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## Entrepreneurs and the Social and Economic Dynamics of a Small Brazilian Community

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### Abstract

In this paper, we attempt to study the relation between variance among entrepreneurs and the social and economic dynamics of a small Brazilian community that over a comparatively short period emerged from abandonment and obscurity to become one of the premier tourist destinations in the country. Although our study was unabashedly exploratory, inspired on the Grounded Theory method, we encountered several accounts reflecting the literature in our initial interviews. Some viewed the town's recent development as the result of the inspired intervention of a few prominent leaders while some viewed the town's trajectory as a straightforward result of macroeconomic evolution. The importance of variance among entrepreneurs and their relations among themselves and with the broader community became more apparent and we found a modest body of work that helped us to interpret our results and which we in turn will attempt to inform. We will explore our results and their likely relationship to existing theory, but for introductory purposes we preview six major findings: (1) The community has developed a shared vocabulary of oppositional categories which express the major social tensions created by the town's rapid development; (2) different entrepreneurial postures or types are located in different spaces created by the intersection or juxtaposition of these oppositional categories. the different types are aware of their location and the location of others in this positional scheme; (3) different types of entrepreneurs have different goals and preferences for the development of the community, which have radically different implications for the long term nature of the community; (4) the distribution of different types of entrepreneurs has an impact on the economic and social dynamics of the community; (5) the types of entrepreneurs identified by the community's cognitive system overlap but do not duplicate existing typologies in the entrepreneurship literature.

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## 1. Introduction

One might caricature if not characterize traditional thinking on the origin of new organizations as tending toward one of two analytical extremes. On one hand there is the view favored in classic studies of entrepreneurship which sees new organizations as arising from quasi mythical individuals unlike others, whose drive and genius seize opportunities and create new wealth where others do not [5, 6]. On the other is the perspective of the classic population ecology studies, which posited that macro technological and economic forces create opportunities for new enterprises that are discovered more or less randomly by people who, through no rational calculation of their own, happen to be at the right place at the right time. The early statements of the population ecology view of organizations, tended to view enterprise creation in terms of the exploitation of “niches” of environmental resources, which are exploited by actors who happen to possess characteristics corresponding to the requirements of a given niche (Aldrich, 1978; 19).

Over time these extremes have been supplemented and moderated by a variety of new perspectives and lines of research. Studies of entrepreneurship increasingly recognize that even the most individualistic entrepreneurs act within sociocultural contexts and that there are different kinds of entrepreneurs with varied motivations, approaches, and capabilities [40]. Similarly studies of organizational populations and their dynamics increasingly recognize that environments contain much more than disembodied technological and monetary resource flows [1]. Indeed, a recent development is the subfield of “community ecology” which recognizes all manner of configurations of social, cultural, and economic forces that combine to create bounded, idiosyncratic environments [15]. The current paper attempts to uncover new insights about the dynamics of entrepreneurship by juxtaposing two subthemes of these broader perspectives - typological studies of entrepreneurs, and community based studies of entrepreneurship - in an inductive study of the development of Tiradentes, Brazil. This research aims not only to contribute to a greater understanding of variance among entrepreneurs; it seeks to do so from the vantage point of a setting in an emerging economy, which is underrepresented in entrepreneurial studies.

## 2. Typologies of entrepreneurs and community level studies of entrepreneurship

If early views of entrepreneurship distinguished between entrepreneurs as a special category and the rest of the population, it slowly became apparent that even if entrepreneurs as a class are different from the population at large, they also vary one from another, and this variance is conceptually and practically important. Despite the traditional de-emphasis on typologies, (Smith’s classic 1967 [42] book and Miner’s [34, 35] late career interest being notable exceptions) a growing number of authors are turning their attention to variance among entrepreneurs or entrepreneurial behavior. In 2004, Sarasvathy [38] dedicated the better part of an influential theoretical article to the proposition that the assumption of homogeneity among entrepreneurs hampers efforts to more fully understand the phenomenon. In addition to theoretical arguments favoring a more careful look at variation in entrepreneurship, recent papers propose detailed typologies for subfields of entrepreneurship. In 2000, prominent silicon valley entrepreneurs Lee *et al.* [27] proposed a fourfold typology of silicon valley entrepreneurs which they contrast to small business owners and “traditional” ventures. A 2009 paper by Zahara *et al.* [47] advanced a typology of “social entrepreneurs” which also departs significantly from the categories and concerns of earlier typologies. In addition, recent research by Stinchfield [43], and his associates, uses Levi Strauss’ [28] categories of art, craft, bricolage, and engineering to analyze variance among entrepreneurs [43, 44].

At the same time that mainline entrepreneurial studies have become more interested in patterns of variation among entrepreneurs, there has been growing interest from diverse quarters in the context in which entrepreneurship plays out. If early thinking on entrepreneurship emphasized individual attributes and microeconomic individualism [6], it is now much more common to think of entrepreneurship as taking place within a social and cultural context. This recent inclination comes from a number of disciplinary directions. At the epistemological level, the tendency to see phenomenon as socially constructed rather than objective has probably provoked a greater interest in social contexts [3, 46]. At a more practical level, Scholars and practitioners from policy studies and community development have long recognized that local entrepreneurship is a major driver of regional development and are searching for ways to intervene in communities in ways, which will facilitate and stimulate entrepreneurial activity [23]. A similar set of observations has led to similar interest on the part of those who study indigenous and excluded populations and peripheral areas [8]. At the same time, mainline entrepreneurship studies has noticed more and more that certain geographical and cultural regions such as Massachusetts Rte. 128 and Silicon Valley generate

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