

FUNDAÇÃO GETÚLIO VARGAS  
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

MARIA MARGARITA MORALES MURILLO

**ENTREPRENEURIAL BEHAVIOR IN SELF-EMPLOYED DIRECT SELLING  
REPRESENTATIVES IN BRAZIL**

SÃO PAULO - SP

2016

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

Campo de conhecimento: Estratégia,  
Empreendedorismo.

Orientador: Prof. Dr. Gilberto Sarfati  
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Prof. Dr. Marcelo Aidar

*To God lord and to my beautiful family: my husband  
Christian and my little ones Matias and Valentina. They  
are with no hesitation, my endless source of energy and  
inspiration.*

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## **ABSTRACT**

Micro-entrepreneurs and one-person business sector are important factors in the dynamics of emerging economies. In Brazil specifically, around 4,5 million of them are affiliated with direct selling companies. They are non-salaried; receive commissions on sales and work for themselves by setting their own hours and creating their own marketing plans. The aim of this study was to analyze the relationship between key entrepreneurial behaviors and sales performance among self-employed direct selling representatives in Brazil (**SEDSR**). Based on a quantitative approach, four independent variables were measured in a sample of 651 **SEDSR**: need of achievement (NA), self-efficacy (SE), risk-taking propensity (RP) and locus of control (LC). Dependent variable was business performance (Y1). An online survey was submitted to an email address database provided by a global direct selling company with operations in Brazil. Descriptive statistical and regression analysis were performed with the intent to determine first, the prevalence of each entrepreneur behavior, in a population that is traditionally pushed into direct selling by necessity and second, how each affects and predicts business performance. Results showed there is a high prevalence in terms of NA and SE, confirming these behaviors are not exclusive on successful and formal entrepreneurs. LC and RP receive medium score. Unexpectedly, results also show that none of the behaviors on its own have significant impact in predicting business performance. When putting the four behaviors into one only single regression model correlation increases slightly but not enough to make results conclusive. Through main effect plot analysis, results also suggest SE and NA are the biggest influencer factors in business success of a **SEDSR**. Finally, analyzing the best interactions of the variables allowed building a profile to achieve the maximum business performance. This study attempts to contribute to the academic field of the entrepreneurship and has practical implications in direct selling industry. On the first, it contributes to the existing body of knowledge on the direct selling entrepreneurship and specifically, to the conceptual debate if **SEDSR** should or should not be defined as micro-entrepreneurs per se and not simply, as sales distributors as some authors defend. On the second, this study provided insights to direct selling managers that could use to improve recruitment and engagement process of their independent sales force. Further studies need to include other variables besides entrepreneurial behavior to better understand and predict business performance and how enable **SEDSR** to transition from necessity-driven entrepreneurship to opportunity-driven.

### **Key Words**

Entrepreneurial Behavior, Need of Achievement, Locus of Control, Self- Efficacy, Risk Taking Propensity, Female Entrepreneur, Direct Selling, Latin America, Micro-entrepreneurship

## RESUMO

Micros empreendedores e o setor de negócios unipessoais são fatores importantes na dinâmica de economias emergentes. No Brasil especificamente, em torno de 4,5 milhões deles são afiliados com empresas de vendas diretas. Eles são não assalariados, mas recebem comissões sobre as vendas e trabalham para si próprios, definindo suas próprias horas de trabalho e criando seus próprios planos de marketing. O objetivo deste estudo foi analisar a relação entre o comportamento empreendedor e o desempenho de vendas desse representante independente da venda direta no Brasil (SEDSR). Baseado em uma abordagem quantitativa, quatro variáveis independentes foram medidas em uma amostra de 651 revendedores: necessidade de logro (NA), auto eficácia (SE), propensão a assumir riscos (RP) e locus de controle (LC). A variável dependente foi o desempenho de vendas (Y1). Uma pesquisa *online* foi submetida a uma lista de e-mail fornecida por uma empresa de venda direta global, com operações no Brasil. Análise descritivas e regressões estatísticas foram realizadas com o intuito de determinar, primeiro, a predominância de cada comportamento empreendedor em uma população que tradicionalmente atua na venda direta por necessidade. Segundo, como cada um desses comportamentos afetam e prevêm o desempenho empresarial. Os resultados mostraram que há uma alta predominância em termos de ND e SE, confirmando que esses comportamentos não são exclusivos em empresários bem sucedidos e formais, já LC e RP receberam pontuação média. Inesperadamente, os resultados também mostram que nenhum dos comportamentos por si só tem um impacto significativo na previsão de desempenho de negócios. Quando considerados os quatro comportamentos em um único modelo de regressão, a correlação aumenta ligeiramente, mas não o suficiente para tornar os resultados conclusivos. Por meio da análise do gráfico de efeitos principais, os resultados sugeriram que SE e AT são os maiores fatores influenciadores no sucesso empresarial de um SEDSR. Finalmente, a análise das melhores interações entre as variáveis permitiu a construção de um perfil para o desempenho máximo do negócio. Por fim este estudo buscou contribuir com o campo acadêmico sobre empreendedorismo e propôs implicações práticas na indústria de venda direta. Em primeiro lugar, contribuiu para o acervo de conhecimentos sobre empreendedorismo na venda direta e especificamente para o debate conceitual sobre o SEDSR, se deve ou não ser definido como microempresários e não simplesmente como distribuidores de vendas como alguns autores defendem. Em segundo lugar, este estudo forneceu dados para que gestores da venda direta possam melhorar o processo de recrutamento e o engajamento de sua força de vendas independente. Mais estudos poderiam considerar outras variáveis além do comportamento empreendedor para melhor compreender e prever o desempenho dos negócios e como capacitar o SEDSR a realizar a transição de empreendedorismo orientado à necessidade para a orientação à oportunidade.

### Palavras-chaves

Comportamento do Empreendedor, Necessidade de Realização, Locus de Controle, Auto Eficácia, Propensão ao Risco, Empreendedorismo Feminina, Vendas Diretas, América Latina, Micro empreendedorismo.

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## **LIST OF ABBREVIATIONS**

SEDSR- Self-employed direct sales representative(s)

NA - Need of achievement

NF - Need of Affiliation

SE - Self-Efficacy

LC - Locus of Control

RP - Risk Taking Propensity

GEM - Global Entrepreneurship Monitor

ABEVD - Brazilian Association of Direct Sales

ST - Service time as independent sales representative

DS - Direct Sales

TD - Time dedicated to DS

FR - Financial Risk

SR - Social Risk

HSR - Health & Safety Risk

RR - Recreational Risk

ER - Ethics Risk

AG - Age

Y1 – Profit (Business Performance)

PA - Professional Activity

QP - Quantity range of products sold

SEA - Social Entrepreneurial Activity

EEA - Employee Entrepreneurial Activity

## SUMMARY

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## 1.INTRODUCTION

Direct selling is a type of sales channel where products are sold directly to customers and consumers, eliminating the need for wholesalers and retailers. It is conducted mostly door to door, one-on-one, in a group format (Lambert, Sharma & Levy, 1997) and in the last couple of years also online. Companies that operate mostly via direct selling channel distinguished themselves in time due to their marketing communication mix. They invest a lot on the independent sales force, printed catalogues and have numerous sales promotion actions. (Racolța-Paina, N et Luncașu, A. 2014). In the most traditional form, the sales brochure or catalogue is “*the store*” and keeping their none-salaried sales force excited about the brochure is a key element for business success. In addition to the sales catalogue, an element equally important in direct selling business model is the self-employed representative (SEDSR) him or herself. In this first enterprise context, this study aimed to study the SEDSR focusing on their entrepreneurial behavior. According to Chelekis and Mudambi (2010), for direct selling companies, “... strategy implementation relies on a dispersed system of self-employee representatives -micro entrepreneurs- who establish and build their own sales and distribution networks from the ground up by selling to friends and neighbors”.

On broader context, informal and formal direct selling play a particularly important role in countries' economies because it still is a common way that consumer products are distributed. It is such a relevant source of entrepreneurship and based on the World Direct Selling Association, in 2014, the 16.1 million SEDSR working in the United States, generated USD34 billion in revenues. American companies like Amway and AVON, have found significant success in internationalizing in emerging and developing economies in the Latin American markets. Yanbal and EBEL (Peruvian) Natura (Brazilian), both Latin American companies in the cosmetics and personal care industry, have also emerged and conquered markets in their own region (Euromonitor International, 2014). Latin America has been a market revolution of expectations in direct sales beauty and cosmetics.

In Brazil, direct selling corresponds to more than 4.5 million SEDSR and reached in 2014, US\$ 13 billion in revenues. SEDSR are, as mentioned before, self-employed individuals, mostly women coming from the C and D Class level, who earn commissions on sales but are independent from any formal firm. They are usually pushed into direct sales with the objective to generate an extra income for the household and in a more professional stage, they

create their own marketing plans, determine whether to build a sales team, how to mentor them and how to serve their customers, becoming instrumental to direct selling firm's success and growth (Chue and Segre, 2010). Specifically in Brazil, although direct sales takes place in multiple product sectors, the cosmetic and toiletries sector is predominant. This powerful entrepreneur force drives 52% of the total revenues of the beauty and personal-care market. In Brazil, direct selling can often reach further and faster than any other sales channel, where lack of strong infrastructure not always favors sales through retail stores or online. In summary and understanding the relevance it has for the Brazilian economy (as there is market demand), studying SEDSR entrepreneur behavior which academic production has been very low makes even more sense.

Continuing with the overview of the direct sales market, several developing countries experienced rapid economic growth during the boom of commodities prices in the past decade (Chelekis and Mudambi, 2010). Brazil and its direct selling business were not the exception; they benefited from the raise of 42 million new C-class consumers who in average spend one third of their income in personal care items and still rely on direct selling micro-entrepreneurship for get access to global brands. Direct selling had provided income opportunities to low-skilled workers and making it attractive to working and low-middle class members, especially middle aged women from the local communities in rural and "favela" areas (Wilson, 1999).

Within this context, studies of both business formation and SEDSR increased, as a curiosity due to the unexpected presence of entrepreneur activity in places often seems as hostile to capitalist ventures (Cahn, 2006). As Chue and Segré quoted in 2010 "The Avon lady is no longer confined to ringing doorbells across the United States. These days, she powders noses in Brazil's favelas, perfumes the jungles of the Amazon, and adds a little eye shadow to the (former) communist world".

Having described first the direct selling business and how primary to Brazilian economy is, a mention on the entrepreneur research field needs to be done, in order to connect the two universes and making this research more relevant. Entrepreneur research has traditionally come from disciplines such as economics, psychology, anthropology, sociology, history, political science, scientific management among others. An evident conclusion across all of them: the entrepreneur is a complex subject matter of study mainly because there are a wide number of variables and factors that influence his or her behavior. These factors can go from

personal attributes, traits, background experience, and disposition to context factors such the entrepreneurial ecosystem and lastly, nations entrepreneurial framework conditions.

Based on the review of several states of art articles, the existing studies on the entrepreneur can fall into five major approaches. The first approach relates to the entrepreneur motives. It was The Global Entrepreneurship Monitor (GEM), the world's famous study of entrepreneurship that introduced the classic and well-known distinction of the entrepreneur's motives: necessity-driven against opportunity-driven. Necessity driven orientation studies have high prevalence in developing economies, since it is relatively more frequent to see population with no other ways to make a living. Opportunity-driven on the other hand, produces more research in developed and innovation -driven economies. A second approach is the study of the entrepreneur personality and traits that exists regardless the type of motivation to create venture. A third approach is the functional view, meaning the entrepreneur contribution to the economy, to the companies and to the society and well-being. The fourth perspective, grew in the literature in the last decades as a critique of the exaggerated use of the personality based approach: the behavioral perspective; it refers to what the entrepreneur actually does and the type of activities she or he engages into when driving a new venture creation or business growth. Finally, the last and fifth approach is based on the process perspective: existing models of entrepreneurial processes propose a standard sequence of events, starting with opportunity recognition, resource acquisition, venture creation, and finally firm expansion and growth (Forbes,2005).

Despite the information presented so far, relatively little still known about the direct selling business, the companies that operate within this business model and their micro entrepreneur sales force. In words of Xiaohua Lin (2009) "Direct selling has received relatively little attention in the entrepreneurship literature...And yet, the direct selling industry has as its foundation microenterprise". This study came somehow to fill this gap. It specifically studied entrepreneur behaviors in SEDSR affiliated to one of the biggest direct sales cosmetic company in Brazil. This work contributed to the entrepreneur literature by adding evidence that can solve the still existing conceptual debate whether self-employed sales representatives should or should not be categorized as micro-entrepreneurs per se, and not simply as sales distributors or micro franchised as some authors defend.

Direct selling is an excellent breeding ground to study entrepreneur behavior since it's inserted in a context of micro-entrepreneurship: low entry barriers, small start-up capital

requirements, short-term planning cycles, high turnover, wide variety of businesses and performed home-based in larger household/family units (Rhyne and Otero, 1994).

Due to the scarcity of information around SEDSR entrepreneurial behavior, the research questions that motivate this study are: a) which are most relevant entrepreneurial behaviors evidenced in self-employed sales force and b) are those determinants of individual sales performance into the direct selling business and to what extent? To accomplish this goal and in order to design this study a deep literature review was conducted and four primary entrepreneur behaviors were selected as independent variables: need of achievement, locus of control, risk taking propensity and self-efficacy. The dependent variable chosen was sales performance (AP) measured through a self-reported amount of monthly average profit SEDSR earns. This study was developed in Brazil using a sample a sample of 651 active SEDSR. Descriptive and regression statistical analysis were done in order to confirm the influence of higher scores in selected entrepreneurial behaviors in the individual sales performance. Although, some researchers may think that the study of personal characteristics has been unfruitful and that it should therefore no longer be used (Chell, 1985; Gartner, 1989; Smilor, 1997), efforts on this front cannot desist.

The remainder of this work is structured as follows: First a theoretical part, which is the literature review. It includes concepts and models on entrepreneurship, micro entrepreneurship, entrepreneur behaviors, direct selling business model and a general overview on the SEDSR profile. Second part is the practical one which includes the methodology, field work of data collection (primary data) and data analysis of the results. The third and final part includes main conclusions. Limitations of the study are presented so the recommendations for further studies.

Besides the academic contribution of this work discussed before, there is also a practical one and has to do with the implications of the results for the direct selling companies. This sector experiences an annual turnover rate of 100% among their SEDSR in comparison with a 23% average of typical US manufactures (Biggart 1989, Cahn 2006). According to a former direct sales manager "... recruiting was universally identified as the number one issue related to any growth and success"... partly due to the low entry and exit costs, but also due the recurring lack of meeting the original expectations when entering in business. Recruitment practices in direct selling involved building expectation in hopes of motivating the independent agents to devote great effort to their job and quite often, this frequently leads to an unrealistic buildup

of expectations among many new recruits that ends up in a withdraw ( Wortruba and Tyagi, 1991). High turnover rate of salespeople, results in high costs of recruiting and training, and direct sales companies spend millions of dollars annually in massive recruitment campaigns (Msweli-Mbanga, 2004). The findings of this work are for the interest of managers because it provides key insights that can be lead to run a more cautions recruiting and potentially reduce the turnover and to the design of training programs tailored that reinforce entrepreneur behaviors. Management of a direct sales force poses significant challenges for recruitment, training, remote monitoring/control and retention, all of which are critical for success in developing an effective direct selling channel. Practical actions on these two front my increase retention rates of SEDSR and will reduce the number of broken relationship between the sales person and the customer.

Future research can focus on measuring other elements of the entrepreneur ecosystem and context in the direct business sector; and how they interact with the entrepreneur behavior to produce better business results. Understanding if there is a positive relationship between the entrepreneurial behavior and sales performance could a first step in order to create for instance, direct seller segmentation based on those behaviors to help more micro entrepreneurs not to remain micro and to have the possibility to expand their business.

## 1. LITERATURE REVIEW

The following literature review presents and discusses previous works related to entrepreneurial behavior and direct selling. It is presented in five sections and figure 1 summaries them: general definition of entrepreneurship; studies of entrepreneurial behavior and related concepts on need of achievement, , self-efficacy risk taking propensity and locus of control and the effects on them in sales performance; the direct sales business and finally characteristic of the entrepreneur behavior in SEDSR.

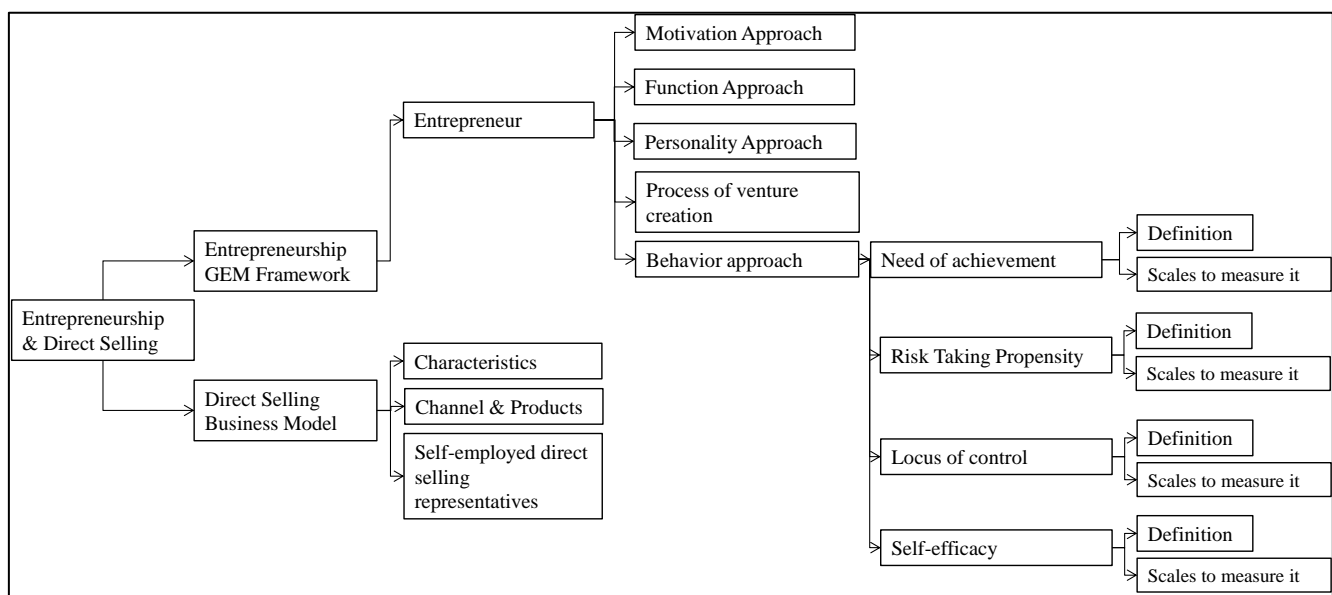


Figure1. Literature review concept map.  
Source: Own author.

### 2.1 Entrepreneurship

Despite the agreement on the importance of entrepreneurship, researchers have been unable to offer a globally acceptable single definition (Junaid et al 2015). In the literature review, concerns about this lack of common definition can be found even before the 1960s. The point of conversion in all of them is that the existing body of research have been built by a diverse set of scholars with disciplinary backgrounds in agriculture, anthropology, economics, education, finance, history, marketing, mass communications, political science, psychology, sociology, and strategy.

