

Afro-Entrepreneurship in Brazil: a brief history, realities, and defies

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1. Introduction

This paper focuses on Afro-entrepreneurship in Brazil. Although seldom acknowledged, Afro-Brazilians' history as business owners is far from none. However, there is a distance between reality, the long-term existence of businesses headed by Afro-Brazilians over time, and its theoretical development in the academic setting.

Afro-entrepreneurship is a topic whose scholars and social activists naturally associated with the United States. It is not by chance. Economic improvement became an axis that would permeate the political economy of the American black movement since the end of the nineteenth century. In the 1880s, Booker Washington headed the Tuskegee Normal and Industrial Institute in Alabama, promoting African American professional and entrepreneurial skills. In 1900, the prominent African American-born enslaved led the creation of the National Negro Business League.

Moreover, the United States became known as the land of free economic opportunities, a narrative combining religious (Protestantism) and ideological (liberalism) aspects (Tocqueville 2000; Weber 1976). Therefore, as the axis for the imagined community repertoire (Anderson 2016), it is imaginable that the subjective perception of economic competitiveness as the source for personal thriving is pervasive, including among crucial fractions of the American black movement's leadership. Nevertheless, what can be said about a country like Brazil, where "democracy is a big misunderstanding," and liberalism is an "out place idea?" (Schwarz 1977)

The traditional influence of Marxist scholars over social movements and academic studies strengthened an approach that associated Afro-Brazilian businesses, or a petit-bourgeoisie

ambition proletarian's enemy in the class struggle (Pinto 1953) or as low productivity and status fields of the domestic economy. Due to this reason, they are regarded as neatly marginal or an expression of the Industrial Reserve Arm (Berlink 1975; Kowarick 1981; Perlman 1977). On the other hand, even among Afro-Brazilian organizations, Afro-entrepreneurship in Brazil has historically taken a peripheral role. (Alberti and Pereira 2007; Guimarães 2021; Silva 2003)

Finally, the Brazilian national building, once framed upon the idea of *mestizaje*, racial democracy, and assimilation, was influential among Afro-Brazilians, preventing them from embracing a particular feeling of community grounded over racial grounds. In this sense, while Brimmer defines the African American business reality during the segregation era as a “protective tariff,” the same did not happen in Brazil, where the idea of black business for years was considered at odds with a national ideology that promoted rhetorically racial integration.

In that sense, it is interesting to contrast the trajectories of two Afro-descendant females, Madam C. J. Walker (born Sarah Walker) – in New York, United States, when she passed away, and Tia Ciata (Aunt Ciata, born Hilária Batista de Almeida) in Rio de Janeiro, Brazil. The first became a millionaire and celebrity as a well-succeeded entrepreneur investing in hair care products for black women. Tia Ciata was a prominent community leader and little mother of the saint, a prominent position in the *candomble* (Afro-Brazilian religious) hierarchy. Her house, located in *Pequena Africa* (Little Africa), congregated worshippers, artists, and menial workers, and this site is acknowledged as the one where the first samba (the Brazilian national musical genre) was composed.

Like Madame C.J. Walker, Tia Ciata was an entrepreneur. Accordingly, to her biographer, she was an outstanding *quituteira* (tidbits confectioner), and she sold her delicacies across Rio de Janeiro street, especially at the traditional Penha Fair, a traditional religious party in this city.

During the carnival, Tia Ciata also sold *baiana* costumes (a traditional woman dressing from Bahia State). Their lifetime was almost simultaneous, although without ever meeting one another: Madam Walker was born in 1867, and Tia Ciata in 1854. The first passed away in 1919, and the second in 1924. The difference is that, as an entrepreneur, contrary to Madame Walker, Tia Ciata never could amass capital from this undertaking, getting by under the same condition as their black woman predecessors (Bundles 1991; Lopes 2011; Moura 1995; Walker 1999). Considering the Brazilian race relation and cultural pattern, it was accepted by the surrounding society that, as a black woman, Tia Ciata could survive amidst the informality, congregating worshippers, selling delicacies, and tailoring carnivalesque garments to her clients. However, the reason she never became a successful entrepreneur – as someday Madame C.J. Walker had been - was never devised, not even by her biographers.

2. Realities of Afro-entrepreneurship in contemporary Brazil

Contrary to the United States, Brazil does not have a long-term tradition of statistics for minority business owners. Therefore, the primary reference is the Demographic Census, the last available in 2010. In that country, the ratio of self-employed and employed entrepreneurs was 24:1. In contrast, among whites, this ratio is 22:3.

