

Reflections and analyses of the collaborative business models of handicraft in the municipality of Petrolina (PE) from the perspective of entrepreneurship

Reflexões e análises dos modelos de negócio colaborativo do artesanato do município de Petrolina (PE) pelo viés do empreendedorismo

Deranor Gomes de Oliveira¹ 

ABSTRACT

This article seeks to fill the gap in the literature on craft entrepreneurship regarding business model configurations. Its objective is to analyze collaborative craft business models, formalized in artisan associations that are present in Petrolina, municipality of Pernambuco, a Brazilian Northeast state, considering the management of these enterprises. The methodology adopted is a triple case study that carries out field, exploratory and bibliographical research. Managers and members of artisan associations were interviewed from December 2022 to January 2023. The data was analyzed using the Canvas tool, which can be used to analyze existing or new business models. The relevance of this work is justified by the theoretical contribution it seeks to bring to the area, by expanding knowledge of studies and practices on artisanal business models, as well as by its social contributions, by focusing on the development of cultural entrepreneurship as a channel that generates basic sources of income. The analyzed business models have similarities in several aspects, such as distribution channels, value propositions, operating costs and diversified revenue sources, and have just small differences in the relationships and customer segments. However, the research highlighted differences in the infrastructures of these associations.

Keywords: Craft. Entrepreneurship. Creative economy

RESUMO

Este artigo procura preencher a lacuna na literatura sobre empreendedorismo no artesanato em relação às configurações de modelos de negócio. Seu objetivo é analisar os modelos de negócio colaborativo do artesanato, formalizados em associações de artesãos existentes no município de Petrolina, Pernambuco, Brasil, considerando a gestão desses empreendimentos. Trata-se de um estudo de casos múltiplos com três unidades de análise. A metodologia engloba pesquisas de campo, exploratória e bibliográfica. A metodologia engloba pesquisas de campo, exploratória e bibliográfica. Foram entrevistados gestores e membros de associações de artesãos no período de dezembro de 2022 a janeiro de 2023. Os dados foram analisados à luz da ferramenta Canvas, que pode ser usada para analisar modelos de negócio existentes ou novos. A relevância deste trabalho deve-se às contribuições teóricas que buscam aportar para o campo, ao ampliar os conhecimentos dos estudos e das práticas sobre os modelos de negócio do setor de artesanato, bem como às contribuições de caráter social, focadas no desenvolvimento do empreendedorismo cultural como canal gerador de fontes básicas de renda.

Palavras-chave: Artesanato. Empreendedorismo. Economia criativa.

¹Universidade Federal do Vale do São Francisco – Petrolina (PE), Brazil. E-mail: deranor.oliveira@univasf.edu.br
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INTRODUCTION

Creative economy has been defined by Oliveira, Araújo and Silva (2013) as the group of economic activities that depend on symbolic content, which are based on creative resources that can potentially generate growth and economic development, and that are able to promote the generation of income and employment and exportation. These activities promote social inclusion, cultural diversity and human development.

This set of economic activities mentioned by the authors in the scope of creative economy was classified by the Federation of Industries of the State of Rio de Janeiro (Firjan, 2022) in four creative dimensions: consumption, culture, media and technologies. Each one of these dimensions represents a set of activities, which go from marketing to architectural design, production, distribution and publication of media, performing arts, biotechnology, reaching cultural dimension, whose framework, among other activities, includes handmade production, which is the object of study of this work.

In Brazil, the pandemic affected the creative industry, and this impact may now be visualized in the new issue of *Mapeamento da Indústria Criativa no Brasil* (Mapping of Creative Industry in Brazil), elaborated by Firjan (2022). The study analyzed the field between 2017 and 2020 and showed that the number of creative professionals, despite the crisis, increased 11.7% in relation to 2017. The country has 935 thousand creative professionals that are formally employed, which is equivalent to 70% of the entire workforce that acts in the Brazilian metal-mechanic industry.

According to Costa and Souza-Santos (2011), the developmental challenges of creative activities reside on the lack of studies and in-depth data about the sector and the formation of skilled workforce, and, among others, it is necessary to improve the flow of production, distribution and consumption of creative goods and services. On the other hand, academic production has neglected the aspects related to the sustainability and efficacy of the handcraft production business models.

In this sensitive and challenging universe, the work group formed by researchers and graduate and post-graduate students at Universidade Federal do Vale do São Francisco (Univasf) made efforts to support artisans in the attempt to solve the absence of information and data about collaborative handicraft production.

The demand was discussed in the classroom of the thematic group Development Dynamics of the Semiarid, in the Administration Course of Univasf in 2022. This reflection was based on the case study of groups of handicraft production in the state of Pernambuco, approaching the specificities of business models as producers of culture and merchandise, in a type of economy that can be characterized as cultural, creative and popular, according to the definition by Oliveira, Araújo and Silva (2013).