Although there was no intention to make a shortcut, for the purpose of this study, the starting point for the literature review was the conceptual framework on entrepreneurship defined by

the Global Entrepreneurship Monitor GEM. Figure 2 summarizes the big picture on the matter, its multiples features and how the study field of entrepreneurship is approached. “GEM’s conceptual framework depicts the multifaceted features of entrepreneurship, recognizing the proactive, innovative and risk responsible behavior of individuals, always in interaction with the environment”.

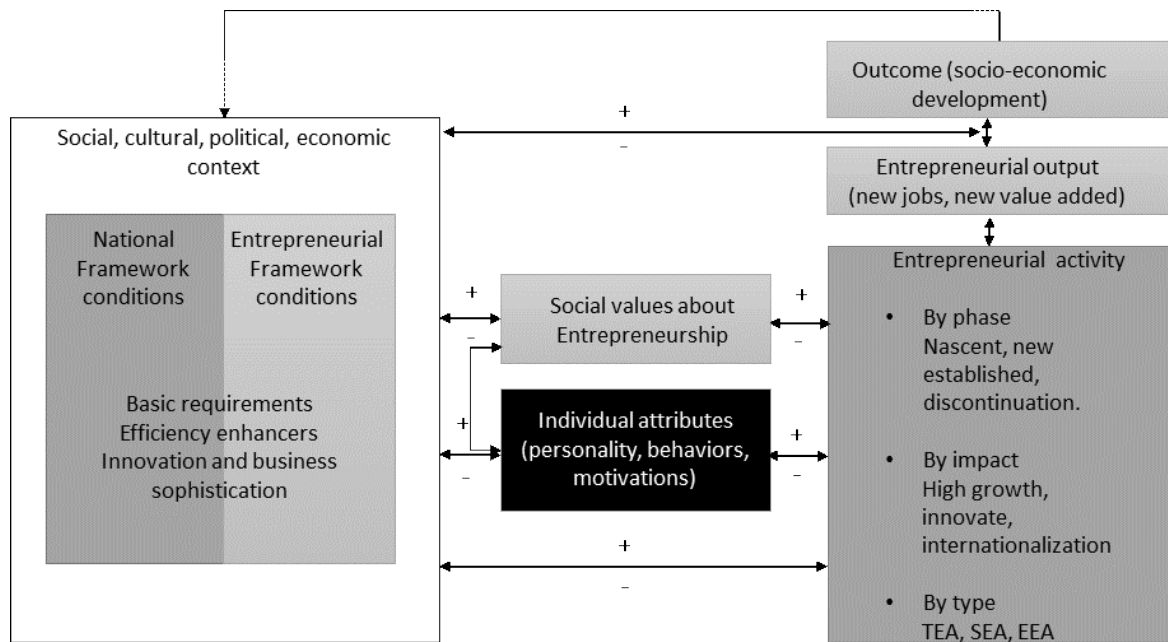


Figure 2. The Global Entrepreneurship Monitor GEM Conceptual Framework

\*TEA: Total Early-stage Entrepreneurial Activity. SEA: Social Entrepreneurial Activity. EEA: Employee Entrepreneurial Activity.

Source: GEM Report: Global Entrepreneurship Monitor 2015 /2016 Global Report.

Within the GEM framework and our study objective, the definition from Venkataram (1997) on entrepreneurship is the one that fits the best: the scholarly examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited.

This work will focus on the individual attributes (box in black) and how four crucial entrepreneurial behaviors relate to the output in terms of sales performance in the direct sales channel.

Concerning the state of art of entrepreneurship in Brazil, Iizuka et al (2015) in an exploratory research, confirmed entrepreneurship as a field of study is quite recent, and the first academic studies date from early 2000s. He and his colleagues reviewed a total of 150 articles containing the term "entrepreneurship" and also analyzed the 5,251 references used in the articles. It was also found the predominance of the qualitative methodology (58.7% of the

total) on the entrepreneurship studies (different from other state of arts review in USA where quantitative methodology is the common one). The articles focused on ten main themes, being the top three: Creation of New Businesses; Teaching and Learning and Intrapreneurship. Table 1 contains all the details. Entrepreneurship behavior has not been a major focus of research in Brazil and this study it can be seen as an opportunity to contribute on this front of the literature, within a more organizational perspective rather than a social or macro-economic context.

Table 1. Analysis of the academic production of entrepreneurship in Brazil

Themes and number of articles	Sub-themes
I. New venture creation and related topics (24 articles)	Risk Tolerance, Incubated Business, Incubators, Innovation Perception, Creativity, Strategy, Internationalization
II. Education, Teaching, Learning, University (23 articles)	Ventures created by professors; University-organizations partnership ; Methodology of Life, Basic Education, US Schools
III. Intrapreneurship, Organizational Entrepreneurship (21 articles)	Gender, Organizational Culture, Strategy, Structure, Values, Organizational Climate
IV. Theoretical Approach, Theme Construction, Epistemology, (17 articles )	Scientific Production, Axiological Sense, Organizational Theories, Philosophical Dimension
V. Social Entrepreneurship, Sustainable Entrepreneurship, Social Ventures (17 articles)	Local Productive Arrangements; Gender; Third sector organizations; Base of the Pyramid
VI. Entrepreneurship in specific contexts, Small business, Regional Entrepreneurship (16 articles)	Chinese, Public Entrepreneurship, Health Care, Food Industry, Software, Internationalization
VII. Relationship Networks, Social Capital, Skills, Actor-Network Theory (12 articles)	Leadership, Cooperation between Governments, Business and Universities, Business Associations
VIII. Women Entrepreneurship, Gender Entrepreneurship (10 articles)	Work-family conflict, Quality of life, Management style, Homosexuality, Scientific production.
IX. Economic Growth, Historical and Cultural Approaches (6 articles)	Taxation, BRICs, Country Comparison
X. Religious Influence, Religion (4 articles)	Religious Cities, Spiritual Capital

Source: Iizuka et al (2015)

## 2.2 The Entrepreneur

Following the same patten as for entrepreneurship, for years an endless debate has existed on what exactly constitutes an entrepreneur ( Jackson et all 2001). Even one of the first definition dates from 1848, that was based on the economic rational man theory. The main difference between the rational man and the entrepreneur was the risk seeking behavior of the second one. Table 2, shows a chronological review on which characteristics of the entrepreneur have been most studied since the nineteen fifties until middle of the 1980s.

Table 2. Entrepreneur characteristics studied over time.

Date	Author	Characteristic
1954	Sutton	Desire for responsibility
1959	Hartman	Source of formal authority
1961	McClelland	Need for achievement
1963	Davids	Ambition, independence, self-confidence
1964	Pickle	Drive, human relations skills
1971	Palmer	Risk
1973	Winter	Need for power
1974	Borland	Internal locus of control
1974	Liles	Need for achievement
1977	Gasse	Personal value orientation
1978	Timmons	Drive, moderate risk taker
1980	Sexton	Energetic

Source: Carland, Hoy, Bolton & Carland, 1984.

In the last decades, although there's been a shift of focus towards the entrepreneurial process (Hansemark, 2003) , the study of the entrepreneurs, their motives, personal traits and behavior continue to have a significant relevance in the literature. Having said that, there still no one single definition that satisfies all. Cole in 1970 made the following statement: "for ten years we tried to define the entrepreneur. We never succeeded...". He also concludes his article by encouraging not to give up in the attempt.

## **2.3 Entrepreneurial Behaviors**

### **2.3.1 Need for achievement**

Defined originally by McClelland in 1961, the need for achievement appears to be the clearest measure for predicting entrepreneur performance; McClelland argued that need for achievement was related to successful performance in an entrepreneurial role (1961, 1965). Entrepreneurs who are high in achievement motivation are more likely to overcome obstacles, use resources, ask for help, compete and improve skill (Collings & Hangs, 2004). In words of Hansemark (2003): “Need for Achievement seems to entail expectations of doing something better or faster than anybody else or better than the person’s own earlier accomplishments”. Following and accepting this definition, the next question that raises in the literature is: where does this need for achievement come from? Can it be learned or it is naturally embedded into each own personality traits? There is a strong believe that it resides in the individual as a personality trait. However, there have been some studies in the last years that confirmed it can also be thought and learned. Evidence for this suggest that by increasing the number of classes and programs universities about entrepreneurship, this can foster the entrepreneur spirit so the need for achievement (Carraher et al, 2010).

To this study in particular, the definition described above its enough and the question about the source of it is not relevant since it pretends to test the prevalence of it in our sample and the positive influence with the sales performance regardless when it comes from.

Most of the research found in the literature links the need of achievement of individuals – like done in this research – and correlated that measure with performance but using for instance firm growth, successfully gaining funding, rather than an individual performance factor. In this study the relationship will be on individual basis, understanding firm performance is influenced by so many other factors besides individual effort.

The need of achievement and goal orientation in the direct sales industry is observed in all the efforts and huge budgets the firms spend into drive sales using a speech of independency and self-sufficiency. The objectives set for the representatives are to increase earnings, win prizes so they can to reach their dreams (Scott et al, 2012). Scott et al did an study on AVON (one of the biggest and most traditional companies of direct sales in the world) in South Africa with 300 randomly selected black Avon representatives from poor black townships who rely on AVON as their primary income. In interviews, they reported their Avon work allowed

them to “fulfill their dreams”. In many cases Reps are taught to identify the monthly, weekly, and daily activities needed to achieve measurable targets. In addition to setting sales goals, personal “dream building” is a core aspect of Avon culture when it comes to the need of achievement: “One leader explained how she encourages her downlines to select a photo from a magazine of something they aspire to, such as a home extension, and place it in a constantly visible place. She observed that reps “commit to themselves” that they will deliver business growth to meet their own goals” (Scott et al, 2012).

Going back to our core topic, the need of achievement per se, has been studied mainly via projective tests and psychometric questionnaires. The literature review report less studies via experiments. Since this study is a quantitative one, so far there are nine scales already identified: Motivational Needs Questionnaire, Need for Achievement from McBride’s scale, Need for Achievement from the Hogan Personality Inventor, Mehrabian Achievement Risk Preference Scale (MARPS), Achievement Motive Scale (AMS), Leistungs motivations test (L-M-T), Deutsche Personality Research Form (D-PRF), Multi-Motiv-Grid (MMG), Leistungs motivations inventory (LMI) and the 2x2 Achievement Goal Scale from Elliot and McGregor (2001), and Carreher’s goal-orientation scale (2005). For this study participants will respond the motivational Needs Questionnaire that is based on McClelland.

### ***Hypothesis 1:***

*Ha1: Research hypothesis: There is a positive correlation between achievement orientation and sales performance (average profit) in direct sales self-employed representatives*

### **2.3.2 . Self-Efficacy:**

A growing number of studies on entrepreneurial behavior include self-efficacy as an explanatory variable ( McGee et al , 2009 ). The reason behind this interest is that the concept of self-efficacy is a social-psychological construct, dislocating the trait and personality-based work by incorporating influences of both an individual and environmental nature.

Similar to the other variables described above, there is no one single definition for Self-Efficacy and some authors even question if it is necessary. However, most of the research agrees that is difficult to deny that new business formation is a challenging task, which may require personal perseverance and self-efficacy.

Self-efficacy in this research concept measures a person's belief in their ability to successfully launching an entrepreneurial venture. Markman et al (2005) did a study using a random sample of 217 patent inventors in the medical industry (surgery devices) to address these question. Results indicated that entrepreneurs scored significantly higher on self-efficacy and on two distinct aspects of perseverance -perceived control over adversity and perceived responsibility regarding outcome of adversity- than did non-entrepreneurs.

The theory of self-efficacy is mainly build on the social constructive view of Albert Bandura's social learning theory. Beliefs in one's capabilities is central to entrepreneurship. Perceptions of self-efficacy are formed through four sources: mastery experiences, vicarious experiences, social persuasion and physiological and psychological well-being. Mastery experiences are theorized (Bandura, 1997) to be the strongest predictor of self-efficacy. As per Bandura, "these are past performances that provide incremental successes in a particular domain. Successful mastery experiences serve to increase self-efficacy, whereas successive failures serve to decrease self-efficacy". For example, children who start and succeed at entrepreneurial endeavors at an early age, such as babysitting or the creation of a new phone application, are more likely start another business in the future.

Researchers such as Brockhaus and Horwitz (1986) have argued that individuals possessing a high belief in their ability to influence the achievement of business goals are more likely to perceive a low possibility of failure.

Finally, Sadri and Robertson (1993) did one of the most representative studies on self-efficacy: A meta-analysis examined the relationship between self-efficacy and work-related performance. Results of the primary meta-analysis indicated a significant weighted average correlation between self-efficacy and work-related performance, confirming the importance as an explanatory variable of business results.

It has been suggested that self-efficacy expectations develop differently between men and women because they do not experience the four sources of self-efficacy in the same way (Betz and Hackett, 1981). Even though gender difference it not the focus of this study, it is important to be aware of this potential difference and its implications in the results since the majority of the participants are woman.

For this study, participants will respond the The General Self-Efficacy Scale (GSE).

## ***Hypothesis 2***

Ha2: Research hypothesis: There is a positive correlation between self-efficacy and sales performance (*average profit*) in direct sales self-employed representatives

### **2.3.3. Risk Taking Propensity**

The relationship between entrepreneurs and risk taking is extremely controversial and the link between the two appeared in the literature inclusive back to the eighteen century in 1734. An author called Cantillon, argued that the principal factor that separated entrepreneurs from hired employees was the uncertainty and risk of self-employment (Josien,2014). Later approaches and studies came from the economics perspective where risk taking was seeing as an economic function.

For this study the propensity for risk taking will take a definition from an article dated in 1980 related with entrepreneurship. “It is the perceived probability of receiving the rewards associated with success of a proposed situation, which is required by an individual before he will subject himself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation” (Brockhaus, 1980)

Although it won't be the focus of this study, it is important to mention that there is a strong school of thought that researches on the gender differences of risk taking in entrepreneurship. According to Zeffane (2015) “... an overwhelming number of studies strongly suggest that females entrepreneurs are less likely to take risk than their male counterpart”. Understanding that our sample in the majority is woman - due to reasons explain later, there is an expectation to have lower scores in the sample on this variable even in those with a higher sales performance. Specifically in Africa ( Risk Taking Patters in male and female entrepreneurs in Roodeport). The results showed the existence of differences among male and female entrepreneurs' risk-taking perceptions The study also suggests that there is no correlation between business performance. and risk-taking in entrepreneurs.

However, the empirical literature in the context of MSEs in developing countries, is rather limited and ambiguous. There are studies in Africa, Willebrands et all (2011)

Finally and regardless of the theoretical assumptions, the different perspectives have stimulated the development of several measurement procedures to assess Risk Propensity.

Horcajo et al (2013) did an exhaustive inventory review, reporting over ten scales were identified; some of the most relevant according to them Risk Propensity Scale (RPS), Domain Specific Risk Attitude Scale (DOSPERT), Choice Dilemmas Questionnaire, CDQ), Implicit Association Test (IAT) for assessing RP, IATRP, the IAT of Risk Propensity Self-Concept (IAT-RPSC), the Balloon Analogue Risk Task (BART), the Choice Task, the Game of Dice Task, GDT, the Risk Propensity Task, and the Roulette Test. As done for the need of achievement, the next step of the work will be the review of all of them and decide which to choose. For this study, participants will respond the DOSPERT Domain-Specific Risk-Taking Scale.

### *Hypothesis 3*

Ha3: Research hypothesis: There is a positive correlation between risk taking propensity and sales performance (*average profit*) in direct sales self-employed representatives

#### **2.3.4. Locus of control**

Internal locus of control has been jointly with the need of achievement one of the most studied psychological traits in entrepreneurship research (Perry, 1990). According to him Locus of control, is defined as “the perception of an event by an individual either as a result of his/her own behaviors or as an effect of environmental factors such as luck, fate, etc. In this context, locus of control is an individual's general expectation that he/she either has control over his/her behavior or that his/her behavior is under the control of others”. There also some general agreement that the entrepreneur, however defined has a high level of locus of control, is a self-motivated individual who takes the initiative to start an enterprise relying primarily on self rather than others to formulate and implement his or her goals (Mulher & Thomas, 2000). Prospective entrepreneurs are more likely to have an internal locus of control origination than an external one (Brockhaus 1980)

Locus of control scales identified: The locus of control questionnaire developed by Rotter (1966). It measures generalized expectancies for internal versus external control of reinforcement. Rotter's I-E scale. Bonnett and Furnham (1991) used a three-dimensional (internal, external, and chance) economic locus of control scale. Levin and Leginsky (1990) used Levenson's (1974) IPC scale. As in the need for achievement each one of those needs to be analyzed for further decision of application. For this study, participants will respond the Rotter's Locus of Control Scale.

### ***Hypothesis 4***

Ha4: Research hypothesis: There is a positive correlation between locus of control and sales performance (*average profit*) in direct sales self-employed representatives

## **2.4 Direct Sales Cosmetic Business**

Direct selling is a type of sales channel where products are sold directly to customers and consumers, eliminating the need for wholesalers and retailers, conducted mostly door to door, one-on-one, in a group format and lately online. (Lambert, Sharma & Levy, 1997). According to the World Federation of Direct Selling Associations, it is also a field where entrepreneurial-minded can work independently to build a business with low start-up investment. At the same time that offers growth opportunities, it is not always easy for a single direct seller to succeed, for several reasons one of the most obvious but yet too complex is competition. The Brazil Direct Sales Euromonitor Report 2015, states, "... the most significant challenge to direct selling continues to be the intense competition with other retail formats, such as internet retailing and store-based retailing...".

Although direct sales takes place in multiple product sectors, the cosmetic and toiletries sector is predominant. Table 3, shows the ranking for the 2015 top revenue-generating direct selling companies in the world.

Table 3. 2015 Top 10 revenue-generating direct selling companies in the world

2015 Rank	Company Name	2014 Revenue (In USD)
1	Amway (USA)	\$10.80B
2	Avon (USA)	8.9B
3	Herbalife (USA)	5.0B
4	May Key (USA)	4.0B
5	Vorwerk (Germany)	3.9B
6	Natura (Brazil)	3.2B
7	Infinitus (China)	2.64B
8	Tupperware (USA)	2.6B
9	Nu Skin (USA)	2.57B
10	JoyMain (China)	2.0 B

Source: World federation of direct selling associations.

In the case of Brazil, the direct sales business model dates from 1942 when Hermes ( a local Brazilian brand) started to sell their products – watches and jewelry - and delivering them via *Correios*. AVON was the first direct sales multinational company that started operations in Brazil in 1959. Natura, a Brazilian case of success, started originally with a small lab to produce fragrances and cosmetics in São Paulo in 1969, but its direct sales model was launched in 1974. Finally during the 1990s Brazil experienced a massive enter of new players: Amway, Nature's Sunshine, Herbalife, Mary Kay e Fibrative (ABEVD, 2016). Today, the majority of the direct selling market is divided between Natura, AVON and Boticario.

