



Peripheral Entrepreneurs: Entrepreneurship That Inspires And Transforms

Larissa Alves de Macedo | la340547@gmail.com

João Pinheiro de Barros Neto | professorbarros@hotmail.com

1 – Pontifícia Universidade Católica de São Paulo – PUC SP | São Paulo – SP

Abstract

This study explores the experiences of entrepreneurs in socially vulnerable areas, with a focus on Diadema, São Paulo. This qualitative research, based on semi-structured interviews, was conducted with three entrepreneurs who revealed the challenges faced as peripheral leaders in marginalized regions. The analysis shows that, although lack of investment, bureaucracy, and prejudice are recurring issues, these leaders play a central role in both community and economic development where they operate. It is concluded that valuing these leadership practices and promoting a supportive environment for entrepreneurship in the peripheries are essential to unlocking the transformative potential of these territories.

Keywords: Peripheral entrepreneurship; social inclusion; entrepreneurial leadership.



INTRODUCTION

Unlike traditional entrepreneurship, what arises in the peripheries is primarily driven by necessity. It is seen as a response to the absence of formal jobs and seeks to meet the basic daily needs of this population. Added to this is a strong desire for independence, marked by the search for autonomy and the management of one's own business. The possibility of leading one's own professional trajectory and ensuring subsistence drives many to see entrepreneurship as a solution.

In this scenario, peripheral entrepreneurial leadership emerges—formed by people who transform their communities through creative ideas, job creation, motivation, empowerment, and serving as an example for new entrepreneurs. These leaders also contribute to strengthening the local economy, generating positive impacts throughout the ecosystem around them.

Although they are important to their place of origin, peripheral entrepreneurship faces various challenges, such as bureaucratic difficulties, stigmas associated with the region of operation, lack of investment, and problems in financial management. Conversely, entrepreneurs in these territories demonstrate resilience and adaptation in the face of challenges that arise, with notable behaviors for overcoming adversity and achieving success in their businesses.

Peripheral entrepreneurship, although a key piece for the survival of these regions, is still little explored in the literature. By investigating the strategies and practices adopted by these leaders, it is possible to understand the factors that drive their success and impact on communities, in addition to providing grounds for the creation of public policies and support actions for entrepreneurship in the peripheries. This study also seeks to break with negative stigmas associated with favelas, highlighting the transformative potential present in these territories.

Therefore, the main objective of this research is to investigate the processes and strategies of entrepreneurial leadership adopted by leaders in peripheral communities, focusing on understanding how these leaders inspire and promote social and economic transformations in their local contexts, in addition to proposing recommendations for strengthening peripheral entrepreneurship.

LITERATURE REVIEW

The concept of leadership is not uniform due to the existence of various theories that seek to explain it; with the advancement of studies, information aimed at its definition has been increased. Despite this, it is certain to state that leadership is associated with the ability to command a group of individuals toward the same objective. In an increasingly volatile and competitive business scenario, the conception of leadership has become relevant in both corporate and academic spheres (Kotter, 1990).

Leadership is not merely the delegation of tasks; rather, it is a reciprocal relationship based on trust, respect, and motivation. According to Jayr Figueiredo and Robson Marinho (2012), leadership is not limited to the designation of a position with specific requirements, but is a matter of competence. The author argues that leadership is related to an individual who is at the service of others, achieving personal fulfillment through the satisfaction of their peers. In this perspective, the progress of others is perceived as one's own progress, and the well-being of others is considered an integral part of one's own well-being. Maximiano (2000) highlights that leadership styles vary between autocratic, democratic, and liberal, each with its particularities and impacts on team dynamics.

Entrepreneurship is a behavior that encompasses initiative, organization, and reorganization of social and economic mechanisms, aiming to take practical advantage of situations and resources, and accepting the possibility of facing risks and failures (HERMANN, 2011). Furthermore, innovation and the introduction of novelties are crucial elements for an entrepreneurial attitude.

Different from entrepreneurship originating in large centers, for the most part, entrepreneurs coming from peripheries have motivations based on necessity. They emerge as a consequence of the lack of formal employment with the goal of meeting basic conditions. Another motivation is the desire for business independence, that is, the possibility of becoming autonomous and managing one's own business; this desire comes from distinct factors, such as financial dependence and negative experiences in the labor market (GRATÃO, 2023).