In 2010, the Brazilian racial makeup was 48% white, 43% brown, and 8% black (the other 1% were Asians, Indigenous and not stated). Among self-employed, the racial makeup was 51% white, 40% brown or mixed race, and 7% black. However, among the employers, whites corresponded to 75%, browns 20%, and blacks 3% (IBGE 2010). That disproportionality was also present for employers of more than one employee (that rough disaggregation is how the Brazilian statistics office collects this variable). So, in 2010, among companies with one

employee, whites were 73.1%, and with more than that, 81%. It means that among employers with more than one employee, Browns responded for 15% and Blacks for 1.8%.

Although this statistic elicits little optimism, the contrast with the African American business owners in the American economy does not suggest a glaring difference. At the beginning of the 2010s, the relative presence of companies they led in the United States was 9.5%. Although this number was not too distant from the American racial makeup in which African Americans corresponded to about 12%, that percentage decreased to 2.1% among employer firms. The average gross receipt of all African American firms was 10% of non-minority owners. Even considering this disproportion was less among employers' businesses, it was still 40% (US Department of Commerce, Minority Business Development Agency 2018, 8, table 1; 10, table 2; 12, table 3).

Access to equity and credit capital is still among African Americans' most common difficulties. The Federal Reserve System of the United States points out that in 2016, 40% of nonapplicant black-owned firms did not apply for credit due to discouragement, a percentage that affected only 14% of white-owned firms. The approval rate for loan applications among African American business owners was 66% compared with 80% for white entrepreneurs. Even among the low-risk African-American credit applicants, the approval rate was 75% compared with 85% among white business persons. (Blanchard, Zhao, and Yinger 2008; Blanchflower, Levine, and Zimmerman 1998; Cavalluzzo and Wolken 2002; Federal Reserve Bank of Cleveland and Federal Reserve Bank of Atlanta 2017). In Brazil, few studies focused on racial disparity in access to the credit system, but the sparse evidence displays lower odds of credit approval and higher chances of loan discouragement (Paixão 2023; Paixao and Rossetto 2023).

Anyhow, while the quantitative comparison suggests similarities between Brazilian and American Afro-entrepreneurship, another picture emerges when the question is their respective capacity of self-representation in the public sphere.

3. Afro-Brazilian Entrepreneurs Organization: A Brief History

At least until the beginning of the 2010s-decade, African Americans owned around 2,58 million businesses, begetting gross receipts of around \$ 150.2 billion. Among those, around 109,14 thousand firms hired 975 thousand employees, with annual gross receipts of 103.5 billion and an average gross receipt per firm near 950 thousand per year (US Department of Commerce, Minority Business Development Agency, 2018, pp. 8, table 1, 13, table 13). The United States Black Chambers “network comprises over 145 *chambers of commerce* and business organizations in 42 states, representing approximately 326,000 *Black* businesses.” In 2022, there were 21 black-owned banks across the United States, amassing total assets of \$ 7.9 billion. At the end of the 2010s decade, no less than seven magazines targeting afro-entrepreneurs’ readers were regularly published. This reality contrasts with the history of Afro-Brazilian entrepreneurs, whose leading representation institutions are fledgling.

This section focuses on experiences in São Paulo and Rio de Janeiro since 1988, one century after slavery was abolished in Brazil. The first organization of black entrepreneurs was created in São Paulo, called the “Center for Entrepreneurial Advice and Coordination” (CACE). It was a non-profit civil association that maintained itself for three years. Its objectives were to stimulate and promote the growth of black entrepreneurs, organize business clubs, and encourage marketing practices.

The “Olympio Marques” organization (COLYMAR) is a black entrepreneurs’ association created in 1991 in Rio de Janeiro, Brazil. The objective was stimulating and strengthening business

through training and consulting. The COLYMAR organization carried out several activities in partnership with local and federal economic development entities in favor of black entrepreneurs. The “Center for Studies and Advice for Afro-Brazilian Entrepreneurs” (CEM) was also created in 1991 linked to the former Institute Palmares for Human Rights (IPDH). The focus of the CEM was the sustainable development and prosperity of black entrepreneurs. Its primary mission was to encourage the creation of other autonomous associations of black entrepreneurs nationwide. Another significant concern was guaranteeing a professional technical staff with political sensitivity, so the entity counted on the collaboration of liberal professionals, specialists, and activists connected to the IPDH. Besides training, consulting, and workshops, the CEM also held events and published bulletins and articles on Afro-Brazilian entrepreneurship. The CEM no longer exists in the same building where it took place for years and became the host of a monthly Afro market collective event called “Black Gathering,” created in 2015 in Rio de Janeiro.