In general, there is a lack of research on direct sales and as to the academic production on it in Brazil, Cruz et al (2014) did a study called “Direct Selling Channel and its Operationalization in Brazil: a Brief Theoretical Review” and found that between 2005 and 2011 only one master dissertation was published on the matter and regarding academic articles, they found 10 academic articles et all. They mention the existence of a Brazilian Association of Direct Sales (ABEVD) that although produces content, it does not have the academic thoroughness.

Regarding the business dynamics, direct sales companies favor their budgets to invest in the sales force, printed catalogues and numerous sales promotion actions over the traditional marketing and advertising (Racolta-Paina and Luncaso, 2014). Annual sales calendar is split into what they call campaigns, in the case of AVON and cycles in the case of Natura. A campaign is a specific selling period that can go from 15 to 20 days depending of the company. The norm is one campaign, one catalogue, in the sense that the SEDSR (micro-entrepreneur) use the catalogue as a selling tool, for the duration of a campaign. They get a free catalogue for each campaign with lots of sales promotions targeting both customers and direct sellers, being the most common: price reductions, coupons, rebates and promotional offers: “buying a fragrance X you get a lipstick Y for free”. One particular thing about direct selling is the special attention firms give to the sales catalogue; since this is the store, there is a whole merchandising capability behind the decisions on how the products are displayed on it. For instance, the best-selling products are placed on the cover of the catalogue, on the pages in the middle - because that is where it naturally opens - , and on the third cover. (Racolta-Paina and Luncaso, 2014). Figure 3, shows an example of an AVON catalogue in Brazil, cover and middle page.

Table 4. Direct sales companies operating in Brazil until 2014. Year of entry, name of the company and type of products commercialized.

Entry Year	Company Name	Type of products
1942	Hermes	Watches and jewelry
1959	AVON	Cosmetics
1969	Natura	Cosmetics
	Stanley Home	Cleaning Products
1970	Chrystian Gray	Bed & Bath Products
	Jafra	Cosmetics
	Rodhia	Electronics, cosmetics and health products
	Tupperware	Plastic pots
1981	Pierre Alexander	Cosmetics
1990	Amway	Nutrition
	Bom Appetite	Food industry
	Bature's	N. I.
	Sunshine	N. I.
	Yves Rocher	Cosmetics
	Post Haus	N.I
1996/98	Herbalife	Nutritionals
	MaryKay	Cosmetics
	DeMillus	Lingerie
1999	Nu Skin	Personal Care and Nutritionals
2000	Nestle	Food Product
2001	Yakult Cosmetics	Cosmetics
	Tianshi	Health and Biotechnology
2002	Anew	N.I
	Flora Brasil	Cosmetics
	Sara Lee	Food products
	Aretta	Cosmetics
	Essence	Cosmetics
2003	Ceralame	Fertilizers
	Morinda	Pottery
	Ayur Vida	N. I.
	Catálogo Legal	N. I.
	Perfam	Cosmetics shake, nutritionals and health
2004	Contém 1g	
	Fibrative	Cosmetics - Food products

Source: Cruz et al. 2011. NI: not informed



Figure 3 . Example of AVON sales catalogues  
Source: Avon Cosméticos Ltda (2014)

Another important thing about direct selling business is the sales commissions and incentives programs. SEDSR are compensated for each of their efforts in different ways. Commissions and markups on personal sales volumes, and net commissions on the personal sales volumes of downlines, are the methods of compensation commonly used to motivate them (Coughlan and Grayson, 1998). Commission can go from 20% to 70% depending on the product and the volume generated.

Incentive programs are introduced throughout the year with aggressive earning potential and lots possibilities: from present cards, kitchen and house appliances to luxury cars and even fully equipped houses for the top sellers. Top direct selling companies also deploy travel rewards, relying on the enduring power of a trip that qualifiers could never duplicate themselves.

Moving on to the business KPIs in the direct sales companies, the most relevant are:

- Active Representative Count: Number of self-employed representatives placing an order in a campaign.
- Representative average order =  $\text{Net Sales} / \text{Active Representative}$
- Gross Margin.
- Net Sales: Sales after subtracting the representative commission and taxes
- Sales Orders: Amount of sales orders received in a campaign.
- Units: Number of unit sold.

- Consecutiveness rate :Consecutive number of campaign a representative places order.

For the purpose of this study, KPIs selected to be the dependent variable was sales performance of the SEDSR that will be measured via self-report on the amount of profit (sales commissions)

Finally, like in any other company, culture plays a critical role in the success of a direct sales company. There is no intention to make irresponsible generalizations since each company has its own culture but in the case of direct selling, is quite common to relate its organizational culture to a relationship culture. Nicole Woosley (2010) comments on her book *The charismatic Capitalism: Direct Selling Organization in America*, "... relationships in direct sales organizations are not just friendly, they are highly personal... their meetings are frequently characterized by displays of joy, tears and pride...they encourage effusive and expressive behavior". Sales presentations, conferences and meetings. Also, the figure of the founder entrepreneur is so important that there is a constant aspirations of SEDSR to follow the founder path in order to succeed. .

## 2.6. The Direct Sale Entrepreneur

Let's start by recognizing the existence of academic controversies whether SEDSR should or should not categorized entrepreneurs or at least micro entrepreneurs, as direct sales firms promotional materials openly declare. According to Biggart (1989), " direct sales distributors are not entrepreneurs... they perform highly reutilized selling and recruiting behaviors... and risk is purposely kept low by the direct sales firms" . Some call direct sellers franchisees, as they in some cases "are sub-contracted to undertake the sale and distribution of a pre-defined and branded product/service in a given local setting" (Brodie, Stanworth, and Wotruba 2002).

There are other authors who agree on the status of entrepreneurs, however refer to them under a label of "Kitchen table entrepreneurs" since most of these representatives work from home on their free time looking for an extra income in the household. "Lipstick Entrepreneur "is another of the labels used, because cosmetic brands are well known to be distributed via direct sale channel. Lastly "Everyday Entrepreneur" is also used because of its combination of

formal and informal economic activities and its appeal as an alternative to increasingly scarce “traditional” jobs in economies (Crittenden & Crittenden, 2004).

Direct companies, have no barriers to expand their selling network as they accept independent and casual consultants regardless of education level, work availability, age, experience, socio-economic status, or gender

Carvalho (2003) made a detailed worked about the conditions these independent representatives work and how the direct sales companies in Brazil, view them from a contractual point of view. First point they are considers independent from the perspective of control, they are not monitored by the direct sales company. Second, the contract they sign has commercial terms rather an employer-employee condition. Third, they are considered entrepreneurs, who work on their own behalf, are responsible for honoring they own tax, welfare and social security obligations. They are to be remunerated based on the financial results of their own business activities; they can delegate functions within their own business (and, if necessary, employ their own team) to achieve planned sales goals; they establish their own work schedule and may decide to work part-time or full-time to meet their goals; they don't have an exclusive contract, they can sell other brands, even from the competitors; it is not required from then to write reports or attend meetings; they do not provide services at the place where the firm is located.

What is the position for this study? The self-employee representatives of direct selling share most of the characteristics of microenterprises identified by Rhyne and Otero (1994): small start-up capital requirements, short-term planning cycles, high turnover, wide variety of businesses, and embeddedness in larger household/family units. Like other entrepreneurs, they are responsible for their own success, and must have the drive and perseverance required to build a prosperous business. However and comparing with more conventional entrepreneurial ventures, SEDSR benefit from the established products support materials and training, available from the direct selling firm.

Most people who go into direct sales aren't as successful. According to Colleramar, 2013 “.. if you want to earn serious money through direct sales, you'll need to make a sustained effort. It is about selling and it is about growing ... direct selling requires quite a bit of behind-the-scenes work that comes with running a business”. As conclusion for this author, being a

SEDSR can be faced as an micro-entrepreneur effort that requires key entrepreneurial behavior.

Adding to the point above, scholars and journalists noticed the spread of direct sellers like Avon and Amway in the developing world as providing a training ground for capitalist entrepreneurs. According to Chelekis and Mudambi (2010), many direct seller at the base of the pyramid can be described as necessity entrepreneurs, given by the lack of full time, company-employment. However, they can progress with time to opportunity-based entrepreneurship.

One of the arguments against the entrepreneur category of the SEDSR is indeed related to the motives to become one. Leaving aside the discussion between necessity and opportunity. Monkevičienė et al in 2007 did a research and concluded on the different identifiable kinds of work motivation, which described why people become involved in direct selling. Some of them might take on direct selling job to earn income, while many others might, viewed it as a means for building self-esteem, making friends, or simply learning about the business world. Key entrepreneurial motives such as the venture creation itself and innovation were not present on Monkevičienė study. According to them, there are five resulting factors specifically to become and entrepreneur in direct selling 1) autonomy, 2) social recognition and organizational identification, 3) personal fulfillment and professional challenges, 4) income and carrier growth, 5) management consideration and support. Venture creation and innovating on a service or a product, which are key on entrepreneurship motivation, were not present in the case of direct selling.

Coming back to the arguments in pro, direct sales multinational companies seek to leverage the micro-entrepreneurship network and local knowledge to the economic and social benefits of individual and communities. This business model has helped people with little or no experience grow into successful business owners around the world ( Burand, 2010) . In 2012 Linda Scott and her colleagues from the Baylor University in UK run a three-year longitudinal study on AVON South Africa and concluded its success in using entrepreneurship to help women escape poverty, as well as staying empowered in circumstances where similar efforts have failed. Avon advocates argue that, in the universe of Brazilian female poverty, Avon offers a new option beyond traditional money-making opportunities: cook, maid, babysitter, or even prostitute. (Brooke, 1995)

In this study, SEDSR are considered micro-entrepreneurs. A note of Harvard from Chu & Segrè (2010), comments that the existence of informal direct sellers affirms market demand but, only few are actually capable to reach a level that they can make their living exclusively out of this income. This is the case of an emblematic self-employed representative in UK who earned in 2014 nearly £170,000 (970.000 BRL). According to the Mailonline newspaper “Gail Reynolds, 44, earns more than Prime Minister David Cameron selling Avon products door-to-door”... “It was a true rags to riches tale,” Mrs Reynolds said. “One minute we could barely afford to buy a burger, the next we could buy the shop”.

Finally, the role of entrepreneurship in direct selling is so important that currently different training programs are being developed in the last years to foster entrepreneurship. One of the most well-known is *The Direct Selling Entrepreneur Program* developed in partnership between Direct Selling Education Foundation and National Association for Community College Entrepreneurship in United States. The curriculum introduces the fundamental components of small business management including: marketing, finance, legal issues, planning, and ethics. In addition, course participants gain deep understanding of the wide variety of direct selling business strategies including individual sales efforts, party plan and network marketing scenarios, online sales and salesforce recruitment and training (DSEF, online).

### 3. METHODOLOGY

This research is based on deductive reasoning and used quantitative methodology. The decision upon analyzing the entrepreneur behavior through a quantitative methodology was based on four reasons: First, the literature review endorses that most of the entrepreneurship academic production applies quantitative methodology, using primary data and collecting it via surveys and questionnaires. Table 5 shows a summary of articles on research methodologies in entrepreneurship from 2007. Second, the existence of valid questionnaires designed to measure entrepreneurial behavior and linked with the purpose of the study but had not been applied before on the direct selling population. Third, there was access to a database of active independent sales representatives' email addresses in Brazil, making quantitative methods very suitable due to the size of the population. Lastly, there is a practical application and use of projectable results to a larger population in a specific direct selling company, which provided a portion of total their database for the study. If found a strong relationship existed between the behaviors and sales performance through statistical analysis, this company can develop actions that will provoke the increase of the sales.

Table 5: Summary of Entrepreneurship research design studies

Article Title	N	Findings
"Entrepreneurship research: Methods and directions"	81	"Sample survey was by far the most common entrepreneurship research strategy, employed in 64 % of the sampled studies." (Paulin et al., 1982, 357)
"A unified framework, research typologies and research prospectuses for the interface between entrepreneurship and small business"	51	"Throughout these studies, the use of mail questionnaires and interviews with structured or non-structured schedules is the overwhelming type of research methods used by most researchers." (Wortman, 1986, 277)
"Entrepreneurship research: Directions and methods"	298	"An examination of the methodologies utilized in the research studies shows a preponderance (77%) of observational and contemplative theory building and surveys and few (less than 4%) field studies." (Churchill & Lewis, 1986, 345)
"Methods in our madness? Trends in entrepreneurship research"	322	"Investigators still relied heavily upon nonsystematic methods of data collection, and when they ventured out to collect data, they depended heavily upon surveys." (Aldrich, 1992, 199)
"Blinded by the cites? Has there been progress in entrepreneurship research?"	528	"Research design and sources of data have not changed very much over the past 15 years, other than a decisive break with journalistic and armchair methods by the journals after 1985." (Aldrich & Baker, 1997, 383)
"Issues of research design and construct measurement in entrepreneurship research: The past decade" <u>2007</u>	416	"Seventy five percent of the empirical papers used primary data. Of the studies using primary data, 66% used paper surveys, 25% used interview methodologies, 3% used phone interviews, 4% used experiments. Only four studies (2%) used participant observation." (Chandler & Lyon, 2001, 104).

Source : McKenzie et all (2007)

### 3.1 Population and Sampling Procedure

Given the quantitative approach adopted, using a systematic sampling random procedure. The entire population of this study consisted of a database of 93100 adult names and e-mail addresses of direct selling self-employee representatives from all over Brazil. A multinational direct selling company with operations in this country provided the information. The names were randomly selected from of their total database - those who constantly place a sale order each sales cycle during the last year-. There was no stratification of the sample; there is no required levels of education, experience, background, financial resources or physical condition to become an self-employed representative. The only requirements in the case of Brazil are to be 18 years old and above, must be literate, to have a CPF (the Brazilian equivalent of a social security number) and a permanent home address registration.

An online questionnaire was distributed to all of them, obtaining 651 completed forms returns that were suitable for data analysis. The response rate was 0,7%. According to *SurveyFluid\* site*, when surveying the general public there is an average response rate of 24.8%. However, this percentage it will differ based on the survey topic and target audience. For this research, such a low response rate can be explained first by the characteristics of the sample; most of them comes from C-Class level and have a relatively low access to internet on regular basis. Second the characteristics of the survey; both length - 63 questions - and type of questions, personal questions about their own behavior, rather than their opinion about general topics-.

Related to gender of the sample, even though entrepreneurship is generally seen as a masculine endeavor (Ahl, 2002), direct selling business and even more in the beauty segment, has been traditionally female-dominated. The expectation of having the majority of the sample woman was confirmed being 95% so.

### 3.2 Instrumentation and data collection

The objective of this work was to study four specific entrepreneurial behaviors among direct selling independent sales representatives in Brazil and how their prevalence had any impact on sales performance. The independent variables corresponding to each behavior were need of achievement (NA), risk-taking propensity (RP), locus of control (LC) and self-efficacy (SE). The dependent variable was sales performance measured through average monthly net profit (Y1), which is basically the sales commission they earn . On figure 5, there is research design.

Regarding, the measure of the dependent variable, Daniels (2001) in his article called “Testing alternative measures of microenterprise profit and net worth”, argues the correct measure of profit should not only include revenue and costs, but also take into account assets and their rate of depreciation. According to him, despite the importance of enterprise profit and net worth, these two variables are often excluded from microenterprise studies due to measurement difficulties. For this study specifically, getting these data - total revenue, costs, assess and depreciation - to calculate profit was not possible, net amounts were reported directly by the respondents instead.

Furthermore, net profit on products sold is a common and visible measure for SEDSR. As part of the marketing and communications efforts specific brochures and pamphlets are designed to help them to understand how much is earned by product. They are used and trained to calculate their earnings and are better informed about their earnings in good and bad sale campaign. Finally on each campaign invoice and information system, the representative can see easily how much was the revenue and the respective profit. On figure number 4 , there is an example of a page of the sale brochure that clearly explain the profit earn ( on absolute values) purchasing each one of the products on the brochure.



Figure 4. Example of sales catalogue page with amounts of profit earn by each product  
Source: AVON Online brochure, November 2016.

In addition to independent and dependent variables, the questionnaire also included four additional items related to demographic – e.g. service time as independent sales representative, age range, professional activity, weekly average number of hours dedicated to direct selling activity, service time as direct sales independent representative and monthly average units sold. The intention to include these additional variables was to help building a profile and to use them eventually as a control variables if any of those would eventually impact the results.

Intentionally, and since the questionnaire was too long, no other questions regarding geographic region for instance, marital status were included.

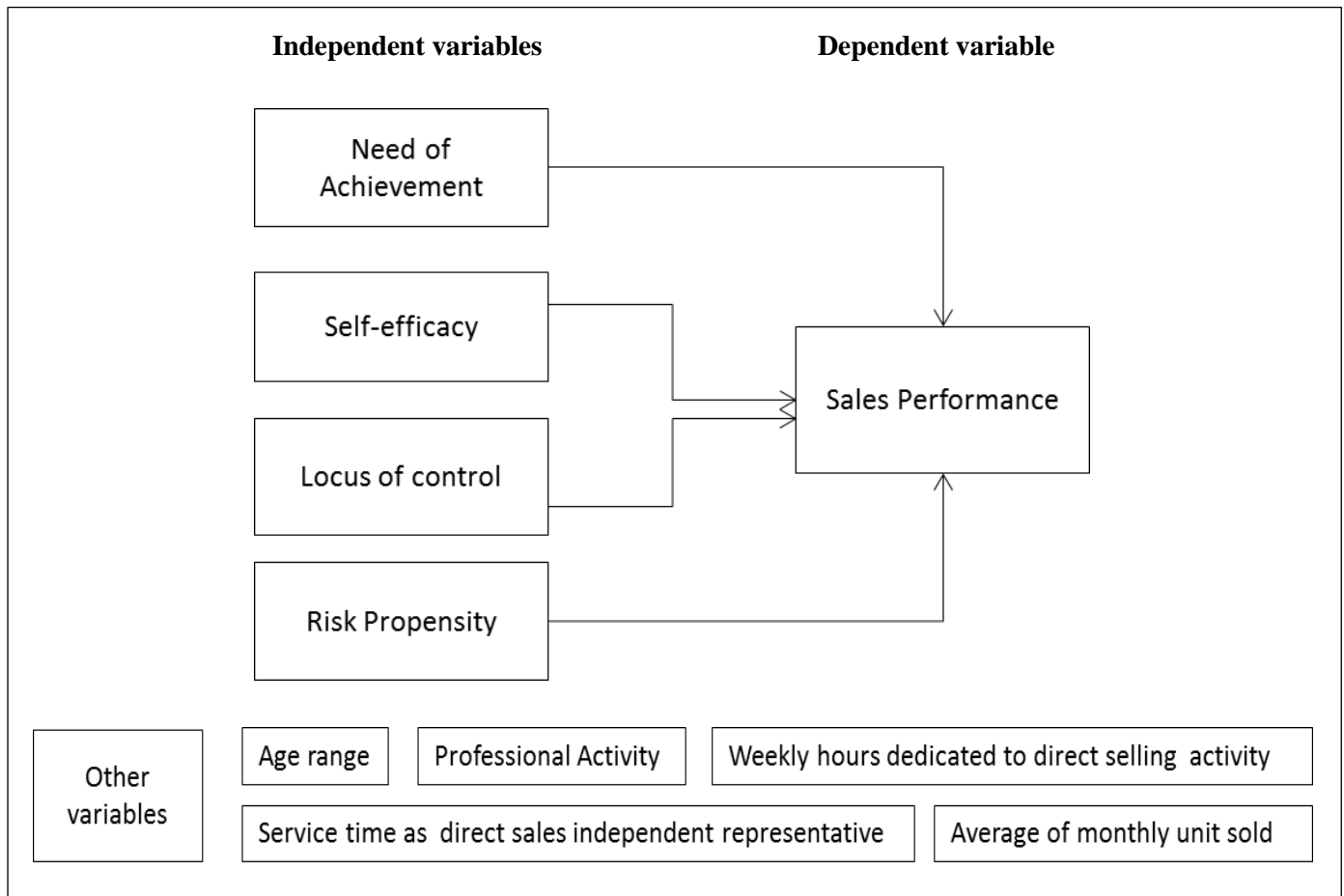


Figure 5. Research Design  
Source: Own author

Although the focus of the analysis is centered in the four dependent variables, table 6 shows all the list of the variables included in the questionnaire. In the case of Risk Taking Propensity in order not to lose validation of the instruments, it was needed to include the questions related to other domain of risk besides the financial one, like social risk, health & safety risk, recreational risk and ethic risk. Table 6 describe all the list of variables included in the online survey.

