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# Business behaviors in Brazil and the USA

## Understanding the gaps

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**Abstract** *The purpose of this paper is to explore the similarities and differences between selected behaviors of USA and Brazilian business people that can lead to unintended and unexpected conflicts when businesses from one country engage in business ventures in the other. Data were collected through informal interviews with business people and personal observations in both countries over several years. The Hofstede typology of Cultural Dimensions is utilized to compare and contrast the business behaviors typically found in each nation that can act as major sources of misunderstandings impeding the growth of business relations. Potential points of conflict are identified that can help members of the business communities in both nations better anticipate the issues and adapt their business practices to the requirements of successful Brazil-USA business ventures. Additional research and improved dissemination of results are needed to identify more clearly the issues and paths forward for overcoming these barriers.*

### Background

Brazil is South America's largest economy, occupying 49 percent of its landmass. Prior to the 1990s, the country had one of the most closed economies in the world. Since then, Brazil has emerged as a nation on the move due to its embracing of democracy and adoption of measures to open its economy to more trade and business relationships with other nations. This process has included trade liberalization through phasing out of trade barriers and creation of MERCOSUL (*Mercado Comum do Cone Sul* or Common Market of Southern Cone). Other changes include the relaxation of foreign direct investment controls and privatization of state-owned monopolies.

These economic reform measures have had a strong impact on the way business is conducted in Brazil. The expansion of a freer market economic system has greatly increased the type and amount of competition local firms can expect to face over time. This growing attractiveness of the Brazilian market, especially after the introduction of the Real Plan in 1995 that brought price stability to the economy, has rekindled the interest of the international business community in Brazil.

This rekindling has included a growing interest in business ventures between Brazilians and Americans. The USA is one of the largest potential markets for Brazil. In turn, Brazil is home to numerous US multinational corporations. Personal working experience in both countries and informal interviews and discussions with business people from both nations confirm that each side harbors misperceptions and stereotypes about the other that hamper the development of solid business relationships. For example, if US business people are asked about their dealings with Brazilians, common negative stereotypes include "Brazilians don't stick with the



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schedule,” “Brazilians are not serious and don’t follow through with commitments” or “Brazilians don’t want to work; they are only interested in soccer and ‘Carnaval’”. On the other hand, Brazilian business people tend to view Americans as “arrogant, rude and shallow,” as “only concerned with making money,” or as “not having respect for Brazilians.” Ignorance about Brazil’s history and size is a particular irritant, since the Brazilians are very proud of their Portuguese heritage, their dominant economic role in the Southern hemisphere and the fact that the physical size of Brazil is about the same as the continental USA.

## Purpose

The purpose of this paper is to compare and contrast the business behaviors typically found in each nation, as a means of better understanding the major sources of misunderstandings that tend to impede the growth of business relations. The intent is to provide a framework for identifying and managing the issues, rather than reinforcing any cultural stereotypes. It is recognized that all of the businesses in each country do not behave in the same manner. Factors such as the size and nature of the business (manufacturing versus service), rate of growth and maturity of industrial sector in which operate, access to capital, international business experience, etc. will have a large impact on business practices. However, broad generalizations can be made that offer valuable insights into the similarities and differences in approaches to business. As a basis for understanding behaviors, it is necessary first to discuss the underlying cultural values that are the basis for selected business practices. To this end, Hofstede’s “Dimensions of Cultural Values” are used to provide a framework for identifying and describing the behaviors for comparison purposes.

## Hofstede’s dimensions of cultural values

According to Hofstede (1997), a nation’s cultural values can be categorized according to the following dimensions:

- power distance;
- individualism/collectivism;
- masculinity/femininity; and
- uncertainty avoidance.

The dimensions are defined below. Hofstede’s classification of Brazilian and the US cultures according to these four cultural dimensions is then summarized in Table I.

