

Invisible Opportunities: The Entrepreneurial Dynamics in the Aglomerado da Serra in Belo Horizonte

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Abstract

This article aims to identify and analyze the characteristics, opportunities and challenges of business in the peripheral community of Aglomerado da Serra, in Belo Horizonte, Minas Gerais, in order to understand the entrepreneurial dynamics in this locality. The perception of the business routine, the motivation of the entrepreneur, the profile of the entrepreneurs and the perceived changes with the existence of the enterprise, were the emerging categories of the analysis of the semistructured interviews carried out. The results show that local commerce strengthens the development of the economy in the region, considering that the majority of customers of local entrepreneurs come from the Aglomerado da Serra. The conclusions point to the existence of gaps in the theoretical field of Administration, particularly on entrepreneurship in the Brazilian context and applied to the favela environment.

Introduction

Considering the impacts generated by business of a social nature, approaching local entrepreneurship, this article aims to understand how business opportunities are perceived and explored in a subnormal cluster. This is a denomination officially adopted by the IBGE, from the 2010 Census, to designate irregular settlements known as favelas, invasions, grotas, lowlands, communities, villages, hangovers, mocambos, stilts, among others. The case study was the Aglomerado da Serra region, in the city of Belo Horizonte, Minas Gerais, Brazil.

Prahalad (2006), argues that profitability and financial sustainability can also be obtained from the provision of goods and services to the poorer strata of the population, a market not considered by hegemonic capitalism. Projects that are focused on the favelas are engaged in providing opportunities and breaking the stigma of an elitist entrepreneurship. They end up being beneficial not only to the individuals who do business, but also to the community as a whole.

Thus, an empirical study was made that assumed that the entrepreneurs that emerged from within these communities have an idiosyncratic behavior due to the distinct characteristics of the economic context in which they are inserted, approaching also the social entrepreneurial concept.

However, how does entrepreneurial dynamics occur in subnormal clusters, according to the perception of these entrepreneurs?

Classical studies show that innovations of any kind can be seen as a process of universal social change and that all innovation has direct or indirect social implications,

predicted or unplanned, positive and negative (ROGERS, 2003, apud LOPES, BARBOSA, VIEIRA, PARENTE, 2015).

Social entrepreneurship refers to an innovative activity with a social purpose, and can be for profit, non-profit or hybrid organizations, combining profit and social causes (AUSTIN, STEVENSON, WEI-SKILLERN, 2006). In addition, the process of social change provided by social entrepreneurship, according to Bussarelo (2017), occurs in several fields of activity, such as education, health, environment and business development.

The identification, construction and exploration of new businesses that seek to solve social problems from the development of the economy are fundamental roles in social entrepreneurship (BOSZCZOWSKI, TEIXEIRA, 2012). The social entrepreneurship approach, in addition to the logic focused on the business context, is open to the creation of solutions in situations in which the government can not meet social demands in a satisfactory way.

According to Zucatto (2015), subjects who are in the middle of a certain reality, as well as those who are outside can interfere to build solutions to the needs of the affected social group. Entrepreneurship allows identifying needs within their own reality and visualizing social problems as business opportunities.

The context influences and determines the entrepreneurial action. According to Mair and Marti (2006), the social entrepreneur is connected to the environment, community and society in which he lives. Social entrepreneurs are responsible and also conditioned by the environmental dynamics, which allows them to recognize the opportunities in the environment in which they live (WEERAWARDENA, MORT, 2006). In short, clusters are the result of these situations: people living on the outskirts of the city and having diverse needs to be met. However, according to Prahalad (2006), there is a significant opportunity for both entrepreneurs and consumers in the low-income markets, who have remained "invisible" for too long.

Methodology

This article is characterized, according to its approach, as qualitative. It is an approach that does not address numerical representativity and focuses on the depth of understanding of a group (COLLINS; HUSSEY, 2005).

The qualitative research was chosen because it allows the detection of non-measurable or non-quantifiable trends, usually geared to case study, and, therefore, can not be generalized to the population of the research object, which, according to Gil (2002), is its main limitation.

The object of study are the commercial enterprises located in the Agglomerado da Serra, Belo Horizonte. The case study consisted of the intensive analysis of a particular situation, where it was possible to identify variables and their interrelationships that might not otherwise be perceived (TULL, 1976).