A sixty-three item questionnaire was composed by the consolidation of four already existing and validated and scales - one for each entrepreneurial behavior to be measured - plus an additional 2 sections that included questions on demographics and sales performance. The version distributed online was in Portuguese and had also been tested and validated in Brazilians respondents

Table 6 . List of Variables

Demographic Variables	Business Variables	Motivation Need	Self-Efficacy	Locus of Control	Risk Taking Propensity
Service time as independent sales representative <b>ST</b>	Time dedicated to DS <b>TD</b>	Need of Achievement <b>NA</b>	Self-Efficacy <b>SE</b>	Locus of Control <b>LC</b>	Financial Risk <b>FR</b>
Age <b>AG</b>	Sales performance Average Profit <b>Y1</b>	Need of Affiliation <b>NF</b>			Social Risk <b>SC</b>
Professional Activity <b>PA</b>	Quantity of products sold in average				Health & Safety Risk <b>HSR</b>
					Recreational Risk <b>RR</b>
					Ethics Risk <b>ER</b>
Questions 1,5,6	Questions 2-3-4	Questions 21-31	Questions 48-63	Questions 7-20	Questions 32-47

Table 7. shows the name of each scale and the number of items: : McClelland's Needs Assessment Questionnaire to measure need of achievement, Locus of Control of Behavior (LCB) to measure locus of control, DOSPERT Domain-Specific Risk-Taking Scale to measure risk propensity and The General Self-Efficacy Scale (GSE) to measure self-efficacy. It was an online questionnaire, all questions were multiple choices and the questionnaire was set to have forced answer. The online software used to administrate the survey was *Qualtrics*.

Table 7 Description of the survey sections and number of items

Questionnaire section	Number of items
McClelland's Needs Assessment Questionnaire	11
Locus of Control of Behavior (LCB)	16
DOSPERT Domain-Specific Risk-Taking Scale	16
The General Self-Efficacy Scale (GSE)	14
Demographics and business info	6
Total	63

**McClelland's Needs Assessment Questionnaire:** Need for achievement, need for affiliation and need for power are three McClelland's Trichotomy of Needs. Questionnaire measures the three dimensions but for this research, the questions that intent to measure need to power were excluded. This part of the questionnaire included 12 questions. 5-point Likert scale anchored

by ‘strongly disagree’ and ‘strongly agree’ was used. Increase in the score in the need of achievement dimension means higher prevalence.

**The General Self-Efficacy Scale (GSE).** The original version is German and was developed in 1979 by Matthias Jerusalem and Ralf Schwarzer. This 14 item scale was created to assess a general sense of perceived self-efficacy to predict coping with daily hassles as well as adaptation after experiencing all kinds of stressful life events. It is suitable for a broad range of applications. It can be taken to predict adaptation after life changes, but it is also suitable as an indicator of quality of life at any point in time. 5-point Likert scale anchored by ‘strongly disagree’ and ‘strongly agree’ was used. . The questionnaire was not modified from existing validated Portuguese version. Increase in the score shows the increase of self-efficacy beliefs

**DOSPRT Domain-Specific Risk-Taking Scale.** Originally developed by Weber, Blais, and Betz in 200. This 30 item scale assesses both conventional risk attitudes (defined as the reported level of risk taking) and perceived-risk attitudes (defined as the willingness to engage in a risky activity as a function of its perceived riskiness) in five commonly encountered content domains: ethical, financial, health/safety, social, and recreational decisions. (Blas et al 2006). 5-point Likert scale anchored by ‘strongly disagree’ and ‘strongly agree’ was used and for this study, the scale was reduced to 16 items. There is an overall score and score for each dimension. Increase in the score in each of them means a higher risk taking propensity more specific to each one of it.

**Locus of Control of Behavior (LCB).** Craig in 1984 proposed originally that the LCBS measures the degree to which individuals perceive that they have agency over their clinical problems. The scale consists of seventeen items. Craig et al. proposed that, following the reverse coding of seven items, the total score provides a uni-dimensional measure of an individual’s LOC with. 5-point Likert scale anchored by ‘strongly disagree’ and ‘strongly agree’ was used for this study and one item was excluded.

A field pilot test was run with a first version of questionnaire that had 91 items. 4000 surveys were submitted by e mail, obtaining 24 full completed returns in 4 days. After the analysis, the questionnaire was reduced as a way to increase the response rate. This test allowed us to establish the content validity of scores on the instrument and to improve few questions, format, and scales. However the most important objective of the test was in this case, to test the response rate.

A final version of sixty-three question survey was sent by e mail to a group of 93105 SEDSR. Participants were asked to voluntarily fill in the questions. It was a cross-sectional survey and the process of collecting the data took three weeks. The questionnaire included at the body of the email a cover letter with the purpose of the study to persuade the respondent to complete the survey, understanding the questionnaire included five parts, it was long and there was no incentive for completing it, other than supporting an academic field of knowledge. Finally a mention about anonymity or confidentiality were included; it was important to the respondent due to the type of questions.

To minimize response bias tendencies, the submission of the survey had structured schedules programmed in the system Qualdrics. During 20 days 5000 surveys were sent each day; 2500 early in the morning and 2500 at night, including weekends until completing 93105. On day 23 the survey was closed into the system. On daily based the returns were checked and the average responses did not change significantly, with exceptions of Sundays when it had a lower rate

## 4. RESULTS & DATA ANALYSIS

All variables were measured as self-reported and all the information used in this analysis derived from primary data. A final sample was compounded by 651 participants from all over Brazil who submitted completely the online survey. The response rate, as mentioned earlier was 0,7%. Approximately, 1300 mails were bounced, and 103 questionnaires were left incomplete, therefore excluded from the analysis. Although it was known ahead the population come mostly from lower incomes levels in Brazil, some live in rural areas and have difficult access to internet on regular basis, no other way of contact them was used, except for one follow-up email. The database was big enough to have a sample over 500. With confidence level was 95% and the confidence interval of 4%, the sample size required was 596, meaning 651 was a comfortable one even though the response rate could be higher.

The following analysis was carried out in order to examine the impact of entrepreneur behavior on profit of SEDSR: descriptive statistics, regression analysis of each behavior against profit, regressions model including all behaviors against profit, regression model adding as well demographic variables, main effect plot analysis and finally ANOVA one way in order to verify if there were significant differences in the scores of behaviors of representatives that reported themselves in the questionnaire as entrepreneur.

### 4.1 Step 1: General information and descriptive statistics

Minitab 17 software package was used for the statistical analysis. This section gives general overview of the respondents: age groups, professional activity, among others.

**Gender** distribution in the original database indicated a high proportion of female (91%). Based on this, the question on gender was excluded of the questionnaire and it can be inferred, results apply to women self-employed respondents.

As for the **age** segments, the sample consists of 33% young adults between 18 and 24, 35% between 25 and 35, 21% between 36 and 44, 9% between 45 and 54 and lastly 2% between 55 and 64 years old. No one older than 64 years old answered the questionnaire. The reason for that may due to the fact the survey vey was administrated exclusively online.

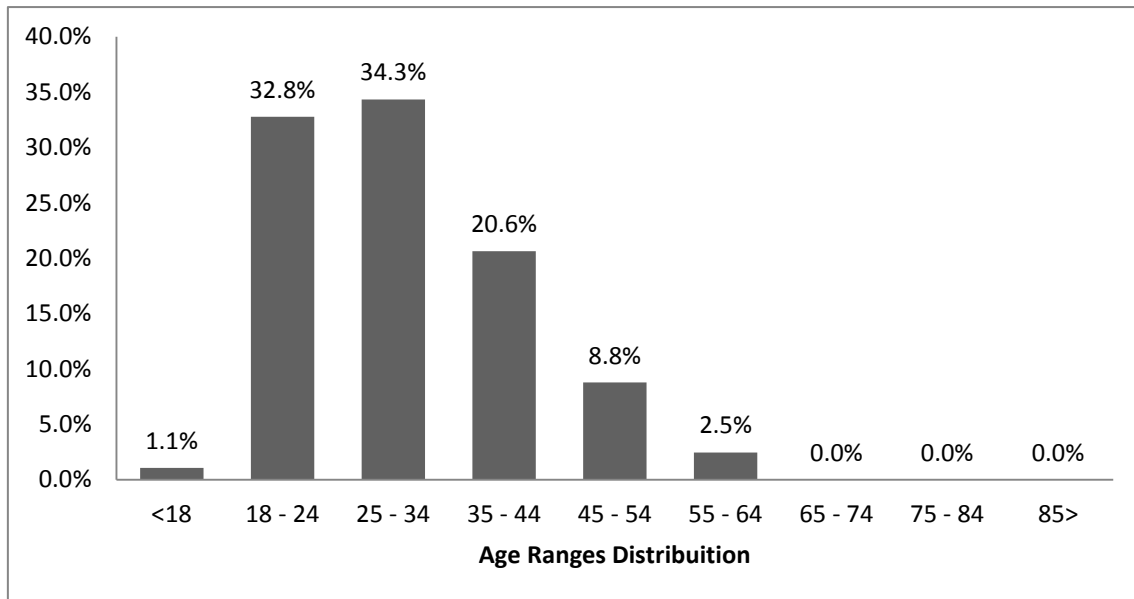


Figure 6. Distribution of sample by age groups

As concerns **professional activity**, 37% of the respondents consider themselves as entrepreneur, 26% combine the direct selling activity with a full time job either in the private or in the public sector, 14% are household, 12% are students, 9% reported other activity and finally 2% are currently retired.

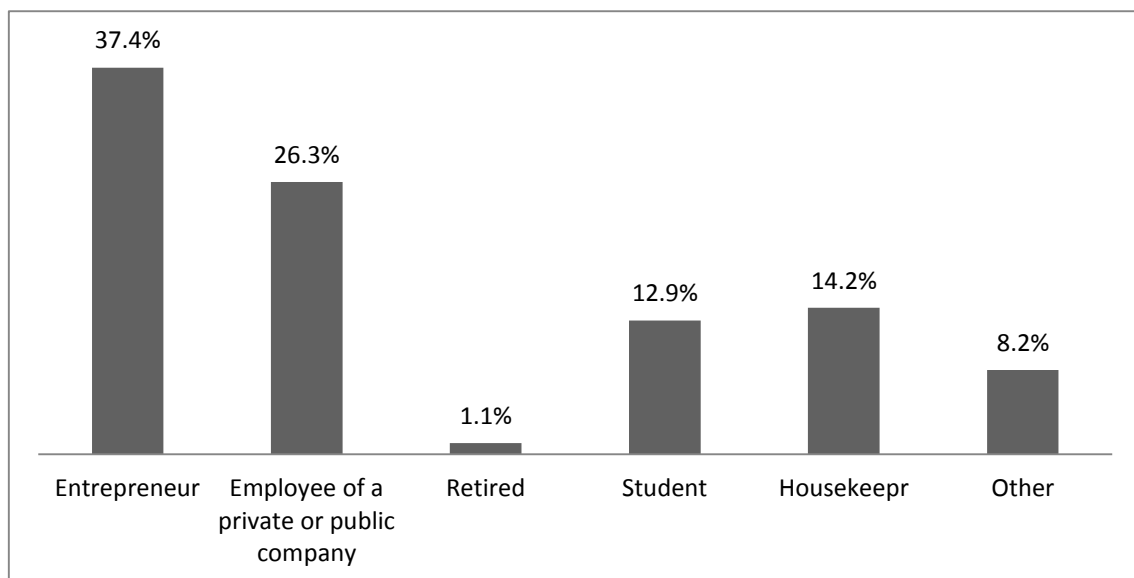


Figure 7. Distribution of sample by professional activity

Not surprising, results confirm that being SEDSR in many cases is not a **full time job**: 37% (aligned with those who reported themselves as entrepreneur) dedicate full time to direct sales,

7% dedicate between 4-6 days, 32% between 2-3 days, 14% one day a week and finally 10% dedicate only few hours a week (less than a day).

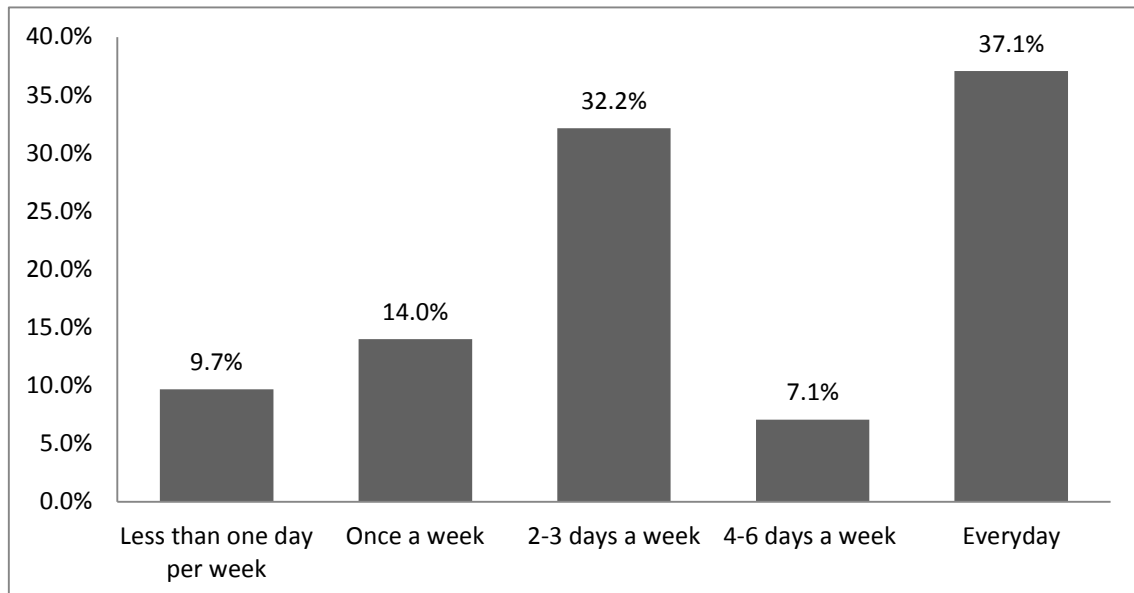


Figure 8. Sample distribution by weekly time dedication to direct selling activities

Related to **service time** as a direct sales representatives is quite proportionate: 17% of the respondents have been SEDSR for less than 6 months, 26% between six months and a year, 31% for 1-3 years, 12% for 3 - 5 years and the remaining 14% have an experience for over 5 years.

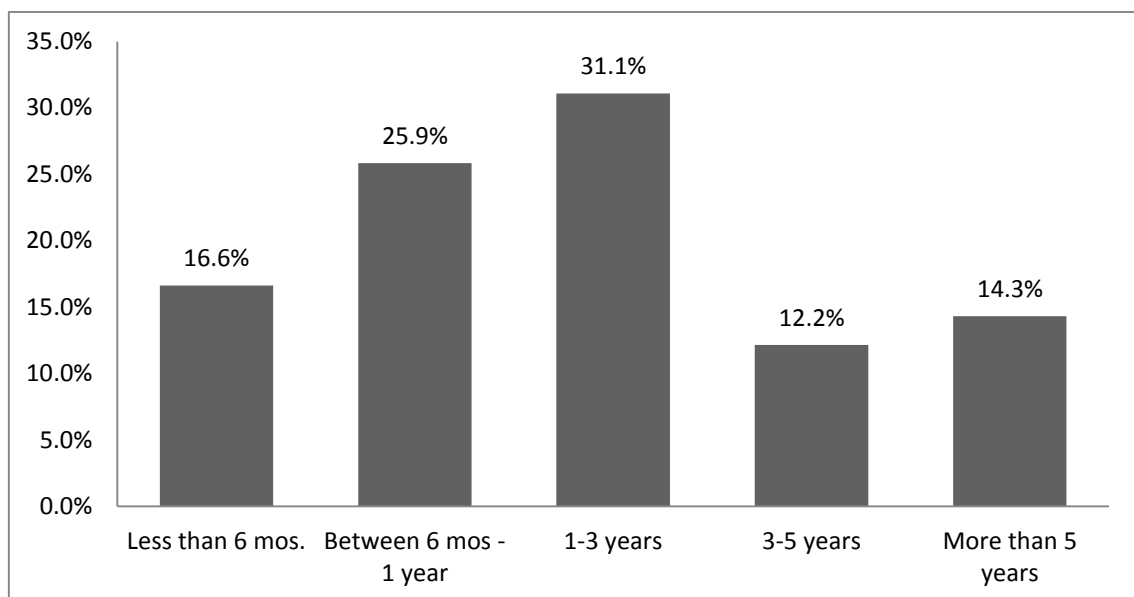


Figure 9. Sample distribution by service time as SEDSR

To the question of how **many units** (products) they sell in average each month, the highest proportion, which is 43% sells between 10 and 30 products, 20% sell between 30 and 50, other 20% up to 10 units, 11% between 50 and 100 and 6% sell monthly in average more than 100 products.