The academic and practical concerns in the context of handicraft activities led to the following guiding question: how are handicraft business models configured in the current economy and society? Based on this guiding landmark, the objective of this study was to analyze the collaborative business models of handicrafts,

formalized in associations of artisans existing in the city of Petrolina, Pernambuco, considering the management of these enterprises.

This study used several theoretical perspectives and methodology that is based on the analysis of business models anchored in Canvas, which is a visual tool that can be used to analyze existing or new business models. Canvas can help to understand how a company creates, delivers and captures value (Osterwalder; Pigneur, 2010) and is divided in nine blocks, each one representing an important aspect of the business model. Field work was carried out to interview the members of associations and other parties, as well as research of documents provided by the associations and direct observation.

LITERATURE REVIEW

The deepening of creative economy, handicraft, entrepreneurship and business model concepts is an essential stage for a literature review about collaborative handicraft business models. This approach allows researchers and users to develop a more comprehensive view, contributing with the knowledge of the phenomenon of collaborative handicraft business models. Besides, it also enables the researcher to identify gaps in the literature and to propose new studies about the theme, for example, the researcher can verify there are few studies about the impact of collaborative business models in the economic and social development of handicraft communities.

The references used for the theoretical foundation of this study were selected in the Academic Google and Capes periodicals platforms using the search terms *creative economy, handicraft and business models*, refined by peer-review articles and Portuguese. The main parts of the structure of the articles, such as keywords, objectives, used methodology, theoretical foundation, results and final considerations, were systematized in the Workbook, which allowed, through an objective analysis, to structure the literature review in three themes: creative economy, handicraft and business models.

Creative economy

The definition of creative economy, first coined by the researcher John Howkins (2007), comprehensively, including the sectors of cultural and creative industries, based on the intellectual capacity to generate a product or service, resonates with the Mapping of Creative Industry in Brazil, carried out by Firjan, in 2022. Likewise, it is backed by scientific papers, such as in Gondim (2015), who called creative economy as the economy of the intangible, or economic of symbolic goods. For the author, creative economy feeds of the talent and creativity of the human being to produce products with high added value. Therefore, it uses creative resources to generate socioeconomic development, such as income, social inclusion, cultural strengthening and human development.

Britto (2016) extends the understanding of creative economy to collaborative processes between creativity, technology and businesses, which emerge from the core of people's creation as aesthetic expressions of work.

If we could say it differently, the local cultural expression, be it for the elaboration of an application, be it for the idealization and confection of local clothes, is a field that works in the context of creative economy, which transforms an idea in the materiality of a product and (or) service based on people's inventiveness.

In creative economy, goods and services come from cultural activities and are appreciated for cultural and social reasons that can complement and transcend a purely economic evaluation. Organizations that work with creative economy, according to Tabosa, Fernandes and Paiva Jr. (2010), seek competitive advantages, developing products, services, processes and businesses, both new or modified, based on the social, environmental and economic dimensions.

According to data from Firjan (2022), creative economy can be segmented in four creative dimensions: consumption, culture, media and technologies. Chart 1 synthesizes the segmentation adopted by Firjan.

Chart 1. Segmentation of economic activities in creative economy.

Consumption	Culture	Media	Technologies
Publicity and marketing: Market research, organization of events etc.	Cultural expressions: Handicrafts, folklore and gastronomy.	Editorial: Publishing of books, journals and digital content.	Research and Development: Experimental development and general research (except biology).
Architecture: Design and Project of buildings, landscapes and environments, planning and conservation.	Heritage and arts: Cultural services, museology, historical heritage.	Audiovisual: Development of content, distribution, schedule.	Biotechnology: Bioengineering, research in biology, laboratory activities.
Design: Graphic, multimedia and furniture.	Music: Recording, editing, creation and interpretation.		Information and Communication Technologies: Development of software, systems, consulting in information technologies and robotics.
Fashion: Design of clothes, accessories and shoes, besides modelists.	Performing arts: Acting, theater and dance production.		

Source: adapted from Firjan (2022).

Among the several economic activities categorized by Firjan (2022) in the scope of creative economy, Brazilian handicrafts are in the cultural dimension and moves around R\$ 100 billion a year — 3% of Brazil's gross domestic product generated by the approximately 8.5 million artisans spread in all States. Keller (2014) already indicated a reflection about the production of cultural and traditional handicraft production and the rooting of economic actions in society as a basic principle of contemporary economic sociology.

The study by Santos-Duisenberg (2008) brings evidence about the role of handicrafts as one of the factors that make creative economy a promoter of local development with the creation of employment and income. The activity, when performed collaboratively, is able to mitigate poverty. For the author, it is capable of

gathering minorities, leading women who work in the fields addressed to cultural activity to the production of crafts, thus colluding with gender balance, social inclusion and female resistance.