Entrepreneurial leadership is a concept that, like leadership itself, is permanently under construction. Some authors define it as the ability to influence people, through



Larissa Alves de Macedo | João Pinheiro de Barros Neto

one's own repertoire, with the purpose of observing opportunities and leading entrepreneurial decisions in unknown environments (GUPTA et al. 2004). But it can also be understood as the capacity to command team members to achieve objectives involving entrepreneurial activities (Renko et al. 2015). Still according to Renko et al. (2015), entrepreneurial leadership possesses a set of behaviors from different types of leadership, such that it is titled as a new category of leadership present in the literature on the subject. For leadership to be entrepreneurial, it is necessary to have confidence in one's actions and take advantage of opportunities that arise, without fear of making mistakes, with a focus on constant innovation of their products or services (SILVA, J. J.; SIGNORINI, M. D, 2018).

The writer Carolina Maria de Jesus (2020) characterized the city as the living room and the favela as dumping room. According to Vaz (1994), favelas emerged as a result of the urban crisis caused by the housing deficit and demographic growth. For the author, the tenements that emerged at the beginning of the 19th century can be seen as the precursors to favelas. At that time, with scarce or non-existent public housing policies, this phenomenon grew and evolved into favelas and urban communities, a term that was again used by the IBGE in 2024 to refer to these locations (NERY; BRITTO, 2024).

Currently, Brazil has about 13,500 favelas, with 17.9 million inhabitants and 5.8 million families (MEIRELLES, 2023). If it were a Brazilian state, the favela would be the 4th largest in population (MEIRELLES, 2022). When it comes to the favela, the first words that come to the minds of the general Brazilian population are poverty, hunger, violence, trafficking, and robbery. In contrast, for favela residents, it is overcoming, family, joy, friendship, and happiness (MEIRELLES, 2023). Favelas have needs and face difficulties that need to be addressed, with part of the problem being the stigma associated with these places (MEIRELLES, 2022). Despite the adversities, the founder of the Central Única das Favelas (CUFA) emphasizes that the favela is not lack, but potential (S/A, 2021).

Various motivations drive entrepreneurship, and they can be classified mainly into two categories: entrepreneurs by necessity and those who entrepreneur by opportunity. Such motivations do not follow a uniform pattern, manifesting in varied ways in different geographical contexts and political-economic scenarios (CIEDS, 2018). In the Brazilian

Larissa Alves de Macedo | João Pinheiro de Barros Neto

socioeconomic context, a growing relevance of entrepreneurship motivated by necessity is noted, especially in peripheral areas. The main objective of these entrepreneurs is to generate income to support their families (GEM, 2017). In favelas, 50% of residents identify as entrepreneurs (MEIRELLES, 2023).

Entrepreneurship is not an easy task for this population. In 2022, one of the problems presented by the Data Favela research is the difficulty in resolving bureaucratic issues, such as, for example, obtaining a CNPJ (MEIRELLES, 2022). The lack of investment is also an obstacle for peripheral entrepreneurial activity, being one of the main difficulties faced by entrepreneurs. Following this, the lack of adequate equipment, difficulties in company management, and financial organization can be listed (JULIO, 2022).

A study on Entrepreneurship in the Periphery of São Paulo (QUINTESSA, 2020) revealed the profile and characteristics of businesses coming from these communities. Most companies are led by women, about 61%, mostly belonging to the Black community, aged between 30 and 39. The predominant focus of the businesses is on solving local problems, in the B2C model, through direct sales. According to the same study, 49% of these businesses are in the "valley of death," meaning they have not yet reached the break-even point, with insufficient capital to cover costs and expenses.

Thus, peripheral entrepreneurship faces distinct challenges and difficulties in its trajectory. Whether by necessity or opportunity, training and entrepreneurial guidance are needed in fostering a protagonist culture for social change. Peripheral entrepreneurship entirely utilizes emergent strategies. According to Mintzberg et al. (2000), an emergent strategy can be understood as one backed by learning from what the business demands at the moment. This strategy opens doors for strategic learning, as it demonstrates the organization's capacity to experiment. It emerges when people, whether collectively or individually, learn about a situation in practice, without previous formal preparation. In the same way as occurs in peripheral entrepreneurship, where actions and strategies happen according to what the business demands at the moment.