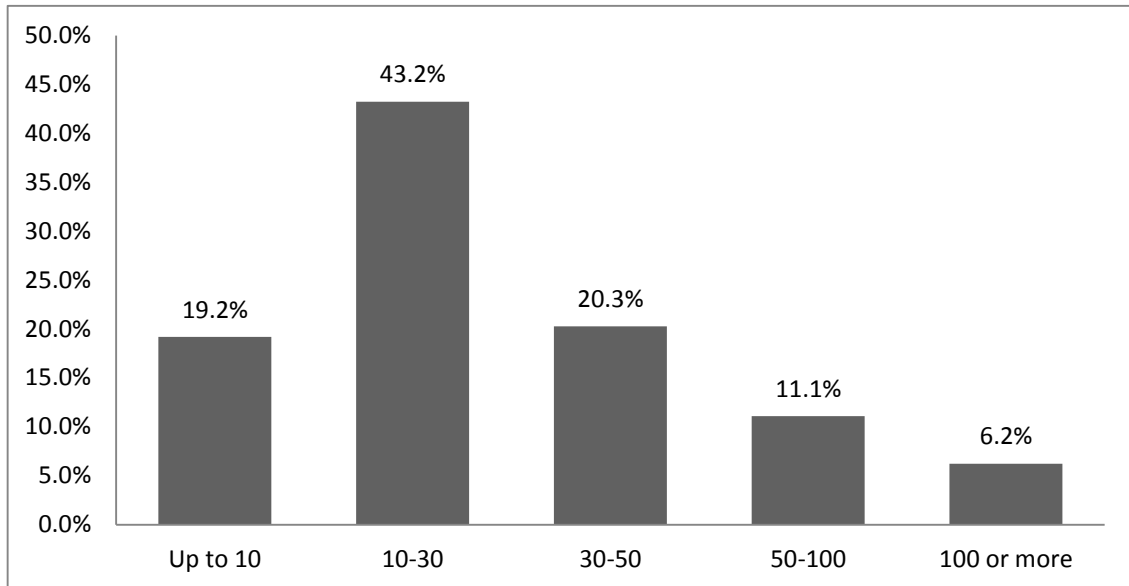


Figure 10. Sample distribution by monthly average units sold

Finally, with regard to the **average profit** obtained monthly 38% earned less than R\$250, between R\$250 and R\$500 30%, between R\$500 and R\$1000 18%, between R\$1000 and R\$3000 11%, only 2% between R\$3000 and R\$6000 and lastly 0,31% earns R\$6000 or more. It is evident that income opportunities in the bottom of the pyramid (BOP) markets are very low and with those levels of income, it is not hardly to believe, they do not contribute to the increase of formal jobs creation (Gonzalez, 2016). This part of the results were very surprising considering the extremely low marginal profit; 38% of the sample reported profit less than R\$ 250 a month, which is approximately one third of the minimum wage in Brazil . It can be suggested also as per (Williams, 2004 ), direct sales are conducted for closer social relations such as kin, neighbors, friends and acquaintances., pursued for social and redistributive reasons rather than purely financial gain. Also it seems their entrepreneur venture on direct sales is driven by a necessity more than an opportunity.

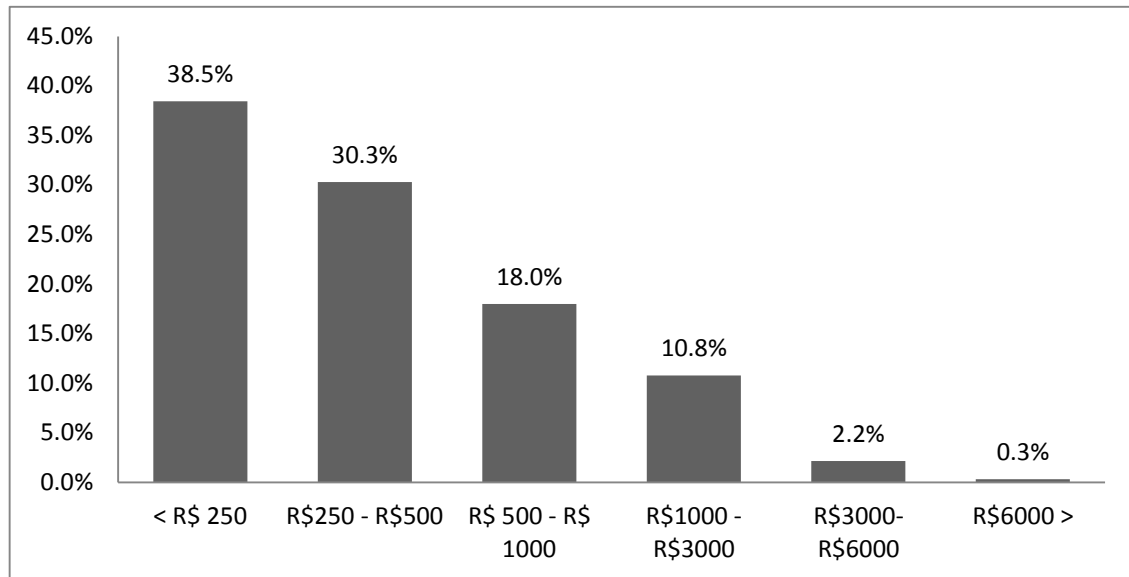


Figure 11: Sample distribution by monthly averaged profit generated

In summary and based on this first descriptive analysis, results are in general congruent with what the scarce literature review states. The respondents are mostly adult women, who can be at any age but pretty much concentrated until mid-forties. It dedicates either full time to direct selling activity or combines it with a formal job and more than half of them earn less than R\$500 profit a month. Although there is no evidence in this study, based on time of service, time dedication and profit an hypothesis could be drawn, respondents stay informal micro entrepreneurship.

Following with analysis of results, the next step taken with intent to understand the main characteristics of the data, was to run normality check and stability check of the sample using the **I-MR chart test**. This is a suitable test in studies that measure data for individuals; it is simple but powerful tool that can help to determine whether the data has only normal variation or if it is out of control, meaning it shows unusual variations. The results indicated that all data was very stable. Figures from 1 to 6 show the detail of each one.

To improve and facilitate the analyses, all the scores obtained in each independent variable (from 1 to 5) were turned into 0-1 range, being the higher the “better” score. The only variable that stayed as category was professional activity (PA).

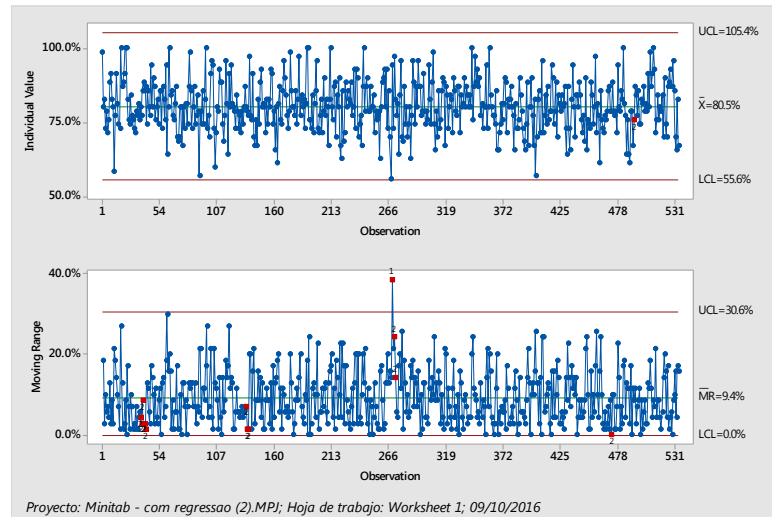


Figure 12 . I-MR Chart need of achievement (NA)

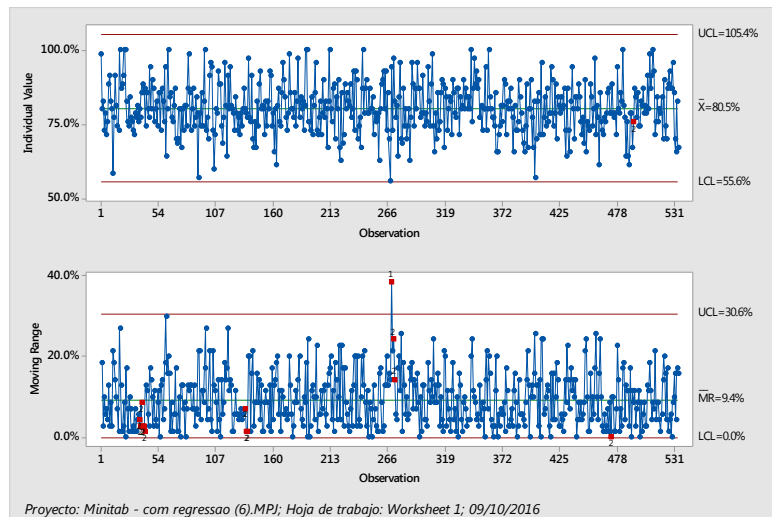


Figure 13. I-MR Chart Self-Efficacy (SE)

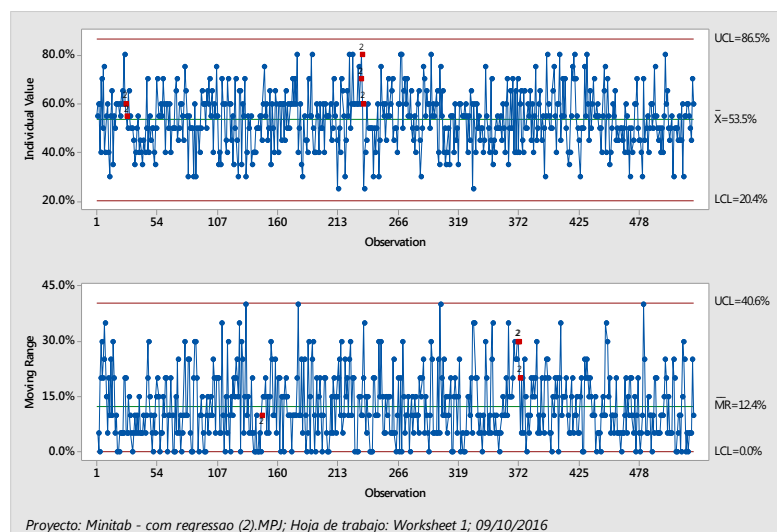


Figure 14. I-MR Chart Financial Risk Propensity (FR)

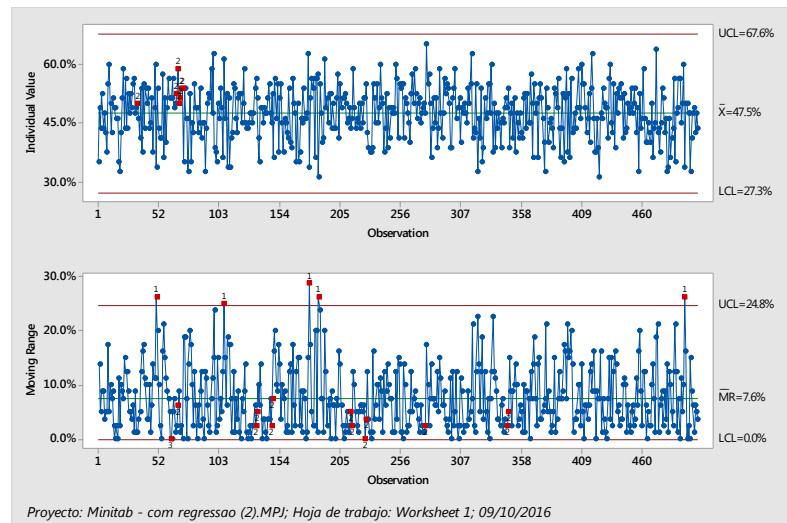


Figure 15. I-MR Chart Los of Control (LC)

All descriptive statistics and results are presented in Table 8 indicating, means, standard deviations, and range of scores (minimum and maximum) for the respective variables.

Table 8. Descriptive Statistics of entrepreneur behavior variables

Variable	Min	Max	Mean	SD	Variance	Median	P
Self - Efficacy (SE)	0,557	1	0,804		0,007	0,800	<0,005
Need Achievement (NA)	0.533	1	0,835	0,12	0,001	0,833	<0,005
Financial Risk (FR)	0,25	0,8	0,534	0,11	0,001	0,550	<0,005
Social Risk (SR)	0,2	1	0,650	0,198	0,003	0,600	<0,005
Ethical Risk (ER)	0.2	0,466	0,263	0,082	0,006	0,200	<0,005
Health & safety risk (HR)	0,16	0,76	0,354	0,141	0,001	0,32	<0,005
Locus of Control (LC)	0,31	0,65	0,475	0,006	0,004	0,47	<0,005

Checking the P-Value  $> 0.05$  in all the cases **Anderson-Darling Normality Test** shows a p-value less than 0.005. However in the case of Self-efficacy (SE), the distribution curve had looked fairly normal (bell-shaped) and for need of achievement (NA) and financial risk propensity (FR) there was an approximately 30% of confidence interval between mean and median in the case. For locus of control (LC), this interval increased to 50%.

In general terms as depicted on table 8, the respondents present a very high prevalence levels in both **need of achievement (NA)**, with a median of **0,80** and **self-efficacy (SE)** with **0,83**, confirming that high scores in these two behaviors are not exclusive on successful and formal entrepreneurs. An explanation for this may be found in Schunk (1990), who defends that “satisfaction of achieving a goal doubles the self-efficacy belief, and the person sets more challenging targets”. In addition, the results on need of achievement are consistent with part of the result from a research done in “*Litoral Norte*” of Brazil about entrepreneur attitude from direct sales representatives (Rangel, 2014). She studied 7 dimensions and specific to motivation, the results exhibit median of 80/100.

On **risk propensity (RP)**, the results indicate lower scores against the first two variables, being closed half of their score, with an overall median of **0.43** including all four domains. Based on this study results, SEDSR do not show the same risk-propensity across all four domains, social = **0.66** finance **0.55**, health **0.32** and ethic **0.22**. Related research dated even from the 1980s (Keyes, 1985), with wirewalkers and entrepreneurs, concluded they did not manifest a generalized cross-situational propensity for risk-taking either.

Further, these results do not support other studies indicating that high levels of self-efficacy allow entrepreneurs to be comfortable taking risks (Densberger, 2014). Although need of achievement is high in the respondents, a potential desire or willingness to take risk is relatively low. As general explanation to opportunity-entrepreneurs, Allah et al. (2011) start mentioning that there is this common understanding that formal entrepreneurs must be risk-takers to realize their ideas. In their study they further highlight that many people think risk-taking is extreme risking, but entrepreneurs aim to receive medium and rational risks, just as the respondents of this study did.

In the case of direct sales in Brazil, there is an additional condition that may explain the lower scores. An ethnographic study done in the Amazonia (Brook, 1995) declared that one of the biggest concerns for SEDSR -necessity-driven entrepreneurs – in their sale activity was lack of payment: “People don't pay, complained Eroildes C. Castro, an Avon lady who works a territory a few miles upriver from Mrs. Queiroz. It's a struggle here. Sometimes my husband has to take money out of his fishing money to pay Avon”. Remembering that 38% of the respondent earn less than R\$250 a month, being high a risk taking propensity with this small amount may put on risk the income need to cover basic need like food.

Finally and related to a lower score on risk taking propensity, while females are less likely to progress in the entrepreneurial process and risk-aversion is a more important factor for them than for male entrepreneurs (Grilo and Irigoyen 2006). The health and safety risk is lower in

the respondents are mostly women and the questions are the questions on the survey on this domain are more related to motherhood.

The last behavior, **locus of control**, respondents reported a medium score of 0,47, meaning there is a small tendency towards external locus of control. Remembering the concept, people with internal locus of control believe that they themselves are primarily responsible for what happens to them and people with external locus of control believe that major events in their lives are mainly determined by other people or forces beyond themselves ( Ganesa 2003). Although, an internal locus of control has been linked empirically to entrepreneurial activity, this result is not surprising considering respondents in this study come mostly from C-Class level in Brazil. Based on the related research, the link between poverty and low internal control is correlational, making it difficult to tell whether poverty reduces locus of control or whether low locus of control partly causes one to become poor .

Related research demonstrates that decreased locus of control and self-efficacy can be caused not only by experiencing scarcity in resources, but also by believing one has fewer resources than most other people in one's society. Lowering a person's sense of power or control leads to a decrease in that person's happiness and mood being poor(er), and seeing oneself as a lot worse off than others, reduces one's sense that one's life outcomes are under one's control.

Indeed, evidence that the link between poverty and locus of control and self-efficacy matters for economic outcomes, comes from the finding that a one standard deviation decrease in efficacy, as measured by the locus of control scale, is associated with a 6.7% wage decrease, as per the report of *Barriers and opportunities at the base of the pyramid, The Role of the Private Sector in Inclusive Development* by the United Nations.

The sample from this study is from C-Class level, an economic class that during the early 2000 moved from D-Class and had experienced in the last years an increase in the quality of life. However due to the profit they reported and to the fact that most of them become SEDSR go into this business as entrepreneurs by necessity, a result of 0.47 still show some level of externality due to the hard conditions and to the fact that the income still not stable and still very hard to maintain current living conditions.

Summarizing and linking this two behaviors, about risk propensity and locus of control, since perception of both risk and ability to affect results are crucial to the new venture formation decision, it follows that prospective entrepreneurs are more likely to have an internal locus of control origination than an external one (Brockhaus 1982; Brockhaus and Horowitz 1986).

In this study we can't confirm so since the SEDSR are in the border line between internal and external locus of control.

Can conclude, based on this first descriptive analysis that direct selling representative is highly achievement and people oriented, with a high level of self-efficacy but at the same time with a tendency of have more an external locus of control and with medium levels of financial risk taken. .

#### **4.2 Step 2: Correlation Analysis**

After the normality tests and the descriptive statistics analysis were done, the second step into the process was to perform the correlation analysis with intent to determine the relation between respondents' entrepreneur behaviors and their profit and to test the research hypothesis. It is well known, regression analysis is a highly general and therefore very flexible system for analyzing data; it can be used whenever a dependent quantitative variable is to be studied as a function of, or in relationship to, any set of multiple factors of interest (the independent variables) (COHEN et al., 1983).

#### **Need of Achievement**

##### ***Hypothesis 1:***

*Ha1: There is a significant positive correlation between need of achievement and profit in direct sales self-employed representatives*

The regression equation is depicted bellow:

$$Y1: Profit = - 0,00019 + 0,1150 NA$$

$$S = 0,0891129 \quad R^2 = 2,3\% \quad R-Sq(adj) = 2,1\%$$

Table 9. Analysis of Variance NA

Source	DF	SS	MS	F	P
Regression	1	0,09307	0,258583	33,98	0,000
Error	498	3,78916	0,007609		
Total	499	4,04774			

The coefficient of determination was  $R^2 = 2,3\%$   $p < 0.05$  which suggests there is almost no variation in profit (Y1) that can be explained by the need of achievement (NA) variable.

One potential explanation for this low relationship could rely on the fact that, although the respondents report high levels of need of achievement (0.83), a significant part of them (69%) reported profits lower than R\$500 a month, making very difficult to prove the relationship. Other potential explanation could be that the profit respondents reported are considered to them, an extra income and not their main source of living. It may be enough if the objective is reduced or target to earn an additional resource of income that does not come from their main activity. This confirms that in direct selling, many SEDSR trade products in a relatively small ratio of consumers: neighbors, friends and family members and since a significant part of the sample are from the lower income strata, micro-entrepreneurship is considered as a means to attain a satisfactory living.

A third potential explanation is that although the sample present this high desire to succeed, the size of effort required to engage them to move from the informal micro entrepreneurship to a more professionalize their activity is bigger than what they are willing actually to do it. Goal setting theory suggests that difficult goals enhance performance on many tasks. When goals are so difficult as to be unattainable, however, they may generate discouragement and reduced motivation, with the result that performance, too, is decreased. In this study we cannot suggest SEDSR were demotivated.