Handicraft and entrepreneurship

Nowadays, the market, boosted by consumers, requires innovative companies. The new types of businesses and the different ways of commercializing goods and services aim at production with high added value. Handicrafts, classified as one of the segments of creative economy, uses creativity to promote socioeconomic development (Pratt; Hutton, 2013).

According to Ordinance n. 1.007-SE, from June 11, 2018, which institutes the Brazilian Handicraft Program and establishes the conceptual base of Brazilian handicraft, "handicraft is every production that results from the transformation of natural or manufactured raw material, through the employment of handicraft production techniques, which expresses creativity, cultural identity, skill and quality" (Brazil, 2018).

Therefore, understanding new nuances in handicraft production collaborative business models may reveal the possible potentialities in the production, commercialization, management and innovation in these types of enterprise.

The central matter of this article relates to the ways handicraft work is rooted in contemporary society, especially work in the value chain of handicrafts, which is conceived as a linear network of work and production activities that connects the project activities of a product, going through its manufacturing or confection, its commercialization and marketing, until its final consumption (Keller, 2014).

About the perspective of handicraft work in contemporary society focusing on the precarious nature, in the social conditions and the forms of work organization, Tabosa, Fernandes and Paiva Jr. (2010) analyze handicraft work focusing on nature, on social conditions and on the modalities of work organization in the economy of handicraft, which is often used as a source of occupation and income, considering its unexpected opportunities to include, in social terms, women, the elderly, and people with disabilities who can even work from their own homes.

The work of Brito *et al.* (2015) about the changes promoted and suggested by the social actors and the perception of artisans about their activity, focusing on the analysis of entrepreneur behavior, observed that the changes promoted by the intervention of these actors have led to the consolidation of the local production arrangement. This allowed the creation of the foundation so that artisans could continue with their productive activities while learning to distribute tasks, control income as a group, share management practices and other types of knowledge that can keep the values and beliefs of the community cohesive.

As in any other economic activity, in handicraft, specifically for the purposes of this study, collaborative business models exist and operate with proposals of value, client segmentation, monetization models, with all elements and factors that compose business models.

Business Models

About business models and because of the growing complexity involving very different environmental, economic, social and political variables, Osterwalder and Pigneur (2010) claim that the constant analysis of the business model helps to understand the positioning of an organization, so that it can conceive more solid and competitive models. For the authors, the detailed and structured analysis of the business models' components is crucial to reveal interesting paths towards innovation and renovation, while providing a scenario of where the organization is now, suggesting some future trajectories in terms of opportunities and threats.

Osterwalder and Pigneur (2010) defined business model as the logic of creation, delivery and capture of value from an organization. Therefore, a business model is an important management activity that allows an organization to assess the health of its position in the market and to adjust accordingly.

Authors such as Petrini, Scherer and Back (2015) developed the junction of sustainable development alternatives with social impact and business models created for the generation of profitable results. For the authors, a social business tries to merge the creation of social value with the creation of economic value in the same organizational structure. In this sense, the generation of social value is extended not only to the final consumer, but also to all interested parties — clients, collaborators, suppliers, investors and society.

The artisans' associations, as collaborative business models, have been an efficient business model from that perspective, being an advantageous escape valve for small business entrepreneurs, including artisans (Silva *et al.*, 2023), who often do not have the visibility or cannot afford their own site nor to invest in it; thus, they have the possibility to exhibit and sell their products and services in a physical space, allowing the sharing and exchange of services and objects between the company and individual microentrepreneurs.

According to Pirotti, Bitencourt and Wegner (2017), collaborative ventures are those built and maintained by a community of people who have a common objective. They are characterized by collaboration, sharing of resources and shared decision making. Artisans' associations follow the same principles. They are formed by artisans who gather to promote their work, exchange knowledge and experiences and improve their work conditions.

The study by Melo (2015) emphasizes that, even though the concern with the symbolic is present in the analyzed studies, the economic approach has been privileged, especially when the goal is to generate income for communities in situation of social vulnerability. The growing appreciation of handicraft goods in contemporary society allows to infer that, in the future, artisans will be more autonomous in the market.

The configuration of handicraft collaborative business models is not different from that logic. These models, first created under the logic of creating social value, need to incorporate, even because of organizational survival,

economic and environmental sustainability, matters that are now essential for any type of business.

METHOD

This is a descriptive study, with qualitative approach, through a multiple case study. The unit of analysis was the business model, and observation units were three collaborative ventures that fit the definitions of creative economy by Oliveira, Araújo and Silva (2013), and of handicrafts by Pratt and Hutton (2013), Keller (2014) and Ordinance n. 1.007-SE, from June 11, 2018. Initially, six collaborative enterprises were modelled; however, only three fit the definitions of creative economy and handicraft.