Regarding the objective of the study, a descriptive research was carried out, based on the survey of the characteristics of a given population or phenomenon (GIL, 2002). The research also had an exploratory bias, as it sought deeper knowledge about business opportunities in a subnormal cluster. Subject still unexplored, in a descriptive or experimental way, directly in the reality of the object, fact or phenomenon (Gil, 2002).

Regarding the research method, the field study was chosen because it is a technique that allows for empirical investigation, carried out in the place where a phenomenon occurs or that has elements to explain it (VERGARA, 1998).

The information was evaluated through semi-structured interviews with the entrepreneurs of the Agglomerado da Serra and also through direct observation of the projects.

The interviews were recorded and the observations were recorded in a logbook. In addition, secondary data were collected in order to obtain information about the region studied and the profile of local residents. There were also two visits to two projects at the "Betinho Bar and Restaurant", during a samba round promoted by the establishment on May 12, 2018, and at the inauguration of the "Du Morro Design" collaborative house on the day June 9, 2018.

The interviews followed the semi-structured script and were carried out individually. After the transcription, the interviews were categorized. As proposed by Malhotra (2001), the questions were defined based on a script, elaborated from the prioritization of themes, and addressed fundamentally the topics on the entrepreneurial dynamic.

The data analysis technique of this study was content analysis, which according to Bardin (2006), is a set of constantly improving methodological tools that apply to extremely diversified discourses (contents and continents).

Results

Community characterization

The studied community, the Aglomerado da Serra, is located in the Center-South region of Belo Horizonte, Minas Gerais. It occupies the 6th position in the Social Vulnerability Index of the municipality, with an index of 0.76, on a scale of 0.0 to 1.0 (the closer to 1.0 the greater the Social Vulnerability), according to data from the Prefecture of Belo Horizonte.

The number of inhabitants is one of the factors that led to the choice of the Aglomerado for this study. With 46 thousand inhabitants, distributed in 13,462 houses, in an area of 1,470,483 m², the community is considered the largest group of towns in the capital of Minas Gerais (CENSO IBGE, 2000).

The selection of the enterprises occurred after the contact with residents of the region, community leaders, entities that work in the development of entrepreneurship in favelas and also indications made by the entrepreneurs themselves.

There were 18 projects indicated at Aglomerado da Serra, and the first contacts with the entrepreneurs were given by telephone, WhatsApp and Facebook. There were 6 entrepreneurs that were interviewed, 5 in person and 1 via questionnaire online. The interview period occurred between April 27 and May 13, 2018. Each interview conducted personally lasted from 35 to 60 minutes and the respondents were the creators of the business, all of the interviews were conducted at the Aglomerado da Serra.

Table1- Identification of the Enterprises

Entrepreneur	Enterprise	Segment
Betinho	Bar e Restaurante do Betinho	Bar and restaurant
Cléber	Double Copy	Graphic Services
Eunice	Eunice Representações	Sales of custom shirts
Luciana	Luciana Trancista	Beauty salon (braids and mega hair)
Luiz	Du Morro Design	Communication agency and collaborative house (coworking)
Patrícia	Serra Motos	Motorcycle shop

Source: Research data (2018).

Thus, 6 entrepreneurs were interviewed who have business in different areas of activity in the Aglomerado da Serra region.

Table 1 shows the names of the entrepreneurs interviewed, the name of the enterprises and their areas of activity.

