Types of entrepreneurs in the conversion process of economic functions in towns: Paraty case study (Rio de Janeiro State)

Tipos de empreendedores no processo de reconversão de funções econômicas de cidades: um estudo do caso Paraty (Estado do Rio de Janeiro)

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ABSTRACT

The aim of this paper is to discuss the results of a study designed to identify different types of entrepreneurs in the process of converting economic functions of the town of Paraty, Rio de Janeiro State, and to analyze the characteristics of these entrepreneurs and their modi operandi in this process. The theoretical review included research about the processes for the conversion of urban economic functions and types of entrepreneurship. We conducted a qualitative study based on the case study method, using 23 interviews and documentary analysis. As a result, we found that there were traditional, modern and postmodern entrepreneurs in Paraty, mobilizing capital and creating alliances and disputes within the dynamics of the town’s economic function conversion process.

Keywords: Conversion of urban economic functions, types of entrepreneur, traditional, modern and postmodern entrepreneurs.

RESUMO

O objetivo deste artigo é apresentar os resultados de uma pesquisa cujo propósito foi o de identificar diferentes tipos de empreendedores no processo de reconversão de funções econômicas da cidade de Paraty e analisar as características desses empreendedores e suas formas de ação neste processo. Como revisão teórica, foram utilizadas pesquisas sobre processos de reconversão de funções econômicas de cidades e sobre tipologias de empreendedor e. Em termos metodológicos, a pesquisa pode ser caracterizada como um estudo qualitativo, com base no método de estudo de caso, com o uso de 23 entrevistas e análise documental. Como resultado, foi possível observar a presença de empreendedores tradicionais, modernos e pós-modernos em Paraty, estabelecendo conflitos e alianças no âmbito da dinâmica de reconversão de funções econômicas da cidade.

Palavras-chave: Reconversão de funções econômicas de cidades, tipos de empreendedor, empreendedores tradicionais, modernos e pós-modernos.

1. Introduction

Making use of a town’s cultural heritage as a development strategy is a fairly new topic for study. This academic interest is due to the experience of Brazilian towns that have encouraged projects that add value to their artistic heritage since the 1920s. As a result, such places have been attracting tourism that, in turn, has contributed to an enhancement process of their socioeconomic indicators. This process has been called different things in the literature but this study uses the term “conversion of economic functions”.

In this context, tourism has been indicated as the driving force of many such processes. This economic activity has provided towns with a higher level of employment, income, access to education and other benefits. Motivated to learn more about this phenomenon, various studies have been focusing their attention on aspects not only related to investments in physical infrastructures for the tourist but also to the repercussions of this process on the interrelations between the local players. This implies investigating the dynamics of the transformation and interaction between individuals in the town under study and the roles of these players, especially because the literature has little to offer toward a more reliable understanding of such phenomena.

Some of the local agents that influence the conversion process of a town can be the public authorities, community and business sector. However, it was found that entrepreneurs have been key players in the transformations of Paraty. In this way, this study has emphasized the local entrepreneurs without, however, neglecting other players that can influence such dynamics.

Considering this context, the main purpose of this study is to identify different types of entrepreneur and analyze how they interrelate in the process of converting economic functions based on cultural tourism as experienced in Paraty. Thus, the research question for this study can be outlined as follows: “What are the different kind(s) of entrepreneur and how do they interrelate in the process of converting economic functions, based on cultural tourism as experienced by the town of Paraty?”

In this context the specific aims of the investigation can be defined as follows: (i) to characterize the process of conversion of Paraty’s economic functions; (ii) to identify and characterize the types of entrepreneurs operating in the town; and (iii) to analyze how these entrepreneurs operate and interrelate in the conversion dynamics.

As a theoretical reference, studies were used on a rehabilitation process of economic functions of tourist-based towns (Bentley, 2005). In addition, a review of literature was made on entrepreneur typologies that addressed, mainly, the model proposed by Santanna, Nelson and Oliveira (2011). In methodological terms, a qualitative field study was undertaken based on the case study method. This methodology proved suitable, since it was possible to understand the phenomenon studied in depth, considering the context in which it occurs (Eisenhardt, 1989), Yin, 2005).