The main interaction was carried out with representatives of artisans and the artisans themselves, which allowed data to be collected through semi-structured interviews aiming at filling out the business model chart developed by Osterwalder and Pigneur (2010), considered as adequate to qualify and classify the several existing business models in the scope of economy.

The methodological procedures contemplated the following steps:

- Field Research: semi-structured interview with managers from collaborative ventures of the city;
- Validation of gathered data with the parties involved in the management of collaborative ventures;
- Treatment and analysis of data: to analyze the systemic consistency of business model components.

For better understanding, the *design* space, shaped in the Canvas chart, was analyzed according to four main dimensions:

- Interfacing with clients: involving the Client segment, Distribution channels, and Relationships with Clients blocks;
- Value proposition;
- Infrastructure: involving the Key-activities; Key-resources and Key-partnerships blocks;
- Costs and income.

As a support for the analyses in Canvas, we used the analytical tool developed by Kim and Mauborgne (2005) called four-action framework (Chart 2). The tool's central ideal is to analyze the cost and value curves, using four key-questions, which investigates the strategic logic and the sector's business model.

Chart 2. Four-action framework.

Cost	Value
Eliminate	Raise
Factors that are reasons for competition	Factors that are way above standards
Reduce	Create
Factors that are way below standards	Factors that the industry has never offered

Source: adapted from Kim and Mauborgne (2005).

When it comes to business modeling, we need to capture more value than cost to deliver such a value. A business model can only be sustainable if this equation is real.

RESULTS

Considering that the analysis of any business model is intrinsically connected with the understanding of its environment and social, cultural, economic and political aspects involved, it is important to first present the referred business models that met the inclusion criteria for the purposes of this study, contextualizing the location.

Petrolina is a Brazilian city located in the far southwest of the state of Pernambuco, on the banks of São Francisco River, in the border with the state of Bahia. The city's population has 387 thousand residents (IBGE, 2022). Economy is based on agriculture, tourism and industry. The city is an important production center for tropical fruit, such as mango, banana and papaya, besides being a popular tourist destination because of its beautiful natural landscapes, such as the São Francisco River. The city is famous for its music, gastronomy and handicrafts.

Portal do Artesanato de Pernambuco (Handicraft Portal of Pernambuco) is an official state government website that provides information about handicrafts in Pernambuco. The portal highlights the raw materials and typologies from the region, such as leather, wood, clay and natural fibers. The main typologies of the territory of Petrolina, to show local handicrafts, are: leather bags; vases and figureheads produced with regional clay.

Petrolina's handicrafts are an important source of income for the local community. Besides, it is a way to preserve regional culture and tradition. According to Silva (2020), it is relevant to analyze the behavior of the association and public parties involved, among sharing actions, which have been increasing. These actions boost the economy in an alternative manner and change the consumption relationships between people and the access to goods and services.

Sertão das Artes Association: business model design

History

During the pandemic, on October 22, 2021, the Sertão das Artes Association was founded by Vanessa Duarte, daughter of an artisan and seamstress. Art is in its essence, but it was her entrepreneur and administrator's vision that made the project real. Being part of handicraft groups, herself and a group of craftswomen saw the need to teach artists that their work has value and that they need administrative and economic vision. Based on that, they created the first course about financial management and pricing of the crafts business.

Through its projects, the Association tries to embrace and support the artisan, and its main goal is to rescue the art and the artist. The house is the center of distribution and reception, where trainings take place, as well as sales of the art pieces, events, such as fairs and bazaars. They also participate in other events. Currently,

there are 20 associated artists, and they all contribute with a monthly fee for fixed expenses; the rent of the building for the association’s headquarters is shared.

The association’s business model can be visualized in Figure 1.

