Se o produto já estava pronto, só faltava o desenvolvimento de mercado [...] e eles não queriam dar dinheiro para pagar viagem, hotel, etc. porque desenvolvimento de mercado, em síntese, é isso. E aí nós tivemos que voltar de novo. (Entrepreneur 202)

In total, five types of organizations were mentioned and identified as having played the role of capital suppliers in Brazil and Spain (table 4.3.2), and most played positive roles. The only organizations that played a negative role in providing capital were restricted to a Brazilian governmental organization and Spanish private and public banks.

Table 4.3.2 - Organizations that played substantial roles as capital suppliers in Brazil and Spain

Positive role	Negative role
Private and Public Banks	Private and Public Banks
First client(s), client angel(s)	
Heavy equipment suppliers	
Previous employers	
Public organizations	Public organizations

Source: prepared by the author

4.3.3 Public regulator

Organizations that directly or indirectly played the role of public regulators are obvious sources of positive and negative forces influencing the emergence of entrepreneurial ventures. Mostly compounded by local, regional or national

government companies, agencies and departments, these organizations usually exercise their influence by creating, modifying, maintaining and eliminating normative rules and enforcing or disregarding their applicability in societies and markets, ultimately. They also exercise their influence by creating temporary public programs, i.e. a coordinated group of services or projects normally designed to meet social needs.

During the period of emergence of their entrepreneurial ventures, eight Brazilian and Spanish entrepreneurs experienced different types of public organizations negatively influencing their ventures: entrepreneurs 104, 106, 108, 201, 202, 204, 208 and 210. Out of the approximately 100 organizations mentioned as having influenced the emergence of their ventures, 26 were public organizations, eight from Spain were mentioned to have influenced Spanish ventures, 17 from Brazil were mentioned to have influenced Brazilian ventures and one from Japan, mentioned to have influenced the emergence of the venture founded by entrepreneur 203.

A comparative study based on the results of the GEM report in Brazil, Mexico, Argentina, Portugal and Spain concluded that entrepreneurs from these countries feel a lack of government interest in their needs (Coduras & Justo, 2002). The findings within this section confirm the results of the GEM report, adding the fact that entrepreneurs from Brazil and Spain tend also to under-appreciate or ignore the positive influence that public organizations have on their ventures. With the exceptions of entrepreneurs 103 and 105, none of them directly declared to have received any type of positive influence from public organizations, which was not true if we list the organizations they mentioned to have influenced the emergence of their ventures during the interviews.

In Brazil, organizations such as national or regional public universities, the Brazilian Agency for Entrepreneurship and Small Business Owners (SEBRAE), the Brazilian National Service of Industrial Learning (SENAI) and the Financier of Studies and Projects (FINEP) impacted positively on the ventures of entrepreneurs 202, 203, 207 and 208. In Spain, entrepreneurs 103, 107 and 109 received support from the local governments of Catalonia, Valencia and Seville. The public Catalan General Laboratory of Testing and Research LGAI - Laboratori General d'Assaigs i

Investigaciones recommended early clients and partners to entrepreneur 103, while the local governments of Valencia and Seville became themselves early clients of the ventures founded by entrepreneurs 107 and 109 by privileging local suppliers in their public biddings.

In Spain, this very positive role played by public organizations in privileging local suppliers was extremely criticized by entrepreneur 106 from Madrid as increasingly affecting his own business in a negative way and possibly negatively impacting other existent and emerging ones from other regions of Spain in a classic accusation of dumping hidden in public incentives to local suppliers, creating national market discrepancies or inefficiencies.

However, it is not unusual for governments to use the volume and specificity of their purchases to promote certain kinds of private organizations within a larger policy of public or private interest. The so-called Small Business Act, a federal law approved by the United States Congress in 1953, for example, and still in use, instituted the SBA Small Business Administration government agency, and following apparently contradictory logic, stated in its very second paragraph:

The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government (including but not limited to contracts or subcontracts for maintenance, repair, and construction) be placed with small business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation. (Small Business Act, 1953)

The contradiction resides in the fact that if the essence of the system is full and free competition, how can some organizations be privileged and placed in front of others in any form?

By 2010, however, during the execution of this study, a much bolder step was about to take place in the United States Congress to attract entrepreneurs from all over the world to their territory, demonstrating the growing importance of the fierce dispute by entrepreneurs that is about to take place across a global perspective: the StartUp Visa Act was introduced in the United States Congress in February 2010, allowing immigrant entrepreneurs to receive a two year visa if they are able to show that a qualified United States investor is willing to dedicate a minimum of \$250,000 to the immigrant's startup venture. If approved, the bill will start a global competition for talented entrepreneurs, with the declared support of more than 160 North-American venture capitalists⁶⁴.

In Spain, with the high level of autonomy that the local provinces enjoy, it is not unusual to see public initiatives from different government levels privileging small companies of different regions, as Gómez, Mira and Mateo (2007) recently observed in the region of Alicante in southeast Spain:

The province of Alicante as a whole is benefited by the measures to promote entrepreneurship developed by different agencies, both at the European level and at the national, regional, provincial or local level. This multiplicity implies a certain overlap of initiatives related to entrepreneurs' advisory, training and support programs or subsidies to which a potential entrepreneur can apply, although some of these measures are put into practice through the collaboration of two or more organizations that join forces into action⁶⁵. (Gómez, Mira and Mateo, 2007)

Such public programs are recognized as positive by entrepreneurs in the region, but probably not very much so by entrepreneurs from other regions or even by local established business owners. Spanish entrepreneur 106 illustrates how this old debate between free market and public intervention is seen by some entrepreneurs in the country:

Excerpt 13: [Si hubiese más apoyo público a emprendedores], pues creo que sería un entorno no de mercado libre pero más socializado, socialista. Entonces yo creo que esto no sería positivo. Depende del apoyo. Si el apoyo es un nido de empresas y facilitar que se pueda tener un local (...) es decir, en el arranque, esto lo veo muy positivo. Pero apoyos mucho más fuertes en mi opinión (...) yo creo que esto es malo para el sistema (...). Si el proyecto es verdaderamente innovador, puede tener apoyo institucional, pero, en mi punto de vista, mejor que sea de los bancos. Porque si no,

⁶⁴ Data from the StartUp Visa Act weblog <<http://www.startupvisa.com>>, created and maintained by venture capitalists to support this United States' Congress initiative. Accessed in: May 17, 2010.

⁶⁵ Translated from Spanish by the author.

se entra en la política y bueno es que ya no es un mercado libre, es una cosa que al final, esto termina siendo negativo para todos. (Entrepreneur 106)

With regard to the tax environment maintained by public tax agencies, Brazilian entrepreneurs 202 and 210 mentioned that the complexities of the Brazilian tax laws are not only negative because of the burden they create and the high levels of bureaucracy as cited by the World Bank's *Doing Business In* report (table 2.3), but also because they cause confusion and therefore insecurity among business owners. According to them, even if you do your best to keep all tax regulations covered, you still will never be totally sure if you are acting legally or not. In fact, the discrepancy observed when comparing the Brazilian and Spanish tax environments is enormous. By 2006, for example, Brazilian business owners spent about 2,600 hours covering 23 procedures to comply with tax requirements throughout the year, while the Spanish spent 56 hours on seven procedures (table 2.3).

In total, 26 organizations were mentioned and identified as having played the role of public regulators in Brazil and Spain (Table 4.3.3), and most were viewed positively. Since the peculiarities of the roles played by these organizations were too specific, some of them were directly identified and listed like the Superior Electoral Court of the Special Secretary of Informatics in Brazil, for example.

Table 4.3.3 - Organizations that played substantial roles as public regulators in Brazil and Spain

Brazil		Spain	
Positive role	Negative role	Positive role	Negative role
International Cooperation Agency			
National Public Universities			
National Public Company	National Public Company		
Superior Electoral Court			

Development Banks			
Special Secretary of Informatics	Special Secretary of Informatics		
	National Patent and Trademark Office		
	National Public Bank		
Financing Agency for Studies and Projects	Financing Agencies for Studies and Projects		
National Industrial Training Service			
Regional Governments	Regional Government	Regional Governments	Regional Governments
Regional Public University		Regional Research Center	
	City Government	City Governments	City Governments

Source: prepared by the author

In Brazil, a singular organization played the important role of public regulator without exactly being a formal public organization. For that reason, a specific investigation was conducted of this organization to better understand the positive role that it played in the emergence of the ventures created by entrepreneurs 203, 205 and 208.

By 2010, all levels of governments were deliberately promoting entrepreneurship in Brazil and Spain. This intensification of governmental support for entrepreneurship during the economic crisis suffered by Spain since 2008 led the Spanish newspaper ABC to critically discuss the issue in its editorial section on May 3, 2009, arguing that promoting entrepreneurship or entrepreneurial values is just not enough to produce entrepreneurs in the country.

4.3.4 *Business enabler*

Some organizations acted both positively and negatively by providing either direct access to third organizations or structuring hurdles to new entrants in markets in which entrepreneurs tried to emerge, constituting a group of organizations that played the role of business enablers (or business impeters). This kind of organization differentiated itself from the information provider type of organization due to the nature of its existence, which is mainly to promote transactions among its members or to defend their presumed rights against other organizations or a group of organizations.

During the interview with entrepreneur 206, it was possible to witness how these kind of organizations emerged and for what sort of purposes. Entrepreneur 206 was a pioneer in creating a venture that started a whole new sector in Brazil. Afraid of the consequences of his innovation, he invited his closest direct competitor to start an association within the sector to be in charge of overcoming common hurdles, in this case, the questionable legitimacy of the very new sector they were starting to build. While the TV broadcasting sector is heavily regulated by the government, closed TV broadcasting within large organizations such as large supermarket or store chains still lacks government regulation. Up until the writing of this text, in 2010, there was not specific regulation to define if transmitting private TV signals to hundreds of shops and supermarkets around Brazil should be considered TV broadcasting, competing with other satellite or cable TV broadcasting providers, creating a legal vacuum in which the entrepreneur questioned if his activity was illegal or not.

In search of legitimacy, even though his competitors were still too small and incipient, entrepreneur 206 was leading the creation of an association of out-of-home TV broadcasters, just like those theoretically suggested by Aldrich (1995) for this very exact situation, where entrepreneurs must legitimize their individual entrepreneurial initiatives through the creation of a larger collective initiative:

Excerpt 14: [...] nós fundamos uma associação para defender os nossos interesses. Nós somos fundadores da Associação Brasileira de Mídia Digital Out of Home, que é para defender os interesses do segmento do ponto-de-vista tributário, do ponto de vista de expansão do mercado, do ponto de vista de representação na mídia. (Entrepreneur 206)

As predicted by Martes (2010), when innovative entrepreneurs experience the burden of their innovation by facing additional institutional barriers, entrepreneur 206 anticipated this problem by starting to work on a solution with top lawyers and competitors before the emergence of the problem, preparing the terrain for a predictable and possible legal clash that he is going to face if his industry grows to the point of interfering with the main TV broadcasting companies' market share. As entrepreneur 101 pointed out, one of the few competitive advantages that small entrepreneurial ventures have comes from the fact of being small and the consequent possibility to grow unnoticed and un-copied for a certain period of time. Entrepreneur 206 knew that and was taking advantage of still being emergent and small.

In Spain, entrepreneur 108 had a different problem than that faced by entrepreneur 206 with a business enabler type of organization. She acquired a small company in the sector of private security. However, earlier entrants, the large companies of the sector, gathered themselves within the employer's association to create obstacles for new entrants, in a classic situation of cartelized competitors acting, as business impellers:

Excerpt 15: La Patronal nuestra nos ha dificultado mucho. La Patronal es donde están los empresarios, esa es la peor, claro porque ellos defienden el *status quo*, no a la nueva. Las nuevas al revés, son una amenaza, entonces nos han dificultado todo lo que han podido y han hecho *lobby* en contra de las empresas medianas [...]. [En la práctica lo que hacen es] influir en el órgano legislativo para poner barreras de entradas o hacer más caro o más difícil el desempeño de determinadas labores, de manera que ellos ya están dentro, si ponen barreras o más dificultades, los que estamos fuera nos hacen más difícil el acceso al mercado. Por otro lado influyen en los grandes usuarios, y su objetivo es demostrar a los grandes usuarios que los pequeños proveedores como nosotros no tienen capacidad, todo su discurso es que el tamaño es garantía de calidad. Fue la mayor dificultad. Sigue siendo [para las nuevas compañías], pero las grandes se han hecho más grandes, ha habido un proceso de concentración, nosotros hemos pasado de ser nada y ahora somos 3.500 personas en la organización. Pero seguimos siendo pequeños en relación a los grandes, porque los grandes tienen 40.000 personas. (Entrepreneur 108)

Other entrepreneurs had less traumatic experiences with organizations that played the role of business enablers. Entrepreneur 106 started his first commercial activities by joining and participating in the main business associations his customers were likely attending. By doing so, he gained direct access to potential customers, gaining contacts that would be difficult to obtain another way:

Excerpt 16: Vamos a ver, para mí han sido clave en mi crecimiento las asociaciones profesionales donde estaban mis clientes. Porque yo he utilizado estas asociaciones como vehículo de llegar a mis clientes. Si, si. Asociación de fabricantes de material aeronáutico, asociación de fabricantes... de coches, etc. Y yo he procurado ser muy activo dentro de la asociación organizando conferencias, seminarios, trayendo gente de otros países y aportando algo. Y esto indirectamente me ha dado a conocer... Sí, [me ha ayudado] muchísimo. Y es mucho más barato que gastar en publicidad. [Y sigo participando]. (Entrepreneur 106)

Chambers of commerce and trade associations are also examples of business enablers mentioned by entrepreneurs. It is interesting to note that these kinds of organizations are usually nonprofit oriented, serving different purposes other than generating direct monetary results for their members, emphasizing the relevant role that social networks may assume in countries like Brazil and Spain.

In total, six types of organizations were mentioned and identified as having played the role of business enablers in Brazil and Spain (table 4.3.4), mostly with positive roles. The only organizations that played a negative role as business enablers were the previously mentioned Spanish employer's association.

Table 4.3.4 - Organizations that played substantial roles as business enablers in Brazil and Spain

Positive role	Negative role
	Employer's Association
Sector associations	
Trade associations	
Chambers of commerce	
Regional Research Center	
Non Government Organization	

Source: prepared by the author

4.3.5 Status provider

Many types of organizations played the role of status provider and Ernst and Young itself is a clear example of this kind of organization when influencing the emergence of entrepreneurial ventures in Brazil and Spain. Just like other awards provided by publications, business associations and governments, Ernst & Young allowed entrepreneurs to gain a reputation through the possible association of their ventures to an award given by a large multinational consulting firm with presence all around the world. In addition, awards, such as the EOY, can be a powerful free marketing tool. Some entrepreneurs in Brazil and Spain took awards and accreditations quite seriously, leveraging placement in communications and marketing materials, essentially wearing each award as a badge of honor.

As entrepreneur 105 said, this kind of award is one of the only free advertisements that an emergent entrepreneur can receive, with higher credibility than an actual advertisement itself:

Excerpt 17: [...] para nosotros nos resultaron muy útiles, los Premios. O sea, el tema del alcance que tuvieron los Premios en su día, aparecer en periódicos como el ABC, como El País, como El Mundo... Nosotros en el año 92 recibimos... recién constituida la empresa, nos dieron el Premio a la Mejor Empresa Joven Vasca. En el año 96 Premio a la Mejor Empresa Joven Española. Nos lo dieron en el 93 con respecto al 92. Esto estaba organizado por la Asociación de Empresarios Vascos y lo patrocinó El Correo y La Caixa. Pero eso parece una bobada, a ti te dan el premio, das unas palabritas y vale. Pero eso te ha permitido conocer a todo el empresariado vasco, en este caso y encima a salir en El País, en el Deia, en El Correo. Nosotros hemos llegado a la gente! Tú no te puedes permitir cuando estás haciendo todo este tipo de publicidad. Y además si tú te la haces, ya parece que no es tan buena. Entonces si alguien te ha dado un premio y además sales en la prensa... y esto fue ya a nivel un poco local. Pero en el año 96 nos dieron este mismo Premio pero a nivel Nacional. Y ahí ya fue un despliegue de [clientes]... nuestras tres primeras empresas muy relevantes, fue por ese Premio. Porque leyeron y llamaron. [...] Como referencias te digo, que [los premios] para mí ha sido algo importantísimo. (Entrepreneur 105)

Quality management standards or international accreditations also played the role of status providers to emergent entrepreneurial ventures, as entrepreneur 105 mentions:

Excerpt 18: [...] las ISO's, esto es evidente, la ISO 14, la ISO 9, la tal, pero luego estamos ya en modelos de Excelencia, pues no sé, modelos de calidad, pues aquí solemos trabajar con EFQM, son modelos ya de excelencia de gestión empresarial. Ya vamos a por la "Q de Oro". O sea, estamos siempre metidos en este tipo de cosas. [...] Te evalúan cosas como el liderazgo, cosas de calidad y de medio ambiente, que eso ya está más que superado, lo tenemos desde el año 98. Sino ya ir más lejos, la Responsabilidad Social Empresarial, el liderazgo, todo este tipo de cosas ya queremos este año, no? hemos puesto el 2010. [...] porque yo creo que la notoriedad que te dan estos dos [certificados] y Premios es algo que luego en el mercado te [reconocen]. (Entrepreneur 105)

Large first clients also worked very frequently as a type of status provider organization, by allowing entrepreneurs to use their names and reputations to validate their own. This sort of role that organizations played was mentioned as positively influencing the ventures created by 11 entrepreneurs in Brazil and Spain: 102, 105, 107, 108, 201, 204, 205, 206, 207, 209 and 210. Entrepreneur 209, for example, remembered very well the key role that one of his first clients played in providing crucial status to their venture:

Excerpt 19: Nos primeiros anos, o que teve de maior impacto para a gente foi... Não existia um conceito, na época, de portal. Então a gente fez uma parceria com um dos maiores provedores brasileiros na época, [...]. [Eles] contrataram a gente para fazer o site deles. Como eles eram um dos maiores provedores da Internet e eu tinha a minha marca na página principal deles, todo mundo que começou a entrar na Internet, pela primeira vez, entrava pela página deles e via que quem fez aquele site foi a gente. Então eles precisavam de alguém que fizesse o seu site, olhavam lá e chamavam os caras que fizeram do provedor. Então a gente praticamente tinha fila na porta de gente querendo contratar nosso trabalho. (Entrepreneur 209)

In total, six types of organizations were mentioned and identified as having played the role of status providers in Brazil and Spain (table 4.3.5), always with positive roles. The only organizations that played a negative role in providing capital were restricted to a Brazilian government organization and Spanish private and public banks.