Concerning the research unit, the investigation was undertaken in Paraty, considering that the town has been experiencing conversion processes of economic functions based on cultural tourism. To collect data, historical documents were used that contributed to the description of the context of Paraty’s transformation. Two visits were also made in loco to the town and to 23 entrepreneurs, public authority representatives, members of associations and the community were interviewed.

With regard to its relevance, the survey is justified in theoretical terms for expanding the studies on economic function conversion processes of towns, correlating it with the entrepreneurship construct. Moreover, this study can contribute to enhancing the understanding about entrepreneur typologies, bearing in mind that only more recently have studies on the topic called attention to the variations existing between them.

In practical terms, the study is justified by contributing subsidies toward drafting policies that focus on conversion processes of urban economic functions, and toward the development of entrepreneurs involved.

2. Literature review

2.1. Process of conversion of urban economic functions.

Academic debates have called attention to the importance of analyzing certain contexts undergoing urban rehabilitation and revival processes and, at the same time, encourage deeper reflections on the issues involved and their implications on the potential development of certain towns. This academic interest may occur by the experience of a number of towns at home and abroad with processes that revalue their architectural, cultural and human heritage to contribute to a significant
improvement in local economic and social indicators. Such processes have been given different names in literature, such as rehabilitation, restructuring, regeneration and conversion of economic functions — a term adopted herein — even if it is a fairly recent topic of study.

One point shared between these different expressions is that they are based on contemporary trends of strategic town planning that consider the town as a business and seek to make it competitive by increasing its tourism and promotion (Harvey, 1996; Vainer, 2000). Thus, they eventually weaken urban planning as a role solely of the State, and reinforce perspectives of strategic planning conducted by private business (Luchiarì, 2005).

The rehabilitation, restructuring and conversion concepts are also associated with the ideas of socioeconomic restructuring and institutional reformulation of local economic activities (Bentley, 2005). The first perspective concentrates on improving local economic and social indicators and the second emphasizes valorization of projects that take into account the cultural and historic heritage of a place and the promotion of sustainable social development.

In the sphere of these transformations, a number of towns have been adopting reinforcing strategies to attract capital. Some of the factors motivating such towns to adopt these strategies for their urban transformation projects are as follows: feeling of crisis by becoming aware of the need for a process of change; collaboration between urban stakeholders, and configuration of local leaders (Fischer, 1996).

In this context, tourism has been indicated as one of the major sectors responsible for restructuring many towns, especially those whose architectural and artistic heritage is one of the key issues in the urban rehabilitation plans. Accordingly, various studies in the area have been calling attention to aspects not only related to investing in the infrastructure for the tourist but also to the social implications of tourism (Balastreri, 2006).

Therefore, the spread of tourism tends to influence the social arrangements established between people who have a connection with the town, whether born there, those who went to live there later or tourists who only go to visit. So such players use mechanisms to concretely or abstractly take over some of the space. In other words, by taking action to produce a value, representation, control over space, people build territories that are linked to a relational field of power. In this way, territories behave like means and products of the creation of projects or tourists who only go to visit.

With the advance of studies in this area, it has been found that the entrepreneurs show variations between each other and that these differences have conceptual and practical implications. So, recent studies have resumed their attention on the variation among entrepreneurs. Santanna, Nelson and Oliveira (2011), for example, ran a survey in the town of Tiradentes, Minas Gerais, where they identified types of entrepreneurs. From a detailed analysis of the empirical data, the authors proposed a model of entrepreneur typologies: Modern (Utilitarian and Conscious) and Postmodern (Vanguard and Chameleon).

The traditional entrepreneurs, as the name suggests, have "tradition" as their main capital, but they can be differentiated by how they express such a notion, creating two categories in the sphere of the traditional: natives and the aristocrats. Native entrepreneurs give more value to the "family lineage", while the aristocrats give more emphasis on their "cultural lineage", appreciating aspects such as the "cultural level".