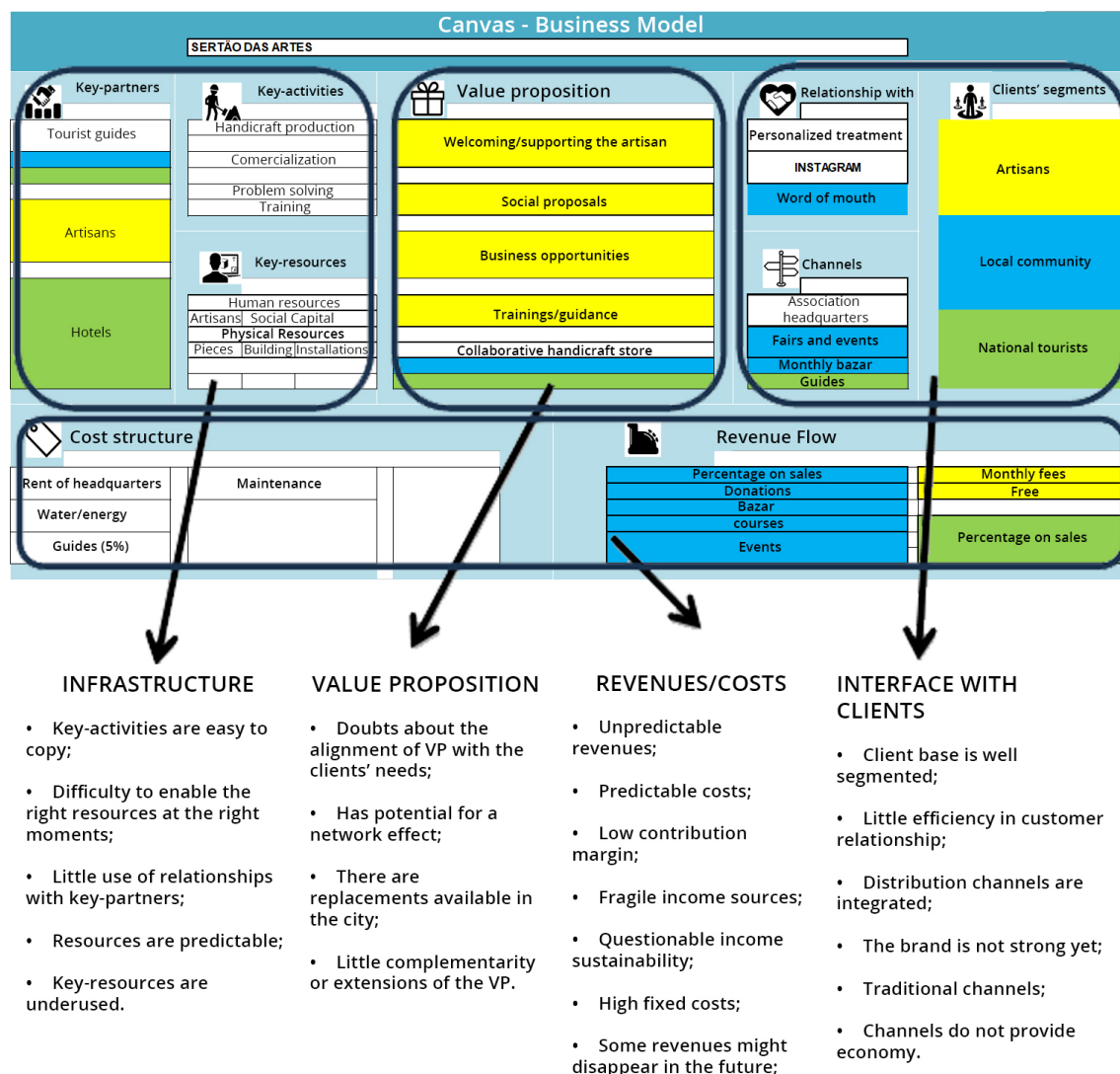


Figure 1. Business model — Canvas — Sertão das Artes Association.

The Sertão das Artes Association is mostly characterized as a business model focused on the production and commercialization of handicraft goods and the appreciation of art and the artist. The four-action framework, in conjunction with the Canvas chart of the business model, shows how the association works with the traditional elements of the business value proposition in the handicraft culture.

Starting with the analysis of the value curve of the four-action framework, it is observed that income sources are not attractive, so they could obtain higher margins and indicate, at the same time, the business’ financial sustainability, or even generate recurring sales. It is possible to believe that some of these incomes might disappear in the future, so it is safe to start planning the addition of new income sources. The pricing mechanism depends on the characteristic of the product and the subjectivity of the artist.

The client base is well segmented; however, distribution channels are traditional, and mostly used by its competitors, which is not news in the monetization model.

Distribution channels, despite integrated, are poor and little efficient. They do not provide distribution when we think from the economies of scale perspective.

Relationship with clients is not systematically established, nor does it use efficient strategies and tools to increase sales by attracting new customers without giving up current ones. The brand is still young, has little visibility and is not consolidated as reference in the market.

In the cost curve, the key-activities of the business model do not bring innovation or advantages and can easily be copied – not the piece itself, but the set of arts produced and offered by other artisans. The key-resources, especially human capital, despite being the competitive essence of the business, have entrepreneurial and associative motivations that are little developed. Craftswomen apparently did not understand the entrepreneurial journey. For this category of professionals, it is not easy to align the creative act with the requirements of entrepreneurship.

As for relationships established with key-partners, these seem to be fragile and little efficient. Unlike what some may think, partnerships can help to reduce risks when organizations operate in competitive environments (Osterwalder; Pigneur, 2010). It does not seem healthy for a company to possess all resources and execute every activity. However, in the association, the strategy of building partnerships, in the sense of increasing sales and strengthening activities and resources, is not a privileged goal by the management.