Table 4.3.5 - Organizations that played substantial roles as status providers

Positive role	Negative role
Specific type of clients	
Publishers	
International organizations for	

standardization	
Public and private award providers	
Non Government Organization	
Business associations	

Source: prepared by the author

Among all these organizations, one specific Brazilian NGO drew attention for its key influence in the emergence of the ventures founded by entrepreneurs 201, 206 and 207. More than simply providing important information for them after they had already founded their ventures, this NGO acted also as an important status provider due to its exclusive approach to the ventures it supported.

4.4 The role of social norms in the emergence of entrepreneurial ventures

After Weber, earlier observations of conventions that may later become laws to enforce certain behaviors (Biggart & Beamish, 2003), Schumpeter observed the power of norms acting as an obstruction for economic development. In his logic, human action is carried out in repetitive cycles, provoking routines that may lose meaning over time. "This is so because all knowledge and habit once acquired becomes as firmly rooted in ourselves as a railway embankment in the earth" (Schumpeter 1934 [1926], p.84 as quoted by Swedberg, 1993, p.207). In the economic arena, this thought led Schumpeter to identify the function of the entrepreneur as a challenger of norms.

After reviewing the consolidated answers given in this part of the interviews, no significant differences were observed in the way social norms influenced the emergence of entrepreneurial ventures in Brazil and Spain, proving the cultural proximity that unifies the Brazilians and Spanish entrepreneurs that are members of urbanized higher social classes. Entrepreneurs interviewed were first told a little story

about the meaning of the term social norm (see Appendix, sections A.2.1 and A2.2)⁶⁶ and then led to remember situations, during the period of the emergence of their ventures, where social norms influenced positively or negatively its emergence. Approximately 60 events where social norms influenced the emergence of their ventures were mentioned, with about half impacting positively and the other half negatively. The lack of precision in these numbers is inherent from the methodology, since these events were not only obtained from their speech but also from academic literature applied to their related situations and other documental sources of data such as brochures, videos and websites, sometimes without a precise registry on the level of influence that each specific event connected to a social norm really had in the emergence of the venture. Social norms that had been observed as neutrally influencing the emergence of the ventures were not controlled. On the other hand, it was not possible to assemble clusters of the social norms mentioned, like those done with organizations influencing the emergence of entrepreneurial ventures, due to the exploratory nature of this part of the research, where questions were very open on purpose and the interview was less structured. Because of that, findings are described at once, in the form of a plain text that covers the most important points raised by entrepreneurs regarding the role that social norms played in the emergence of their entrepreneurial ventures in Brazil and Spain.

Most of the social norms mentioned by entrepreneurs were connected to the work environment, to the sector they decided to enter or to their decision to follow the life-style of a self-employed person and all the risks that this decision implies. The way in which their declared behaviors differentiated their ventures from other organizations they had known before were often described as achievements tied to their peculiar way of dealing with some social norms, as we will see.

As we have seen previously in section 4.4, the *liability of newness* had also demanded the entrepreneur's early response regarding social norms. Entrepreneur 106 affirms that many small firms around Spain are created with their names in

⁶⁶ In English, the short definition of social norms that was passed to them to open this part of the interview would be like this: "In every social group or region there are norms that have evolved over time. These norms are not written anywhere, but govern different areas of our lives and cause us to perceive a particular behavior as good or bad, as appropriate or inappropriate. Throughout life, we are always getting adapted to these norms, but also creating and modifying them. Remember that a social norm is different from law, alright?"

English, among other reasons, to make any kind of stakeholder think that they are bigger or more important than they really are:

Excerpt 20: Por ejemplo, el nombre de mi compañía parece extranjero, en inglés, porque así alguien puede pensar que somos parte de una multinacional o empresa extranjera. [...] Para representar que eres más grande de lo que parece. También es normal ¿no? Porque alguien no quiere tener un proveedor que puede desaparecer. Y sobre todo cuando ellos saben que eres un proveedor que está empezando. (Entrepreneur 106)

With entrepreneur 102, daughter of one of the richest men of Spain, this *liability of newness*, identified by Aldrich, is crossed by a *liability of oldness*, or put another way, by a *liability of tradition*. This apparent advantage she carried was soon perceived by her as a social burden, where she would be able to prove much more people than expected her ability to make her venture successful, more than for financial reasons, for social reasons:

Excerpt 21: Pues, mira, teníamos la suerte de conocer muchísima gente (...) y entonces desde pequeña yo estaba siempre rodeada por empresarios, banqueros, con lo cual te reciben. Facilita mucho, tienes un nombre conocido y eso ayuda... pero luego también tienes que mantener el listón muy alto, o sea, no puedes fallar porque tu nombre es lo que más vale. Cuando eres conocido, tu padre es conocido, pues todavía más, la gente es mucho más exigente. (Entrepreneur 102)

In terms of developing trust, entrepreneurs 101, 106, 108, 109, 206 and 207 emphatically affirm that this was the most important goal of their ventures in the beginning and the main element of differentiation for their subsequent acceptance and establishment in the market. According to them, pre established companies in sectors similar to the ones they entered in Brazil and Spain were not used to delivering exactly what they have sold and in the conditions they have sold. Entrepreneur 106, for example, believed to have incorporated German-American work norms he was exposed to while living in Germany and working for an American multinational that had influenced positively the emergence of his venture:

Excerpt 22: Cuando yo empecé en la compañía, la cultura que yo tenía y las normas que yo tenía estaban más impregnadas por mi experiencia internacional que por la cultura española. Es más, yo creo que parte de mi éxito era hacer las cosas de forma distinta a como se esperaba que se hiciesen por aquí. No lo sé explicar. Mas de, de, de... *walk your talk*, de hacer lo que dices, siempre, y no de hacer grandes promesas pero luego no entregar, que es más común, más latino. (Entrepreneur 106)

This critical way of seeing the Latin entrepreneurial process in Spain can be confronted or complemented, however, with an alternative way of seeing an apparent Latin negligence: the improvisation as a differentiating source of competitive advantage in global markets. As entrepreneur 105 explains regarding working practices at the global level (her venture operates all around the world):

Excerpt 23: El modelo McDonald's, aunque lo odie, me parece... Tú vas y te comes una hamburguesa aquí y otra en Japón y es la misma, con el mismo tipo de patata, todo igual, eso para el 98% de los casos va bien, pues ya está. Pues eso, y en el 2%... ahí vamos al tema Latino. Que ahí es donde destacamos a nivel mundial, en la improvisación. (Entrepreneur 105)

Another aspect of this delicate relation between work norms and entrepreneurial development in a Latin country can be found when entrepreneurs face the challenge of confronting established market or professional norms. As entrepreneur 107 exclaimed that he almost went bankrupt in the beginning of his venture by not following a specific market norm:

Excerpt 24: Intenté que lo que cobraba a los anunciantes fuera por la creatividad y no por los márgenes que me quedaban de la compra y venta de los medios. Y eso era ir contra todo el sector y casi me he arruinado. En el sector de las agencias de publicidad, aunque lo mío fuera especializado, había un modo establecido de cobrar de los clientes. (...) Yo intenté cobrar transparentemente para que valoraran mis ideas y creatividad y no funcionó. (Entrepreneur 107)

Because of that, as the entrepreneur 206 states, entrepreneurs may have been forced out of business for not observing, right at the beginning, specific market norms. However, others may have deliberately neglected established norms as a source of innovation or even without knowing:

Excerpt 25: Concluindo, você tem que entender as normas primeiro, para depois questioná-las. Todas, sociais e do setor. E isso leva tempo. Mas por causa do seu desconhecimento, no início, você pode acabar rompendo com algumas normas sem querer, o que pode ser bom ou ruim para o desenvolvimento do negócio. (Entrepreneur 206)

The specificity of each market and the discovery process in which entrepreneurs develop their ventures makes some of them explore norms of reciprocity in social networks to try and achieve the venture's goals. Most of them do not use favors with monetary ends, although this speech contradicts declared actions. Few of them

declared trading favors, although just for networking purposes in the sense that they can receive eventual future rewards by helping other people in the present. This speech is incongruent with what was observed because, in fact, most of the entrepreneurs interviewed in Brazil and in Spain utilize social networks and build social networks for exchanging favors to spread trust (from them) or to acquire trust (from others). As studied by Lipset (2000, p. 113), a Latin American manager is quite likely to devote part of his office hours to politics and family affairs, while bureaucratic and competitive norms are comparatively weak. In fact, five entrepreneurs in each country, entrepreneurs 101, 103, 106, 107, 108, 201, 203, 207, 208 and 210 affirmed that they deal frequently with the situation of exchanging favors in one way or another. As entrepreneur 107 states, illustrating their overall position regarding this issue:

Excerpt 26: Cuando recibo un favor lo que me siento es agradecido de modo a hacerlo yo también a otros que necesiten. Mi norma de vida es ayudar a la máxima gente que pueda, todo lo que pueda, en todo los casos, en todos los niveles. (Entrepreneur 107)

Testing this kind of open opinion proved to be delicate and it was difficult to obtain a straight forward answer on the subject because entrepreneurs tended to put themselves in a defensive position discussing norms of retribution. Entrepreneur 203 seemed to be very sincere, however, when answering that he used favors as a form of doing business. Remarkably, his venture had been sold to a North-American group months before the interview, exposing even more this characteristic of how social norms influence the emergence of entrepreneurial ventures in Brazil and Spain:

Excerpt 27: Uma mão lava a outra. Tipo “eu ajudo nisso, ele me ajuda naquilo”... Olha, eu acho que isso não só está vivo na nossa cultura como a gente se aproveita, no bom sentido disso. É utilizado com certeza! [...] Nós fazemos máquinas sob encomenda, então a gente projeta, constrói, vai recebendo pagamento ao longo do projeto, embarca o equipamento, e aí os últimos 10%, que é a aprovação final, é uma novela para receber esse recurso. Historicamente isso aí é um pepino. Porque o cara, se ele quiser aprovar a máquina ele aprova, se ele quiser reprovar ele vai dizer: “- Poxa vida, eu comprei uma máquina que era esse caderno aqui, mas aqui tem uma falhazinha”. E não te paga. Não estava na especificação que não podia ter uma tolerância, mas... [e isso pode comprometer a] margem no negócio. Então, as regras para liberar esses recursos, às vezes, não são claras. O que já é uma coisa cultural nossa. Muito da indústria automobilística [brasileira]. As grandes montadoras não pagam esses 10%, não pagam. Então é um ranço do mercado. Então a minha experiência me mostra que é através dos favores que você consegue os últimos 10%. Se tu te dá bem com o cara ao longo do projeto ele dá um jeito de liberar. Se tu

brigou com ele, ele vai trancar. É você ter um bom relacionamento com a menina do financeiro: "- Ah, o cara técnico não liberou, mas eu vou te liberar aqui e depois tu me manda o recibo". Então é muita troca de favor nesse sentido aí. É relacionamento. E tem isso aí. Hoje com os americanos a gente sente um pouco, eles não entendem muito isso, é complicado, tem sido bem complicado. (Entrepreneur 203)

One specific incident regarding this very same topic happened while interviewing entrepreneur 206. His mobile phone rang and he talked for a while with a client. After the call, the next question of the interview was about how he dealt with the issue of exchanging favors to do business. His answer illustrates both the above mentioned defensive position regarding this issue and the common use of social norms of reciprocity for achieving a venture's goals:

Excerpt 28: Deixa eu te dar um ponto de vista para ver se é isso que você está imaginando. Aqui a gente não paga propina, não dá comissão, nunca fizemos. É um negócio "averso" [contrário] a esse tipo de relação. "Averso" [contrário] mesmo! Então esse tipo de favores, favores no sentido negativo a gente não tem aqui. Agora o que a gente faz bastante é o seguinte: é ser parceiro do cliente. As relações com os clientes são de longo prazo, então, vamos pegar o que você viu aqui agora há alguns minutos. É uma gerente de área de um cliente nosso que vai ter um trabalho: no ano passado ela gastou 50 mil [reais], esse ano ela pegou esses 50 mil, chorou, reduziu várias coisas e chegou nos 40 mil [reais]. Aí a nossa gerente de contas deu todos os descontos que ela podia chegou em 36 e ela falou: "'Meu', só tenho 32". E é verdade. Então eu cedo para ela esses 4 mil [reais] e lá na frente eu vou dizer para ela: "Poxa, lembra aquele dia que eu te ajudei com aqueles 4 mil, me ajuda nisso aqui agora, nesse pagamento, amplia esse trabalho, leva a gente mais em consideração do que o concorrente, nós estamos com o mesmo preço mas esse concorrente nunca foi teu parceiro". Então esse tipo de coisa, de construir uma relação, aí não é um favor, é uma visão de longo prazo, eu chamo aqui de um "conta corrente", a gente tem. Inclusive com fornecedores também. (Entrepreneur 206)

Entrepreneur 206 labeled this kind of relationship as the building of a banking "check account", demonstrating his expectations to bill back the customer's organization based on a social norm that, if correctly utilized, may positively influence the emergence of entrepreneurial ventures in Brazil or Spain.

Regarding their relations with political norms of power, Brazilian and Spanish entrepreneurs were incongruent by constantly saying that they did not concentrate decisions in their own hands, while at the same time telling their partners and employees to ask for their permission before making any kind of important decision. One entrepreneur had passed through hard times in trying to follow common sense and the traditional North-American business literature, recommending the delegation

of tasks and power as a form of efficiency by letting managers take care of more strategic issues. Supportive organizations such as SEBRAE and Endeavor endorse the practice of delegating and try to educate entrepreneurs by teaching them the advantages of doing so. However, with the exception of entrepreneurs 105, 108 and 209, all other entrepreneurs had faced constant difficulties when dealing with these types of social norms. Entrepreneurs 104 and 107, respectively, illustrated these difficulties:

Excerpt 29: A ver, tengo que delegar pero me cuesta. Tengo que delegar y es lo inteligente pero me cuesta, me cuesta mucho. Me gusta, me gusta mucho mandar. En la empresa hay unas decisiones que las toma mi hijo y otras que las tomo yo. Luego a veces nos hablamos. Las reglas [para saber cuando decide él o cuando decido yo]... pues hay unos restaurantes que no sabes por qué los lleva él y unos restaurantes que los llevo yo. Luego hay una reunión semanal en la cual hablamos, pero no... a veces me contradice y me contradice muchas veces con lo cual. No, no hay mucha [regla]... No. Él empieza y si hay algo que no me gusta: “- Oye, ¡esto no me gusta nada!”. Pero no... también lo hace él. (Entrepreneur 104)

Excerpt 30: Ya he intentado todo. Ahora lo que he intentado y ha funcionado es... he delegado todas las áreas de dirección de la agencia, pero le he hecho socios, les he regalado acciones. [...] Es más que una delegación, es un reparto. No solamente reparto acciones, sino que reparto responsabilidades. [Antes] no, esto no era así. Yo tenía un director general que tenía [el control]... Ahora he quitado el director general, no tengo director general. Hay un comité de dirección formado por los 5 socios y cada uno toca su área, son unos expertos de sus áreas y se reúnen todos los lunes. Me comentan, me informan, claro, toda semana de todo y soy una especie de consejero externo. Externo. [...] Y está funcionando muy bien. Nos acaban de dar hace una semana un concurso más grande que hemos ganado en 20 años, son 16 millones de euros. Vamos hacer la promoción mundial del aceite de oliva, que España es el primero productor del mundo. Y eso lo han conseguido ellos, lo han hecho ellos, lo han presentado ellos y yo he planteado la estrategia. Mi trabajo funcional [ahora] es plantear las estrategias. (Entrepreneur 107)

Entrepreneur 201 found herself a solution to this problem:

Excerpt 31: É muito difícil eu delegar. Muito, muito, muito difícil. Eu já fiz vários cursos, já perdi vários sócios. Hoje eu tenho um combinado com a minha diretoria. Se eu concentro, o problema é deles. Eles têm que se proteger de mim. Eles têm que chegar, entrar na minha sala e quebrar o pau. E assim sem ruptura, sem estresse. Então como tem essa norma, depois que foi criada essa norma, de três anos para cá, eu fiquei super tranquila e eles também. É combinado quebrar o pau porque eu estou concentrando. Então hoje as pessoas aqui se defendem de mim. É problema delas se eu não cumpro o combinado e concentro, mas a princípio é descentralizado, pela norma. É tentado, mas na prática é muito difícil. É muito difícil. Difícil. Eu sou muito apaixonada [laugh]. (Entrepreneur 201)

Entrepreneur 202 raised the point that this went against what a supposedly open-minded person, such as an entrepreneur should:

Excerpt 32: É uma incongruência. São as duas coisas. Eu realmente seguro tudo com mãos de ferro, mas... isso é uma coisa engraçada. É verdade, realmente é uma incongruência. Em teoria, questões operacionais normalmente são delegadas. Questões estratégicas passam por mim. (Entrepreneur 202)

In fact, there is no incongruence in his alleged behavior or in the reported behavior of all the other entrepreneurs interviewed. It seems that the cost of installing managerial controls in Brazil and Spain, so that one can delegate less important tasks, require a lot of in time and can present some difficulties. If they had more managerial controls or a rationalized bureaucracy, they could delegate more instead of depending on trustful relationships, which are considered difficult decisions to make Brazil and in Spain (trusting in someone). Using the same logic just mentioned by entrepreneur 107, entrepreneur 106 reveals:

Excerpt 33: Es muy simple, cuando yo me fio de la persona, delego 100%, cuando no soy capaz de fiarme, necesito estar más cerca y ver qué pasa. Pero hay normas mucho más claras, no? Por ejemplo, un director de oficina tiene capacidad de compra hasta ciertas cosas y todo lo que no son compras relativas al negocio, que son de servicios generales, esos tienen que pasar por mí, pero en el caso en que diría no es necesario porque yo tengo una persona que luego le hice accionista, les regalé las acciones, que tengo total confianza en él, entonces, es un poco aplicado el sentido común. (Entrepreneur 106)

It seems that it is easier for a Spanish or Brazilian entrepreneur to offer power over the venture by distributing shares to employees and new managers than installing internal controls, rationalized bureaucracy or trusting someone without any sort of stake over the venture.