## Self-Efficacy

### *Hypothesis 2*

*Ha2: Research hypothesis: There is a significant positive correlation between self-efficacy and sales profit in direct sales self-employed representatives*

The regression equation depicted bellow:

$$Y1: \text{Profit} = -0,1192 + 0,2673SE$$

$$S = 0,0872282 \quad \mathbf{R-Sq = 6,4\%} \quad R-Sq(adj) = 6,2\%$$

Table 10 Analysis of Variance SE

Source	DF	SS	MS	F	P
Regression	1	0,09307	0,0930723	11,72	0,001
Error	498	3,95467	0,0079411		
Total	499	4,04774			

Self-Efficacy correlated with profit to a very small degree. The correlation of determination was  $R^2=6.4\%$   $p<0.05$  suggesting there is a very low variation in profit (Y1) that can be explained by self-efficacy (SE) variable.

According to theory, self-efficacy is defined as person's belief in starting an act and maintaining it until getting a result in a way that the person can have an impact on what is happening around (Bandura, 1977). For this research specifically, the self-efficacy concept measures a person's belief in their ability to successfully launching an entrepreneurial venture. Within the context of direct selling business, the high level of scores in self-efficacy the sample reported (0.80), are constantly reinforced - as seen in the literature review - through permanent marketing and advertising campaigns. In Brazil specifically, where most of the SEDSR are women from the base of the pyramid, messages of in empowering women to believe they can be successful are essential to direct sales business model success. Direct sales companies provide an income opportunity to those who are currently outside the labor market plus the inspirational messages to make your dreams come true . Key events such as meetings, seminars, and sales parties rely on product merchandising and power messages to construct self-esteem, self-efficacy, flexibility employment, motivation and entrepreneurship. However it seems, like in the achievement orientation variable observed above, it is not enough to generate significant differences in the revenue generation.

Linking self-efficacy with need of achievement -according to some authors- the two most compelling entrepreneur behaviors, previous research indicates that entrepreneurs are high in self-efficacy and, as a result, may tend to set goals that are so difficult that they cannot realistically be achieved. This could be potentially also an additional explanation in this study on why there is no a direct link between high levels of those behavioral traits and profit levels. Further, According to Baron (2016) goal setting theory also predicts a positive relationship between goal difficulty and performance, being is curvilinear a relationship: up to a point, increases in goal difficulty are positively related to higher performance, but beyond this point, further increases in difficulty are negatively related to firm performance. The findings of this study could contribute to knowledge concerning the role of entrepreneurs' self-efficacy in the goal setting process and their resulting performance.

Finally, there is another research field which focus has been studying self-efficacy as indirect effect on sales performance in sales managers. Intentionally, this study has not gone deeper on the literature review on this front because, it is understood that sales managers as formal employee of a company, will have a different implications and incentives than independent sales representatives. The only thing that is important to bring here from that research field - as an explanation of the weak link between profit and self-esteem- is that several researches noted that self-efficacy may also have an indirect effect on sales performance via its direct

effect on effort, sales setting and competitiveness. Those 3 elements were not included in this research.

### **Risk Propensity**

The study also indicates that entrepreneurs specified that the social risk domain have the highest risk based on their perception of risk

#### ***Hypothesis 3***

*Ha3: There is a significant correlation between risk taking propensity and sales performance in direct sales self-employed representatives*

The regression equation is

Y1: Average Profit = 0,03561 + 0,1128 X10: Financial Risk

S = 0,0892237 **R-Sq = 2,1%** R-Sq(adj) = 1,9%

Table 11. Analysis of Variance FR

Source	DF	SS	MS	F	P
Regression	1	0,08323	0,0832286	10,45	0,001
Error	498	3,96451	0,0079609		
Total	499	4,04774			

Financial risk correlated with business performance to a very small degree. The correlations  $r^2 = 2.1\%$   $p < 0.05$  which suggests no variation in business performance (Y1) can be explained by the financial risk (FR) variable.

Indeed, risk taking has always been a part of the early entrepreneurship literature. In addition, there are several factors which pressure women to become entrepreneurs while fear of failure is estimated as a barrier for women in entrepreneurial activities may make them more risk averse

Due to low levels of profit reported above, it is hard to expect risk taking propensity on the financial side, when they may be even excluded from the financial system.

### **Locus of control**

#### ***Hypothesis 4***

*Ha4: There is a significant correlation between locus of control and sales performance in direct sales self-employed representatives.*

Y1: Average Profit = 0,1245 - 0,06028 LC

$S = 0,0900680$  **R-Sq = 0,2%**  $R\text{-Sq}(\text{adj}) = 0,0\%$

**Table 12. Analysis of Variance LC**

Source	DF	SS	MS	F	P
Regression	1	0,000785	0,0078461	0,97	0,326
Error	498	4,03990	0,0081122		
Total	499	4,04774			

The coefficient of determination is  $R^2 = 0,2\%$  which suggests no variation in average profit (y) can be explained by the locus of control (LC) variable.

Another interesting finding is that the internal locus of control had no direct influence on organizational performance (H4), which can be explained by the attitudinal (non-behavioral) nature of the internal control locus. It seems reasonable that the variable locus of internal control has an influence on the behavior of the entrepreneur and not directly and in a linear way on the level of performance. More recent empirical studies using multidimensional measures of locus of control, however, generally support the claim that entrepreneurs are more internal than entrepreneurs ( Results of this study offer support for this hypothesis Locus of control seems to be a moderator rather than a direct influencer

### **4.3 Step 3 : Correlation Analysis including all four behaviors**

After confirming the prediction power of each of the independence variable was extremely low, a third round of additional analyses were done in order to capture other elements that could make more powerful the model. A regression fit model was used for this objective. This tool models the relationship between categorical or continuous predictors and one response. In this model where all four dependent variables were put together, the  $R^2$  increased to 7% and although still a very low predictor, it put in evidence the sales performance in the respondents can't be explained by one single behavior.

The regression equation is:

$$\begin{aligned} \text{Average Profit} = & -0.1564 \\ & + 0.0345 \text{ LC: Locus of Control} \\ & + 0.0630 \text{ FR: Financial Risk} \\ & + 0.0023 \text{ NA: Need of Achievement} \\ & + 0.2490 \text{ SE: Self - Efficacy} \end{aligned}$$

$S = 0,0871895$  **R-Sq = 7,03%**  $R\text{-Sq}(\text{adj}) = 5,18\%$

Table 13. Variance Analysis NA, SE, FR, LC

Source	GL	SS Adj	MS Adj	F	P
Regression	4	0.28475	0.071187	9.36	0.000
LC	1	0.00234	0.002343	0.31	0.579
FR	1	0.02374	0.023737	3.12	0.078
NA	1	0.00002	0.000024	0.00	0.955
SE	1	0.14230	0.142300	18.72	0.000
Error	495	3.76300	0.007602		
Total	499	4.04774			

Lastly, a **subsets regression**, which is an automated procedure that identifies the best fitting regression and models with predictors that are specified – was run including all the variables measured in the survey and represented on the research design. Only by doing so the **R<sup>2</sup> = 26.13%** showing a significant correlation and the model acquires a significant prediction validity.

The regression equation is

Y1: Average Profit =  $-0,2219 + 0,0272 X1$  - Average Time  
 $+ 0,1387 X2$ : Average Quantity of Product  
 $+ 0,0173 X3$ : Average Time dedicated to s  
 $+ 0,0773 X4$ : Average Age  
 $+ 0,2216 X6$ : Self - Efficacy  
 $- 0,0258 X7$ : Achievement Orientation  
 $- 0,0242 X8$ : People Orientation  
 $+ 0,0546 X10$ : Financial Risk  
 $+ 0,0111 X11$ : Social Risk -  $0,0057 X12$ : Ethical Risk  
 $+ 0,0432 X13$ : Health and Safety Risk +  $0,0623 X14$ : Locus of Control

Model Summary

$S = 0,0783566$  **R-sq= 26,13%**  $R\text{-sq}(\text{adj}) = 24,31\%$   $R\text{-sq}(\text{pred}) = 21,68\%$

#### 4.4 Step 4. Main Effect Plot Analysis

Going back to the core four behaviors of this study - need of achievement, self-efficacy, locus of control and risk propensity-, a main effects plot was run to examine how factors (independent variables) affect the response (profit). With the main effect plot it can define the

best range for each variable to maximize the best possible result in profit (See figure 10). For this score the following ranges of scores will predict a maximum ranges in profit: NA scores between 0.9 and 1; for SE 0.84 and 0.94; LC 0.33 and 0.52; and for financial risk 0.6 and 0.8. This reinforce the fact that although correlations are low in order to predict better results on sales and in profit, the results allow to build an optimal profile for a direct sales representative if their score are in the ranges above.

Table 14. Analysis of variance including all variables

Source	DF	SS	MS	F	P
Regression	12	1,05768	0,088140	14,36	0,000
SG	1	0,03845	0,038448	6,26	0,013
QP	1	0,50730	0,507295	82,62	0,000
TD	1	0,01754	0,017540	2,86	0,092
AG	1	0,09307	0,093066	15,16	0,000
SE	1	0,10844	0,108436	17,66	0,000
NA	1	0,00163	0,001628	0,27	0,607
NF	1	0,00180	0,001798	0,29	0,589
FR	1	0,01717	0,017169	2,80	0,095
SR	1	0,00216	0,002158	0,35	0,554
ER	1	0,00009	0,000090	0,01	0,904
HR	1	0,01525	0,015246	2,48	0,116
LC	1	0,00713	0,007127	1,16	0,282
ERROR	487	2,99006	0,006140		
Total	499	4,04774			

Also it is confirmed that need of achievement and self-efficacy are the factors ( variables ) that needed to be higher in order to guarantee a maximum of profit. These results ratifies results from previous research Cheleki (2010): High female unemployment motivates many women to become direct sales representatives, yet the effects are not limited to economic improvement. Many of the women mentioned psychosocial changes such as increased personal self-confidence. This reinforces a previous finding that selling Avon or other products provides women with “some flexibility, a sense of control, independence” (Williams, 2004).

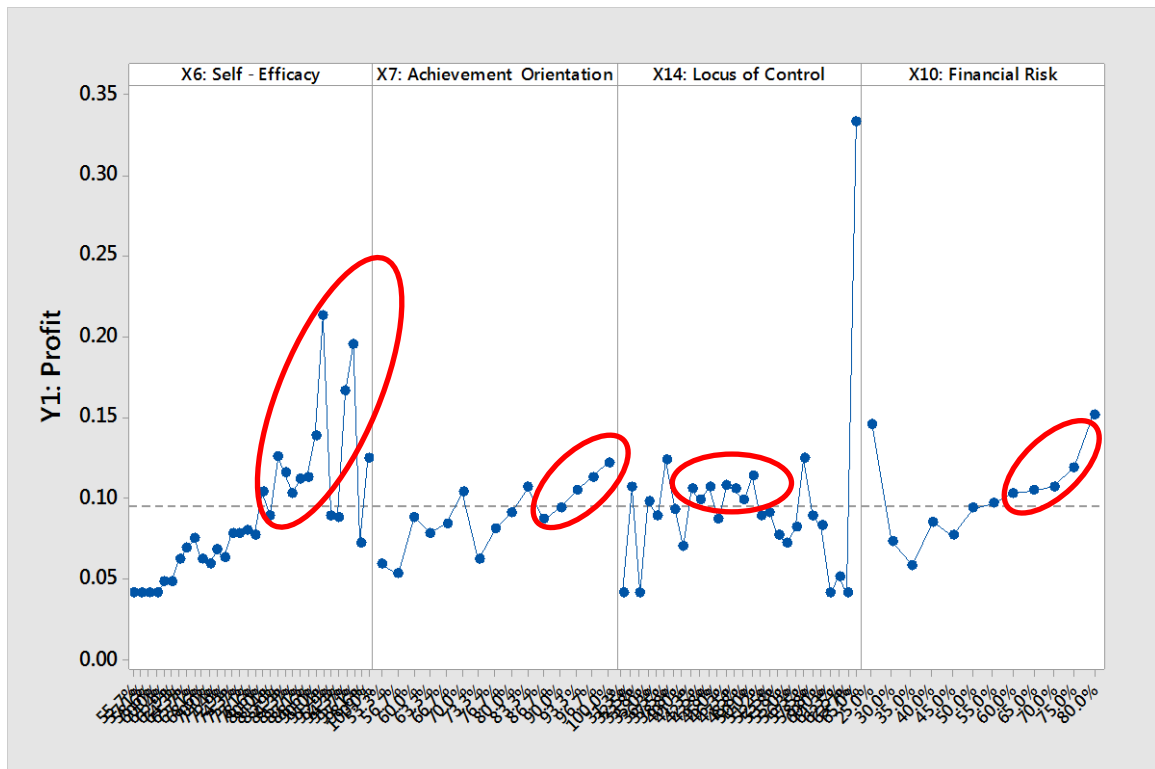


Figure 16. Main Plot Effect Diagram

With the Matrix Plot it was possible as well to verify the significant, moderate and low correlations between the variables:

- Significant Positive Correlation
  - SE with NE: Self Efficacy with Need of achievement
  - SE with NF: Self Efficacy with Need of affiliation
  - NA with NF: Achievement Orientation with People Orientation
- Moderate Positive Correlation
  - SR with ER: Social Risk with Ethical Risk
  - ER with HSR: Ethical Risk with Health and Safety Risk
  - SR with HSR: Social Risk with Health and Safety Risk
  - ER with LC: Ethical Risk with Locus of Control
- Low Positive Correlation
  - NF with X10: Need of Affiliation with Financial Risk
  - FR with SR: Financial Risk with Social Risk

#### 4.5 Step 5. Test of Equal Variances and ANOVA

After running the subsets regression and effect size analysis, one last test of equal variances was run in order to verify if those SEDSR who report themselves as entrepreneur in the questionnaire had a significant difference in their **average of profit** and in the average behaviors scores against those who reported other professional activity. Below the analysis. The test does not show any significant difference, meaning those SEDSR who report themselves as entrepreneur do not score higher on any of the four behaviors than the rest of the respondent.

For the side of the profit, those who report themselves as retired report significant higher profits than the rest the respondents.

##### 4.5.1 Professional Activity (PA) with Average Profit (Y1)

Practical Problem: Do professional activities (PA) have equal variances and mean with average profit (Y1)?

Statistical Problem:

- Test for Equal Variances

$$H_{05}: \sigma_{Entrepreneur} = \sigma_{Housekeeper} = \sigma_{Other} = \sigma_{Retired} = \sigma_{Student} =$$

$$\sigma_{Private\ or\ Public\ Employee} = \sigma_{Student} = \sigma_{Private\ or\ Public\ Employee}: p\text{-value} > 0,05$$

$$H_a5: \text{At least one PA has a different Standard Deviation: } p\text{-value} < 0,05$$

- ANOVA One-way

$$H_0: \mu_{Entrepreneur} = \mu_{Housekeeper} = \mu_{Other} = \mu_{Retired} = \mu_{Student} = \mu_{Private\ or\ Public\ Employee}: p\text{-value} > 0,05$$

$$H_a: \text{At least one PA has a different Mean: } p\text{-value} < 0,05$$

Statistical Analyses:

Table 15. Test for Equal Variances: Y1 versus PA

Professional Activity (PA)	N	StDev	CI
Entrepreneur	188	0,107442	(0,0937326; 0,12491)
Housekeeper	72	0,059948	(0,0299773; 0,12444)
Other	42	0,092164	(0,0563849; 0,16075)
Public or Private Employee	130	0,070423	(0,0472634; 0,10711)
Retired	6	0,122663	(0,0225697; 1,18984)
Student	62	0,056043	(0,0260543; 0,12591)

NOTE: 95% Bonferroni Confidence Intervals for Standard Deviation

Table 15.1 Levene test

Method	Test Statistic	p-Value
Multiple Comparisons	-	*
Levene	7,46	0,000

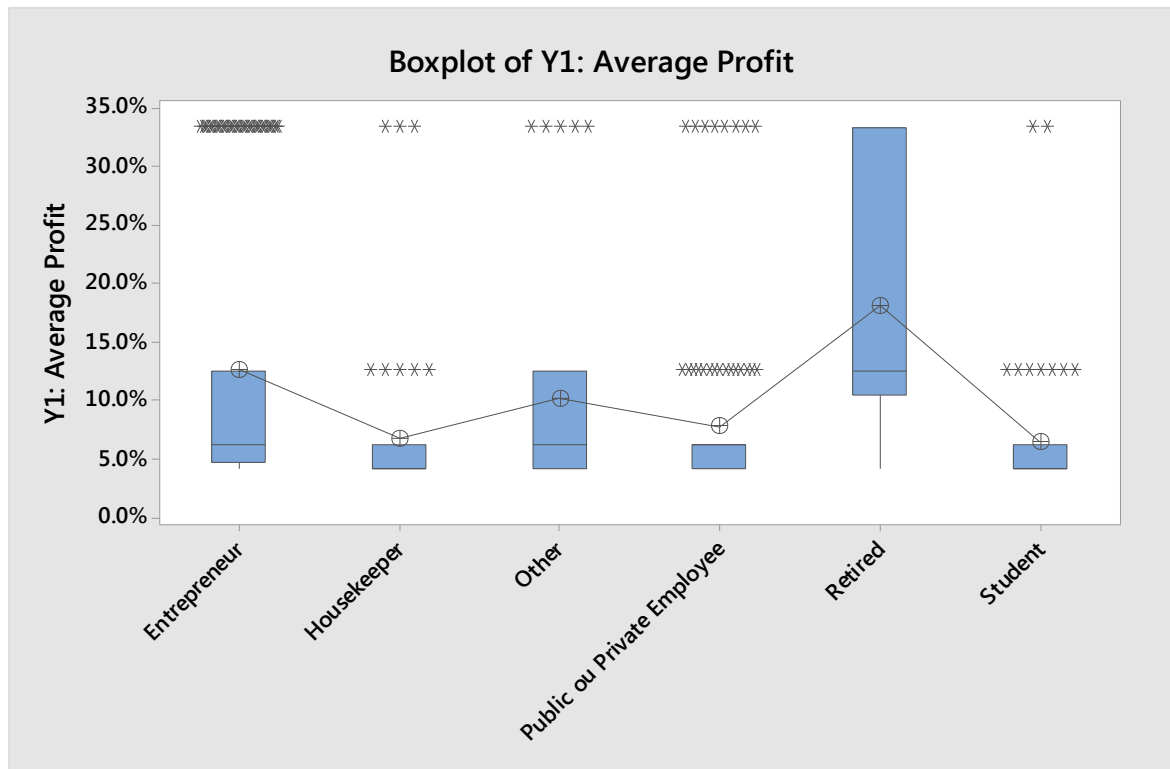


Figure 17. Boxplot of Y1 versus PA

Table 15.2 Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Professional Activity (PA)	5	0,3790	0,075805	10,21	0,000
Error	494	3,6687	0,007427		
Total	499	4,0477			

## Model Summary

S=0,0861774   R-sq=9,36%   R-sq(adj)= 8,45%   R-sq(pred)= 6,97%

Table 15.3. Means

Professional Activity (PA)	N	Mean	StDev	95% CI
Entrepreneur	188	0,12589	0,10744	(0,11354; 0,13824)
Housekeeper	72	0,06684	0,05995	(0,04689; 0,08679)
Other	42	0,1017	0,0922	(0,0756; 0,1278)
Public or Private Employee	130	0,07756	0,07042	(0,06271; 0,09241)
Retired	6	0,1806	0,1227	(0,1114; 0,2497)
Student	62	0,06452	0,05604	(0,04301; 0,08602)

Practical Solution: At least one function has different variances and mean from the others

#### 4.5.2 Professional Activity (PA) with Need of Achievement (NA)

Practical Problem: Do professional activities (PA) have equal variances and mean with need of achievement (NA)?