The favela has enormous potential, whether as a consumer, citizen, or, especially, an entrepreneur. The dream of favela residents is to entrepreneur, achieving more autonomy, independence, and freedom to generate their own income. Unfortunately, these areas are still stigmatized by society and neglected by public authorities. Those

who, despite all adversities, start their own businesses and impact people in the periphery are called leaders in this study. They are individuals who inspire and motivate their communities to follow an entrepreneurial career, bringing transformative potential to these territories. Although there is a consensus on the importance of peripheral entrepreneurship for the local economy and social inclusion, there is still a need for more in-depth studies that explore the specificities of these ventures and best practices for their sustainable development.

METHODOLOGY

The research conducted is exploratory and descriptive in nature. The exploratory character aims to investigate a little-studied phenomenon, providing an initial understanding of peripheral entrepreneurship and the leadership that emerges in this context. The descriptive character seeks to detail the characteristics and practices of peripheral entrepreneurial leaders, offering an in-depth view of their strategies and impacts (Gil, 2022).

The sample was composed of three entrepreneurs who consider themselves leaders and who have their businesses established in the periphery of Diadema, in São Paulo. The choice of participants was intentional, aiming to select individuals who could provide rich and detailed information about their experiences and entrepreneurial practices (Lakatos; Marconi, 2021).

Data were collected through semi-structured interviews, conducted in person. The interviews were conducted based on a previously developed script, which included open questions to explore the trajectories, challenges, and strategies of the entrepreneurs. The interviews were recorded and transcribed with the due authorization of the participants, ensuring the precision and integrity of the information collected (Creswell; Creswell, 2021).

Data analysis followed a qualitative approach, using the content analysis technique. The interview transcripts were read and reread, allowing for the identification of recurring categories and themes. From this analysis, insights were extracted regarding leadership practices, challenges faced, and strategies adopted by peripheral entrepreneurs (Gerhardt; Silveira, 2009).

The research was conducted in accordance with ethical principles established for studies involving human beings. All participants were informed about the objectives of the research and signed an informed consent form, ensuring the confidentiality and anonymity of the information provided. Additionally, participants were assured the right to withdraw from the research at any time without any prejudice (Witiuk, 2018).

RESEARCH AND RESULTS

The interviews and collected responses provided valuable information about the trajectory of peripheral entrepreneurial leaders in Diadema. In this part of the study, the author highlights points of convergence and divergence in the leaders' discourses, revealing relevant information for the objective of the research. The study seeks to explore the experiences, challenges, and strategies adopted by these entrepreneurs, uncovering the factors that contribute to their success and impact in the peripheries.

The data offer an overview of the history and journey of these entrepreneurs before and after becoming leaders in their businesses. Many of these leaders did not see entrepreneurship as a dream or aspiration, but rather as an opportunity, or in some cases, a necessity. This information underlines the resilience and adaptability of these people, who saw entrepreneurship as a means to achieve independence, autonomy, generate income, and improve their lives.

"I started cutting hair sort of by chance. An uncle of mine, Leandro, asked me to cut his hair. He insisted, so I ended up cutting his hair and then mine. Over time, I started getting a taste for it".

The interviewees shared their experiences regarding peripheral entrepreneurship, emphasizing the difficulties faced in this context. The conversations addressed the stigma experienced by the peripheries, the devaluation of work, and difficulties in business management and obtaining capital.

"Working in the periphery is very difficult. I have already lost clients who said: 'I loved your work, where do you live? In Pantanal? I'm not going anymore' because they think they will arrive at my door and a bandit will point a gun at their head. But it doesn't work like that, you know? However, for those on the outside, unfortunately, that is the perception".

Despite the adversities, these leaders understand their role in the development of their communities and use their experiences to inspire and transform the environment where they live.

"I remember the difficulties I faced when I started and there was no one to help me. Today, I want to be the person I didn't have (...). I think I end up encouraging people, both in my business and in my personal life".