The entrepreneurs interviewed tended to attract and hire people that agreed with them in terms of values and ways of seeing the market and the world. Entrepreneurs 106, 201 and 210 still make the final interview on every candidate to be hired by the venture, firms of over 300, 400 and 4,000 people, respectively (in fact, entrepreneur 210 currently only interviews candidates for managerial positions due to the volume the venture assumed since 2003). With time, entrepreneurs that founded venture 206 included tests that highlighted the venture's values in the hiring process of new

employees, predicting that, with the time, people that think like the founders will carry on the venture's development without much organizational stress. Entrepreneur 106, for example, created an internal guide for the employees of his venture. Every employee must study and know the guide, keeping it at hand for consulting to alleviate any doubts on how to behave.

In fact, by dealing with social norms within their ventures, Brazilian and Spanish entrepreneurs seem to create their own little kingdoms or little countries, establishing their norms as a common way to develop bureaucracy and perpetuate the values of the founders. Coincidentally or not, during one interview with entrepreneur 205, while talking about this issue, he went to his table and brought me the current Constitution of his venture, his little country. Also created to guide employees on the way to behave, this venture's Constitution emulated the format of the Constitution of a country, with a number of clauses representing the do's and the do not's his citizens-employees were oriented to follow to replicate the initial success of the venture on a national scale (see figure 4.4).

According to the preface of the constitution, reproduced in figure 4.4, the main objective of the guide is to summarize the way of being that venture founders admire in people, a way of being responsible for the successful trajectory of the venture. The document is similar to other documents provided by other entrepreneurs during the process of document collection. What caught the researcher's attention in this specific case, however, was the use of the world constitution with the meaning of the main law driving the venture, laws that every citizen-employee must know and follow:

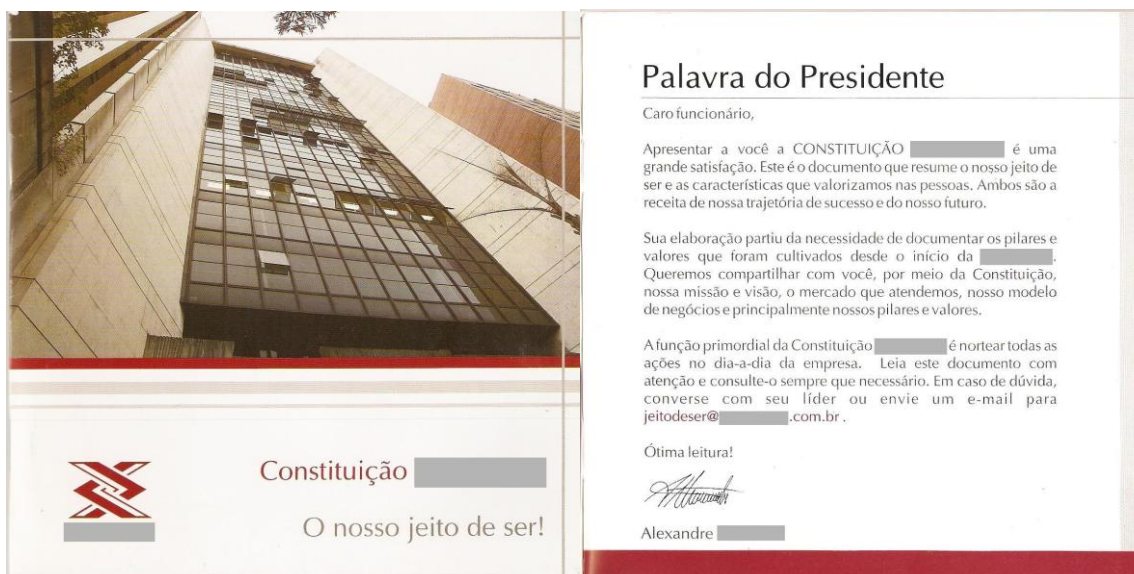


Figure 4.4 - Internal Constitution of venture 205

Source: collected by the author

As a result, it is expected that, with time, Brazilian and Spanish ventures reflect very much the values and the behaviors of their founders, as they all confirm. Entrepreneur 108, despite being one of the richest people in his city, cultivates modesty as a form of demonstrating his venture's values:

Excerpt 34: Mis valores personales están reflejados en todo, en cada detalle de la compañía, desde apagar una luz porque no hay que gastar innecesariamente hasta que la oficina esté ordenada y limpia. Yo voy en moto, que es una manera de mandar un mensaje, de que no hay que gastar en lo que no es necesario. Hasta si comemos, comemos todo para no dejar sobrar en el plato. (Entrepreneur 108)

A strong emotional attachment to the created venture was also verified with entrepreneurs 103, 104, 107, 201, 203, 206 and 208 who celebrated and suffered with some of their venture's episodes. Some of them do it in such a way that the life of the venture is compared to the life of one's own child. Entrepreneur 202 illustrates this kind of passion towards the venture, when commenting, with tears in his eyes, about a very strong financial crisis his venture passed through in 2003, a year after being nominated for the Ernst & Young Entrepreneur of the Year award:

Excerpt 35: [...] em função dessa crise toda, na verdade, foi como perder uma filha. Eu que tenho filha imagino o que seria perder uma filha. Então, o sofrimento que eu passei nesses últimos três, quatro anos me fez mudar muito meus conceitos de espiritualidade, de fé, de auto-ajuda. [...] Esse que ganhou o prêmio era um e eu acho que esse prêmio foi um dos últimos reconhecimentos, pois logo depois veio

uma crise aí causada por excesso de crescimento, variação cambial, aplicação financeira errada... perdemos cinco milhões, foi um desastre! Então agora eu estou me recuperando. Talvez se tu tivesses vindo aqui dois anos atrás, eu diria: "- Nem vou te atender". Eu trabalhava seis dias por semana, sete dias por semana, dez horas por dias, tentando manter viva a empresa e consegui. Foi uma luta. (Entrepreneur 202)

Entrepreneur 104 illustrates well this kind of apparently irrational thought that strongly guided some Brazilian and Spanish entrepreneurs in a number of circumstances. In the first passage, she explains how a sentence that was told to her long ago by her older brother influenced and keeps influencing the concept of her ventures. The second passage describes how she sometimes asks for help from her deceased husband to overcome the obstacles imposed upon her business on a daily basis:

Excerpt 36: A mí me influyó mucho [mi hermano] en una frase... tengo una casa en Ibiza, que la hicimos juntos, que es muy rara, tengo unas ventanas enormes... y le dije: "Cómo quieres que limpie estos cristales?!?" me dice: "si quieres saber cómo se limpian los cristales, te haré una casa vulgar". Entonces, esto me ha influenciado tanto... [...] a mí esta frase me influyó mucho en la manera de confeccionar [mis platos, mis restaurantes], es más importante, en verdad te digo, es más importante la atmósfera que la técnica o la manera de llegar a la limpieza. La concepción es: es más importante el resultado de estética que cómo se limpia. (Entrepreneur 104)

Excerpt 37: A veces [pido ayuda] a mi marido que está muerto ¡pobre! Sí, creo que mi marido me ayuda, no me ayudó en vida pero me ayuda, [...] Inauguro siempre los restaurantes en el día 22 porque era el número que a él le gustaba. Nunca abro un restaurante en un día que no sea 22, bueno cosas de esas. Porque pienso que él me ayuda. (Entrepreneur 104)

Religious norms were barely mentioned during the interviews that tended to focus on a more business oriented social context. However, it is important to cover some considerations mainly observed in the sample: when comparing both countries, the religious diversity found among the Brazilian entrepreneurs is incomparable to the Spanish.

Finally, social norms that were most mentioned by Brazilian and Spanish entrepreneurs as having influenced the emergence of their ventures can be separated into two groups, those they alleged to have gone against or reforms and those they wanted to follow or did not have another choice other than to follow:

Table 4.4 - Social norms most often questioned or followed in Brazil and Spain

Social Norms that were often questioned	Social Norms that were often followed
Not meeting what was promised	
Helping others in exchange for nothing	
Sector or industry norms	Sector or industry norms
	Appear to have more power than they have
	Improvise decisions or solutions
	Exchange favors as a form of doing business
	Emotional attachment to the venture
	Lack of trust in partners and subordinates
	Replicating own norms in venture

Source: prepared by the author

It is possible to affirm that entrepreneurs overcame the *liability of newness* by the proper use of social networks and how entrepreneurs use their networks to differentiate the performance of their ventures from others. All entrepreneurs interviewed agreed that their present values are completely embedded in the ventures they created. Even if this is not true, it's important to see that all entrepreneurs deliberately affirm trying to put their values on the venture. As entrepreneur 203 clearly exemplified, his father always said, as a dentist, not even a businessman, his children were not born to work for others. All of them, including entrepreneur 203 himself, ended up creating a business. Therefore, such values come from somewhere and possibly come from their life histories, their families, their friends, their religion and ultimately their social groups.

In Spain, prior to starting their ventures, almost all entrepreneurs had a close relative as a businessman, usually their fathers or grandfathers. For them, that life experience helped them to understand the risks involved in an entrepreneurial

venture, although they started ventures that basically explored niches of existent markets. Comparatively, Brazilians had much less exposure to business practitioners at home and were greater risk-takers than the Spanish, entering into riskier growth markets that took at least three years longer to succeed, on average, than Spanish ventures. This happened in accordance with Encarnación's (2003) suspicion discussed in section 2.3 that Brazilians live in a more socially connected type of society, while the Spanish live in a more individualistic one, despite their undeniable cultural affinities.

5 CONCLUSIONS AND FUTURE RESEARCH

5.1 Conclusions

This study started with three specific research questions that guided its whole development:

- 1) In which social contexts did Brazilian and Spanish entrepreneurs start their entrepreneurial ventures in the late twentieth and early twenty-first centuries? How these social contexts influenced the emergence of their entrepreneurial ventures?
- 2) What kind of organizations and social norms were relevant in facilitating or obstructing the emergence of entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries?
- 3) How entrepreneurs assembled specific social ties to take advantage of incentives or to overcome obstacles created by organizations and social norms during the emergence of their entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries?

One of the first conclusions possible to draw from this study, that answers the first research question regarding comparative social contexts, is that despite the existent differences in the average levels of socioeconomic development and ethnic formation of the studied countries, the social contexts for the emergence of entrepreneurial ventures in Brazil and Spain were similar in some key aspects of the entrepreneurial process for entrepreneurs from the middle and upper social classes in the period analyzed, notably regarding the conflicts and obstacles derived from organizations and social norms surrounding them. When living the experience of personally talking to past and current prominent entrepreneurs from both countries, any researcher could easily get confused on which story belonged to which country, as some stories have proven.

For example, entrepreneurs 106 and 202 had truly impressive similar stories regarding the professional path they followed, the way and the age they recognized the business opportunity (35 and 36, respectively) and the resistance they faced from their families when they decided to start their own businesses in the sector of CAD solutions, benefiting from a similar kind of key positive influence from previous employers. Remarkably, five situations stood out as inexorably connecting the experiences that Brazilian and Spanish entrepreneurs had from the moment they decided to start an entrepreneurial venture until the moment they were socially recognized as successful in both societies: the incentives and obstacles were mainly caused by the lack of credit, the increasing presence of governments in the market together with an increasing social and public support for entrepreneurship, the large emotional attachment they mostly established with their ventures and the complex relations of trust among entrepreneurs and other members of their social network.

Although these similarities may bring to light the specific roles that organizations and norms bring to the phenomenon of entrepreneurship in these societies, contributing to a better understanding of this phenomenon in countries with similar social contexts, it is not possible to affirm that the specific incentives and obstacles that influenced successful decisions in both countries are entirely or even partially exchangeable with one another. On the contrary, it is possible to infer that each entrepreneur was, independent of the country in which they were born and raised, embedded in a specific social reality that could be considered similar to others in essence but limited with regard to the networks that were available and reachable each time they faced an important decision and had to follow, ignore or question the local social norms under which these networks laid.

When addressing the second research question regarding the importance of organizations and social norms to entrepreneurs and which of them had the most influence on the emergence of their ventures, findings suggest that organizations and social norms that interacted with entrepreneurs were very important to the emergence of their ventures by providing most of the social connections and skills necessary for their decisions. Despite the variety of roles that organizations played while facilitating or obstructing the emergence of their entrepreneurial ventures in

Brazil or Spain, five clusters appeared as the ones that most often have influenced this emergence in the late twentieth and early twenty-first centuries:

- Information provider;
- Capital supplier;
- Public regulator;
- Business enabler; and
- Status provider.

These five well configured roles that organizations played, usually in that chronological order, set the limits of what was important to the successful emergence of entrepreneurial ventures in those countries, despite the different, complimentary and sometimes contradictory roles that the same organization or type of organization played. As it was seen during the execution of some interviews, notably with entrepreneurs 103, 106, 107, 206, 207, 208 and 209, entrepreneurs often did not realize or did not express enough importance in the key role that some specific organizations played in allowing the conception and/or the successful emergence of their ventures. Organizations that played crucial positive roles in the emergence of entrepreneurial ventures in Brazil and Spain but were not recognized as such included a heavy equipment supplier (103), two universities (106 and 208), a basic material supplier (107) and two clients (206 and 209) that influenced positively by playing the roles of capital supplier and status provider. It may seem too drastic to affirm that without the role that these organizations played as capital suppliers, information providers or status providers, their ventures could not have emerged in the ways in which they did, but that is what the findings lead to conclude.

By adding up those unperceived organizations with those recognized and mentioned by entrepreneurs as having influenced the emergence of their ventures, we see that entrepreneurs tended to externalize much more often the positive roles played by organizations and understate the negative roles that organizations could have played during this period, even from competitors that were barely mentioned as obstacles (on the contrary, they were clearly mentioned as influencing positively the emergence of the ventures founded by entrepreneurs 103, 105, 106 and 201). Perhaps, this was

due to the fact that all entrepreneurs assessed were still running the awarded ventures, generating the question of what could have been answered by past winners of the award that witnessed the collapse of their businesses. Another characteristic of that computation is that private and nonprofit driven organizations could be observed separately as the second generate much more dubious roles in entrepreneurial emergence than the former ones. By concentrating similar kind of organizations in only one type (for example, considering the Superior Electoral Court as a National Government organization) this study concludes that the organizations influencing the emergence of entrepreneurial ventures in Brazil and Spain are the ones shown in table 5.1.

Regarding social norms, although observed almost intuitively in both societies, this study also verified the evolution on the norm of acceptance of self-employment and entrepreneurship in Brazilian and Spanish societies as witnessed by entrepreneurs. If we take the interviews longitudinally, comparing Brazilian and Spanish entrepreneurs starting their ventures in the 1980's with Brazilian and Spanish entrepreneurs starting their ventures in the 1990's or 2000's, we will see that both Brazilians and Spanish were considered foolish or inconclusive by their relatives, co-workers and friends when they announced leaving a stable job to start their own businesses during the 1980's, while in the 1990's their social acceptance starts to change rapidly, representing entrepreneurship as an increasingly acceptable career option. Many entrepreneurs commented that their social contexts in the beginning of the 21st century were much more respectful and motivational towards entrepreneurship then before (1980's and 1990's), with a social recognition never seen before by them. This higher social acceptance, however, does not influence the emergence of the ventures only positively. As the world becomes more westernized, Americanized, *protestantized*, capitalist or whatever word better describes the current process of globalization, incentives and obstacles created by local social norms may become similar.