To make money, Sertão das Artes maintains its operational costs, when possible, below the income, including monthly fees. It is a business model guided by the cost, even though it could be guided by value, once it works with customized products. This model aims at keeping the cost structure as low as possible; however, fixed costs, mainly represented by the property's rent, remain high, regardless of the sales.

Chart 3, in a short version, shows the assets, on the right side, that need to be above the patterns of competition and the ones that need to be created in a surprising manner in the industry. On the left side are the liabilities, which need to be eliminated or reduced.

Mestre Quincas Artisan's Workshop: business model design

History

Mestre Quincas Artisan's Workshop is one of the most famous cultural centers in the region. The name honors Joaquim Correia Lima, called Mestre Quincas, considered to be the first artisan of Petrolina. The association was founded due to the need of an owned location that could exhibit the handicraft production in a single space. Therefore, a group of artisans came together in order to value regional

Chart 3. Four-action framework of Sertão das Artes Association.

Cost	Value
Eliminate Factors that are reasons for competition	Raise Factors that are way above standards
	<ul style="list-style-type: none"> • Brand's visibility; • Contribution margin; • Artisans' self-esteem; • Client portfolio.
Reduce Factors that are way below standards	Create Factors that the industry has never offered
Number of visitors without sales.	<ul style="list-style-type: none"> • New customer relationship channels; • New relationship networks; • Complementary distribution channels; • Deep knowledge about customers; • Permanent training program for artisans.

culture, such as figureheads and handicrafts. In this group there are people like Ana das Carrancas, Rock Santeiro, Mestre Bil dos Anjos, Zé Brochado, Bitinho and Zé Alves, who looked for improvements and a space for their work to be exhibited and recognized.

The creation and maintenance of Mestre Quincas Artisan's Workshop have contributed with several projects of access to culture and with the planning of events addressed to artisans in short and medium terms. The workshop's business model depends on a key-partner and is characterized as a model that focuses on the production and commercialization of handicraft products, as well as the support and appreciation of the art and the artist.

Mestre Quincas Artisan's Workshop aims at recognizing local culture through its art, and its main goal is the centralization of tourism.

In the value curve of the four-action framework, observed in Figure 2, the income sources are not attractive to obtain higher margins, with a few exceptions, when the workshop is invited to external events. The income sustainability is questionable, once it mostly depends on contracts and agreements with the city council, which takes on the operating expenses of the artisan's workshop. On the other hand, it cannot obtain recurring incomes, which are the ones you receive from loyal and regular customers, who buy from your company again, without the need to invest more capital, that is, the client that goes back to you for new purchases with a certain periodicity (Osterwalder; Pigneur, 2010).

The client base is segmented in three main pillars:

- The artisans themselves;
- Local and regional communities;
- National tourists; sporadically, international ones.

However, the used distribution channels are traditional and do not differentiate distribution models among the client segments. It is not that the channels are not adequate, but they are possibly underutilized.