A revealing piece of data that confirms one of the study's hypotheses is the absence of prior courses or specializations before these entrepreneurs started their businesses. The search for qualification generally occurs after the start of the entrepreneurial journey, demonstrating a self-taught character in this public. Successful management strategies are frequently improvised and variable. Many of the interviewees started their ventures without detailed plans or well-defined strategies, which proves the hypothesis that many entrepreneurs from the periphery use emergent strategies in their businesses. However, some mentioned the use of benchmarking as a tool to observe companies operating in similar fields to help in decision-making.

Figure 1 presents the word cloud from the interviews, which reveals the human, social, and economic aspects of peripheral entrepreneurship. Terms such as "entrepreneurship" (empreendedor), "people" (pessoas), "leadership" (liderança), and "autonomy" (autonomia) highlight the importance of individuals and their capacities for leadership and overcoming. On the other hand, words like "difficult" (difícil), "work" (trabalho), and "clients" (clientes) reflect the challenges and efforts necessary to achieve success. The analysis of the figure confirms that peripheral entrepreneurship is a powerful tool for social inclusion and transformation, requiring support and public policies to maximize its impact.

Figure 1: Word cloud of the interviews.



Source: Authors (with support from the free wordcloud app).

All entrepreneurs agree that their businesses contribute to the local economy and positively impact the people around them, benefiting the favela as a whole. They consider the beginning of the entrepreneurial journey one of the most challenging moments, with the lack of a consolidated customer base, difficulties in creating a competitive differentiator, and in the structuring and management of the business. Despite the obstacles, the interviewees highlight determination, persistence, courage, and attitude as crucial characteristics for success, emphasizing the importance of maintaining hope and not giving up on the way.

The findings of this study also corroborate existing literature on peripheral entrepreneurship. Dornelas (2001) highlights the capacity of entrepreneurs to reorganize social and economic resources, taking risks and innovating. Grato (2023) points out that entrepreneurship in the peripheries is driven by necessity in response to the scarcity of formal jobs. Furthermore, research by Quintessa (2020) shows that many peripheral businesses are led by Black women and focused on solving local problems.

FINAL CONSIDERATIONS

This study offers an in-depth view of the trajectory of these leaders, highlighting their experiences, challenges, and strategies. The interviews reveal the resilience and adaptability of these entrepreneurs who, even without formal planning or prior specialization, use their experiences and emergent strategies to continue with their businesses. In addition to facing stigmas associated with where they live and work, management difficulties, and obtaining capital, these leaders play a crucial role in the development of their communities, inspiring and transforming the reality around them.

Persistence, determination, and courage are identified as fundamental characteristics for success, reinforcing the transformative potential of peripheral entrepreneurship. This work not only describes the challenges faced but also the strategies for overcoming them, evidencing the innovation and willpower of these leaders as sources of inspiration and positive impact in their favelas.

The conclusion of this study points to the need for public policies and private initiatives that can more effectively support these entrepreneurs. Investments in entrepreneurial education, simplification of bureaucratic processes, and access to credit are some of the measures that can help enhance the impact of these leaderships. Recognizing and strengthening peripheral entrepreneurship not only improves the quality of life in favelas but also contributes to the economic and social development of the country as a whole. Thus, valuing these leadership practices and promoting a more favorable environment for entrepreneurship in the peripheries are essential for leveraging the transformative potential of these territories.

Among the limitations of the study, the small sample size stands out, consisting of only three entrepreneurs. Although the interviews provided valuable information, the generalization of results to other peripheral communities should be done with caution. Additionally, the research focused on a single location, which limits the understanding of entrepreneurship dynamics in different peripheral contexts.

New studies on the topic are recommended, especially with a larger number of interviews. The line of research can be expanded, seeking greater variety in the sample of interviewees in terms of age and field of activity. Understanding how the community views these leaders through specific field research, expanding this research to other favelas and locations, and seeking more references on entrepreneurship and the role

of leadership in the periphery are also other suggestions from the authors for the continuation of the study.