Table 5.1 - Types of organizations mentioned to have played significant roles influencing the emergence of entrepreneurial ventures in Brazil and Spain

Private and nonprofit driven organizations playing positive roles in the emergence of entrepreneurial ventures in Brazil and Spain	Private and nonprofit driven organizations playing negative roles in the emergence of entrepreneurial ventures in Brazil and Spain
Business and Trade associations	
Chambers of commerce	
Clients	
Competitors	Competitors**
Employer's associations	Employer's Association
Information companies*	
Non Government Organizations	
Previous employers	
Previous employer's customers	
Private award accreditors	
Private educational organizations	
Private financial organizations	Private financial organizations
Standardization accreditors	
Suppliers	
Trade fairs	
Public organizations playing positive roles in the emergence of entrepreneurial ventures in Brazil and Spain	Public organizations playing negative roles in the emergence of entrepreneurial ventures in Brazil and Spain
International cooperation agencies	
National government organizations***	National government organizations***
Regional government organizations***	Regional government organizations***
Local government organizations***	Local government organizations***
Public award accreditors	
Public companies	Public companies
Public educational organizations	
Public financial organizations	Public financial organizations
Public research centers	

Source: prepared by the author

* includes content producers and internet companies

** Competitors were mentioned directly playing a specific negative role, not matching one of the five roles most played.

*** Through the departments and agencies of the executive, legislative and judiciary branches.

However, this does not mean that the problems entrepreneurs face will get simpler. In Brazil and Spain, on the contrary, as entrepreneurs 105, 106, 107, 202, 205 and 210 warn, it was apparently easier to start a venture in the past, when one of the main differentiations of a company could simply be *breaking* market norms regarding meeting customers' expectations or making use of basic managerial tools because customer's were often poorly treated and companies were often inadequately managed. As entrepreneurs 106 and 202 specifically observed, the simple and direct replication of North-American or Anglo-Saxon business norms of reciprocity by fulfilling agreements (*walk your talk* as entrepreneur 106 was keen to underline) were almost enough to differentiate a business venture from its competitors in the Brazilian and Spanish markets during the 1980's and 1990's and can still be a very valuable source of success for some sectors or peripheral regions, but as these norms become market standard, innovations are taken to a new level of competitiveness.

Another conclusion achieved regarding the role of social norms mapped the large emotional attachment towards the ventures that were developed by entrepreneurs 103, 104, 107, 201, 203, 206 and 208. Almost all entrepreneurs interviewed in Brazil and Spain had achieve their business objectives and social recognition symbolized by the EOY award with the only entrepreneurial experience they had in their lives (the only exception was entrepreneur 202)⁶⁷. As a consequence, perhaps, their ventures can be seen as the fruit of a life of involvement and participation, justifying the strong emotional link observed among them and their ventures. This is perhaps what makes their declared experiences and key decisions to be so rich in details, explaining not only the alleged extraordinary effort they put into their ventures but apparently irrational or impulsive decisions based on feelings much more than in logic economic reasons, demonstrating the passionate approach that many of them develop with the venture during its emergence.

Of course it is always easier for a successful entrepreneur to affirm that he or she uses strange irrational or extra-sensorial ways to run his or her venture after they have their venture running and their financial situation stabilized, but even if we try to mentally filter this effect that irrationality plays in the emergence of the ventures,

⁶⁷ Entrepreneurs 206 and 207 were appointed finalists of the EOY award with ventures that succeeded previous businesses they had in similar sectors.

entrepreneurs rarely mentioned financial gain as a main driver for starting the venture. Also, it is possible that as ventures grow and gain importance, entrepreneurs may develop a natural tendency to get more self-confident, attributing more importance to their feelings than to rationality.

Additionally, still regarding social norms, entrepreneurs interviewed in Brazil and Spain demonstrated to be more norm-oriented as followers than questioners, as could have been expected due to the innovative approach of their ventures. Like entrepreneurs 107 and 201 pointed out and experienced in practice, it is better for an entrepreneur in Spain or Brazil to become an expert about specific market norms and then work to change them, than trying to fight them up front for what may bring serious negative consequences (like being expelled from the market as they almost experienced). This again demonstrates the importance that social networks play in both societies at a sector level. New entrants, as they have experienced, may have the small advantage of being able to innovate by ignoring the norms of the sector they are entering, but that is not usually the case as learning by doing made them to perceive the large importance of adapting their behavior to that which is expected by members previously established in the sector.

As we have seen in section 4.3, the lack of capital was one of the largest problems that entrepreneurs from both countries faced at the time they decided to go for their entrepreneurial venture. And if the lack of capital afflicted so deeply entrepreneurs from higher social classes of Brazil and Spain, we may expect that it harmed even more entrepreneurs coming from the lower social classes of these countries.

Despite the long tradition of capitalist acceptance and market-oriented practices in their markets, Brazilians and Spanish entrepreneurs still do not have access to basic forms of financing that emblematic and novice North-American entrepreneurs have enjoyed for a long time. To them, venture capitalists, business angels and IPO's are simply fables and fairy tales from business schools and management books that replicate the North-American socioeconomic context. The conclusion, by doing the exercise of reviewing only the parts of the interviews that talked about the initial capital aspect of the venture, is that there is a lack of capitalist "Spirit" in the Weberian sense of it on both sides of the Atlantic Ocean in these Latin societies. And

this lack of capitalist "Spirit" seems to come from both actors involved in this key entrepreneurial process: from the Brazilian and Spanish capitalists and the governments who do not create market conditions that provide financial products to businesses created by others, neither the Brazilian and Spanish entrepreneurs who are not able or interested in asking for financial support from capitalists and governments. In Brazil, we could expect that Brazilians entrepreneurs unlearned how to have access to capital after decades of inflation and/or abusive interest rates, but what about the Spanish living in a stable economy since the 1980's? The Spanish financial system was heavily mentioned as problematic by Spanish experts consulted for the GEM report in 2000 (table 2.2.2) and was still not perceived as accessible by Spanish entrepreneurs, as Cabrero, Bergamini and Perez (2007) observed recently.

Whatever the causes of these market characteristics⁶⁸, the consequence is that having capital becomes a competitive advantage *per se* in Brazil and Spain, limiting the number of people able to start a business or an entrepreneurial venture and stimulating the formation of business groups around capitalists, confirming Granovetter's (2005, p. 447) perception that in countries where business groups are strong, financial and political spaces for entrepreneurs are narrowed due to institutional limitations that can be modified only politically. As a result of that lack of access to capital, entrepreneurial ventures in these countries have to find alternative ways to finance their emergence, becoming heavily dependent on their own small initial revenues that turn ventures both financially fragile and slow into ones of the most delicate moments of its history, as entrepreneurs 106, 107, 109, 201, 206, 208 and 209 demonstrated.

Montero (2002) concluded, in his work comparing why certain regions developed cooperation between public and private organizations while others did not in Brazil and Spain that governments continue to play a unique role in the development of both countries. In addition to that, we can conclude that the presence of governments influencing the emergence of Brazilian and Spanish entrepreneurial ventures just keeps growing more and more, through the hands of their organizations, regulations and programs, as table 5.1 summarizes.

⁶⁸ Despite of countless academic and political debates, there is no consensus on why the Brazilian interest rates are among the highest in the world for so many years.

As observed by Cardoso (1964) a long ago, entrepreneurs have limited reach in regions or countries where the government is large and obtrusive. This is not a matter of being more or less liberal in the economic meaning of it. Under such a political environment, business people are compelled to invest time and economic resources in obscure relations with different levels of government and special political arrangements as entrepreneur 106 made clear when arguing that the Spanish government should limit its incentives to R&D policies and emerging start-ups through private players. As we have seen in section 2.1.2, Schumpeter observed that a strong financial system is a requirement for widespread entrepreneurship (2006, p. 256) and as financial systems are the backbones of market-oriented societies, it is difficult, although not impossible as entrepreneurs interviewed and other studies regarding obstacles entrepreneurs face when trying to innovative proved (Campos, 2010) to see innovative entrepreneurs in action within societies that do not promote the existence of an inclusive financial system.

One of the last important conclusions that answers the third research question on how entrepreneurs build up specific social ties to take advantage of incentives or overcome obstacles to entrepreneurship can be drawn from the vital role that trust played in the emergence of entrepreneurial ventures in Brazil and Spain in the late twentieth and early twenty-first centuries. The complex relationships of trust that need to be established among entrepreneurs and other members of their social network to allow the proper emergence of their ventures is such, that some ventures could not be created and/or managed, even after many years of foundation, without the entrepreneur's strong dedication to trustful relations.

What could be observed through the compared analysis of their discourses is that the type of bureaucracy inserted in Brazilian and Spanish entrepreneurial ventures will directly reflect the experience they had in trusting employees, partners, suppliers, clients and other organizations surrounding them, and the experience they had in making them trust in their projects, allowing the venture to develop in accordance with these trustful relations established. This happens because, since organizational channels neither internal norms are still in place during the emergence of the venture, entrepreneurs must "trade" trust through norms of reciprocity quite often in a

necessary effort to reduce the high costs of control and negotiation. As most of the entrepreneurs interviewed demonstrated through their stories, if an entrepreneur is able to build relatively fast trustful connections with organizations that mainly play the role of capital supplier, business enabler and status provider, they have a great possibility to perform better in a Latin social context.

In the process of revising the findings to answer the research questions, the hypothesis that some organizations produce positive obstacles and some produce negative incentives was confirmed during the emergence of entrepreneurial ventures in Brazil and Spain during the period analyzed. As we have seen in the sections 4.1, 4.2, 4.3 and 4.4 of the findings from this study, incentives and obstacles to entrepreneurship evolved and changed over time, not only in strength but also in direction (against, negative or in favor, positive). Despite the evident deduction of this characteristic of obstacles and incentives from public administration practice⁶⁹ (verbal information) and literature, this study could map other situations in which those forces occurred empirically and could have occurred theoretically in the Brazilian and Spanish social contexts. Empirically, this dual state of influence was verified coming only from financial organizations, employer's associations and different levels of public organizations, but all stakeholders that interacted with entrepreneurs in a given market could have generated this kind of direct or indirect impact on the emergence of entrepreneurial ventures. The lack of access to credit, for example, influenced positively entrepreneurs 103, 105 and 208, among others, who had time to develop a slow and self-sustained business strategy that did not depend on leveraged assets that could be difficult to manage for an emerging venture.

Obstacles imposed by circumstantial socioeconomic situations such as general strike, economic crisis, new laws and traumatic business deals were also mentioned to have influenced positively the emergence of some ventures by forcing entrepreneurs to think in new ways to solve problems that would not be possible if only incentives were found. By considering these real and hypothetical situations, we

⁶⁹ Cardoso (2005) affirms that no matter how well intentioned a government policy or regulation is, there will always be people and organizations positively and negatively affected by it, naturally increasing the risk of exercising politics. The answer was given to the author of this study after a conference at Fundação Estudar, when he was asked about the potential risks of life that a politician may incur in Brazil. The conference was held in São Paulo, on July, 2005.

can deduct that there must be a theoretical optimum level of obstacles to the emergence of entrepreneurial ventures in a given social context in such a way that the creation or elimination of erroneous obstacles or incentives may deeply damage or boost the entrepreneurial potential of a society.

As an illustrative summary of what has been debated throughout this study, figure 5.1 proposes a theoretical scheme of analysis for emerging entrepreneurial ventures within the Brazilian and Spanish social contexts, utilizing all the findings and conclusions that could be withdrawn from previous discussions. In the following scheme, entrepreneurs can be seen interacting with social forces generated by organizations and other entrepreneurs within the scope of local Latin social norms, affecting the entire body of participants of a specific market. Entrepreneurs with higher possibilities of achieving their business objectives will be the ones able to understand the roles that different types of organizations play in the period of emergence of their ventures and how experiences of trading trust will shape the decisions taken during this period to obtain the largest number possible of positive outputs.

Social norms influencing the emergence of entrepreneurial ventures in Brazil and Spain

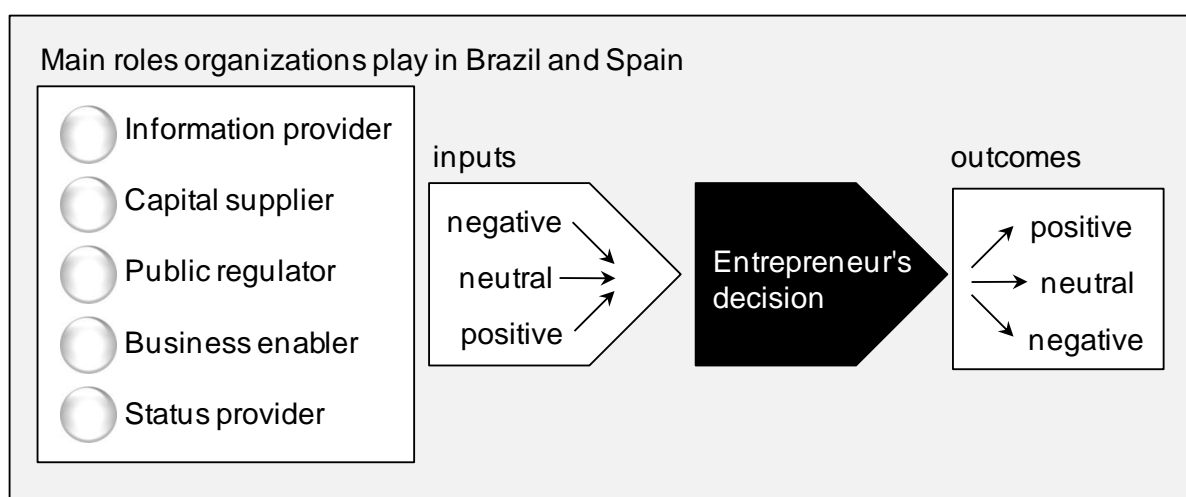


Figure 5.1 - Organizations and social norms influencing the emergence of entrepreneurial ventures in Latin social contexts

5.2 Future Research

The methodology utilized in this study, heavily dependent on a standardized award, allows future comparison of entrepreneurs from the most different social contexts. By 2010, Ernst & Young was already organizing the EOY award in more than 50 countries per year, amplifying the reach of its methodology to the five continents. Future studies regarding Latin entrepreneurs could amplify this study by assessing larger samples, with more countries from Latin America and Latin Europe represented and larger social scopes encompassing religious norms, social responsibility and entrepreneurs from lower social classes. Entrepreneurs from completely different social realities such as North-America, Eastern Europe or Asia could also be accessed via Ernst & Young's awards, allowing further standardized comparisons among them, either with quantitative or qualitative methods.

The spread of entrepreneurship supportive initiatives must bring a new challenge to new entrepreneurs. Before, they were in less number and there was less support, but as a consequence, there was less competition. Today, more people are entering different markets as aspiring entrepreneurs and companies spread entrepreneurial values within their organizations in search of innovations in new products and new markets. The rationalization of this process may accelerate business cycles in specific sectors or regions, as entrepreneurs innovate better and faster through the use of telecommunications and information technology.

This new phase of rationalizing the entrepreneurial process, with public support, can generate new forms of protectionism as well as the emergence of dumping practices sponsored by governments, with the consequent institutional and political conflicts originated by that at regional, national and international levels. Brazilian and Spanish entrepreneurs will probably have to include the analyses of public and private incentives offered to them in the market at the time they consider starting an entrepreneurial venture in Brazil or Spain, as organizations such as SEBRAE and Endeavor in Brazil and the SGR - Sociedades de Garantía Recíprocas in Spain demonstrate. Therefore, the way in which those incentives will be developed and will interact with one another deserve better understanding in the studied regions, as its

configuration may shape new forms of doing business that are still not covered by the academic literature.

REFERENCES

ACS, Z. J. Start-ups and entry barriers: Small and Medium-sized Firms Population Dynamics. In: CASSON, M. *et al* (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.8.

ACS, Z. J.; AUDRESTSCH, D. B. The Social and Economic Impact of Entrepreneurship. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992.

ACS, Z. J.; AMORÓS, J. E. Entrepreneurship And Competitiveness Dynamics In Latin America. *Small Business Economics*, 31(3), 305-322, 2008.

ADLER, N.J.; HARZING, A. When Knowledge Wins: Transcending the Sense and Nonsense of Academic Rankings. *Academy of Management Learning & Education*, vol. 8, No. 1, 72-95. 2009.

ALCAÑÍZ, I. Bureaucratic Networks and Government Spending: A Network Analysis of Nuclear Cooperation in Latin America. *Latin American Research Review* [S.l.], v. 45, n. 1, p. 148-172, 2010.

ALDRICH, H. E. *Population perspectives on organizations*. Uppsala: [s.n.], 1986. (Studia oeconomiae negotiorum, 25).

_____. Methods in Our Madness? Trends in Entrepreneurship Research. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992.

_____. Entrepreneurial Strategies in New Organizational Populations. In: BULL, I. *et al* (Ed.). *Entrepreneurship: Perspectives on Theory Building*. Oxford, MA: Pergamon Press, 1995.

_____. Entrepreneurship. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.20.

_____. *Organizations and environments*. Stanford, CA: Stanford University Press, 2008. (Stanford Business Classics).

ALDRICH, H. E.; FIOLE, C. M. Fools Rush in? The Institutional Context of Industry Creation. *The Academy of Management Review* [S.I.], v. 19, n. 4, p. 645-670, 1994.

ALDRICH, H. E.; PFEFFER, J. *Environments of Organizations*. 2002.

ALDRICH, H. E.; RUEF, M. *Organizations evolving*. 2nd edition. ed. London: Sage Publications, 2006.

BANDELIJ, N. (Ed.) **Economic Sociology of Work**. Research in the Sociology of Work JAI Press, v.18, p.413, Research in the Sociology of Work ed. 2009.

BARDIN, L. L'analyse de contenu. 9e édition. Paris, France: Presses Universitaires de France, 1993.