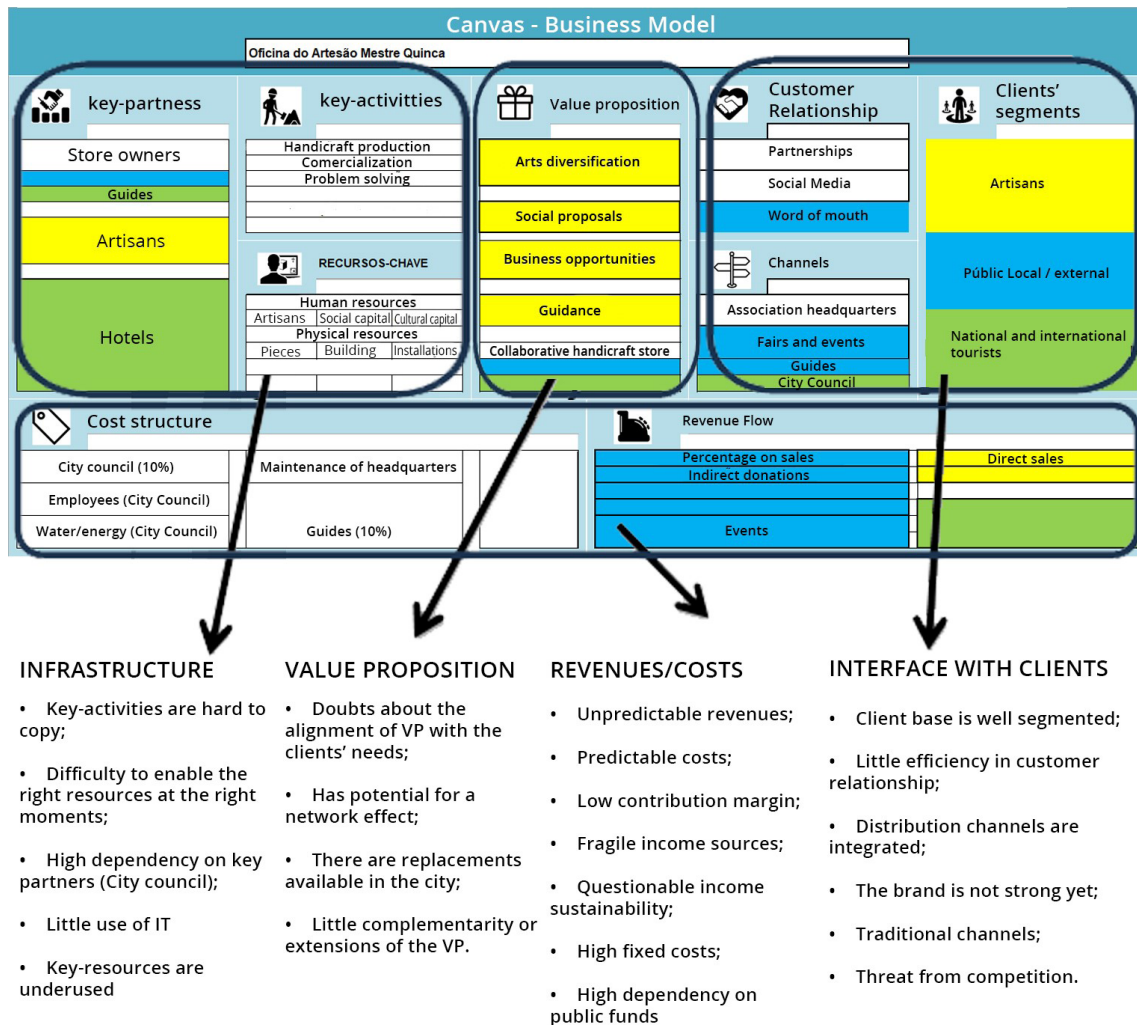


Figure 2. Business Model – Mestre Quincas Artisan’s Workshop.

Customer relationship, and, at the same time, support tools, such as social media, do not happen in a conscious, programmatic and intentional manner. At the same time, they are not sufficient to efficiently increase sales by gaining new customers without giving up current ones. Traditionally, it is a known venture in the region, perhaps the oldest one. The “worth of mouth” seems to be the most efficient strategy in the communication process.

The building is the distribution center, where some pieces are manufactured and shown, besides exhibiting sculptures from artisans of other regions. It is a very diversified artistic hub.

Part of the offered pieces is not unique nor exclusive, with peculiar traits, being easily copied and replaced. Another part of the production, especially pieces produced with wood that is exclusively found in the Caatinga biome, is not easily copied nor easy to replace. These are unique pieces with singular artistic traits, and expressive regional recognition.

In the cost curve, we found all of the main costs that have financial weight and derive from the business operationalization. Creating a value proposition, defining

income sources, establishing partnerships, creating relationships with clients and operationalizing the model require a well-defined cost structure. In the case of the artisan’s workshop, the business model is guided by value with little concern for operating expenses, once these are taken on by partnerships. Artisans worry less about operational costs and are focused on the creation of value propositions, which represents a competitive advantage, whose costs are those related to the artisan’s time, creativity, and skills. The handicraft production delivery is usually highly personalized, often developed according to the clients’ preferences.

Also in the cost curve, we found little use of information technologies in commercial relations. Among the most relevant intangible assets for this type of activity is human capital. It seems that these resources could be better used in terms of cooperation in labor activities. Unresolved relationship problems in the beginning of the activities end up generating little cooperation in the workplace. It means saying that key-resources are underutilized, and need to walk towards the formation of social capital.

Chart 4 shows the short version of the value and cost curves.

Chart 4. Four-action framework of Mestre Quincas Artisan’s Workshop.

Cost	Value
Eliminate Factors that are reasons for competition	Raise Factors that are way above standards
<ul style="list-style-type: none"> Number of visitors without sales. 	<ul style="list-style-type: none"> The brand: monetizing it via multiple formats and platforms; Artisans’ self-esteem; Sales.
Reduce Factors that are way below standards	Create Factors that the industry has never offered
<ul style="list-style-type: none"> Financial dependency from key-partnerships. 	<ul style="list-style-type: none"> Customer relationship channels; Complementary distribution channels; A sustainable revenue model; Strategies for future revenues; Collaborative bonds and entrepreneurs.