Cultural dimensions	Brazil	USA
Power distance: high versus low	Relatively high	Relatively low
Individualism versus collectivism	More collectivist	Individualistic
Masculinity versus femininity	Middle	Tend to masculine
Uncertainty avoidance: strong versus weak	Relatively strong	Relatively weak

**Source:** Adapted from Hofstede’s tables with country rank positions of 50 countries and three regions on power distance index (Hofstede, 1997, p. 26), individualism index (Hofstede, 1997, p. 53), masculinity index (Hofstede, 1997, p. 84), and uncertainty avoidance index (Hofstede, 1997, p. 113)

**Table I.**  
Brazil-USA classification  
according to Hofstede’s  
dimensions of cultural  
values

The power distance dimension can be viewed as reflecting the degree to which members of a society accept and openly acknowledge the hierarchical differences in that society. Power distances can range from being relatively small (low – all treated as equal) to relatively large (high – differences openly acknowledged). Thus nations exhibiting small power distance tend to have societal members treating each other on a more informal or collegial basis, as social equals who are interdependent. Neither behaves as if he/she is highly dependent on the other for his/her wellbeing. In this situation, decision making tends to be more participative or consultive, with every voice treated, on the surface at least, as having the same value or weight as the others.

The individualism versus collectivism dimension can be viewed as reflecting the degree to which members of a society see themselves as independent actors capable of managing their personal and business affairs without a strong, life-long allegiance to a larger social group beyond that of their immediate family. Nations categorized as individualistic tend to have members who place a great deal of importance on their personal autonomy, individual time allocation and personal gratification. Individuals tend to be focused on attaining results that will yield personal gains, and behave as if empowered to make independently the decisions required to meet their needs and desires, without needing to seek the input of others in a larger social group. In a collectivist society, an individual's immediate and extended family tends to be the center of his/her life-long identity and loyalty. In the organizational context, he/she depends on his/her employer to provide him/her with training, job security and advancement that will benefit him/her and his/her larger social group.

The third dimension, masculinity/femininity, can be viewed as reflecting the degree to which societies value and reward group-focused cooperative and nurturing efforts, instead of valuing individual assertiveness and competition for advancement and recognition. In societies categorized as being more feminine, members tend to focus on being cooperative, on caring for others, on building long-term relationships, and working to be recognized as contributing to the greater good of the group/organization. Social control, rather than direct performance management in the workplace, is key for guiding behavior. In masculine societies however, members tend to more transaction-oriented in their relationships and give more importance to individual competitive efforts and achievement. They also tend to be more self-reliant and more focused on receiving recognition and monetary rewards for individual excellence. Performance of tasks and adherence to schedule are the key control devices in businesses operating in a masculine-oriented society.

The final dimension, uncertainty avoidance, can be viewed as reflecting the extent to which members of a society can tolerate ambiguity and uncertainty. In societies classified as having a “weaker” aversion to uncertainty, its members are less anxious and more readily take unfamiliar risks, are more willing to make decisions that ignore or break the rules, and behave as if they have control over the outcomes when taking action. In “stronger” uncertainty avoidance societies, members tend to be risk-averse, delay decisions in the hope that things will work out, and rely on means other than direct action to maintain some semblance of control over the process, but not necessarily the outcomes.

## Discussion

### *Power distance*

Behavioral indicators of the Brazilian relatively “high” power distance include deference to hierarchy and selective use of language. The opinions and desired of the

senior people carry much more weight than those of others involved in the process. The free-wheeling, open, participative discussions believed to characterize the US approach to decision making, regardless of differences in hierarchy among the participants, are not as common in the Brazilian business arena. Since "who you are" is more important than "what you do/or what you can do," great importance is given to assuring that the key players in the business venture have been identified and appraised before moving too far in the relationship. This is because what can be accomplished will depend to a large extent on the appropriateness of the status and importance of the players. It is common for a Brazilian manager to address a senior officer as "*Senhor*" or "*Senhora*," especially in the presence of US visitors. In the case of exceptionally senior people in the private sector, and high-ranking offices in government organizations, it is common to address them as "*Vossa Excelencia*" (Your Excellency). It is widely recognized that Brazilian Portuguese is more of an art form than it is an efficient business communication device, especially in formal business settings. What is said and how it is delivered will vary greatly by person, and by situation.

The Brazilian managers see themselves as behaving appropriately when deferring to the decisions of the boss, especially when done with appropriate elegance. The less senior people show the proper respect to senior people, thus acknowledging their higher status and power over the fate of the more junior person, while also demonstrating the less senior person's deftness at communicating the appropriate message, in a socially desirable manner, at the right time in the process. However, the American counterpart in the process sees this behavior as a sign of weaknesses, an unwillingness to speak-up and express one's opinion, and poor, if not evasive, communication. The Brazilian subtlety and perceived lack of clarity regarding business goals and issues can become quite frustrating for the American parties, many times derailing the business venture early in the negotiation process. Americans miss the fact that Brazilian business people are tough but elegant negotiators, who must be taken seriously. They are frequently misled by the friendliness and sociability which characterizes the elegant behavior of their counterparts. The shift to a first name basis too early in the relationship may cause the American business person to appear rude and disrespectful.