Native entrepreneurs are small traders and individual entrepreneurs born in the region, and most of them already had business in the town before the spread of tourism. The aristocrats, in turn, are pioneers in opening enterprises focusing on cultural tourism. A noticeable feature of this group, in addition to their cultural background, is the close link of their enterprises with personal projects. Moreover, contrary to the natives, the aristocrats look to be different by the fact that they were born elsewhere or, even if born locally, have had experiences in other countries/towns (Santanna; Nelson; Oliveira, 2011).

The traditional entrepreneurs dispute space with another group: modern entrepreneurs. This group, in turn, can be classified in two categories (conscious and utilitarian), although similar with regard to giving value to formal education (Santanna; Nelson; Oliveira, 2011).

Conscious entrepreneurs are generally liberal professionals or former executives of large companies that decided to leave the urban centers to live in smaller towns for a better quality of life and to open their own business. The attributes of conscious entrepreneurs are not only giving value to "university education, especially administration" but also worth mentioning are the statements and attitudes associated with concepts of business social responsibility. In this direction, they tend to show deeper concern with the issues affecting the town as a whole (Santanna; Nelson; Oliveira, 2011).

On the other hand, utilitarian entrepreneurs, although they also valorize formal education, are associated with such expressions as the "frantic search for profit" with the adoption of "short-term administration logic". In these terms, they tend to be concerned more with running their own business than the town's economic, political and social questions. So, although the conscious and utilitarian entrepreneurs share their appreciation of formal education, it is likely that they differ in how they run their business and how they deal with the town's collective issues.

Lastly, postmodern entrepreneurs — who diverge from the traditional by being flexible and inconstant — seem to be divided into two sub-categories, called vanguard and chameleon entrepreneurs. Vanguard entrepreneurs are art studio owners, painters and other artists. They are characterized by attributes such as: "creation", "independence" and "special lifestyle".

Chameleon entrepreneurs, on the other hand, are workers from large centers and also local citizens who perceived in the economic transformation process opportunities to "make a living". With few financial resources compared to the modern and aristocrat entrepreneurs, they set up their businesses by improvising and imitation. So, they propose to offer their goods and services to tourists without the financial conditions to visit more refined environments. Generally, they are included in the informal economy and irregularity (Santanna; Nelson; Oliveira, 2011).

3. Methodology

Considering the aims of this investigation, it was decided to undertake a qualitative survey using the case study method (Greenwood, 1973; Eisenhardt, 1989; Yin, 2005). This methodology consists of thoroughly examining one or some empirical objects; situations, people or organizations, their circumstances and the nature of the phenomena comprising it. It is recommended when the studied phenomenon is complex, contemporary and in an actual context, as in the case of the present survey that investigated "entrepreneur types in processes of conversion of urban economic functions". Based on the case study, it was possible to obtain a holistic and in-depth analysis of the studied phenomenon (Eisenhardt, 1989).

The selection of the qualitative case study is an important decision, since it can impact the relevance of the investigation’s results. Therefore, this choice must not be random but intentional, geared to
the apparent wealth of the phenomenon (Eisenhardt, 1989; Yin, 2005). Based on these premises, it was decided to undertake the empirical survey in the town of Paraty because of its representativeness as an exemplary case of the process of conversion of economic functions. It should be mentioned that it was a single case, bearing in mind that it is considered "crucial" for understanding the phenomenon in question (Yin, 2005).

The data collection tools included in-depth interviews, documentary analysis and direct observation (Eisenhardt, 1989; Soy, 1997; Yin, 2005). The interviewees were local entrepreneurs (owners of guesthouses, restaurants and stores), representatives of public authorities and members of associations and the community. Two visits were made in loco to Paraty and 23 interviews with the survey subjects. Altogether the interviews took over 30 hours. Consulting historic documents, in turn, was essential for describing the conversion processes of Paraty's economic functions. The combined use of different sources of evidence – interviews, documents and observation – helped compare the information obtained from each source, giving more reliability to this study’s results (Greenwood, 1973; Yin, 2005).

The content analysis method was used for data treatment. This methodology consists of using systematization techniques and description of the information content in order to have a better understanding of the discourse. It was, therefore, possible to examine the different dimensions of the interviewee statements and make inferences from them (Godoy, 1995; Bauer; Gaskell, 2002). To facilitate this stage, analysis categories were created based on the literature and revised in the light of the study’s evidence (Eisenhardt, 1989).