BARON, J. N.; HANNAN, M. T. The Economic Sociology of Organizational Entrepreneurship: Lessons from Stanford Project on Emerging Companies. In: NEE, V.; SWEDBERG, R. (Ed.). *The Economic of Capitalism*. Princeton, NJ: Princeton University Press, 2005.

BEAMISH, T. D. Economic Sociology in the Next Decade and Beyond. *Economic Sociology in the Next Decade and Beyond* [S.I.], v. 50, n. 8, p. 993-1014, 2007.

BERCHICCI, L.; LUCCI, C. L. Entrepreneurship, Technology and Schumpeterian Innovation: Entrants and Incumbents. In: CASSON, M. *et al* (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.13.

BEREZIN, M. Emotions and the Economy. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.6.

BERG, B. L. *Qualitative Research Methods for the Social Sciences*. 6ªed. ed. Boston, MA: Pearson Education, 2007.

BERGER, P. L.; LUCKMANN, T. *The Social Construction of Reality: a treatise in the Sociology of Knowledge*. New York, NY: Anchor Books, 1967.

BERMEJO, M.; VEGA, I. D. L. *Crea tu propia empresa: Estrategias para su puesta en marcha y supervivencia*. Madrid, Spain: McGrawhill, 2003.

BERTERO, C. O. *et al.* Estratégia Empresarial: a produção científica brasileira entre 1991 e 2002. In: BERTERO, C. O. *et al* (Ed.). *Produção Científica em Administração no Brasil*. São Paulo, Brasil: Editora Atlas, 2003. Cap.2.

BIANCHI, M. Credit constraints, entrepreneurial talent, and economic development. *Small Business Economics* [S.l.], v. 34, n. 1, p. 93-104, 2010.

BICCHIERI, C. *The Grammar of Society, The Nature and Dynamics of Social Norms*. New York, NY: Cambridge University Press, 2006.

BIGGART, N. W.; BEAMISH, T. D. The Economic Sociology of Conventions Habit, Custom, Practice and Routine in Market Order. *Annual Review of Sociology* [S.l.], n. 29, p. 443-464, 2003.

BLAUG, M. Entrepreneurship Before and After Schumpeter. *Economic History and the History of Economics*: New York University Press, 1986.

BLOCK, F.; EVANS, P. The State and the Economy. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.22.

BRUTON, G. D. *et al.* Entrepreneurship in Emerging Economies: Where Are We Today and Where Should the Research Go in the Future. *Entrepreneurship: Theory & Practice* [S.l.], p. 1-14, 2008.

BUADES, J. M. *Entre mares: uma interpretação da história contemporânea da península Ibérica*. Instituto Brasileiro de Filosofia e Ciência "Raimundo Lúlio" (Ramon Llull), 2009.

BURT, R. S. Positions in networks. *Social Forces* [S.l.], v. 55, n. 1, p. 94-122, 1976.

_____. *Structural holes: the Social Structure of Competition*. Cambridge, MA: Harvard University Press, 1992.

_____. The Network Entrepreneur. In: SWEDBERG, R. (Ed.). *Explorations in Economic Sociology*. New York, NY: Russell Sage Foundation, 1993.

_____. The contingent value of social capital. *Administrative Science Quarterly*

[S.I.], v. 42, n. 2, p. 339-365, 1997.

_____. Structural Holes and Good Ideas. *AJS* [S.I.], v. 110, n. 2, p. 349-399, 2004.

BUSENITZ, L. W. *et al.* Entrepreneurship Research in Emergence: Past Trends and Future Directions. *Journal of Management* [S.I.], v. 29, n. 3, p. 285–308, 2003.

CABRERO, C. D. L. F. *et al.* Evolución del sector de Sociedades de Garantía Recíproca y su incidencia en la financiación de nuevos proyectos empresariales en el periodo 2001-2005. In: XVII Jornadas Hispano Lusas de Gestión Científica "Conocimiento, Innovación y Emprendedores: Camino al Futuro". Logroño, La Rioja, Spain. Feb 2007. p.538-549.

CAMPOS, N. M. Entrepreneurship in Socioeconomic and Political Instability. In: AIB Academy of International Business Annual Meeting, Rio de Janeiro. 2010.

CARDOSO, F. H. *Empresário Industrial e Desenvolvimento Econômico no Brasil*. São Paulo, Brazil: Difusão Europeia do Livro, 1964. (Coleção Corpo e Alma do Brasil).

CARLAND, J. W. *et al.* Differentiating Entrepreneurs from Small Business Owners: A Conceptualization. *The Academy of Management Review* [S.I.], v. 9, n. 2, p. 354-359, 1984.

CARRUTHERS, B. G.; HALLIDAY, T. C. Law, Economy, and Globalization: Max Weber and How International Financial Institutions Understand Law. In: NEE, V.; SWEDBERG, R. (Ed.). *On Capitalism*. Stanford, CA: Stanford University Press, 2007. Cap.5.

CASSON, M. *et al.* (Eds.) *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press. 2006.

CHAFFEE JR, W. Entrepreneurs and Economic Behavior: A New Approach to the Study of Latin American Politics. *Latin American Research Review* [S.I.], v. 11, n. 3, p. 55-67, 1976.

CHURCHILL, N. C. Research Issues in Entrepreneurship. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992. Cap.22.

CLARK, I. *International Legitimacy and World Society*. Oxford University Press, 2007.

CODURAS, A.; JUSTO, R. Análisis de la Actividad Emprendedora en Iberoamérica. *Revista de Empresa* [S.I.], n. 2, p. 66-83, 2002.

COLIN, A. *Images Economiques du Monde*. Collectif, 2008.

COLLINS, R. Weber's Last Theory of Capitalism: A Systematization. In: GRANOVETTER, M.; SWEDBERG, R. (Ed.). *The Sociology of Economic Life*. Cambridge, MA: Westview Press Books, 1980.

COOPER, A. C.; GASCÓN, F. J. G. Entrepreneurs, Processes of Founding and New-Firm. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992. Cap.12.

CORLEY, T. A. B. Historical Biographies of Entrepreneurs. In: CASSON, M. *et al* (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.6.

CRESWELL, J. W. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. 2ªed. ed. Thousand Oaks, CA: Sage Publications, 2003.

DAVIS, G. F. Firms and Environments. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.21.

VI ENCUENTRO DE ECONOMÍA APLICADA. Granada 5-6-7 de junio de 2003
Revista de Economía Aplicada y la Asociación Libre de Economía (ALdE)

DE JORGE MORENO, J. *et al*. Análisis empírico de los factores que caracterizan al emprendedor en España. In: VI Encuentro de Economía Aplicada, Granada, Spain. Revista de Economía Aplicada y la Asociación Libre de Economía (ALdE), 2003.

DEGEN, R. J. *O Empreendedor: Fundamentos da Iniciativa Empresarial*. São Paulo, Brasil: McGraw-Hill, 1989.

DEQUECH, D. Cognitive and cultural embeddedness: Combining institutional economics and Economic Sociology. *Journal of Economic Issues* [S.I.], v. 37, n. 2, p.

461-470, 2003.

DIMAGGIO, P. J. Comments on "What Theory is Not". *Administrative Science Quarterly* [S.I.], v. 40, n. 3, p. 391-397, 1995.

DOBBIN, F. *The new economic sociology: a reader*. illustrated. ed. Princeton, NJ: Princeton University Press, 2004.

_____. Comparative and Historical Approaches to Economic Sociology. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005.

DORE, R. Goodwill and the Spirit of Market Capitalism. In: GRANOVETTER, M.; SWEDBERG, R. (Ed.). *The Sociology of Economic Life*. London, United Kingdom: Routledge, 1983. Cap.20.

DOTY, D. H.; GLICK, W. H. Typologies as a Unique Form of Theory Building: Toward Improved Understanding and Modeling. *The Academy of Management Review* [S.I.], v. 19, n. 2, p. 230-251, 1994.

DURLAUF, S. N.; BLUME, L. E. The New Palgrave Dictionary of Economics. *The New Palgrave Dictionary of Economics*: Palgrave Macmillan, 2008 p. 7344.

EBNER, A. Entrepreneurship and economic development: From classical political economy to economic sociology. *Journal of Economic Studies* [S.I.], v. 32, n. 3, p. 256-274, 2005.

ECONOMIST, The. *Pocket World in Figures*. London: England: The Economist, 2008.

EDELMAN, L. B.; STRYKER, R. A Sociology Approach to Law and the Economy. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.23.

ELSTER, J. Social Norms and Economic Theory. *The Journal of Economic Perspectives* (1986-1998) [S.I.], v. 3, n. 4, p. 99, 1989.

_____. Fairness and Norms. *Social Research* [S.I.], v. 73, n. 2, p. 365, 2006.

ENCARNACIÓN, O. G. *The Myth of Civil Society: Social Capital and Democratic Consolidation in Spain and Brazil*. New York, NY: Palgrave Macmillan, 2003.

ENDEAVOR, I. E. *Como fazer uma empresa dar certo em um país incerto*. Rio de Janeiro, Brasil: Elsevier, 2005.

ERICKSEN, G. K. *Women Entrepreneurs Only*. New York, NY: John Wiley & Sons.

_____. *What's Luck Got to Do With It?* USA: John Wiley & Sons, 1997.

_____. *The Ernst & Young Entrepreneur of the Year Award: Insights from the Winner's Circle*. USA: Dearborn Trade Publishing, 2002.

FERREIRA FILHO, G. *Entre o Coração e a Técnica: Memórias de projetos brasileiros de pesquisa desenvolvimento e engenharia*. São Paulo: Annablume, 2007.

FOGEL, K. et al. Institutional Obstacles to Entrepreneurship. In: CASSON, M. et al (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.20.

FONTANA, A.; FREY, J.H. The interview: from neutral stance to political involvement. In: Denzin, N.K.; Lincoln, Y.A. (Ed.). *Handbook of Qualitative Research*. London, UK: Thousand Oaks, Sage. 2005. Chapter 27. p. 695-728.

FRANKLIN, B. *The Autobiography of Benjamin Franklin*. Mineola, NY: Dover, 1996.

FREDERKING, L. C. A cross-national study of culture, organization and entrepreneurship in three neighbourhoods. *Entrepreneurship and Regional Development* [S.l.], v. 16, n. 3, p. 197, 2004.

FREUND, J. *Sociologia de Max Weber*. Tradução de COSTA, L. C. D. C. E. 5ª ed. ed. Rio de Janeiro, Brasil: Forense Universitária, 2006.

GEORGE, G.; PRABHU, G. N. Developmental Financial Institutions as Catalysts of Entrepreneurship in Emerging Economies. *The Academy of Management Review* [S.l.], v. 25, n. 3, p. 620-629, 2000.

GOFFMAN, E. *The Presentations of Self in Everyday Life*. New York, NY: Anchor Books. (1990).

GOMES, L. *1808: Como uma rainha louca, um príncipe medroso e uma corte corrupta enganaram Napoleão e mudaram a História de Portugal e do Brasil*. São Paulo: Editora Planeta do Brasil. 2007.

GOMÉZ, J. M. *et al.* Condicionantes de la Actividad Emprendedora e Instituciones de Apoyo desde el Ambito Local: el caso de la província de Alicante. *Revista de Empresa* [S.I.], n. 20, p. 20-31, 2007.

GOMPERS, P.; LERNER, J. Equity Financing. In: ACS, Z. J.; AUDRESTSCH, D. B. (Ed.). *Handbook of Entrepreneurship Research*. London: Great Britain: Kluwer Academic Publishers, 2003. p. 267-298.

GONZÁLEZ, F. J. *Creación de Empresas: Guía del Emprendedor*. Madrid, Spain: Ediciones Pirámide, 2006.

GORDON, W. *et al.* Social Capital, Structural Holes and the Formation of an Industry Network. *Organization Science* [S.I.], v. 8, n. 2, p. 109-125, 1997.

GRANOVETTER, M. The Strength of Weak Ties. *The American Journal of Sociology* [S.I.], v. 78, n. 6, p. 1360-1380, 1973.

_____. The Strength of Weak Ties: A Network Theory Revisited. *Sociological Theory* [S.I.], v. 1, p. 201-233, 1983.

_____. Ação Econômica e Estrutura Social: O Problema da Imersão. In: MARTES, A. C. B. (Ed.). *Redes e Sociologia Econômica*. Chicago, IL: University of Chicago Press, 1985. Cap.1.

_____. Coase Revisited: Business Groups in the Modern Economy. In: GRANOVETTER, M.; SWEDBERG, R. (Ed.). *The Sociology of Economic Life*. New York, NY: Oxford University Press, 1995. Chapter16.

_____. The Economic Sociology of Firms and Entrepreneurs. In: PORTES, A. (Ed.). *The Economic Sociology of Immigration*. New York, NY: Russell Sage Foundation, 1995.

_____. *Getting a job: A study of contacts and careers*. 2nd. ed. Chicago, IL: The University of Chicago Press, 1995.

_____. Business Groups and Social Organization. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Chapter 19.

_____. The Impact of Social Structure on Economic Outcomes. *The Journal of Economic Perspectives* (1986-1998) [S.I.], v. 19, n. 1, p. 33-50, 2005.

_____. The Social Construction of Corruption. In: NEE, V.; SWEDBERG, R. (Ed.). *On Capitalism*. Stanford, CA: Stanford University Press, 2007. Cap.6.

GRANOVETTER, M.; SWEDBERG, R. (Eds.) **The Sociology of Economic Life**. Cambridge, MA: Westview Press Books ed. 2001.

GROUP OF TWENTY. *Summit on Financial Markets and the World Economy*. November 15, 2008. Available in: <http://www.g20.org/Documents/g20_summit_declaration.pdf>. Accessed in: April 10, 2010.

HARRIS, R. *Industrializing English Law: Entrepreneurship and Business Organization 1720-1844*. New York, NY: Cambridge University Press, 2000.

~~HARVEY, D. *The Condition of Postmodernity*. Cambridge, MA: Blackwell, 2004.~~

HAYTON, J. C. *et al.* National Culture and Entrepreneurship: A Review of Behavioral Research. *Entrepreneurship: Theory & Practice* [S.I.], p. 33-53, 2002.

HENRY, C. *Ernst & Young Entrepreneur of The Year: case series*. Dublin, Ireland: Blackhall Publishing, 2007.

HINDLE, K. Choosing Qualitative Methods for Entrepreneurial Cognition Research: A Canonical Development Approach. *Entrepreneurship: Theory & Practice* [S.I.], p. 575-607, 2004.

HITE, J. M. Evolutionary Processes and Paths of Relationally Embedded Network Ties in Emerging Entrepreneurial Firms. *Entrepreneurship: Theory & Practice* [S.I.], p. 113-144, 2005.

HOBBS, G. *Starting a Business in Spain*. Oxford, United Kingdom: Vacation Work, 2004.

HORNADAY, J. A.; CHURCHILL, N. C. Current Trends in Entrepreneurial Research. *Frontiers of Entrepreneurship Research*. Wellesley: MA: Babson College, 1987. p. 1-25.

HUSE, M.; LANDSTROM, H. European entrepreneurship and small business research: Methodological openness and contextual differences. *International Studies of Management & Organization* [S.l.], v. 27, n. 3, p. 3-12, 1997.

KANTER, R. M. When a Thousand Flowers Bloom: Structural, Collective, and Social Conditions for Innovation in Organizations. In: SWEDBERG, R. (Ed.) *Entrepreneurship: The Social Science View*. New York, NY: Oxford University Press, 2000.

KARKLINS-MARCHAY, A. *Joseph Schumpeter*. Paris, France: Ellipses, 2004. (Les Grands Théoriciens).

KIM, P. H.; ALDRICH, H. E. *Social capital and entrepreneurship*. Delft: now Publishers Inc, 2005.

KOGUT, B. Country Capabilities and the Permeability of Borders. *Strategic Management Journal* [S.l.], v. 12. Special Issue: Global Strategy. Summer, 1991. John Wiley & Sons, p. 33-47, 1991.

_____. The Network as Knowledge: Generative Rules and the Emergence of Structure. *Strategic Management Journal* [S.l.], v. 21, n. 3, p. 405-425, 2000.

_____. Economic Sociology and new methods in research. *European Management Review* [S.l.], v. 4, p. 133-139, 2007.

KRIESBERG, L. P. Entrepreneurs in Latin America and the role of Cultural and Situational Processes. *International Social Science Journal* [S.l.], v. 15, n. 4, 1963.

LIGHT, A. N.; SIEGEL, J. I. The Social Dimensions of Entrepreneurship. In: CASSON, M. *et al* (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.19.

LINDBECK, C. A. E. Welfare state disincentives with endogenous habits and norms. *The Scandinavian Journal of Economics* [S.l.], v. 97, n. 4, p. 477, 1995.

LIPSET, S. M. Values and entrepreneurship in the Americas. In: SWEDBERG, R. (Ed.). *Entrepreneurship: The social science view*. Oxford: Oxford University Press, 2000. p. 110-128.

_____. Values and Entrepreneurship in the Americas. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton, NJ: Princeton University Press, 2005.

LOCKE, R. *et al.* (Eds.) **Employment Relations: in a Changing World Economy**. Cambridge, MA: The MIT Press. 1997.

LOCKE, R.; KONCHAN, T. Conclusion: The Transformation of Industrial Relations? A Cross-National Review of the Evidence. In: LOCKE, R. *et al* (Ed.). *Employment Relations: in a Changing World Economy*. Cambridge, MA: The MIT Press, 1997. Cap.12.

LUNDSTROM, A.; HALVARSSON, S. Entrepreneurship Research: Past Perspectives and Future Prospects. *Foundations and Trends in Entrepreneurship* [S.l.], v. 2, n. 3, p. 145–259, 2006.