Statistical Problem:

- Test for Equal Variances

$H_0: \sigma_{\text{Entrepreneur}} = \sigma_{\text{Housekeeper}} = \sigma_{\text{Other}} = \sigma_{\text{Retired}} = \sigma_{\text{Student}} = \sigma_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one PA has a different Standard Deviation:  $p\text{-value} < 0,05$

- ANOVA One-way

$H_0: \mu_{\text{Entrepreneur}} = \mu_{\text{Housekeeper}} = \mu_{\text{Other}} = \mu_{\text{Retired}} = \mu_{\text{Student}} = \mu_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one PA has a different Mean:  $p\text{-value} < 0,05$

Statistical Analyses:

Table 16. Test for Equal Variances: NA versus PA

Professional Activity (PA)	N	StDev	95% CI
Entrepreneur	188	0,120067	(0,106172; 0,137714)
Housekeeper	72	0,132230	(0,112990; 0,160632)
Other	42	0,117346	(0,092530; 0,158793)
Public or Private Employee	130	0,116961	(0,101794; 0,137171)
Retired	6	0,142075	(0,053881; 0,668624)
Student	62	0,094419	(0,080099; 0,116247)

NOTE: 95% Bonferroni Confidence Intervals for Standard Deviation

Table 16.1. Levene Test

Method	Test Statistic	p-Value
Multiple Comparisons	-	0,004
Levene	1,65	0,146

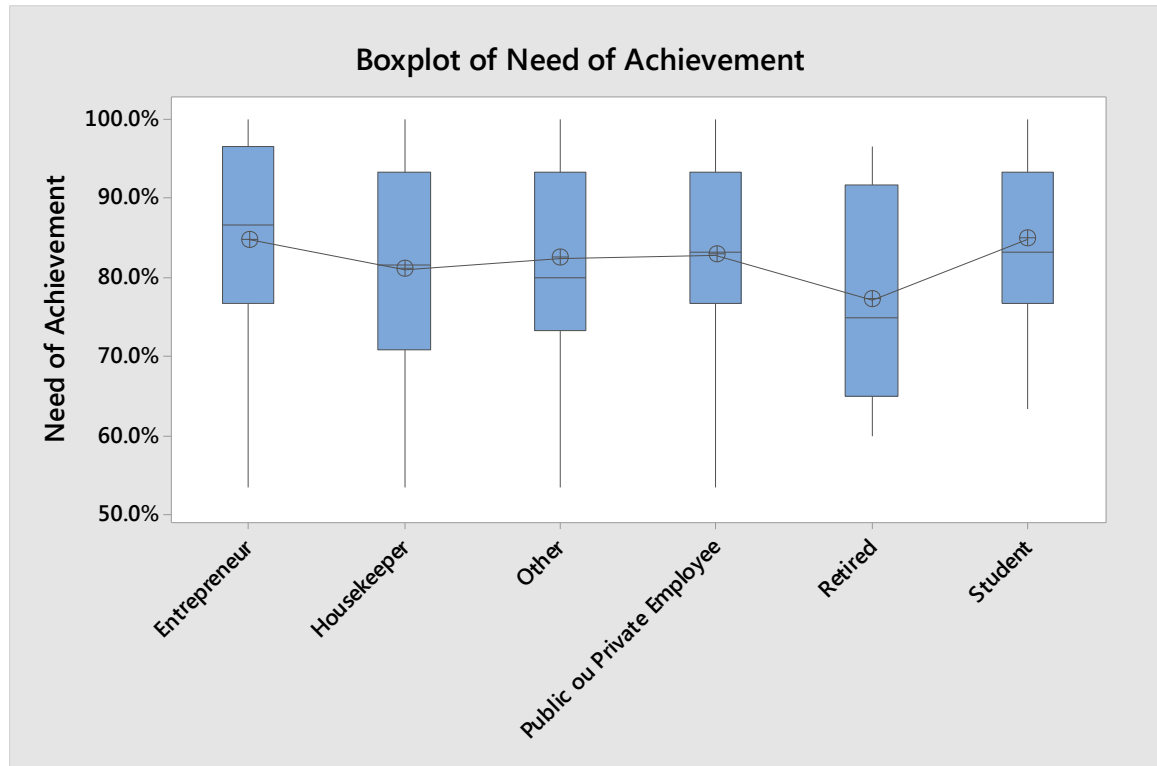


Figure 18. Boxplot of NA versus PA

Table 16.2. Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Professional Activity (PA)	5	0,1212	0,02424	1,73	0,125
Error	494	6,9112	0,01399		
Total	499	7,0324			

### Model Summary

S=0,118281 R-sq=1,72% R-sq(adj)= 0,73% R-sq(pred)= 0,00%

Table 16.3 Means

Professional Activity (PA)	N	Mean	StDev	95% CI
Entrepreneur	188	0,84787	0,12007	(0,83092; 0,86482)
Housekeeper	72	0,8102	0,1322	(0,7828; 0,8376)
Other	42	0,8246	0,1173	(0,7887; 0,8605)
Public or Private Employee	130	0,8285	0,1170	(0,8081; 0,8488)
Retired	6	0,7722	0,1421	(0,6773 0,8671)
Student	62	0,8489	0,0944	(0,8194; 0,8784)

Practical Solution: The mean and the variances are the same to every professional activity

#### 4.5.3 Professional Activity (PA) with Self-Efficacy (SE)

Practical Problem: Do professional activities (PA) have equal variances and mean with self – efficacy (SE)?

Statistical Problem:

- Test for Equal Variances

$$H_0: \sigma_{\text{Entrepreneur}} = \sigma_{\text{Housekeeper}} = \sigma_{\text{Other}} = \sigma_{\text{Retired}} = \sigma_{\text{Student}} = \sigma_{\text{Private or Public Employee}}: p\text{-value} > 0,05$$

$H_a$ : At least one PA has a different Standard Deviation:  $p\text{-value} < 0,05$

- ANOVA One-way

$$H_0: \mu_{\text{Entrepreneur}} = \mu_{\text{Housekeeper}} = \mu_{\text{Other}} = \mu_{\text{Retired}} = \mu_{\text{Student}} = \mu_{\text{Private or Public Employee}}: p\text{-value} > 0,05$$

$H_a$ : At least one PA has a different Mean:  $p\text{-value} < 0,05$

Statistical Analyses:

Table 17. Test for Equal Variances: SE versus PA

Professional Activity (PA)	N	StDev	95% CI
Entrepreneur	188	0,0788608	(0,0693936; 0,090895)
Housekeeper	72	0,0929381	(0,0746411; 0,120122)
Other	42	0,0808774	(0,0634032; 0,110083)
Public or Private Employee	130	0,0893704	(0,0763482; 0,106781)
Retired	6	0,0765320	(0,0213721; 0,489131)
Student	62	0,0852614	(0,0692073; 0,109708)

NOTE: 95% Bonferroni Confidence Intervals for Standard Deviation

Table 17.1 Levene Test

Method	Test Statistic	p-Value
Multiple Comparisons	-	0,622
Levene	0,45	0,811

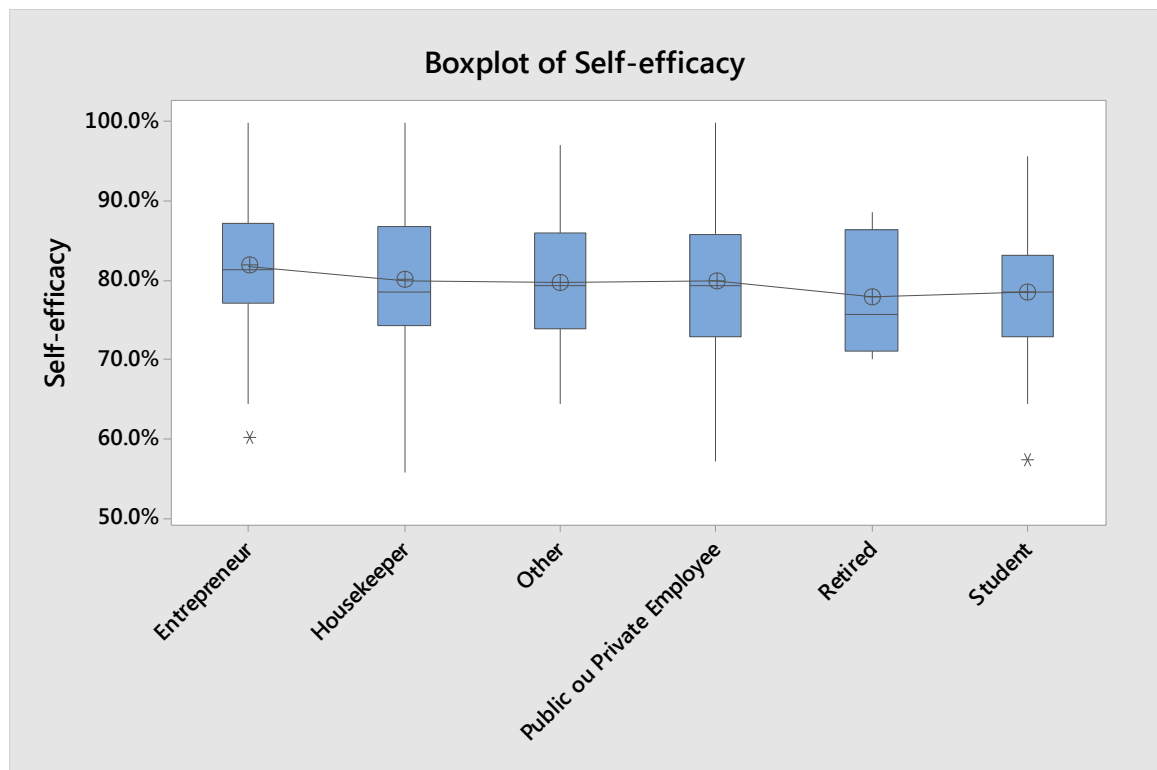


Figure 19. Boxplot of SE versus PA

Table 17.2. Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Professional Activity (PA)	5	0,07160	0,014319	1,99	0,078
Error	494	3,54746	0,007181		
Total	499	3,61906			

## Model Summary

S = 0,0847414   R-sq=1,98%   R-sq(adj) = 0,99%   R-sq(pred)= 0,00%

Table 17.3. Means

Professional Activity (PA)	N	Mean	StDev	95% CI
Entrepreneur	188	0,81839	0,07886	(0,80625; 0,83053)
Housekeeper	72	0,8002	0,0929	(0,7806; 0,8198)
Other	42	0,7963	0,0809	(0,78463; 0,81383)
Public or Private Employee	130	0,79923	0,08937	(0,78463; 0,81383)
Retired	6	0,7786	0,0765	(0,7106 0,8465)
Student	62	0,7850	0,0853	(0,7639; 0,8062)

Practical Solution: The mean and the variances are the same to every function.

#### 4.5.4 Professional Activity (PA) with Financial Risk Propensity (FR)

Practical Problem: Do professional activities (PA) have equal variances and mean with Financial Risk Propensity (FR)?

Statistical Problem:

- Test for Equal Variances

$H_0: \sigma_{\text{Entrepreneur}} = \sigma_{\text{Housekeeper}} = \sigma_{\text{Other}} = \sigma_{\text{Retired}} = \sigma_{\text{Student}} = \sigma_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one PA has a different Standard Deviation:  $p\text{-value} < 0,05$

- ANOVA One-way

$H_0: \mu_{\text{Entrepreneur}} = \mu_{\text{Housekeeper}} = \mu_{\text{Other}} = \mu_{\text{Retired}} = \mu_{\text{Student}} = \mu_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one PA has a different Mean:  $p\text{-value} < 0,05$

Statistical Analyses:

Table 18. Test for Equal Variances: FR versus PA

Professional Activity (PA)	N	StDev	95% CI
Entrepreneur	188	0,118221	(0,105258; 0,134671)
Housekeeper	72	0,110905	(0,091372; 0,139735)
Other	42	0,113652	(0,084892; 0,162352)
Public or Private Employee	130	0,117320	(0,100293; 0,140081)
Retired	6	0,080104	(0,032439; 0,353041)
Student	62	0,104157	(0,083662; 0,135437)

NOTE: 95% Bonferroni Confidence Intervals for Standard Deviation

Table 18.1. Levene Test

Method	Test Statistic	p-Value
Multiple Comparisons	-	0,788
Levene	0,47	0,795

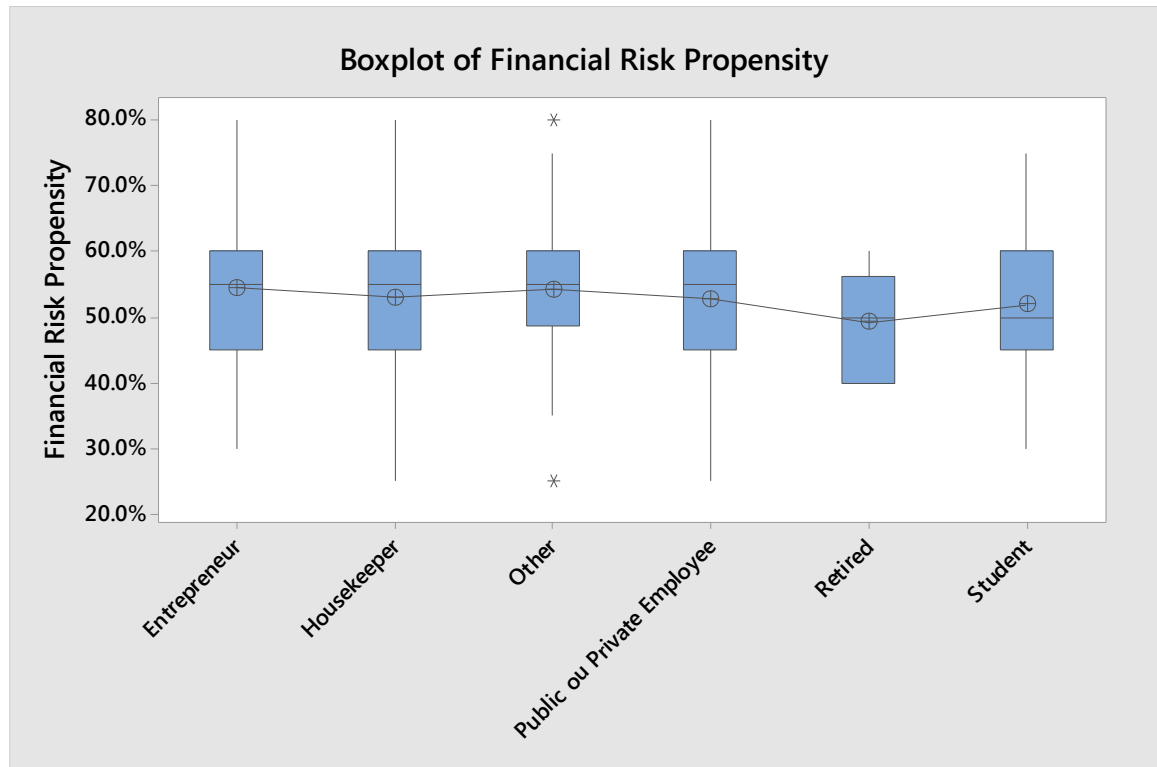


Figure 20. Boxplot of FR versus PA

Table 18.2. Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Professional Activity (PA)	5	0,05292	0,01058	0,81	0,546
Error	494	6,48586	0,01313		
Total	499	6,53878			

### Model Summary

S= 0,114583, R-sq= 0,81%, R-sq(adj)= 0,00%, R-sq=(pred) 0,00%

Table 18.3. Means

Professional Activity (PA)	N	Mean	StDev	95% CI
Entrepreneur	188	0,54415	0,11822	(0,52773; 0,56057)
Housekeeper	72	0,5299	0,1109	(0,5033; 0,5564)
Other	42	0,5417	0,1137	(0,5069; 0,5764)
Public or Private Employee	130	0,5273	0,1173	(0,5076; 0,5471)
Retired	6	0,4917	0,0801	(0,3998; 0,5836)
Student	62	0,5194	0,1042	(0,4908; 0,5479)

Practical Solution: The mean and the variances are the same to every professional activity.

#### 4.5.5 Professional Activity (PA) with Locus of control (LC)

Practical Problem: Do professional activities (PA) have equal variances and mean with locus of control (LC)?