REFERENCES

- CRESWELL, J. W.; CRESWELL, J. D. **Projeto de pesquisa: métodos qualitativo, quantitativo e misto**. Porto Alegre: Penso, 2021.
- DORNELAS, J. C. A. **Empreendedorismo: transformando ideias em negócios**. Rio de Janeiro: Elsevier, 2001.
- FIGUEIREDO, Jayr; MARINHO, Robson. Liderança: uma questão de competência. Editora Saraiva, 2012. E-book. ISBN 9788502088306. Disponível em: <https://integrada.minhabiblioteca.com.br/#/books/9788502088306/>. Acesso em: 13 fev. 2024.
- GEM, Global Entrepreneurship Monitor. **América Latina y el Caribe**: 2015/16. London: Global Entrepreneurship Monitor, 2017.
- GERHARDT, T. E.; SILVEIRA, D. T. **Métodos de pesquisa**. Porto Alegre: Editora da UFRGS, 2009.
- GIL, A. C. **Como elaborar projetos de pesquisa**. São Paulo: Atlas, 2022.
- GRATÃO, P. **Favelas movimentam 202 bilhões em renda própria diz pesquisa**. <https://revistapegn.globo.com/empreendedorismo/noticia/2023/03/favelas-movimentam-r-202-bilhoes-em-renda-propria-diz-pesquisa.ghtml>. Acesso em: 01/09/2023.
- GUPTA, V.; MACMILLAN, I. C.; SURIE, G. Entrepreneurial leadership: developing and measuring a cross-cultural construct. *Journal of business venturing*, v. 19, n. 2, p. 241-260, 2004
- HERMANN, Ingo Louis. **Empreendedorismo**. 3. ed. Palhoça: Unisulvirtual, 2011.
- JESUS, C. M. de. **Quarto de despejo: diário de uma favelada**. São Paulo: Ática, 2020.
- JULIO, R. A. **Metade dos moradores de favelas se considera empreendedor, mostra pesquisa**. <https://revistapegn.globo.com/Entreendedorismo/noticia/2022/04/metade-dos-moradores-de-favelas-se-considera-empendedor-mostra-pesquisa.html>. Acesso em: 10/02/2024.
- KOTTER, J. A force for change: how leadership differs from management. New York: Free Press, 1990.
- LAKATOS, E. M.; MARCONI, M. de A. **Metodologia do trabalho científico**. São Paulo: Atlas, 2021.



Larissa Alves de Macedo | João Pinheiro de Barros Neto

MAXIMIANO, A. C. A. **Teoria geral da administração: da escola científica à competitividade em economia globalizada**. 2.ed. São Paulo: Atlas, 2000.

MEIRELLES, R. **Um país chamado favela 2022**. https://outraspalavras.net/wp-content/uploads/2023/03/Pesquisa-expofavela_datafavela.pdf. Acesso em: 16/06/2024

MEIRELLES, R. **Um país chamado favela 2023**. https://www.museudasfavelas.org.br/wp-content/uploads/2023/09/DataFavela_Pesquisa-Expo_2023rm.pdf. Acesso em: 03/08/2024

MINTZBERG, H. et al. **Safari de estratégia: um roteiro pela selva do planejamento estratégico**. Trad. Nivaldo Montingelli Jr. Porto Alegre: Bookman, 2000.

NERY, C.; BRITTO, V. **Favelas e comunidades urbanas**. <https://agenciadenoticias.ibge.gov.br/agencia-noticias/2012-agencia-de-noticias/noticias/38962-favelas-e-comunidades-urbanas-ibge-muda-denominacao-dos-aglomerados-subnormais>. Acesso em: 20/06/2024.

QUINTESSA. **Estudo sobre empreendedorismo da periferia de São Paulo**. São Paulo: Quintessa, 2020. <https://conteudos.quintessa.org.br/estudo-periferia>. Acesso em: 20/01/2024.

RENKO, M. et al. Understanding and measuring entrepreneurial leadership style. *Journal of Small Business Management*, v. 53, n. 1, p. 54-74, 2015.

SILVA, J. J.; SIGNORINI, M. D. O papel da liderança no empreendedorismo. *Colloquium Socialis*, Unoeste, 2018.

VAZ, L.F. **Uma história da habitação coletiva na cidade do Rio de Janeiro**. Tese (Doutorado). Faculdade de Arquitetura e Urbanismo, Universidade de São Paulo. São Paulo: USP, 1994.

WITIUK, I. L.; FRANÇA, B.; KRÜGER, C.; GUEBERT, M. C. C. **Ética em pesquisa envolvendo seres humanos**. Curitiba: PUCPRESS, 2018.