Table 2 – Description of cases

<p>Bar e Restaurante do Betinho - The first entrepreneur interviewed was Roberto Cardoso, known as "Betinho." He owns a bar in the region called "Betinho's Bar and Restaurant," where he sells Minas Gerais dishes, snacks and drinks, in a space with simple decoration and little tables on the sidewalk. The establishment is at the end of Rua Herval, one of the entrances of the Aglomerado da Serra. Betinho always worked with commerce, already had experience in the bar before opening his and in 1 year returned to work in the branch. Her brother set up the original version of the bar, then called "Zé Pretinho's Bar," where he performed for 5 years. After this period, he grew tired and since then his brother Roberto has continued. Betinho no longer lives in the area, but his whole family does. According to him, keeping the bar is an opportunity to get closer to the family and acquaintances of the region. Regarding its routine in the trade, Betinho opens around 9am or 10am, serves lunch from 11am to 3pm and stays open until dawn until the last customer leaves.</p>
<p>Luciana Vieira Trancista - The second entrepreneur interviewed was Luciana Vieira, who braids hair in the Aglomerado da Serra. She makes braids and application of mega hair. She has been working inside his house for 11 years and in total there are 25 hairdressers. According to her, "braiding hair is a therapy, apart from the friendships that we create." The idea of the business arose when she was a child, because she spent a lot of time at her aunt's house who was a "trancista" a type of hairdresser, in Brazil, who works only with braid – and kept joking and watching her braid. When she was out of money, she agreed with her friend that one would braid the other's hair. When people saw the hair that Luciana braided they praised her and asked her to braid their hair too. From there she developed her techniques. Luciana spent time working as a "trancista" in a salon, but realized that her workload was too high and she was not seeing her youngest daughter grow up. She asked for time off work and at that time she began braiding on her own in Serra. She says she had many indications, because she made different braids, drawings, names and colored braids, and this got everyones attention. In the end, she found that she was making more money than in the salon. She then decided to get out of there and started to dedicate herself to customers in the Serra. She currently works as a "trancista" in her home and her routine is according to the client's needs. Already answered at 5:30pm and already braided at 11pm. Her schedule is flexible, which is good because she can schedule a doctor's appointment and still fit in her cilents the rest of the day.</p>
<p>Serra Motos - The third entrepreneur interviewed was Patrícia Lopes, who together with her husband opened the "Serra Motos," a company that assists and sales parts for motorcycles. The company has been established at Aglomerado da Serra for 11 years and there is also a unit at Avenida do Contorno, in Santa Efigênia neighborhood, which has been operating for 3 years. The idea of the business arose because, at the time when they opened, there was no company in the industry in the Aglomerado. Thus, they believed that they could work, because they noticed that there were many people with motorcycles in the region and no shop that did this kind of service on the spot. The husband opened the company after leaving his previous job. After a while he needed help at the store and he would call his wife who would leave work to help him. She said, "In the face and in the courage," since neither had any experience in</p>

the area. Currently, Patricia is in the shop in the neighborhood Santa Efigênia, while her husband takes care of the store in the Aglomerado da Serra.

Double Copy - The fourth businessman interviewed is Cléber Inácio, owner of the company "Double Copy". The company offers services of graphics, photography and customized products for parties and companies, such as invitations, printing, banner and business card. The business opportunity arose during the Technical Course of Administration that he did at EFG SEBRAE, which allowed him to make an analysis of the company in which he worked at the time. He realized he could come up with solutions for improvement, and when he presented his ideas to the owner of the company, he realized that he had no interest in implementing them. From there, he thought that when he was in his own business he would want a management that could lead the customer not just the graphic services, but the experience of a company that sought to understand its customers. According to him, he has always worked in the area and saw an opportunity to bring quality products to his customers. Regarding the routine of the business, Cléber says that "for now it is the owner, manager, motoboy, telemarketing attendant, graphic designer and consultant of the company itself".

Eunice Bernardes Representações – The fifth entrepreneur interviewed was Eunice Bernardes, who together with her husband, created the "Eunice Bernardes Representations." The idea of the business came when Eunice became pregnant and saw that the opportunity to work from home, this would be a good option so that she could take care of her child at the same time. She and her husband saw ads on the internet about flip-flops and T-shirts and they thought it might be easy and decided to invest in the business. The company started selling slippers and custom shirts about 3 years ago. He currently markets only shirts. This decision was made after they participated in an enterprise acceleration project called PIPA, which is provided by the FA.VELA ¹institution, when they were shown to have been at a loss by selling their slippers. Eunice is evangelical and realized that in her Congregation the demand for shirts is very high, since religious congresses often make shirts for the various types of events, such as be it the "Congress of Praise", "Congress of Women", among others. She started selling his shirts inside the Church and from there he started to spread and expand his work. Eunice works at her cousin's part-time business in the morning while her husband stays from 8:00am to 6:00pm. devoting himself to the company.

Du Morro Design - The sixth entrepreneur interviewed is Luiz Filipe, who devised "Du Morro Design," a communications agency, which will also soon be the first job based in the favela of Minas Gerais. For the planning of the opening of the business, he developed the *Business Plan* and the *Business Model Canvas*. According to the entrepreneur, the reasons that made him start from the social and entrepreneurial bias. Luiz Filipe began the advertising faculty and observed that the market was saturated in the "asphalt" and that in the community had many entrepreneurs and that did not develop the part of communication. He began to undertake by the market factor, which instead of undertaking and competing with the people outside the Aglomerado da Serra, opted to undertake in his community. He thought about the social logic, and with his company he would have the possibility to encourage the entrepreneurs of the region to become professionals and manage to become equal in the market dispute.