Statistical Problem:

- Test for Equal Variances

$H_0: \sigma_{\text{Entrepreneur}} = \sigma_{\text{Housekeeper}} = \sigma_{\text{Other}} = \sigma_{\text{Retired}} = \sigma_{\text{Student}} = \sigma_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one Function has a different Standard Deviation:  $p\text{-value} < 0,05$

- ANOVA One-way

$H_0: \mu_{\text{Entrepreneur}} = \mu_{\text{Housekeeper}} = \mu_{\text{Other}} = \mu_{\text{Retired}} = \mu_{\text{Student}} = \mu_{\text{Private or Public Employee}}$   
 $p\text{-value} > 0,05$

$H_a$ : At least one PA has a different Mean:  $p\text{-value} < 0,05$

Statistical Analyses:

Table 19. Test for Equal Variances: LC versus PA

Professional Activity (PA)	N	StDev	CI
Entrepreneur	188	0,0635013	(0,0559173; 0,073140)
Housekeeper	72	0,0682283	(0,0553466; 0,087307)
Other	42	0,0709828	(0,0559348; 0,096117)
Public or Private Employee	130	0,0675007	(0,0589050; 0,078953)
Retired	6	0,0377078	(0,0073172; 0,346820)
Student	62	0,0634102	(0,0522211; 0,080419)

NOTE: 95% Bonferroni Confidence Intervals for Standard Deviation

Table 19.1. Levene Test

Method	Test Statistic	p-Value
Multiple Comparisons	-	0,707
Levene	0,76	0,576

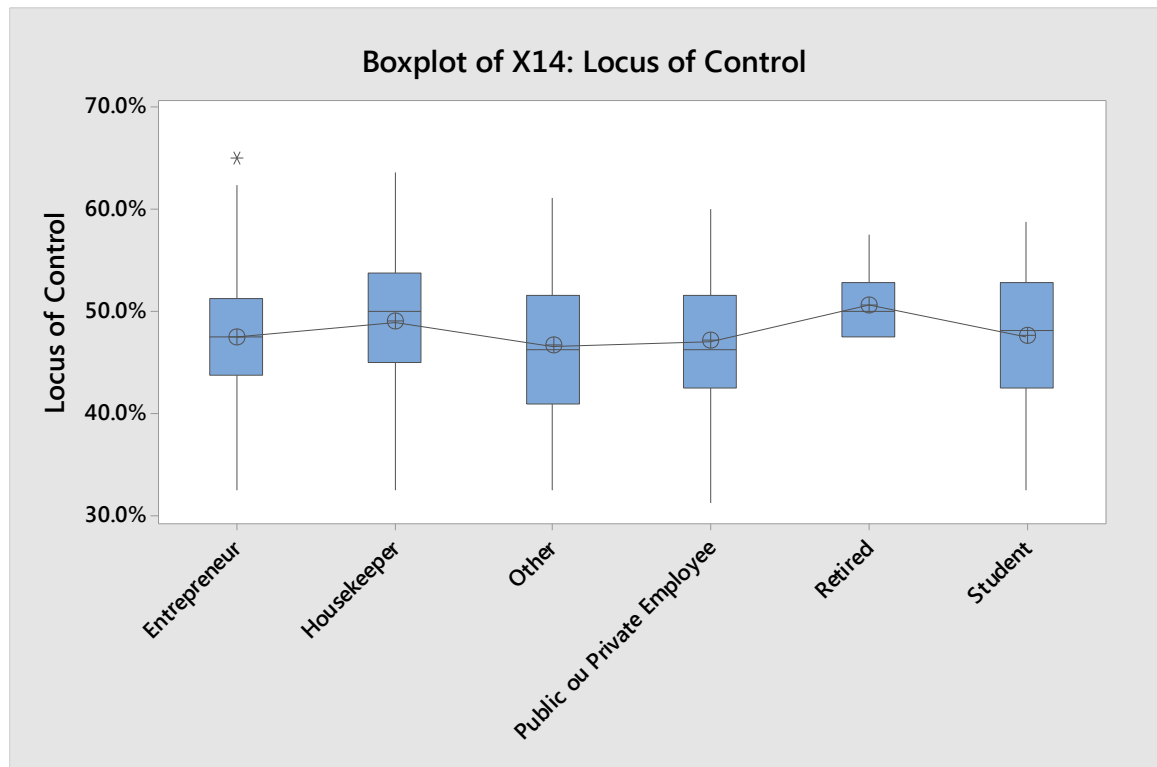


Figure 21. Boxplot of LC versus PA

Table 19.2 Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Professional Activity (PA)	5	0,02782	0,005565	1,29	0,267
Error	494	2,13131	0,004314		
Total	499	2,15913			

## Model Summary

S0=0,656840    R-sq=1,29%    R-sq(adj)= 0,29%    R-sq(pred)= 0,00%

Table 19.3. Means

Professional Activity (PA)	N	Mean	StDev	95% CI
Entrepreneur	188	0,47500	0,06350	(0,46559; 0,48441)
Housekeeper	72	0,48993	0,06823	(0,47472; 0,50514)
Other	42	0,4658	0,0710	(0,4459; 0,4857)
Public or Private Employee	130	0,47058	0,06750	(0,45926; 0,48190)
Retired	6	0,5062	0,0377	(0,4536; 0,5589)
Student	62	0,47581	0,06341	(0,45942; 0,49220)

Practical Solution: The mean and the variances are the same to every professional activity

## 5. CONCLUSIONS

One-person business and small businesses are the backbone of emerging economies and the heart of our communities. The numbers and figures presented along this study serve as a parameter to reinforce direct selling in Brazil as a relevant field of study for universities and for researchers in micro entrepreneurship, informal entrepreneurship and women entrepreneurship.

This study sought to respond the following research questions a) which are the most relevant entrepreneurial behaviors evidenced in SEDSR and b) are those determinants of individual sales performance into the direct selling business and to what extend? Results certainly may hold true for the sample itself, and although cannot be certainly be considered to reflect the reality among all direct sellers, they brought interesting insights to discuss several conclusions and to keep it into account for further studies.

As to the first question, SEDSR exhibit very high levels scores of need of achievement and self-efficacy. Even if scores were calculated based on self-reported answers, the questionnaires used are the most representative to measure these behaviors and had been validated in the past. These two variable show high correlations between them and are the two most important factors to maximize profit results for the SEDSR in the main effect plot analysis. These results have academic and practical implications. Need of achievement and self-efficacy are behaviors with an extensive academic production on the entrepreneurial behavior research and having a significant prevalence in SEDSR, is an evidence they are no exclusive either on opportunity driven entrepreneurs or formal and successful entrepreneurs.

There is substantial evidence that women who perceive higher levels of self-efficacy, demonstrate higher propensity for entrepreneurial behavior and a higher probability of starting their own business. In this research, higher level of self-efficacy produced slightly positive effects on sales profit of SEDSR. Although still low (6.5%), is twice and three times higher than the other 3 correlations between need of achievement, locus of control and risk taking propensity. Out of the four behaviors, self-efficacy is the one that have a higher effect in the main effect plot analysis (0.8-0.94). Specifically, self-efficacy commonly refers to the process of inner transformation, in which women recognize their ability to define their own self-interests and entitlement to make their own choices (Sen, 1999) . For this study, self-efficacy

was understood as a person's belief in their ability to successfully launching an entrepreneurial venture. Further analysis and work should be taken to potentiate this prevalence that seems already this inner transformation took place for most SEDSR with access to economic opportunities for them and increase their entrepreneurial activities outside direct selling.

Continuing with the results analysis and connecting the dots, it seems direct selling in Brazil continues to be mainly an activity that offers income for women at the base of the pyramid or as a supplementary income for lower middle class. Closed to 38% of the respondents reported monthly earnings up to R\$250 and another 35% up to R\$500. As seen in the literature review, the chances of women radically improving their socio economic status are small, and although the success stories are constantly retold by the direct selling companies, the average SEDSR will not become wealthy through her work selling. Extraordinary success stories are rather than commonplace. Next question that must to be asked is: how come high levels of need of achievement and self-efficacy can co-exist with such a low profit?

A potential answer can be found in a concept Chelekis investigated in 2010 in an ethnographic work with SEDSR in the Amazonia, Brazil. She affirmed most direct sales representatives consider themselves successful. After the analysis of the results and the literature review, it may be directionally correct to say that for SEDSR success is measured by other elements besides profit itself. One hypothesis could be that for them, success is measured by the independence they conquer, sense of independence, operating their own business while still providing their families with a conservative financial support. They often have no real idea of their profitability, but measuring success could even reside only in their ability to pay their bills. It can be concluded then, that engaging women in direct sales work, even with little to no profits, generally is a powerful game changer in terms of self-efficacy when they becomes part of decision-making at home. Finally in the literature review it was also found some evidence that microentrepreneurs are in some elements quite the opposite of macro-entrepreneurs, having a different and often unique view of success, which is not always related with the venture creation or the profit itself.

Finally, need of affiliation can also explain partially the results. Although need of affiliation was out of scope for this study and it was not identified as a key entrepreneurial behavior, within the motivation questionnaire, we can see high levels of scores on need of affiliation

(0.74). Typically in direct sales the relationship component is very strong: the meetings, making friends, selling to friend, feeling part of something bigger are elements core within the communication strategy in direct sales operations. Stewart, Courtright, & Barrick (2012) found that for people that care about the people they work with, sense of belonging motivates them more to work than money. Additionally, the researchers found that peer pressure plays a role in this and direct sales representatives do not want to disappoint their peers or zone managers; hence, the motivation of pleasing the other is more powerful than the earnings.

With respect of length of time respondents have been in direct selling versus the low profit earning reported, it can be concluded as per the literature review, that most of them entered to direct sales by necessity and remain there. Only a small percentage apparently did the progression from necessity to opportunity entrepreneurship (26% have been in direct selling for more than 3 years and only 2.31% made it to earn above R\$1000 monthly), these results raise reasonable questions regarding the earning possibility or if many of them desist in the middle of the entrepreneur journey and became buyers for self-consuming. It seems the effort they do and even with high level of self-efficacy and need of achievement is not enough cross that threshold. While outside observers have praised direct sales companies for empowering women, others worry about the potential exploitation of female sales rep.

One surprising result from the above-mentioned analysis is the finding that the self-efficacy is high but the locus of control is twice as low. However there is a study done by the university of Alabama called “Self-efficacy, locus of control and entrepreneurial intentions an exploratory study of black Americans”, which results show a similar trend that SEDSR. One of the conclusions is that although blacks may exhibit high entrepreneurial self-efficacy, their locus of control will influence their entrepreneurial intentions. In the case of SEDSR since most of them belong to the base of the pyramid, a similar underline explanation may be encounter.

On the first question, regarding risk propensity taking, both economic theory and every-day observation suggest that risk-taking or risk-propensity are important aspects of running a business. In this study, scores on financial risk propensity is medium. In the last few years there has been a debate if risk taking or risk-propensity is what actual differs in an entrepreneur or more than that, self - confidence. This element was not included into the research but can we can infer is that a medium score is more related to the risk the SEDSR

face especially at the moment of collections. The commission they earned based on the amount of sales is not cash deposited to her, but it is a discount on the price that is at the sale catalogue. She has to close the sale, deliver the product and once she gets paid she retains between 25%-30% of it. If SEDSR is not successful in collecting money from her customers, this could damage in many cases family's credit rating and can make the family ineligible for agricultural loans and assistance. Although many of the women have ambitious income aspirations, others lack the highly motivated, confident, "go-getter" attitude that is necessary to effectively collect orders and payments from their neighbors.

Going back to the original research questions, as far to the results of the second questions, they are opposed to the expected. Predicting sales performance with regression analysis, based on these entrepreneurial behaviors as independent variables, did not confirm the four hypotheses. No one of them show a predictive value. That neither NA, SE, LC nor RP, shows any predictive validity is remarkable. In some fields, it is entirely expected that r-squared values will be low. For example, any field that attempts to predict human behavior, such as psychology, typically has r-squared values lower than 50%. humans are simply harder to predict than, say, physical processes. However, the result of this study may conclude based on our research questions that, having entrepreneurial behaviors are important but it is not enough to guarantee or to predict successful sales. Only personality traits and motivators are not on their own the determinants and predictors of entrepreneurship. In fact, it is most certainly a quite complex combination of many factors. In the second regression model when the four behaviors are put together the prediction level increase to 7%, and lastly when the rest of the variables are put in one single model ( age, time as a direct seller, etc), the correlation increases to 24% considering a strong correlation.

The results this study bring could be a starting point as well for the society in general and the local governments so they can increase effectiveness of supporting programs for micro entrepreneurship. Companies and governments need to continue to run or sponsor programs that empower woman.

Finally, the literature review and the field research highlight the complex role of environment and culture in the formation of micro-entrepreneurship networks in emerging markets. The most probable reason for this seems to be that the entrepreneurs do not function in isolation

from environmental factors. Complementing quantitative research by mix procedures will enrich even more this knowledge field.

There still a lot of questions to answer that the survey itself was not capable to do. Mix methods procedures could be very beneficial to complement the results. In terms of volunteer bias / self-selection bias, although, the sampling was random, the present research analyzes data on SEDSR who volunteered to respond. Whenever self-selection bias exists, the actually studied sample may not be certainly taken as representative of the target population.

Nonresponse bias / missing data bias: Due to the low response rate (only 0,7%), results may be applicable to the portion of the sample that are more “connected” and have internet access on a more frequently basis.

This work has a tremendous value to the direct selling companies since it will allow them to better understand in a more statistical way what type of behaviors and combinations of behaviors will take their SEDSR to success. The results of this study will allow them as well to make better and smarter decision when making the investment on recruitment and also on training efforts. Practices oriented to developing self-efficacy beliefs and entrepreneurship characteristics should continuing taking a part in the direct sales value preposition.

Direct selling will continue to be is an excellent breeding ground to study entrepreneur and need of achievement , locus of control , risk taking propensity and self-efficacy are behaviors that can rate high in population coming from the base of the economic pyramid even if they don't have had the education opportunities.

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## **Annex 1**

### Questionário Final

Olá,

O tema dessa pesquisa é Atitude Empreendedora na Venda Direta no Brasil. Desejamos compreender como você atua nesse mercado para podermos gerar um estudo que será usado para discussão em ambiente acadêmico.

As respostas serão analisadas de maneira global (ou seja, não individual), garantindo a confidencialidade e o anonimato de todos os participantes. Não é preciso se identificar para participar da pesquisa. Responda às questões assinalando a alternativa que melhor reflete sua opinião. Pretende-se que a sua resposta seja espontânea e que descreva aquilo que sente, por isso assinale a primeira resposta que lhe pareça a mais adequada. O tempo estimado de preenchimento é de 15 minutos.

Não existem respostas certas ou erradas, o que importa é a sua opinião.

Muito obrigado!

### **Parte I**

Q1 A quanto tempo você é revendedor ou é consultora na venda direta

- ☐ Menos de 6 meses
- ☐ Entre 6 meses e um ano
- ☐ Entre 1 e 3 anos
- ☐ Entre 3 e 5 anos
- ☐ Mais de 5 anos

Q2 Qual o seu lucro em média por mês, somando todas as marcas / produtos que revende

- ☐ Menos de R\$ 250
- ☐ Entre R\$250 e R\$500
- ☐ Entre R\$ 500 e R\$ 1000
- ☐ Entre R\$1000 e R\$3000
- ☐ Entre R\$3000 e R\$6000
- ☐ Mais de R\$6000

Q3 Quantos produtos (número de unidades) em média por mês, somando todas as marcas que você revende

- ☐ Até 10 produtos
- ☐ Entre 10 e 30 produtos
- ☐ Entre 30 e 50 produtos
- ☐ Entre 50 e 100 produtos
- ☐ Mais de 100

Q4 Quanto tempo por semana, em média, você se dedica a atividade de revender?

- ☐ Menos que 1 dia por semana
- ☐ Um dia por semana
- ☐ 2-3 dias por semana
- ☐ 4-6 dias por semana
- ☐ Diariamente

Q5 Qual e a sua idade

- ☐ Menos de 18
- ☐ 18 - 24
- ☐ 25 - 34
- ☐ 35 - 44
- ☐ 45 - 54
- ☐ 55 - 64
- ☐ 65 - 74
- ☐ 75 - 84
- ☐ 85 ou mais

Q6 Qual sua ocupação?

- ☐ Autônomo / Empreendedor / Trabalho por conta própria
- ☐ Funcionário de empresa pública ou privada
- ☐ Aposentado
- ☐ Estudante
- ☐ Dona de Casa
- ☐ Outro

## Parte II

Responda o quanto você concorda com as seguintes afirmações

Q7 Consegue sempre resolver problemas difíceis se se esforçar o suficiente

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q8 Se alguém for contra, consegue encontrar os meios e as formas necessárias para conseguir o que quer

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q9 É fácil manter-se fiel aos seus objetivos e atingi-los

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q10 É confiante de que consegue lidar de forma eficiente com os eventos inesperados

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q11 Graças às suas competências e capacidades, sabe que consegue lidar com situações imprevistas

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q12 Consegue resolver a maioria dos problemas se investir o esforço necessário

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q13 Quando confrontado com situações difíceis, consegue permanecer calmo(a) porque pode confiar na sua capacidade em estar à altura da situação

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q14 Quando confrontado com um problema, consegue, normalmente, encontrar várias soluções

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q15 Se está com dificuldades, consegue, normalmente, pensar numa solução

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q16 Normalmente, consegue lidar com qualquer coisa que se depare no seu caminho

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q17 Pensa frequentemente em tornar-se um empreendedor(a)

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q18 Gostaria de se ver como empreendedor(a)

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q19 Tornar-se um empreendedor é uma parte importante de quem é

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q20 É importante para você expressar as suas aspirações empreendedoras

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

### **Parte III**

Escolha a afirmação em cada série que melhor descreve você

Q21 Gosto de aperfeiçoar constantemente as minhas competências pessoais

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q22 Gosto de ser solidário com as outras pessoas, mesmo que não sejam das minhas relações

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q23 Esforço-me para melhorar os meus resultados anteriores

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q24 Sinto satisfação quando vejo que uma pessoa que me pediu ajuda fica feliz com o meu apoio

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q25 Gosto de saber se o meu trabalho foi ou não foi bem realizado, para eu fazer melhor no futuro

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q26 Tento fazer o meu trabalho de modo inovador

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q27 Sinto-me satisfeito por trabalhar com pessoas que gostam de mim

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q28 No trabalho como revendedor(a) procuro fazer cada vez melhor

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q29 No trabalho como revendedor(a), gosto de ser uma pessoa amável

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q30 Me agrada a satisfação de terminar uma atividade difícil

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

Q31 Fico preocupado quando sinto que, de alguma forma, contribui para o mal-estar das relações no trabalho como revendedor(a)

- ☐ Descreve-me extremamente bem
- ☐ Descreve-me muito bem
- ☐ Descreve-me
- ☐ Descreve-me levemente bem
- ☐ Não me descreve

#### **Parte IV**

Para cada uma das seguintes afirmações, por favor, indique a probabilidade de se envolver em cada atividade ou comportamento. Lembre-se que não há respostas certas ou erradas

Q32 Acampar num ambiente selvagem

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q33 Apostar o valor de um dia de trabalho em corridas de cavalos

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q34 Investir 10% do seu rendimento anual num fundo de crescimento moderado

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q35 Discordar sobre um assunto importante com alguém com autoridade

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q36 Apostar o valor de um dia de trabalho num jogo de poker de apostas elevadas

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q37 Ter um caso com um(a) homem/mulher casado(a)

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q38 Fazer sexo sem proteção

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q39 Revelar o segredo de um amigo (a) a outra pessoa

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q40 Conduzir um carro sem usar o cinto de segurança

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q41 Investir 10% do seu rendimento anual numa nova oportunidade de negócio

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q42 Ter uma aula de paraquedismo.

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q43 Andar de moto sem capacete

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q44 Tomar sol sem protetor solar

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q45 Voltar para casa sozinha (a) a pé durante a noite por uma zona insegura da cidade

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q46 Mudar-se para uma cidade longe do seu núcleo familiar

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

Q47 Deixar as suas crianças sozinhas em casa enquanto vai tratar de um assunto

- ☐ Provavelmente sim
- ☐ Parcialmente provável
- ☐ Nem provável nem improvável
- ☐ Parcialmente improvável
- ☐ Extremamente improvável

## Parte V

Responda o quanto você concorda com as seguintes afirmações

Q48 Você é uma pessoa que consegue prever as dificuldades e tomar atitudes para evitá-las.

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q49 Todos sabem que a sorte e o acaso determinam o futuro das pessoas.

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q50 Você é uma pessoa que SÓ consegue controlar os seus problemas quando tem apoio dos outros.

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q51 Quando você faz planos, está quase certo que pode realizá-los

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q52 Seus problemas vão te dominar por toda a vida

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q53 É de sua responsabilidade lidar com seus problemas e seus erros

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q54 Tornar-se um sucesso é uma questão de trabalho duro. Sorte tem pouco ou nada a ver com isso

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q55 Sua vida é controlada por ações dos outros e por acontecimentos externos

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q56 As pessoas são vítimas de circunstâncias que estão além do seu controle

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q57 Você sempre precisa de ajuda profissional para lidar com seus problemas

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q58 Quando você está sob estresse, você NÃO consegue controlar a tensão dos seus músculos

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q59 Uma pessoa pode realmente ser dona do seu destino

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q60 Quando você está enfrentando dificuldades, você NÃO consegue controlar sua respiração ofegante

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q61 Você sabe por que seus problemas variam tanto de uma ocasião para outra

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q62 Você acredita ser capaz de lidar bem com problemas futuros

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

Q63 Você conta principalmente com a sorte para manter seus problemas sob controle

- ☐ Concordo totalmente
- ☐ Concordo
- ☐ Nem concordo nem discordo
- ☐ Discordo
- ☐ Discordo totalmente

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- ☐ sim

MUITO OBRIGADO!!!!