MALINOWSKI, B. (Ed.) **Argonauts of the Western Pacific**. Long Grove: IL: Waveland Press, Inc.ed. 1984.

MANCUSO, J. H. *SEBRAE 30 anos parceiro dos brasileiros*. Brasília, Brasil: SEBRAE, 2002.

MARQUES, E. C. Redes Sociais e Poder no Estado Brasileiro Aprendizados a partir das políticas urbanas. *Revista Brasileira de Ciências Sociais* [S.l.], v. 21, n. 60, p. 15-41, 2006.

MARSHALL, G. *Oxford Dictionary of Sociology*. Oxford, NY: Oxford University Press, 1998.

MARTES, A. C. B. Weber e Schumpeter - A ação econômica do empreendedor. In: Encontro Anual da ANPOCS, 2006, Guaxupé, MG. Anais Encontro Anual da

ANPOCS, 2006.

MARTES, A. C. B. (Ed.) **Redes e Sociologia Econômica**. São Carlos, Brasil: EdUFSCar. 2009.

MARTINELLI, A. O contexto do empreendedorismo. In: MARTES, A. C. B. (Ed.). *Redes e Sociologia Econômica*. São Carlos: Brazil: Edusfcar, Editora da Universidade Federal de São Carlos, 2004.

MARTINEZ, J. M. B. El impacto de la conquista de Hispania en Roma (154-83 a.C.). *Klio*, núm. 41, pp. 168-186. 1963.

MCCORMACK, M. H. *What They Still Don't Teach You at Harvard Business School*. New York, NY: Bantam Books, 1989.

MCLELLAN, D. *Karl Marx selected writings*. New York, NY: Oxford University Press, 2000.

MEANY, J. W.; PATE, L. E. The Government as Entrepreneur: Industrial Development and the Creation of New Ventures. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992.

MERRIAM, S.B. Qualitative research and case study applications in education. 2th ed., San Francisco, CA: Jossey-Bass Publishers, 1998.

MERRIAM, S.B. Qualitative Research: A Guide to Design and Implementation. San Francisco, CA: Jossey-Bass Publishers, 2009.

MIZRUCHI, M. S. Análise de Redes Sociais: Avanços Recentes e Controvérsias Atuais. In: MARTES, A. C. B. (Ed.). *Redes e Sociologia Econômica*. London, United Kingdom: Sage Publications, 1994.

MONTERO, A. P. *Shifting States in Global Markets: Subnational Industrial Policy in Contemporary Brazil and Spain*. University Park, PA: The Pennsylvania State University Press, 2001.

MORRIS, I.; MANNING, J. G. The Economic Sociology of the Ancient Mediterranean World. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic*

Sociology. Princeton: NJ: Princeton University Press, 2005. Cap.7.

NAUDÉ, W. Entrepreneurship, developing countries, and development economics: new approaches and insights. *Small Business Economics* [S.I.], v. 34, n. 1, p. 1-12, 2010.

NEE, V. The New Institutionalisms in Economics and Sociology. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.3.

NEE, V.; INGRAM, P. Embeddedness and Beyond Institutions, Exchange and Social Structure. In: BRINTON, M. C.; NEE, V. (Ed.). *The New Institutionalism in Sociology*. New York: Russell Sage Foundation, 1998. Cap.19. p. 19-45.

NEE, V.; OPPER, S. On Politicized Capitalism. In: NEE, V.; SWEDBERG, R. (Ed.). *On Capitalism*. Stanford, CA: Stanford University Press, 2007. Cap.4.

NEE, V.; SWEDBERG, R. (Eds.) **The Economic of Capitalism**. Princeton, NJ: Princeton University Press. 2005.

_____ (Eds.) **On Capitalism**. Stanford, CA: Stanford University Press. 2007.

NG, M. N. *Pilgrimages: Memories of Colonial Macau and Hong Kong*. Aberdeen, Hong Kong: Hong Kong University Press, 2009.

NUENO, P. *Emprendiendo Hacia el 2010: Una Renovada Perspectiva Global del Arte de Crear Empresas y sus Artistas*. Barcelona, Spain: Ediciones Duesto, 2005.

PARKER, S. C. Entrepreneurship, Self-employment and the Labour Market. In: CASSON, M. et al (Ed.). *The Oxford Handbook of Entrepreneurship*. Oxford, NY: Oxford University Press, 2006. Cap.16.

PASSARELLA, W. *Fábrica de Idéias, Banco de Oportunidades*. São Paulo, Brasil: Saraiva, 2008.

PÉREZ-DÍAZ, V.; RODRÍGUEZ, J. C. Inertial Choices: An Overview of Spanish Human Resources. In: LOCKE, R. et al (Ed.). *Employment Relations: in a Changing World Economy*. Cambridge, MA: The MIT Press, 1997. Cap.6.

PIANTA, M. Innovation and Employment. In: FAGERBERG, J. *et al* (Ed.). *The Oxford Handbook of Innovation*. Oxford, NY: Oxford University Press, 2005. Cap.21.

PINCH, T.; SWEDBERG, R. (Eds.) **Living in a Material World**. Inside Technology. Cambridge, MA: The MIT Press, Inside Technology, 1^aed. ed. 2008.

PIORE, M. J. Qualitative Research Techniques in Economics. *Administrative Science Quarterly* [S.I.], v. 24, n. 4, p. 560-569, 1979.

PIORE, M. J.; SABEL, C. F. *The Second Industrial Divide*. USA: Basic Books, 1984.

POLANYI, K. Ports of Trade in Early Societies. *The Journal of Economic History* [S.I.], v. 23, n. 1, p. 30-45, Mar.1963 1963.

_____. The Economy as Instituted Process. In: GRANOVETTER, M.; SWEDBERG, R. (Ed.). *The Sociology of Economic Life*. New York, NY: The Free Press, 1985. Cap.1.

_____. *The Great Transformation*. Boston, MA: Beacon Press, 2001.

POWELL, W. W.; GRODAL, S. Network of Innovators. In: FAGERBERG, J. *et al* (Ed.). *The Oxford Handbook of Innovation*. Oxford, NY: Oxford University Press, 2005. Cap.3.

QUINTO, F. D. *Todas las Claves para Crear una Empresa*. Barcelona, Spain: Servi Doc, 2005.

RAUCH, A. *et al*. Entrepreneurial Orientation and Business Performance: An Assessment of Past Research and Suggestions for the Future. *Entrepreneurship: Theory & Practice* [S.I.], p. 761-787, 2009.

RENZULLI, L. A.; ALDRICH, H. Who Can You Turn to? Tie Activation within Core Business Discussion Networks. *Social Forces* [S.I.], v. 84, n. 1, p. 323-341, 2005.

RENZULLI, L. A. *et al*. Family Matters: Gender, Networks, and Entrepreneurial Outcomes. *Social Forces* [S.I.], v. 79, n. 2, p. 523-546, 2000.

RODRIGUES, F. Empreendedorismo. *O Globo*, Rio de Janeiro, March 23, 2008. Caderno Boa Chance. p.1.

RODRIGUEZ, M. B. *Época Moderna: de la monarquía Hispánica a la crisis del antiguo Régimen*. Madrid, Spain: Silex, 2008. (Historia de España).

SABEL, C. F. Flexible Specialisation and the Re-emergence of Regional Economies. *Post-Fordism: A Reader*. Oxford, United Kingdom: Berg Publisher, 1989. Cap.4. (Studies in Urban and Social Change).

SALLES, A. B. T. *Capitalismo no Brasil: o ambiente institucional para o empreendedorismo no início do século XXI*. 2008. 292 p. Doctoral dissertation (Ph.D. in Social Science) - UFRRJ Rural Federal University of Rio de Janeiro, Rio de Janeiro, 2008.

SANTOS, F. M.; EISENHARDT, K. M. Constructing Markets and Shaping Boundaries: Entrepreneurial Power in Nascent Fields. *Academy of Management Journal* [S.I.], v. 52, n. 4, p. 643–671, 2009.

SARKAR, S. *O Empreendedor Inovador: faça diferente e conquiste seu espaço no mercado*. Rio de Janeiro, Brasil: Elsevier Editora, 2008.

SCHULTZ, M. Copynorms: Copyright and Social Norms. *SSRN Working Paper Series* [S.I.], 2006.

SCHUMPETER, J. On the Concept of Social Value. *The Quarterly Journal of Economics* [S.I.], v. 23, n. 2, p. 213-232, 1909.

_____. Entrepreneurship as Innovation. *The Theory of Economic Development*. New York, NY: Harvard University Press, 1911.

_____. The Explanation of the Business Cycle. *Economica* [S.I.], n. 21, p. 286-311, 1927.

_____. The Instability of Capitalism. *The Economic Journal* [S.I.], v. 38, n. 151, p. 361-386, 1928.

_____. *Essays on Entrepreneurs, Innovations, Business Cycles, and the Evolution of Capitalism*. New Burnswick, NJ: Transaction Publisher, 1989.

_____. The Analysis of Economic Change. *The Review of Economics and Statistics* [S.I.], v. 17, n. 4, p. 2-10, 1935.

_____. The Creative Response in Economic History. *The Journal of Economic History* [S.I.], v. 7, n. 2, p. 149-159, 1947.

_____. *Essays on entrepreneurs, innovations, business cycles, and the evolution of capitalism*. New Brunswick: NJ: Transaction Publishers, 2006.

SELLTIZ, Claire et al. Métodos de pesquisa nas relações sociais. Tradução de Maria Martha Hubner de Oliveira. 2a edição. São Paulo: EPU, 1987.

SERAFIM, M. C.; MARTES, A. C. B. Sobre Esta Pedra Edificarei a Minha Empresa: Organizações Religiosas e o Incentivo ao Empreendedorismo. In: XXXI EnANPAD, Rio de Janeiro. 2007.

SEXTON, D. L.; KASARDA, J. D. (Eds.) **The State of the Art of Entrepreneurship**. Boston, MA: Pws-Kent Publishing Company. 1992.

SHANE, S. A General Theory of Entrepreneurship: The Individual-Opportunity Nexus. New Horizons in Entrepreneurship series. Bodmin, Cornwall: MPG Books, 2003.

SILVERMAN, D. *The Theory of Organizations*. New York: NY. Basic Books, 1970.

SMELSER, N. J.; SWEDBERG, R. *The Handbook of Economic Sociology*. 2nd edition. ed. Princeton: NJ: Princeton University Press, 2005.

SMITH, K. G. et al. Selecting methodologies for entrepreneurial research: trade-offs and guidelines. *Entrepreneurship Theory & Practice* [S.I.], v. 14, p. 39-49, 1989.

SOARES, S. S. D. O ritmo de queda na desigualdade no Brasil é adequado? Evidências do contexto histórico e internacional. Texto para discussão 1339, mai 2008. Instituto de Pesquisa Econômica Aplicada. 2008.

STEINER, P. *A Sociologia Econômica*. São Paulo: Brazil: Editora Atlas, 2006.

STEYAERT, C. A qualitative methodology for process studies of entrepreneurship. *International Studies of Management & Organization* [S.I.], v. 27, p. 13-33, 1997.

SWEDBERG, R. Max Weber's Vision of Economic Sociology. In: GRANOVETTER, M.; SWEDBERG, R. (Ed.). *The Sociology of Economic Life*. Greenwich, CT: JAI Press, 1998. Cap.3.

_____. Afterword: The Role of the Market in Max Weber's Work. *Theory and Society* [S.I.], v. 29, n. 3, p. 373-384, 2000.

_____. *Entrepreneurship: The Social Science View*. New York: NY: Oxford Management Readers, 2000.

_____. (Ed.) **Entrepreneurship: The Social Science View**. Oxford Management Readers. New York, NY: Oxford University Press, Oxford Management Readers, 1ªed. ed. 2000.

_____. The Role of the Market in Max Weber's Work. *Theory and Society* [S.I.], v. 29, n. 3, p. 373-384, Jun. 2000 2000.

_____. The Case for an Economic Sociology of Law. *Theory and Society* [S.I.], v. 32, n. 1, p. 1-37, 2003.

_____. *Principles of Economic Sociology*. Princeton: NJ: Princeton University Press, 2003.

_____. What has been Accomplished in New Economic Sociology and Where is it Heading ? *Archives of European Sociology* [S.I.], v. XLV, n. 3, p. 317-330, 2004.

_____. Markets in Society. In: SMELSER, N. J.; SWEDBERG, R. (Ed.). *The Handbook of Economic Sociology*. Princeton: NJ: Princeton University Press, 2005. Cap.11.

_____. A Sociologia Econômica do Capitalismo: Uma Introdução e Agenda de Pesquisa. In: MARTES, A. C. B. (Ed.). *Redes e Sociologia Econômica*. Princeton, NJ: Princeton University Press, 2005. Cap.5.

_____. Tocqueville and the Spirit of the American Capitalism. In: NEE, V.;

SWEDBERG, R. (Ed.). *On Capitalism*. Stanford, CA: Stanford University Press, 2007. Cap.2.

TAVARES, B.; BRANCATELLI, R. Estado de São Paulo bate recorde de roubos em 2009. *O Estado de S. Paulo*, São Paulo, February 2, 2010. p. 1.

THURNWALD, R. *Economics in Primitive Communities*. London: England: Oxford University Press, 1932.

TOMEI, P. A. et al. *Cultura Empreendedora: Guia Prático para Seleção de Empreendedores*. Rio de Janeiro, Brasil: Office Book Editora, 2008.

TROPLONG, R. T. *Da influencia do christianismo sobre o direito civil dos romanos*. Tradução de MENEZES, J. R. D. C. Recife: Typographia Commercial de Meira Henriques, 1852.

ULZURRUN, J. D. D. D. et al. *Conteporánea: Siglos XIX y XX*. Madrid, Spain: Sílex, 2008. (Historia de España).

UNAMUNO, M. D. *Niebla*. 34ªed. ed. Madrid, Spain: Espacia Calpe, 2008.

VEN, A. H. V. D. Longitudinal Methods for Studying the Process of Entrepreneurship. In: SEXTON, D. L.; KASARDA, J. D. (Ed.). *The State of the Art of Entrepreneurship*. Boston, MA: Pws-Kent Publishing Company, 1992. Cap.9.

VERAS, P. *Por dentro da Bolha*. São Paulo, Brasil: iEditora, 2004.

VERGARA, S. C. Estudos Organizacionais: a Produção Científica Brasileira. In: BERTERO, C. O. et al (Ed.). *Produção Científica em Administração no Brasil*. São Paulo, Brasil: Editora Atlas, 2005. Cap.3.

WEBER, M. *Economy and Society*. Berkeley, CA: University of California Press, [1922] 1978.

_____. *The Theory of Social and Economic Organization*. New York, NY: Free Press, 1997.

_____. *The Protestant Ethic and the Spirit of Capitalism*. Translated by PARSONS,

T. New York, NY: Routledge Classics, 2001.

_____. *A ética protestante e o "espírito" do capitalismo*. Tradução de PIERUCCI, A. F. São Paulo: Companhia das Letras, 2004.

WEHLING, A.; WEHLING, M.J.C.D. *Formação do Brasil Colonial*. Rio de Janeiro, Brazil: Editora Nova Fronteira, 1994.

WORLD ECONOMIC FORUM. *The Global Competitiveness Report 2008–2009*. Geneva, p.1-500. 2008

WORLD BANK. *Paying Taxes 2008 The global picture*. The World Bank and Price WaterhouseCoopers, p.1-70. 2008

ZAHRA, S. A. Contextualizing theory building in entrepreneurship research. *Journal of Business Venturing* [S.l.], v. 22, p. 443– 452, 2007.

ZELIZER, V. A. Past and Futures of Economic Sociology. *The American Behavioral Scientist* [S.l.], v. 50, p. 1056-1069, 2007.

ZUKIN, S.; DIMAGGIO, P. *Structures of Capital: The Social Organization of the Economy*. Cambridge: MA: Cambridge University Press, 1990.

APPENDIX

A.1 - Letters used to contact entrepreneurs by electronic mail

A.1.1 - In Spanish

Estimada (Secretaria),

Me llamo Newton Campos, soy empresario y actúo en distintos sectores. Soy brasileño, tengo 33 años y actualmente soy también alumno de doctorado en la FGV Fundación Getúlio Vargas, la principal y más importante escuela de negocios de Brasil, ubicada en São Paulo.

Escribo porque me gustaría reunirme con (Emprendedor) para conocer mejor a (Organización) y su historia frente a este emprendimiento. Mi tesis doctoral trata de las barreras encontradas por emprendedores brasileños y españoles durante el inicio del emprendimiento de manera que estoy entrevistando a finalistas y ganadores del premio de Ernst & Young en ambos países.

Yo estaré en España a partir del día 13 de Abril y me gustaría reunirme con (Emprendedor) durante 55 minutos en cualquier día y hora a partir de este día para una entrevista formal sobre estas barreras.

Envío un cordial saludo desde São Paulo y aguardo su contacto,

Newton Campos
São Paulo, Brasil
+55 11 3254 7636
+55 11 8123 2173
newtoncampos@gvmail.br

A.1.2 - In Portuguese

Prezada (Secretaria),

Me chamo Newton Campos, sou empresário com atuação em diferente setores. Sou brasileiro, tenho 33 anos e atualmente sou também aluno de doutorado na FGV Fundação Getúlio Vargas de São Paulo.