Lastly, it should also be stressed that, as a first step, information obtained from the secondary documents on Paraty’s history and from a later analysis of the data collected from the interviews were examined.

4. Data analysis

4.1. The case study: processes of conversion of economic functions of Paraty (RJ)

On analyzing Paraty’s progress, it was found that its conversion processes can be divided into three periods: (i) settlement and urbanization; (ii) decline and oblivion; (iii) revival and start of the cultural tourism cycle.

The date of Paraty’s foundation and the players responsible for its discovery diverge from historian to historian. Some scholars say that before the Portuguese colonization in Brazil, the place referring to the current county of Paraty was already occupied by the Guaiá National Indians (Mello, 1994). The discovery of the region, however, should not be confused with the start of its settlement by the Portuguese. It was first settled only around 1530, when the expedition led by Martin Afonso de Sousa arrived in Brazil on its way to Minas. He founded the village of São Vicente and gave the Portuguese portions of land to settle in Brazil. These dwellers gradually spread along the coast, creating small villages on their way (Jornal de Paraty, 2011).

In any case, it can be said that, at the end of the 16th century, there already was a group of “Paraty-born” in the region. Paraty’s development was due to its strategic position and its sea port, which gave access to navigators (História, 2011).

In this context, Paraty became the hub for those on route inland in search of gold, and a major trading post where most of the merchandise from Portugal came and went. Therefore, a structure, on the roads leading to Minas, was built to give support for the mining activities (Souza, 2003).

With the development of the Paraty region, the village became more aware of its importance in Iba Grande Bay. In 1667, Paraty succeeded in separating from Iba Grande and was given the name of Village of Our Lady of Remedies of Paraty (História, 2011).

After this structure was created, from 1693 on Paraty became the key route for transporting gold from Minas. This route was known as the “Old Gold Trail”. The early 18th-century gold rush in Minas Gerais increased the flow of people traveling across the region (Gurgel, 1973).

Gold mining was responsible for two centuries of progress in Paraty. Mansions were built using excellent architectural techniques, churches and the streets paved with cobblestones, still a feature of today’s historic center (Mello, 2011). In 1844, Paraty was promoted to the category of a town (Tce-RJ, 2009).

However, after decades of progress, Paraty succumbed to a period of decline due to a combination of factors. One of the causes was the opening in 1870 of a new railroad between Rio and São Paulo through Paraíba Valley, so that the land routes fell into disuse. The new railroad diminished the port’s movement and eventually Paraty became isolated (Jornal de Paraty, 2011).

This period of oblivion lasted until the mid-20th century with Paraty being rediscovered (Lemardi, 2011). Paraty was only rediscovered in 1976 when the Rio-Santos highway was opened, which put the region on the RJ-SP road map. As a result, Paraty became fully accessible, boosting the tourist vocation of the region (História, 2011).

Since then tourism has been one of the major economic activities of Paraty and mobilizes a large part of the community. The town offers a variety of tourist attractions, namely, for example, marine, ecological and artistic-cultural (Tce-RJ, 2009). From the cultural viewpoint, Paraty is the home to important historic monuments and the town’s historic center has preserved its colonial architecture (Lemardi, 2011).

While the increase in tourism has contributed to the development of Paraty, this activity has also negatively impacted the region. Accordingly, its public authorities, business sector and the community should consider the impacts of tourism on the town as a major item for discussion.

4. Entrepreneur types in Paraty: the traditional, modern and postmodern

The interviews have confirmed that the tourism cycle in Paraty began effectively after access roads to the town were opened, especially the Rio-Santos highway. Nevertheless, the tourist activity was only boosted as a result of some of the town’s features that attract visitors. One of these is its preserved architectural heritage. As a result, the houses, churches and streets were kept intact, giving the town a colonial character.