The desired business communication style for Americans, who tend to be rated lower on the power distance dimension, is clear, explicit and direct. At the extreme, the English language is to be used as a tool for communicating business goals and strategies in a precise and efficient manner, regardless of the gender or stature of the listener. The same message is to be sent to all, regardless of their role in the organization. This democratic use of language largely precludes the use of differential terms that would clearly indicate large differences in status within the business environment. For the Americans, the stated purpose and goals of the proposed business relationship predetermines the key players. After all, the Americans want to assign the people best qualified to execute the predetermined tasks within the agreed-to time frame. Concerns about status are acknowledged, but tend to be down-played in comparison to Brazilian practices.

The Americans see their behavior as quite appropriate. They have stayed focused on the task and have tried to select the best-qualified people for the assignment. They have communicated clearly about the issues at hand, agreeing or disagreeing with the statements made on their merits alone, regardless of the speaker. And most importantly, they have demonstrated their respect for their business colleagues by treating the others involved in the venture as social equals. For the Brazilians,

however, this behavior is found to be somewhat rude, demonstrating a lack of manners and proper respect for authority. It is common to hear them call their American counterparts "*caboclos*," or naïve country bumpkins whose reckless behavior can result in the loss of favor with the "patron," and abandonment of the business venture.

*Individualism versus collectivism*

Brazilians give more value to family and group-centered collective actions than do Americans. Individual initiative without family or group involvement is not the norm. Brazilians do not see themselves as being individually empowered to make the decisions needed to attain personal goals. Given this life-long dependency on the extended family and social group, the tendency is to utilize social means to direct and control individual behavior. For example, many work place performance issues are dealt with indirectly by family or social group members, rather than dealt with openly in the organization. For this reason, a great deal of emphasis is put on developing personal relationships with potential business partners. The establishment of a personal relationship creates the potential of using social means to manage conflict. For this reason business discussions, especially in the early phases of the relationship, tend to be intertwined with personal and family discussions and issues. It is for the benefit of the group that direct conflict needs to be avoided, to the extent possible. Business success depends to varying degrees on extended family support and on membership in the right "*panela*," or tightly interwoven group of professionals who have made a lifetime commitment to help each other progress in the business world.

Successful use of social sanctions to control individual behavior, and thus avoid direct confrontation and possible conflict, is viewed as desirable behavior. Intertwining of personal goals with those of other pertinent groups is also highly valued. Brazilians feel that this demonstration of loyalty to the group will earn them a secure place and advancements. The Americans, however, tend to view this kind of behavior differently. Extensive reliance on others when making business decisions can be interpreted as a sign that the individual might not know what he/she wants. It can also be viewed as a sign that the individual has difficulty making decisions, due to an over dependence on others. Avoidance of performance issues may be perceived as a sign that Brazilians cannot deal with difficult situations. The Brazilian emphasis on relationship building includes the introduction of non-business/personal issues into a business context. Americans tend to view this behavior as a waste of time, and possibly an invasion of personal space.

In an individualist culture such as the US culture, individuals tend to view themselves as being empowered to make the decisions needed to meet one's own goals. Intermixing of business and personal issues is to be avoided, as this can result in a lack of focus and a waste of time. Individual performance issues are to be acknowledged and dealt with directly. Conflicts are to be expected and are best dealt with in a direct and open way. Personal excellence can be identified, should be recognized and should also be rewarded.

The American executive who behaves this way normally feels that he/she is demonstrating professional excellence, and should be recognized for this. They should also be well rewarded for successful resolution of problems and attainment of clearly defined business goals. However, Brazilians tend to be put off by what they view as self-centered behavior. Attempts to deal directly with performance problems will cause unnecessary conflict and normally will damage long term relationships with important

others. This American focus on "me" is viewed as being egotistical, and will ultimately have a negative impact on the greater good.