In São Paulo, the first “Collectives of Afro-Brazilian Businessmen and Afro-Entrepreneurs” (CEABRA) was created in 1997. This non-profit organization of professionals and activists aimed to create a strategic business organization to strengthen black businessmen and black entrepreneurs (Martins; Santos 2013). The CEABRA promotes lectures, seminars, training, partnerships with the municipal, state, and federal government and private companies; encourage partnerships between national and international associations to support the socioeconomic development of entrepreneurs.

The first CEABRA inspired the creation of other similar organizations also called “CEABRA” in other states. In 1999, the “National Association of Collectives of Afro-Brazilian Businessmen and Afro-entrepreneurs” (ANCEABRA) was created. It was an amalgamation of all the CEABRAS in Brazil to increase the power of being represented in the national economic

policies. Both ANCEABRA and the CEABRAS in each Brazilian state have partnerships with the local and federal governments to develop public policies. These public policies are focused on the Afro-Brazilian population by offering training and professional qualifications and teaching the culture of entrepreneurship as a protagonist in overcoming racial inequality (Martins 2005).

More recently, new associations of black entrepreneurs have emerged as catalyzers of new ideas about the relationship between economics, politics, black identity, consumption, and entrepreneurship (Silva, 2016). In 2013, the “Brazil Afro-entrepreneur project” (Projeto Brasil Afroempreendedor) was carried out in a partnership between the CEABRA (SP), the SEBRAE, and the Instituto Adolpho Bauer to train 200 black entrepreneurs and conduct research with 16 states. At the end of the project, the “Brazil Afro-entrepreneur network” (Rede Brasil Afroempreendedor - REAFRO) was created (Martins; Santos 2013). It has been possible to observe more successful cases of qualified young black professionals who decided to become entrepreneurs on their own or collectively by creating innovative products or services, not from the perspective of entrepreneurship by necessity but from the standpoint of entrepreneurship by opportunity (Nogueira; Borges; Barreto 2013).

The reinforcements of professional qualification, autonomy, entrepreneurial mindset, visualization of opportunities, creativity, collective values, motivation, and the objective of social impact are differentiators of this new generation of black entrepreneurs, within the logic of the innovation market, start-ups, innovation hubs, and microenterprise accelerators aimed at the black public consumer. Although the current context seems favorable, the impasses provoked by racism still hinder the trajectory of the black population in the struggle for economic emancipation. The public policies of income redistribution and access to higher education were not enough to correct the inequalities caused by long years of exclusion.

This way, the anti-racist struggle continues through multifaceted dynamics among traditional social movements, institutions, associations, and collectives. Afro-entrepreneurs organize themselves in black collectives/organizations. They are active in urban centers and promote Afro-entrepreneurship for potential consumers, explaining the importance of this consumption and networking among them (Santos 2019). In addition to the collectives, creating institutes, associations, and start-ups in several states in Brazil is essential for structuring, expanding, and strengthening the afro-entrepreneur market. The embryonic organizations of this movement also have the objective of helping the Afro-entrepreneur to become more professional and, still, to conquer the consumer public.

Collectives, institutes, associations, startups, and innovation hubs are created for black entrepreneurs and businessmen to stand out. By that, they support them to keep up with technological innovations, create business plans, improve financial management, connect within the entrepreneurial system, and envision their economy based on ethnic solidarity, in which money circulates among black citizens to generate wealth among black people. After more than a century since the abolition, racism is perpetuated in social relations (Munanga 2019). The image of the businessman still refers to the figure of the white man, the rational being, operational and agent of transformation. At the same time, the past condition of slavery stigmatizes the black population (Monteiro 2001). This analogy is emblematic because it relates to the Afro-Brazilian population's past and present. In this way, racism constitutes a barrier to the ascension of black entrepreneurs and businesspeople.

4. Final Remarks

Such as their counterparts in the United States, Afro-Brazilians struggle to set up and run their business, facing discouraging limitations due to a lack of equity, credit, networks, and

public policies. Moreover, despite their multifold differences, Brazilian and American societies are still featured by providing the descendants of the previous enslaved with second-class citizenship status, a reality which, naturally, comprehends the Afro-entrepreneurs of both countries. Both trajectories diverged over time due to historical, sociocultural, and political circumstances, making this subject more consolidated in the United States than in Brazil. Notwithstanding, regardless of all differences, Afro-entrepreneurship has become an emerging topic in Brazil, which opens not only venues for new studies but for entrepreneurial strategies that could allow Brazilians and American business owners to visualize a new time featured by joint ventures, cooperation, and economic complementarity with their fellows, the African American business owners.

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