In addition to preserving the town’s heritage, the interviews indicate that Paraty carries a strong cultural trait currently based on its cultural tourism. This is because the town has been influenced by people with different cultural styles from all over the world, since it was the main gateway to Brazil for those in search of gold in Minas Gerais. But these economic transformation processes of Paraty are marked by contradictions between players/institutions with different interests that impact the dynamics of the town’s development. One contradiction raised in the interviews concerns the artistic-cultural profile of the town and the growing “mass tourism”. Various interviewees suggest that considering Paraty’s cultural vocation, the “proper” tourist profile of the town is one that has a cultural baggage and with sufficient financial resources to enjoy the guesthouses and restaurants that, in their majority, are quite expensive.

However, in recent years there has been an increasing flow of tourists that do not appreciate the artistic-cultural heritage nor use its infrastructure, disrupting the local economic flow. Other contradictions in the process of converting economic functions of Paraty are the result of the tourism cycle. One of them was the native population, who used to live in the historic center, moving away from the center to the periphery. So the historic center of Paraty became distinguished from the other areas in the town as a privileged business point.

So while the tourism cycle was important for attracting economic development to Paraty, it has also been perverse by causing the displacement of the native population from its place of origin. It must be stressed, however, that although this cultural fragility has occurred, there are signs that the native population are not “prejudiced” in relation to those who later went to live in Paraty. They understand that the newcomers can bring important experience to the town or set up businesses that can make it more attractive.

Moreover, people not born in Paraty have forged a bond with the town and integrated in the local everyday life, reducing the possibility of discrimination of the “strangers” by the “natives”.

The aforementioned contradictions and process of converting economic functions of Paraty influence the role of the different social players in the town. It was also necessary, then, after analyzing these dynamics, to understand the characteristics and roles of the entrepreneurs. From the interviews it was possible to distinguish the different types of entrepreneurs in Paraty. Generally, whether outsiders or not, some entrepreneurs are concerned with questions
affecting Paraty as a whole. On the other hand, some entrepreneurs have more individual projects and do not get involved to fight for collective interests.

Furthermore, it was found that there are two kinds of business people in Paraty with regard to how they run their businesses. On one hand, some business people have skills and work professionally, striving to enhance their goods and services. These outsiders already have experience in other businesses. On the other, entrepreneurs who, having been born in the region, did not have an opportunity to study and consequently do not have a business management outlook. This means that they tend to be less confident in taking actions to improve their business.

In relation to the categories proposed by Santanna, Nelson and Oliveira (2011), the presence of "Native Traditional Entrepreneurs" is visible in Paraty. They are small storekeepers and individual entrepreneurs born in the town whose statements are centered on valorizing the "family name". Only a small number of these entrepreneurs are found in the historic center of Paraty, since most of the businesses there today are run by outsiders.

Also, native entrepreneurs have a simple lifestyle and are proud of being "Paraty-born". Although they have a close bond with Paraty, they are not outgoing with regard to issues affecting the town and with regard to the growth of their businesses. Consequently, very often they are labeled "conservative" and "with no ambition".

Like native entrepreneurs, the data also shows the presence of "Aristocratic Entrepreneurs" in Paraty. They do not have formal education but have gained experience elsewhere, so that their businesses have a certain sophistication and good taste. This group is distinguished by the "cultural level" and linked to attributes such as "culture", "good taste", "style" and "aesthetics".

Amongst the modern entrepreneurs, the interviews reveal the presence of "Consious Modern Entrepreneurs" in Paraty. Most of them were not born in the town, have a formal education and used management practices to run their business, such as employee selection and training. Many of them left the large capital cities and their jobs to live in Paraty for a better quality of life. In the interviews, they stress that they "love" the town and the lifestyle it offers them.

These entrepreneurs also express concern with the collective aspects of the town and the negative impacts that tourism brings to the region. They tend therefore to encourage collaboration of people to take actions for local development, but many have been unsuccessful due to the lack of interest. It is worth mentioning that a number of major events in Paraty have been idealized by these business people.

There are diverging opinions with regard to the presence of "Utilitarian Modern Entrepreneurs" in Paraty. Some interviewees suggest that there is no business with this profile in the town, since the business sector has a sentimental bond with the town and their intentions to settle in the region extrapolate the financial result of the business. Moreover, there are no large businesses in Paraty due to the restrictions of environmental agencies and the fact that there is no room to expand in the historic center of the town. It is not therefore, very likely that business people settle in Paraty with the intention of starting up big business and earn lots of money.