Escrevo porque gostaria de me reunir com (Empreendedor) para conhecer melhor a (Organização) e sua historia frente a este empreendimento. Minha dissertação de doutorado trata das barreiras encontradas por empreendedores brasileiros y espanhóis durante o inicio do empreendimento de forma que estou entrevistando a finalistas y ganhadores do premio de Ernst & Young em ambos os países.

Na Espanha entrevistei a diversos empreendedores durante o mês de Abril e estarei dedicado a esta tarefa no Brasil de 14 a 28 de Agosto por isso gostaria de conversar com o (Empreendedor) durante 55 minutos em qualquer dia e hora entre estas datas para uma entrevista formal sobre estas barreiras.

Cordialmente, desde São Paulo, aguardo seu retorno,

Newton Campos
São Paulo, Brasil
+55 11 3254 7636
+55 11 8123 2173
newtoncampos@gvmail.br

A.2 - Scripts used to guide the semi-standardized interviews

A.2.1 - In Spanish

Recordando: quiero identificar, enumerar y evaluar el impacto de las organizaciones formales y normas sociales en el desarrollo de empresas comerciales en Brasil y España. El objetivo es observar el impacto de estas dimensiones en la fase de desarrollo inicial del emprendimiento.

Parte I (2,5 m): Rompiendo el hielo

Comentarios sobre la ruta de acceso al sitio, sobre el tiempo ...

Parte II (2,5): Explicar el objetivo de la investigación / Solicitud para grabar la conversa

Explicar que soy un hombre de negocios de Sao Paulo y hace unos años decidí hacer mi doctorado. Que hoy estudio formalmente la cuestión y trato de averiguar detalles sobre las organizaciones y las normas social que interfieren con el proceso de construcción de un nuevo emprendimiento en Brasil comparado a España.

Solicitud de la grabación de la conversación. Pedir que el entrevistado vuelva en el tiempo, recuerde el período inicial del emprendimiento.

Parte III (10m): Información básica sobre el emprendimiento

1. En qué año el emprendimiento que competió en el premio de Ernst & Young empezó?

2. Había sido tu principal emprendimiento hasta entonces?

3. El proyecto, en aquella época, fue iniciado por usted o por otra persona?

a. Si ha sido empezado por usted:

Cómo surgió la idea poco a poco o de una sola vez?

Has tenido experiencia en el sector?

b. Si ha sido empezado por usted:

Usted entró en este negocio por necesidad (por falta de otras oportunidades interesantes económicamente) o por la oportunidad (de tener y desarrollar un modelo de negocio a su manera)?

a. Si fue iniciado por otra persona:

Quién era? amigo, pariente? Como le conociste (en que organización)?

b. Si fue iniciado por otra persona:

Siguió socio? Debido a que ha dejado o desistido del emprendimiento?

4. Había intentado iniciar otro(s) emprendimiento(s) antes?

a. En caso afirmativo: En qué sector(es)?

b. En caso afirmativo: Con que el capital?

c. En caso afirmativo: Sirvió de aprendizaje? Por qué?

a. Si no: ¿Cómo elegir la industria?

b. Si no: que el capital?

c. Si no: ¿Cómo se enteró de la industria?

5. Cuánto tiempo después de haber empezado el negocio se dio cuenta de que el emprendimiento era bueno, diferente de otros, más innovador y/o más rentable? Cuál fue la principal diferencia en su empresa respecto a otras? En pocas palabras, qué hiciste de diferente?
6. Cuáles fueron los principales obstáculos que te acuerdas de aquel tiempo?
7. Algunos de estos obstáculos han surgido porque te has atrevido a hacer algo diferente de los demás o estos obstáculos han existido siempre?
8. Recordando los obstáculos iniciales, por lo general fueron creados por personas o por circunstancias específicas (leyes, mala suerte, mercado, etc)?
9. Pensando en estas personas: las barreras han sido creadas por ellos o más bien por las organizaciones a que pertenecían?

Parte IV (15m): información específica sobre las organizaciones

10. Empezaste primero la empresa e después buscaste a clientes, ó primero tuvisteis algunos clientes y luego empezaste la empresa?
11. Te acuerdas de tu(s) de primero(os) cliente(s)? Usted puede decirme a que organización pertenecían?
Piense en organizaciones formales, voy a citar algunos ejemplos para que usted entienda de que estoy hablando
 - Despachos de abogados, contabilidad, marcas y patentes
 - Organismos públicos, municipales, estatales y federales
 - Empresas donde ha trabajado, empresas de amigos y familiares
 - Escuelas, universidades, escuelas de idiomas
 - Medios de comunicación, revistas, televisión, prensa
 - Bancos, compañías de seguros, prestamistas
 - Proveedores, clientes, competidores y socios
 - Iglesias, clubes, ONGs, asociaciones, cámaras de comercio
12. Algunos de estas ha sido esencial al inicio de tu emprendimiento (en el sentido de que su negocio existe hoy en día sólo por su apoyo)?
13. Hay otras que no he mencionado? (tiempo para pensar).
14. alguna de ellas ayudó a tu emprendimiento en el inicio?
Hay otras que no he mencionado? (tiempo para pensar).
15. alguna de ellas perjudicó o dificultó a tu emprendimiento en el inicio?
Hay otras que no he mencionado? (tiempo para pensar).
16. Tu consideras que tus competidores tenían los mismos apoyos y dificultades generadas por estas organizaciones?
17. Algunas de estas organizaciones dificultó el surgimiento o perjudicó el crecimiento de competidores en tu sector?
18. Y lo contrario? alguna de ellas apoyó el surgimiento o el crecimiento de competidores en tu sector?
19. En tu opinión, qué pasaría si varias organizaciones fuesen creadas para ayudar a ti y a tus competidores con la disminución de la burocracia, impuestos, licencias y dificultades de acceso a crédito?

Parte V (10m): información personal básica

Objetivamente, responda:

20. Edad, ciudad y país de nacimiento

21. Estado civil, número de hijos
22. Donde pasaste infancia, adolescencia y juventud (ciudad, país)
23. Profesión formal de los padres, hermanos, abuelos
24. Origen geográfico de los padres, los abuelos
25. Colegio (educación secundaria), dónde?
26. Universidad (grado). En qué, dónde y cuándo?
27. Otros cursos (posgrado, por ejemplo). En qué, dónde y cuándo?
28. Sigue alguna religión formal?
29. Carisma: como la gente te ve? Y como era en tu infancia y adolescencia?

Parte VI (15m): información específica sobre las normas sociales

En cada grupo social o región, hay normas que han evolucionado con el tiempo. Estas normas no están escritas en ningún lugar, pero gobiernan cada área de nuestras vidas y nos hacen percibir una acción nuestra o de alguien como buena o mala, apropiada o inapropiada. A lo largo de la vida, siempre estamos adaptándonos a estas normas, pero también las creamos y modificamos. Recuerde que normas es diferente de ley, ok?

30. En general, te consideras una persona que sigue las reglas o que va en contra a las reglas?
31. Volviendo al inicio del emprendimiento: eres una persona que normalmente critica a lo establecido o que normalmente defiende lo establecido? Esta posición ha cambiado a lo largo del tiempo?
32. Tuviste que ir en contra a alguna norma de tu sector o de tu grupo social para mejorar tu emprendimiento? Cuál fue la principal? Había otras?
33. Te gusta establecer normas en tu organización o prefieres que cada caso se resuelva de una manera?
34. Te sientes endeudado(a) cuando recibe un favor?
35. Evitas recibir y prestar favores o los utiliza como moneda para hacer negocios?
36. Prefieres delegar las decisiones o concentrarlas en tus manos?
37. Qué regla utilizas para decidir si una decisión debe ser tomada por ti en el emprendimiento?
38. Crees que el sistema de remuneración de tu emprendimiento ha sido importante para el éxito de la empresa? Si es así, qué reglas de remuneración has utilizado?
39. Consideras que tu sistema de valores está reflejado en el emprendimiento? De que manera?

A.2.2 - In Portuguese

Relembrando: quero identificar, listar e avaliar o impacto de organizações formais e normas sociais no desenvolvimento de empreendimentos comerciais no Brasil e na Espanha. Visa-se observar o impacto destas dimensões no período inicial do desenvolvimento do empreendimento.

Parte I (2.5m): Quebrando o gelo

Comentários sobre o caminho até o local, sobre o tempo...

Parte II (2.5m): Explicando o objetivo da pesquisa / Solicitar Gravação

Explicar que sou empresário em São Paulo e há alguns anos decidi realizar meu doutorado. Que hoje pesquiso formalmente o assunto e tento descobrir detalhes sobre organizações e normas sociais que interferem no processo de montagem de um empreendimento no Brasil comparado à Espanha.

Solicitar gravação da conversa. Pedir que o entrevistado volte no tempo, lembre-se do período inicial do empreendimento.

Parte III (10m): Informações básicas do empreendimento

1. Em que ano o empreendimento que concorreu ao prêmio da Ernst & Young teve início?

2. Tinha sido o seu principal empreendimento até o momento?

3. O empreendimento, naquela época, foi iniciado por você ou por outra pessoa?

a. Se foi iniciado por você:

Como surgiu a idéia, aos poucos ou de uma só vez?

Você já tinha experiência no setor?

b. Se foi iniciado por você:

Você entrou neste negócio por necessidade (falta de outras oportunidades interessantes financeiramente) ou pela oportunidade (de aproveitar e desenvolver um modelo de negócio ao seu modo)?

a. Se foi iniciado por outra pessoa:

Quem era? amigo, parente? Como o conheceu (em que organização)?

b. Se foi iniciado por outra pessoa:

Ele continuou sócio? Porque ele saiu ou desistiu do empreendimento?

4. Já tinha tentado iniciar outro(s) empreendimento(s) antes?

a. Se sim: em que setor(es)?

b. Se sim: com que capital?

c. Se sim: serviu de aprendizado? Por quê?

a. Se não: como escolheu o setor?

b. Se não: com que capital?

c. Se não: como aprendeu sobre o setor?

5. Quanto tempo depois iniciado você percebeu que o empreendimento era bom, diferente dos demais, mais inovador e/ou mais rentável? Qual foi a principal diferença do seu empreendimento frente aos demais? Em poucas palavras, o que você fez de diferente?

6. Quais foram os principais obstáculos que você se lembra daquela época?

7. Alguns destes obstáculos surgiram porque você se atreveu a fazer algo diferente dos demais ou estes obstáculos sempre existiram?

8. Relembrando os obstáculos iniciais, estes normalmente foram criados por pessoas específicas ou por circunstâncias específicas (leis, azar, mercado, etc)?

9. Pensando nestes indivíduos: os obstáculos foram criados mais por eles ou mais pelas organizações às quais eles pertenciam?

Parte IV (15m): Informações específicas sobre organizações

10. Você começou o empreendimento primeiro e depois foi captar clientes ou o contrário, começou a acumular clientes e depois iniciou o empreendimento?

11. Você se lembra do seu(s) primeiro(s) cliente(s)? Você sabe dizer a que organização ele(s) pertencia(m)?

Pense em organizações formais, vou citar alguns exemplos para você entender sobre o que estou falando....

- Escritórios de advocacia, contabilidade e marcas e patentes
- Órgãos públicos, municipais, estaduais e federais
- Empresas onde você já tinha trabalhado
- Empresas de amigos e parentes
- Colégios, universidades, escolas de idiomas
- Órgãos de comunicação, revistas, TV, imprensa
- Bancos, seguradoras, agiotas
- Fornecedores, clientes, concorrentes, parceiros
- Igrejas, clubes, ONGs, associações, câmaras de comércio

12. Alguma destas foi imprescindível no início do seu empreendimento (no sentido de que seu empreendimento só existe hoje pelo apoio dela)?

13. Há alguma outra que eu não citei? (tempo para ele pensar).

14. Alguma delas auxiliou seu empreendimento no início?

Há alguma outra que eu não citei? (tempo para ele pensar).

15. Alguma delas dificultou seu empreendimento no início?

Há alguma outra que eu não citei? (tempo para ele pensar).

16. Seus concorrentes lidavam com os mesmos apoios fornecidos e com as mesmas dificuldades impostas por estas organizações?

17. Alguma destas organizações prejudicou o surgimento ou prejudicou o crescimento de concorrentes em seu setor?

18. E o contrário? Alguma delas apoiou o surgimento ou apoiou o crescimento de concorrentes em seu setor?

19. A seu ver, o que aconteceria se diversas organizações fossem criadas para ajudar a você e a seus concorrentes com a diminuição de burocracias, impostos, licenças e dificuldades de acesso a crédito?

Parte V (10m): Informações pessoais básicas

De forma objetiva, responda:

20. Idade, cidade e país de nascimento

21. Status civil, número de filhos

22. Onde passou a infância, adolescência e juventude (cidade, país)

23. Profissão formal dos pais, irmãos, avôs e avós

24. Origem geográfica dos pais, avôs e avós

25. Colégio (educação secundária), onde?

26. Universidade (graduação). Em quê, onde e quando?

27. Outros cursos (pós-graduação, por exemplo). Em quê, onde e quando?

28. Segue alguma religião formal?

29. Carisma: como as pessoas te vêem? E como era na sua infância e adolescência?

Parte VI (15m): Informações específicas sobre normas sociais

Em cada grupo social ou região existem normas que foram se desenvolvendo ao longo do tempo. Estas normas não estão escritas em nenhum lugar, mas regem vários âmbitos de nossas vidas e fazem com que nós percebamos uma determinada ação nossa ou de alguém como boa ou má, como apropriada ou inapropriada. Ao longo da vida, nós estamos sempre nos adaptando a estas normas, mas nós também as criamos e as modificamos. Lembre-se norma é diferente de lei, ok?

30.No geral, você se considera uma pessoa que segue as normas ou que vai contra as normas?

31.Se coloque naquela época do início do empreendimento: você é uma pessoa que normalmente critica o estabelecido ou que normalmente defende o estabelecido? Esta sua posição mudou ao longo do tempo?

32.Você teve que ir contra alguma norma do setor ou do seu grupo social para melhorar seu empreendimento? Qual foi a principal? Houve outras?

33.Você gosta de estabelecer normas na sua organização ou prefere que cada caso se resolva de uma maneira?

34.Você se sente endividado(a) quando recebe um favor?

35.Você evita receber e prestar favores ou os utiliza como moeda de troca para fazer negócios?

36.Você prefere delegar decisões ou prefere concentrar decisões em suas mãos?

37.Qual regra você utiliza para decidir se uma decisão deve ser tomada por você no empreendimento?

38.Você acha que o sistema de remuneração do seu empreendimento foi importante para o sucesso da empresa? Se sim, quais regras de remuneração você utilizou?

39.Você considera que seu sistema de valores está refletido no empreendimento? De que forma?

A.3 - Excerpts translated to English

Excerpt 1: We are a company out the [standard]... we think about winning money but never thought of money as the final thing. We want to be successful, to be a successful site, which clicks. There is a part of personal pride for me that is as important as money, then, as when you are proud, people come and give you money. But it is not the opposite: let's see, how are we getting money? Quite the contrary! (Entrepreneur 104)

Excerpt 2: At a moment, I got into a family-owned on the real estate area and it really had many limitations, as mother, as woman, because I could not choose my schedule and then actually starting to be me the entrepreneur instead of working for someone was a formula to balance my career and my [personal] life. I wanted to work, have always worked, I always had an intellectual project. And when you work for someone the schedule is made by someone, and then when you work for yourself, the schedule, the someone is you. That was the reason, solely! (Entrepreneur 108)

Excerpt 3: [...] one of the reasons why I decided to change [from being executive to be an entrepreneur] is because I didn't saw myself as "meat" of a multinational. Because to grow up the corporate ladder of a multinational company, you have to have... I don't know, I didn't see me as someone with political skills and I was not bright enough to have a higher executive to support me. Didn't see myself climbing [this ladder] ... Because I needed more freedom. (Entrepreneur 106)

Excerpt 4: When the [president of the company where he worked (informal supporter of the new initiative)] asked me to put a guy here [in the new venture (where at the beginning he would work part-time)], I went with my family to Orlando. [...] And my wife and I we were talking [...]: "So, okay then, so I'll place the [potential partner] to take care of here, and I will take care of there..." I could not consider equated and solved this issue. And then she said, "Man, why do not you leave?" Because she felt it was the proper time. And then I started to think and think and smiled then didn't touch this subject anymore. Then later, when we were coming back, she said, "So, when will you? How is it?" and I said, "Oh, I'll quit!" Then we talked with the children but they did not understand a goddamn thing. And it was... it is very difficult. You're used to earn money as an executive and suddenly changes telephone, switches across the [table]... it's over, no more secretary, not a thing. You have to go to [fight] ... and I had an important position in the [previous company]... and you shield yourself behind it, protect yourself. You have a whole organization for everything, lawyers, drivers, elevator switchers, secretaries, engineers who protect you... and when you go to a fight... (Entrepreneur 204)

Excerpt 5: If you look closely, I don't have a beginning. I have several beginnings! It could be a mistake, and I think it's a mistake to think that there is a start. For me it is a start my first beginning, as it is the rest of my beginnings. Attention. When I talk about beginnings, I talk about milestones. Moments that can change the future of your business. Changes always happen. But we cannot give the meaning of the word start as we are using. Because, in fact I've been marking how there are crucial dates, no? In [19]86 we born, we develop a model, in [19]92 we bet without a revenue overly important, but supported by a businesses already in operation. Then [the year

of 1992 is a milestone because we started to do something that also is not very common, which is research and development. And [19]95 is another milestone: the birth of the franchise model and from there we developed to a level where currently have about 600 centers in Spain and Latin America that use our models. If I tell you about the students that we had, I speak about millions of students. (Entrepreneur 109)