¹ FA.VELA: It is an accelerator of entrepreneurship in favelas, it acts in the development of the ecosystem of entrepreneurship, technology and innovation of low income communities.

The business routine is defined based on customer demand, which mostly arrives via WhatsApp. The workflows are divided and organized via Trello, a project management application, in which delivery times are well established among the company's employees.

Source: Research data (2018).

Opportunities and challenges

According to Betinho, the main obstacle faced in your venture is the time in which you reserve to research prices with suppliers. This is done by seeking to balance the value between the cost of the merchandise and the value passed on to the final customer, and still continue the search for quality products.

Entrepreneur Cléber Inacio also sees raw material prices as an obstacle for his business. "The increase in graphics supplies and the low margin of some products, such as personalized articles and business cards are limiting in the business, as well as the need for marketing to win more customers."

The entrepreneur Eunice Bernardes starts from the same assumption. It sees the price of its suppliers as limiting to its business: "The payment for the designer who makes art of the shirts and the shirt itself have a high price, it's all very expensive! And when it comes to the final result, to pass it on to the customer, my client wants something cheap."

According to Luciana Vieira, the obstacle in her business is the great competition and the place where she lives. She has not been attending client's homes in recent times, but has returned to answer because the need of the public had to be adjusted.

For Patrícia Lopes, the problem of "Serra botos" is the labor. According to her, it is difficult to find people who engage in business.

Finding people who also have experience in the area (who understands about motorbikes) is another challenge. One example she mentions is when she needs to hire a salesperson. Even if she has knowledge in sales, it is not the most relevant, since the business requires that the person knows a lot about motorcycles. The sales person also has to know what each piece is, where it goes on the bike and on which type of motorcycle. According to her, the training required a lot of effort, and most of her employees had no experience in the area.

For Luiz Filipe, the obstacle in his business lies in the difficulty of clients perceiving value in design and communication. They see it as an expense and not as an investment. Luiz often ends up not charging for the development of a brand, because his client does not recognize the value. However, he always tries to change the word spent for investment to show the benefits of the service offered

The reports show that entrepreneurs are aware of the obstacles of their business. Even though not all of them have a background in management or technical knowledge, they have shown their perceptions of entrepreneurial strategies based on experience. By identifying the limitations of their own business, entrepreneurs can take action to combat or minimize problems. As in the case of Luciana, who observed the competition and the place where she lives as an obstacle and began to provide your services at home, in order to meet the needs of its customers.

This is what Luiz Filipe does, given the limited commercial vision of some clients, he offers his communication and management consulting service, aiming at the professionalization of the institutions served.

How entrepreneurial action happens: Idiosyncrasies

In relation to company employees and according to the reports, it was observed that entrepreneurs cherish the use of family members, or members who have an identity with the

business, either by locality and / or commitment. To align information or resolve conflicts in ventures, entrepreneurs opt for dialogue between employees.

The interviews show that, for the most part, the customers of the enterprises are residents of the Agglomerado da Serra region, but that some companies are still able to break the distance barrier and have clients from other regions, even from outside Brazil, as in the case of Luciana's client, who comes from Switzerland to braid her hair. The disclosure of the business is mostly done by indicating people who have tried the service or product of that company. In relation to the communication with the client, based on the reports and observations, it was verified that the entrepreneurs who use the social networks of the company usually do not have the technical knowledge to use these tools.

Competition analysis, in general, is conducted informally. A kind of intuitive market research in order to check the prices practiced by them and the services offered. Through the information collected, they seek to establish a differential in relation to the competition, so that they can attract and retain customers.

For example, as informed by Luciana, since it opened the business it follows the prices practiced there in the Agglomerado. Started going to the salons of the region and asking the price. It was charging 10-20 reais less at the beginning and even today guarantees that its price is more in account; "But until today, regardless of having other hairdressers here, the most professional, my price is still the most in account. Good service, my price is still the most important. "

For Patricia, the price, the service, the quality in the service, loyalty to the customers and not having a reason to look for the competition. There are many customers who have been with them since the beginning of the business.

Regarding the perception of each entrepreneur about his business, it was evidenced (a) the price, (b) the quality of products and services, and (c) service, as elements that attract and retain customers.