### *Masculinity versus femininity*

Brazilians fall on the middle ground on this dimension. The current business and social legislation that defines worker rights, including a mandatory national minimum wage, tends toward the feminine side. Businesses are viewed as having two "equally" important purposes, ensuring long-term profitability of the firm and creating and maintaining jobs. These rules have a maternalistic bent that make it very difficult to lay workers off or to close a business. Although cooperative, they are not altruistic: the beneficiaries of their non-mandated support tend to be members of their immediate social and family groups. The hiring of family members is considered to be a good practice. It provides income to the family and assures a supply of employees whose performance can be managed through the use of social controls. Since the purpose of work is to provide the income needed to live, time should be used flexibly in order to enjoy life. Two-hour business lunches are still quite acceptable in many cases, especially since they contribute to the building of relationships.

The Brazilians view these kinds of behaviors as benefiting others and contributing to the social good. Since they work to live, these actions are taken to make life more enjoyable and secure. In contrast, the Americans express frustration with the rigid work rules put in place ostensibly to protect employee rights. The widespread nepotism is also a cause for concern, since people are assigned positions based on who they are, rather than their qualifications. The Americans would prefer to have more discretionary control over employee advancement and greater freedom of action. They view such practices as being inefficient and time wasting.

The Americans are classified as more masculine on this dimension. The dominant business model allows much more latitude to management over the hiring and firing of employees. Efficient use of time is valued more highly than are long, relationship-building lunches and weekends. It is more important to have well-defined, challenging goals that are clearly communicated, than to waste time on long, unfocused discussions. The Americans tend to see themselves as efficient, high achievers who are making responsible use of scarce resources. The Brazilians interpret this behavior differently. They view the US flexible labor practices as uncaring, the lack of interest in relationship building as insensitive and the emphasis on goals, regardless of who is involved, as arrogant.

### *Uncertainty avoidance*

The Brazilian "strong" level of uncertainty avoidance underlies their tendency to explore a broad range of options when considering a business opportunity, avoid taking action prematurely, and focus more on relationship building and creating trust before making final decisions. Brazilian business people do not share the American perception that time is valuable, limited and must be used in an economic fashion if an agreement is to be reached. Rather than narrowing the focus and hammering out the details of the business agreement early on, the Brazilians prefer to take time to explore a broader range of options, learn more about their potential business partners and develop a personal relationship based on trust. Social control through personal relationships, rather than forms of direct action such as adherence to agreed-to tasks and schedules, is the preferred way of managing uncertainty. According to Barbosa

(1995), if problems occur later in the venture, one can “*dar um jeitinho*” to resolve the issue.

Barbosa (1995, p. 36) states that the translation of the expression *dar um jeitinho* is to pull a string or to cut through the red tape, it does not imply “breaking rules or using personal resources”. She also states that:

[...] it is important to emphasize that Brazilians distinguish the *jeitinho* from related social practices such as corruption or favor ... The *jeitinho* differs from corruption because it does not necessarily entail any kind of monetary gain or influence peddling. Unlike corruption, the *jeitinho* involves a way of talking with the other person, a special ethos, and a sense of special relationship ... (Barbosa, 1995, p. 40).

The typical Brazilian manager behaving this way sees himself/herself as being flexible and resourceful and thus avoiding or minimizing unfamiliar risks and uncertainties. Decades of dealing with runaway inflation, adjusting to abrupt policy changes, and navigating through periods of serious economic uncertainty have created a Brazilian business elite that is imaginative, flexible and quite capable of dealing with the unexpected. The broad search of options helps one be better prepared for all events and reduces the chances of missing out on a good, but as yet unidentified opportunity. Since no one can predict, much less control, the outcomes of a venture, it is much better to focus one's energies on trying to exert some control over the process. Thus the *jeito* is an adaptive mechanism for resolving divergent or complex issues and reducing uncertainty by managing the process. In contrast, the Americans view Brazilians as unwilling to assume commitments and making poor use of their time. The Brazilian flexible use of time, tendency to intermix personal and business relationships, and practice of dealing with many things simultaneously appear unfocused and evasive to Americans. A typical American complaint is that Brazilians are not “serious.”

Americans prefer to define clearly the issues, stick to the task, and keep things moving. Clear objectives and timetables are the guide to action. Personal issues can be important, but they must be kept separate. It is best to focus on a few key issues at a time, with business issues coming first. Any mistakes made or risks incurred by taking action prematurely can be dealt with later by the lawyers. Focus and efficiency can assure attainment of outcomes.