Excerpt 6: We had one supplier that was important, he gave us tips as support. [...] Until now, there are already more than twenty years, and he is the same sales manager that attends us, and I play with him he is the supplier with customer status. He comes in here and I reverence him because it's more than 25 years, and the day we opened the doors of the company, do not know how he found out that we would be machine designers and that would indicate his product. [...] And always giving us support, saying: "Go because the guy has a job! Go because the guy wants to buy a machine." So yes, he is an important supplier. Until today he is the same sales manager. (Entrepreneur 203)

Excerpt 7: [I] was [for] 15 years [in the group] and then this project began in there when I was an executive who had a seat on board, I took care of new businesses and "old troubles" (laugh). And the new businesses were usually alternatives or ideas, opportunities that were brought. [...] So some of the projects came from outside, from Information Technology, and were offered and I analyzed them. And a project came at the hands of the [president] who was the owner of the group as an opportunity. He asked me to study this and I studied. I thought it was good, but then the people inside the group thought it was too small. So I talked to the [president] and we decided to do a separate company where he and I would be partners [...]. And he said: "You'll set it up." And I went setting... (Entrepreneur 204)

Excerpt 8: [...] actually, it drew me so much attention that I attempted to try, well, to see who had that kind of education systems. Well, I looked for! I remember the afternoons I went to Telefónica, which is the phone company, which at that time was exclusive, was a state monopoly. And then, because it turns out that I was going to gather, to register telephones looking directories in Spain, in principle, to see where I could go if I found an advertising that could help me, until the time then, I remember, that one day they called me because I went several afternoons, and they called my attention because they were wondering why a guy was constantly there to see telephone directories and gather this information. The telephone directory from Barcelona, Madrid, Zaragoza ... I went to see it. I went to see... there was no internet! [Laugh] So, then, I went to see and write telephones, to see where I could find training companies that had something like this technology, no? And then, well, the truth is that when I gathered an important number of companies, well, I started to phone them, and from there then I contacted with 2, 3 companies, with which I stick around and from that moment, well, I went to visit them. I went to visit them and well, they told me not much information, but, well, enough to provoke my interest even more. (Entrepreneur 109)

Excerpt 9: These banks you can say they were a major obstacle, it was a negative one what we had here. Because when I went to talk to a bank I told them: "Hey, would you make a leasing for me or something to obtain these 70 million pesetas?" [About 450 Thousand euros] They almost, almost laughed! Yes, yes, the banks

nothing, no aid, at first nothing. Now when you no longer need so much them is when they do something, sometimes I feel almost grateful to a bank... Anyway, I had been [working] in a bank and the director, when I left there, oddly, one day that I told him that I was leaving, at my departure one of the directors said: "that your business do not dependent on a bank!". He wished my future business never fall in the hands of the bank, never dependent on funding, to the extent that many now are always working for the bank, right? Just see the benefits of some enterprises and the financial costs and you will say: "You are all working for the bank!" (Entrepreneur 103)

Excerpt 10: [...] the ventures, when they are born, your credibility with banks is small. With this, what happens? You have to go slower than you want, you can tackle large projects from a technical point of view but not from the financial point of view. Then, the major obstacles, and even though we are a company that have always been well treated by the banks, but they have not allowed us to develop so quickly... well, then, eventually this is positive. [Because] if we had to borrow three million euros and then the customer have not paid us, so... I do notice that for all companies in general, what I see generally around me, is that the main bottlenecks we have, especially SMEs [small and medium enterprises] are in the financial issue, the credibility along the banks[...]. (Entrepreneur 105)

Excerpt 11: Well, the banks have [helped us], for funding we have worked hard with the banks, let's say bank finance is perhaps one of the best or the best, because they do not ask you... they leave you money and then you give them back. But they does not join as a partner, then in that sense we have not worked with financial partners, with venture capitalists and so we could have an independence in our business, we went where we wanted to go. In that sense has given us great flexibility, maneuver... (Entrepreneur 101)

Excerpt 12: I'm tired of doing business plan to FINEP and I don't know what more ... and I remember a situation that was there for [19]95, without much money we were part of a fair in U.S., to show an applicative, this architecture we had developed to try to take there to the U.S., to export there. Then we could show, etc., but lacked the capital to make a [...] suitability of the software to the market because it is not only the language, is a series of other attributes that need to be developed. We tried the FINEP to develop the sales channel and this "localization" (adaptation to local market) and we were denied. The software was ready and it was denied because the FINEP wanted to invest in product development and not on market development [...] what is a big mistake. If the product was ready, just lacked the market development [...] and they didn't want to give money to pay travel, hotel, etc.. because market development, in short, is this. And then we had to come back again. (Entrepreneur 202)

Excerpt 13: [If there is more public support for entrepreneurs], I think it wouldn't be a free market environment but more socialized, socialist. So I think that this would not be positive. It depends on the support. If the support is a business incubator and makes it easier to have an office, at startup, I see this very positively. But much stronger support in my opinion... I think this is bad for the system. If the project is truly innovative, it may have institutional support, but in my view, better if it is from the

banks. Because if not, you enter in the politics and well it is no longer a free market, is something that in the end, this ends up being bad for everyone. (Entrepreneur 106)

Excerpt 14: [...] we founded an association to defend our interests. We are founders of the Association of Out of Home Digital Media, which is to defend the interests of the segment from the point of view of taxation, in terms of market expansion, in terms of representation in the media. (Entrepreneur 206)

Excerpt 15: The Employers' Association has hampered us a lot. The Employers' Association is where the business owners are, that is the worst, of course, because they defend the status quo, not the new [ventures]. On the contrary, [new ventures] are a threat, then they have hampered everything they could and have lobbied against the medium-sized businesses [...]. [In practice what they do is] to influence the legislature to put barriers to entry or make it more expensive or more difficult to perform certain tasks, so for those who are already inside is easier, if you put more barriers or difficulties, it makes more difficult the access to the market. On the other hand affect large users, and aims to demonstrate to large users than small providers like us are not capable [of doing the task], their entire speech is that the size [of the company] is quality assurance. It was the greatest difficulty. And still is [for new companies], but the big ones have gotten bigger, there has been a process of concentration, we have gone from nothing and now we are 3,500 people in the organization. But we are still small relative to large, because the larges have 40,000 people. (Entrepreneur 108)

Excerpt 16: Let's see, for me professional associations have been crucial in my growth as my clients were there. Because I've used these associations as a vehicle to reach my clients. Yes, yes. Manufacturers of aeronautical material association, an car manufacturers association, etc... And I've tried to be very active in the association organizing conferences, seminars, bringing in people from other countries and contributing somehow. And that indirectly made me known... Yes, it [helped me] a lot. And it is much cheaper than to spend on advertising. [And I participate]. (Entrepreneur 106)

Excerpt 17: [...] for us they were very useful, the awards. In other words, the issue of the scope of the awards were in their day, appearing in newspapers such as ABC, as El País, such as El Mundo... We got in [19]92 ... when our venture was a newly formed venture, we received the Best Basque Youth Company award. In [19]96 the Best Young Spanish Company award. They gave us at [19]93 with respect to [19]92. This was organized by the Basque Business Association and sponsored by El Correo and La Caixa. I know that seems silly, you get the prize, give a few words and leaves. But that has allowed us to meet all the Basque businessman, in this case and yet to show up at El País, in Deia, in El Correo. We have come to the people! You cannot afford this type of advertising when you are starting. And if you do it, it doesn't seem so good. So if someone has given you an award and also goes to the press ... and this was already a bit local level. But in the [19]96 we were given the same award but nationally. And there already was a group of [customers] ... our top three very important first customers, came through this award. Because they read and called us. [...] As a reference I tell you that [the awards] to me were very important. (Entrepreneur 105)

Excerpt 18: [...] the ISO's, it is evident, ISO 14, ISO 9, etc, but then we are now in models of excellence, because I do not know, quality models, for here we usually work with EFQM, they are models of excellence in business management. Now we go for the "Golden Q". In other words, we are always engaged in this sort of things. [...] They evaluate things such as leadership, quality things and the environment, that this is already more than exceeded, we have since [19]98. But now go further, Corporate Social Responsibility, leadership, all these things and we want this year, no? We have since 2010. [...] Because I believe that the reputation these two [certificates] and awards give you is something that the market [recognize]. (Entrepreneur 105)

Excerpt 19: In the early years, which had the greatest impact for us was ... There was not a concept at the time of portal. So we partnered with one of the largest providers in Brazil at the time, [...]. [They] hired us to do their website. As they were one of the largest providers of Internet and I had my mark on the main page of them, everyone that began to get on the Internet for the first time, went by their page and saw that whoever made that site were us. So if they needed someone to do their website, they looked there and called the guys who did the provider's one. So we had practically a pipeline of people wanting to hire our work. (Entrepreneur 209)

Excerpt 20: For example, the name of my company seems foreign, in English, because people may think that we are part of a multinational or a foreign company. [...] It may represent that you are bigger than it looks. But this is comprehensible, is not it? Because nobody wants to have a supplier that can disappear. And especially when they know you're a supplier that is starting... (Entrepreneur 106)

Excerpt 21: Well, look, we had the fortune to know many people... and then since I was a child I was always surrounded by businessmen, bankers, so that they open their doors to me. It makes it easier, you have a known name and that helps... but then you also have to keep the bar very high, you cannot fail because your name worth more than anything. When you are known, your father is known, then even more, people are much more demanding. (Entrepreneur 102)

Excerpt 22: When I started the company, the culture that I had and the norms that I followed were more impregnated by my international experience than by Spanish culture. In fact, I think part of my success was to do things differently than expected to be done by here. I cannot explain it. More like, like, like... walk your talk, to do what you say, always, and not make big promises and then fail to deliver, which is more common, more Latin. (Entrepreneur 106)

Excerpt 23: The McDonald's model, although I hate, it seems... You go and eat a burger here and in Japan and is the same, with the same type of potato, all the same, that for 98% of cases goes well, then that's it. Well, and in the other 2%... there we go to the Latin issue. That is where we highlight worldwide: on improvisation. (Entrepreneur 105)

Excerpt 24: I tried to charge advertisers on creativity services and not by the margins (commission) that I had by buying and selling media. And that was going against the whole sector and I was almost wrecked. In this field of advertisement agencies, although mine was specialized, had an established way of charging customers. I tried

to rate transparently so customers could recognize my ideas and creativity and did not work. (Entrepreneur 107)

Excerpt 25: In conclusion, you have to understand the norms first, then question them. All of them, social norms and norms of the sector. And that takes time. But because of your ignorance at the beginning, you may end up breaking some rules unintentionally, which can be good or bad for business development. (Entrepreneur 206)

Excerpt 26: When I receive a favor, what I feel is so grateful that I want myself to provide favors to others who need it. My rule of life is to help the most people I can, in everything I can, in all cases, at all levels. (Entrepreneur 107)

Excerpt 27: One hand washes the other. Like "I help in this, he helps me in that" ... Look, I think it is not only alive in our culture as we take advantage in the best sense of that. It is used for sure! [...] We produce customized machines, so we design, build, receive payments throughout the project, board the equipment, and then, the last 10%, which is the final approval, is a drama to receive this payment. Historically this is a trouble. Because the guy, if he wants to approve the machine he does it, if he wants to reprove he will say: "wow, I bought a machine that was this book here, but here's a little fail (mismatching). And do not pay. It was not in the specification that there was not a tolerance, but ... [And this may compromise the] margin in the business. So the rules for releasing these resources, sometimes are not clear. What is already a cultural thing of ours. Much from the automotive [Brazilian] industry. The big automakers do not pay those 10%, do not pay. So this is a fail in the market. So my experience shows me that it is through the favors that you get to the last 10%. If you go well with the guy over the project, he finds a way to release it. If you fought with him, he will lock it. Is you having a good relationship with the girl of the financial sector: "Ah, the technical guy has not released the payment, but I'll release here and then you send me the receipt." So there is a lot of exchange of favor in this sense there. It is relationship. And it is there. Today with the [new partners] Americans we feel a little, they do not understand that a lot, it's complicated, it has been quite complicated. (Entrepreneur 203)

Excerpt 28: Let me give you one point of view of mine to see if this is what you are imagining. Here we do not pay bribes, do not give commission, we never did. It's a business "averse" [opposed] to this type of relationship. Really "averse" [opposed]! So that kind of favors, favors on the negative sense we do not have here. Now what we do is the following: it is partnership with the client. Relationships with customers are long term relationships, so let's take what you see here now for a few minutes. That was an area manager of a client of ours that will have a job for us: last year she spent 50,000 [reais], this year she took these 50,000 and begged, reduced many things and reached 40,000 [reais]. So our account manager gave all the discounts she could to come down to 36,000 and she said: "I only have 32,000." And it's true. So I give her these 4,000 [reais discount] and up front I'll say to her: "Girl, do you remember that day that I helped you with those 4,000? So help me here now, with this payment, extend this work, take our company in consideration more than the competition, we're at the same price but the competitor was never your partner like us". So that kind of thing, to build a relationship, this is not a favor, is a long term

view, what I call here a "checking account" that we have. Even with suppliers as well. (Entrepreneur 206)

Excerpt 29: Let's see, I have to delegate but I cannot. I have to delegate and is smart to do it but I cannot, it costs me a lot. I like it, I like very much command. In the company there are some decisions that my son takes and others that I take. Then sometimes we talk. The rules [to know when he decides or when I decide]... there are some restaurants that do not know why he is charge and some restaurants that I am in charge. Then there is a weekly meeting in which we speak, but no ... he sometimes contradict and often contradicts me. No, there is not much [rule] ... No. He starts and if there is something I do not like I say: "Hey, I do not like it at all!". But so does he do it. (Entrepreneur 104)

Excerpt 30: I've tried everything. Now I've tried and it worked ... I have delegated all management areas of the agency, but I've made them members, I gave equity to them. [...] It's more than a delegation, is a [business] deal. I do not only share equity, but share responsibilities. [Before] no, this was not like it. I had a CEO who had [the control] ... Now I have removed the general manager, I have no general manager. Now we have a committee composed of five members and each one plays their area, they're experts in their areas and meet every Monday. They tell me, inform me, of course, every week of everything and I am a kind of external director. External. [...] And it's working very well. We just won a bid a week ago, the largest bid we have won in 20 years, is 16 million euros. Come to the worldwide promotion of olive oil, which Spain is the first producer in the world. And that they have achieved, they have done, they have presented themselves and I have raised the strategy. My functional work [now] is to outline the strategies. (Entrepreneur 107)

Excerpt 31: It is very hard for me to delegate. Very, very, very difficult. I've done several courses, I have lost several partners. Today I have an agreement with my directors. If I concentrate, is their problem. They have to protect themselves from me. They have to come, break into my office and complain. Without fights, with no stress. So since we have this rule, that created this standard, three years ago, I became super calm and they too. It combined to complain when I'm concentrating. So now people here are defending themselves from me. It's their problem if I do not do what we have combined and keep concentrating, but the principle is decentralized by the norm. It is tried, but in practice it is very difficult. It is very difficult. Difficult. I am very passionate [laugh]. (Entrepreneur 201)

Excerpt 32: It is an incongruity. There are the two things. I really hold everything with an iron hand, but ... this is a funny thing. It is true, it really is an incongruity. In theory, operational issues are normally delegated. Strategic issues pass through me. (Entrepreneur 202)

Excerpt 33: It is very simple, when I trust the person, I delegate 100%, when I cannot trust, I need to get closer and see what is happening. But there are much clearer rules, of course. For example, an office manager has the ability to buy up certain things and all non-business purchases, which are of general services, these have to go through me, although this is not necessary anymore because I have someone a shareholder, I gave him equity, so I have total confidence in him, then, is applied common sense. (Entrepreneur 106)

Excerpt 34: My personal values are reflected in everything, in every detail of the company from turning off a light because they do not have to spend unnecessarily to the office to be tidy and clean. I go to work on a bike, which is a way to send a message that there is no need to spend on what is not necessary. Even if we eat, we eat all so nothing remains in the plate. (Entrepreneur 108)

Excerpt 35: [...] due to this whole crisis, in fact, it was like losing a daughter. I have a daughter, so I can imagine how would be to lose a daughter. So, the suffering I went through these last three, four years made me change my very concepts of spirituality, faith, self-help. [...] The one that won the [Ernst & Young] award was one man and I think this prize was one of his last recognitions, because soon after that came a crisis caused by excessive growth, exchange rate, wrong financial investment... we lost five million, was a disaster! So now I'm recovering. Maybe if you had been here two years ago, I would say "I am not even going to attend you." I worked six days a week, seven days a week, ten hours a day, trying to keep alive the company and succeeded. It was a struggle. (Entrepreneur 202)

Excerpt 36: [My brother] have influenced me a lot with one sentence... I have a house in Ibiza, we did it together, which is very rare, have some huge windows ... and I said, "How do you want me to clean these windows?!?" he said: "If you want to know how to clean the windows, I'll make you a vulgar house." So, this has influenced me so much... [...] this sentence influenced me much in the way of preparing [my plates, my restaurants], more than that, truly, I say, the atmosphere is more important than the technique or how to get to cleaning. The concept is: it is more important the aesthetic result than how to clean. (Entrepreneur 104)

Excerpt 37: Sometimes [I ask for help] to my husband who is dead, poor! Yes, I think my husband helps me, he didn't help me in life but he helps me, [...] I have always inaugurated the restaurants on day 22 because it was the number he liked. I never inaugurate a restaurant on a day other than 22, things like that. Because I think he helps me. (Entrepreneur 104)