Regarding business planning in the future, some entrepreneurs have stated that they will seek to keep their business in the same current format, only improving the aspects observed by them, but not by expanding. Other entrepreneurs see their business expanding and gaining more public. Luiz Filipe in particular sees the expansion of his business as a form of social development for the locality. He says he will seek to reach other locations as well and expanding the promotion of entrepreneurship.

Analysis of the context, vision of future and proposals of the entrepreneurs

It was interesting to note that for the promotion of entrepreneurship and local economic development, the entrepreneurs themselves proposed the creation of new local enterprises, with the purpose of generating employment and income. For example, an exhibition environment was suggested so that the Agglomerado products and services could be offered, as well as the development of courses and support spaces to stimulate business professionalization and entrepreneurship.

Betinho, Eunice and Patricia believe that there is every kind of trade in the Agglomerado da Serra. They do not miss anything in the area. Already Luciana says that there is a butcher, bakery and food market near her house, because she has to go much further down, from the region where she lives, in order to buy these items. According to the hairdresser, it would be good to have more trades to generate more jobs. There are a lot of unemployed people in the area.

Cleber wishes to have an event in which he could make an exhibition of the services and business offered at Agglomerado da Serra. He believes that it would be interesting for the local economy to have an exhibitor's fair where graphic materials, handmade crafts, sewing

services and various arts would be offered, so that together they could present what the community has to offer, both for the neighborhood, as for the rest of the city.

For the local economy, the proposal of the collaborative house of Du Morro Design, will encourage the improvement in the communication of the enterprises and the professionalization of the businesses. They intend to rent the spaces of the company headquarters, to hold meetings, events and trials. At the same time, they intend to offer the use of computers and work tables, as well as courses aimed at promoting entrepreneurship, which will favor the relationship between local entrepreneurs and facilitate connections.

Conclusions, Limitations and Future Research

It was sought to verify how the business ideas came about, the reason for each person to undertake, how the routine works and the characteristics of the enterprise, according to the perspectives of the entrepreneurs interviewed in the Aglomerado da Serra. It was possible to note from reports that entrepreneurs began their business due to family influence, academic background or due to acquired skills throughout life. The enterprise routines are established according to customer demand, and because it is the business itself, there is greater flexibility of schedules.

In the literature consulted, a discussion about the types of entrepreneurship, be it social entrepreneurship, opportunity or obligation, are built in contexts other than the "Aglomerado da Serra". Social entrepreneurship, although it is not a better definition, is the one that is closest to the type of local entrepreneurship. Entrepreneurs do not fit into a pattern. It starts from the assumption that the entrepreneurial option is created by the individuals themselves according to the life they lead and the work they perform.

It was possible to observe the opportunities and challenges described according to the entrepreneurs' point of view. The challenges may be in relation to the price charged by suppliers, the lack of specialized labor, the location of the enterprise, the large number of competitors and the lack of perception of the customer in relation to the value of the service in question. It is also possible to realize that, even though there are challenges to the business, such situations can result in interesting opportunities for action.

It can be seen from the field research carried out that the way in which entrepreneurial action happens, how entrepreneurs manage their business in practice, how their financial controls are, how they organize the company, how they deal with their employees, customers and competitors. In general, the separation of financial resources from the company and the owner is made by those who have somehow undergone management training, and the others have stated that they do not make such a separation.

The research findings can be considered as stimuli for future research on the subject. However, it should be noted that the results are derived from a non-probabilistic sampling technique for convenience, where the selection of respondents was largely left to the interviewer. The study was carried out only through the perception of the entrepreneurs, being necessary to its complementation with the vision of other actors involved in the process, as the clients.

In addition, it is cited as the main limitation of this study, the impossibility of generalizing the results. The time to perform the research was a restriction against the great complexity accessed.

Finally, it is worth noting that academic production in relation to social entrepreneurship in subnormal clusters is incipient in Brazil, although this type of community organization is quite common. It is suggested that future research in the area be carried out.

In short, it is known that local commerce strengthens the development of the economy in the region, since all the entrepreneurs who participated in the research confirmed that the

majority of its clients come from the Aglomerado da Serra, the target audience of strategies based on The fortune at the Bottom of the Pyramid (PRAHALAD, 2006).

Some questions remain open after the conclusion of this research. For example: Why management knowledge is not achieved by all entrepreneurs? How should this knowledge come? How do they learn how to manage their business? How do you research and develop your strategies? What lessons can be drawn from the form of management that they create in the routine in their day to day life?

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