On the other hand, Interviewee 20 suggests that some business people settle in Paraty solely to obtain financial return and have no link with the town.

In relation to "Postmodern Entrepreneurs", the presence of "Vanguard" and "Chameleon" entrepreneurs was noticeable in the town. First, the interviews and visits in loco showed the existence of numerous art studies and boutiques with artistic producers in Paraty, indicating a strong presence of "Vanguard Entrepreneurs". The owners of these businesses are generally individuals whose cultural experiences were acquired in other towns/countries and who have found in Paraty a perfect place to publicize and sell their art. They are characterized by attributes such as "creation", "new", "challenge" and "special lifestyles".

One common aspect amongst these entrepreneurs is that they all have been apprehensive about "mass tourism" invading the town in recent years and have warned that it is fundamental for the public authorities to take action to attract a public that actually appreciates art. However, it should be mentioned that they generally do not join to fight for their interests.

"Chameleon Entrepreneurs" can also be found in the town of Paraty. They are small stores, generally run by local workers, who find the opportunity to earn money at the events organized in the region. It is very common, therefore, for these entrepreneurs to open their business on a temporary and improvised basis. Usually they are part of the informal economy and offer goods and services to tourists who are not so financially well-off to enjoy Paraty's guesthouses and sophisticated restaurants. This type of entrepreneur seldom gives support and encouragement for initiatives in the collective interest.

The above analysis, therefore, shows the presence of different types of entrepreneurs in Paraty, who are distinguished by their characteristics, how they run their business and deal with the collective issues of the town, converging with the findings of Santanna, Nelson and Oliveira (2011).

5. Conclusion

The experience of Paraty with the process of converting urban economic functions and with the different types of local actors has revealed important elements in the phenomena analyzed. One point worth mentioning is that the different types of entrepreneur do not act in a social vacuum nor are they independent from each other, especially in contexts that share the same historic heritage. They are part of a social interaction, marked by conflicts and alliances and by disputes over space and power.

The findings in the study on Paraty also corroborate evidence from the survey undertaken by Santana, Nelson and Oliveira (2011) in the town of Tiradentes, Minas Gerais State. As in this town, it was noticeable in Paraty that some types of entrepreneur (traditional, modern and postmodern), each with special attributes, establish conflicts and alliances to obtain space, income and power. It was also found that they have different objectives on their business model and, principally, with regard to how the town addresses its development, producing different impacts on its economic and social dynamics.

The native traditional entrepreneurs (Paraty-born), albeit conservative and not involved in fighting for collective issues, have a link with the history of Paraty, since the majority have already had business there before the increase in tourism. The aristocrats, in turn, played a leading role in the town's development, since they did their utmost for the historic architectural center. They also reinforced cultural values, historic memory and respect for the town within this process.

The conscious modern entrepreneurs have also had a major influence on this process when they became involved in local collective issues. The presence of utilitarian entrepreneurs in Paraty, however, is a question still to be examined, considering the diverging opinions of the interviewees. If, on one hand, some suggest that there are no businesses with this profile in Paraty, since the entrepreneurs generally have a sentimental bond with the town, on the other, some respondents suggest that some entrepreneurs settle in Paraty to obtain financial return and have no ties to the town.

Lastly, the vanguard postmodern entrepreneurs have been entreprijing when they considered the town worthy of their attention because of its aesthetic and artistic characteristics. Even chameleon entrepreneurs have contributed to allowing a lower-income public to visit Paraty and have access to its beauty and we alth. It is obvious that, while each entrepreneur has a role to play, they coexist in a state of stress, exposed to the risk of a potentially disastrous imbalance.

In practical terms, the studies are justifiable by contributing subsidies for measures to be taken for conversion processes of urban economic functions. In short, the results of the studies can provide significant insights to formulating incentive policies for entrepreneurship, and actions for qualifying these players, acknowledging their specific attributes.

In due course, it is suggested that such studies be repeated in other towns, especially those that have undergone different transformation processes from the towns investigated. It would then be possible to reinforce or even compare the robustness of the proposed typologies.

References


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