The Americans tend to see themselves as being exceptionally good business people; they are focused, pragmatic, able to define a clear path forward and make good use of their time. Often the Brazilians do not interpret such behavior in the same way. They view Americans as making ridiculous assumptions regarding what can be known with certainty about today or the future, and as taking unnecessary risks in unfamiliar areas that may well damage the relationship later on. The assumption that one can control the outcomes of a venture by good planning and scheduling is viewed as being overly optimistic, if not naïve. The tendency of focusing on a limited range of issues gives the Brazilians the impression that the Americans are “*bitulado*” (too narrowly focused) and lack imagination. The results of this analysis of the four dimensions are summarized in Table II.

### Concluding remarks

The Brazilian societal values and behaviors, with their roots in the more conservative Portuguese culture, have evolved over time to meet the economic and social challenges that characterize this New World experience in the Southern Hemisphere. These are evident in their business practices, with lifelong dependency on an extended

Hofstede's dimensions of cultural values	Behavior of Brazilian manager	Brazilian perception of own behavior	American perception of Brazilian behavior	Behavior of American manager	American perception of own behavior	Brazilian perception of American behavior
Power distance	Defer to seniors	Respects status	Weak, not able to voice opinion	Clear explicit, direct	Egalitarian	Rude
Brazil: high	Balance by status	"Who you are"	Poor selection	Pick the best qualified	Results focused	Disrespectful
USA: low	Vary message by receiver status	Effective communicator	Poor communicator	Same message for all receivers	Treat others as social equals	Reckless, difficult to work with
Individualism: USA	Collective decisions	Concern for others	Cannot make difficult decisions	Focus on own goals	Empowered	Self-centered, greedy, egotistical
Collectivism: Brazil	Indirectly manage performance	Effective use of social control	Avoiding problems	Directly deal with performance issues	Effective conflict management	Cause avoidable conflict
Masculinity	Stringent work rules	Caring for employees	Cost adding, inefficient	Hire and fire flexibility	Assuring competitiveness	Uncaring
Brazil: middle	Hiring family members	Contributing to greater good	Favoring own over others	Hiring the best qualified	Assuring success of company	Foolish
USA: high	Flexibly using time and leisure	Work to live, relationships important	Wasting time and resources	Work hard, stay focused	Responsible use of scarce resources	Insensitive, arrogant
Uncertainty avoidance	Explore many options, delay decisions	Avoid premature action, manage risk	Avoiding commitment	Focus early on best options	Clear goals, focused	Narrow, lack imagination
Brazil: strong	Employing <i>jeito</i>	Controlling process	Being evasive	Managing task and schedule	Assuring positive outcomes	Optimistic, naïve
USA: weak	Mix business and personal	Develop relationships	Lack focus and wasting time	Emphasize business issues	Efficient, seeking excellence	May not be trustworthy

**Table II.**  
Behavioral differences  
between managers in  
Brazil and the USA



family/social group as a key characteristic of the mindset that drives behavior. These include a high level of social formality, being more group-oriented, being less willing to take unfamiliar risks, and being more likely to pay attention to quality of life. These behavioral patterns were identified in Hofstede's work and have been used here as a means of describing how the Brazilian business culture differs from dominant American practices. Brazilians pay more attention to relationship building, tend to have a life-long dependency on and commitment to a social group, use time as a flexible resource, and consider a broad range of options and questions when exploring a potential business opportunity. Brazilians are very resourceful people who use the *jeito* to help manage uncertainty and resolve conflicts as the business effort moves forward.

The American societal values and behaviors, with their dominant roots in the Protestant ethics inherited from the British culture, have evolved over time to meet the economic and social challenges that characterize this New World experience in the Northern Hemisphere. Evident in the American business practices is the driving need for individual achievement and reward as a key characteristic of the American mindset that drives behavior. Entrepreneurship and individual initiative are highly valued in the American business culture. It is widely believed that individuals in this society are empowered and are capable of changing the course of the world.

Brazil and the USA are nations sharing the same Western Hemisphere. Serious consideration is being given to the formation of a Western Hemisphere trading block which will open up more cross continent opportunities for Brazilian and American business. In order to exploit this potential for growth, it is important that Brazilian and American business leaders learn how to work together more effectively. A first step in this process is a better understanding of each other's way of doing business. Progress here will help increase the number of successful ventures, which in turn will benefit both parties and contribute to higher standard of living of their people. Additional research and improved dissemination of the results are needed to identify more clearly the issues and identify paths forward for overcoming these barriers.

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