Trapiá Handicraft: business model design

History

Trapiá Handicraft was launched in 2011. This action includes artisans. In its foundation, it had only four associates; now, it is composed of 12. According to the associates, its objective is to strengthen the handicraft trade and regional culture through a collaborative space in which associates prepare the pieces at home and take them to be sold in the space. The business focuses on Northeastern handicrafts.

Trapiá Association makes money by delivering Northeastern culture through handicraft and unique pieces.

The analysis of the value curve of the four-action framework (Figure 3) allows to highlight that income sources are not attractive; counter sales is prevalent — self-service. The associates collaborate with a monthly fee for fixed expenses. The income model produces a low margin of contribution.

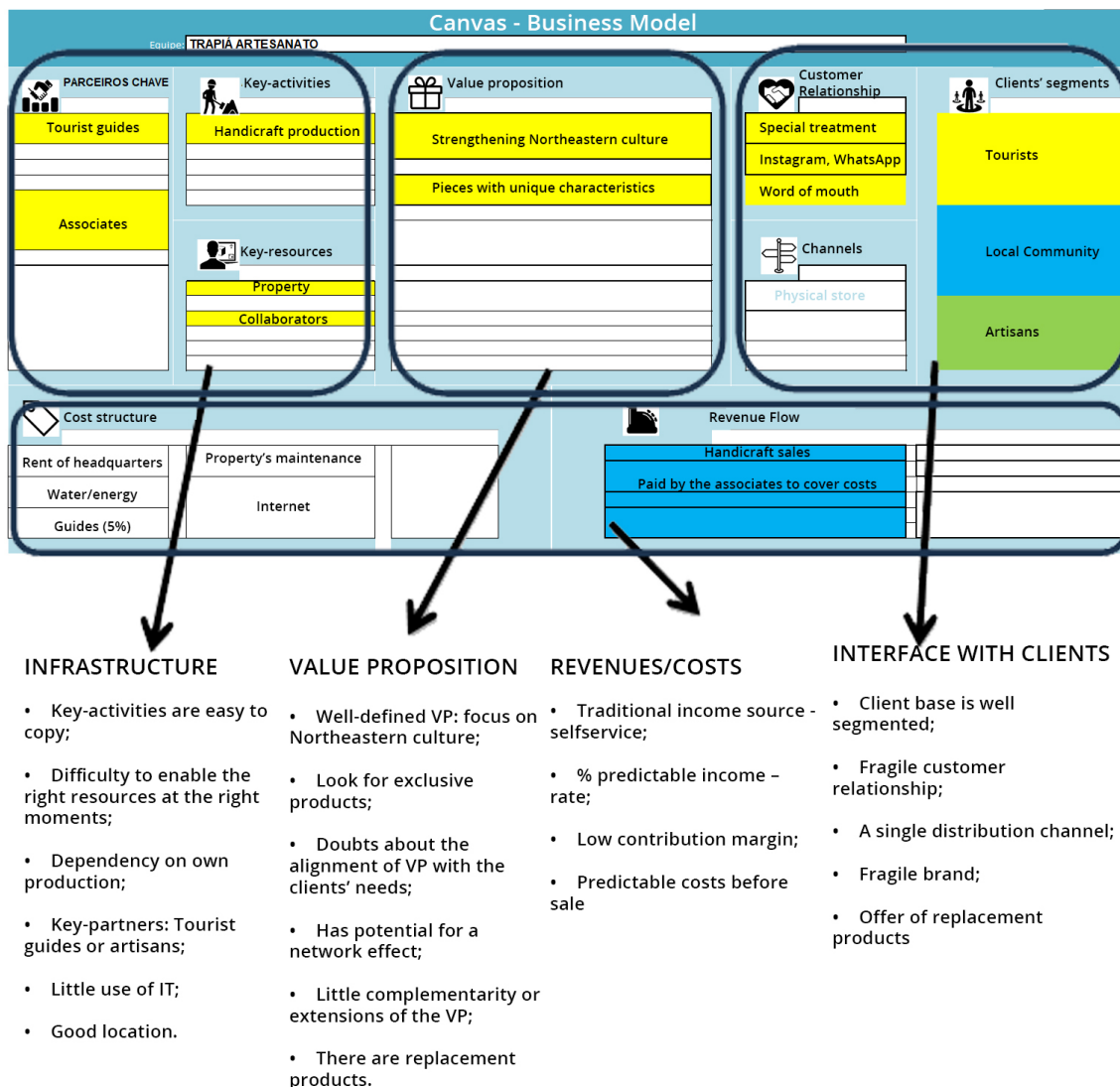


Figure 3. Business model – Trapiá Association.

Its geographic location, a tourist spot of Northeastern culinary, is alone a competitive advantage due to the flow of tourists in the space, which refers to the project's financial sustainability. However, considering the still traditional income source, with little complementarity or extensions in value proposition, it may not be sustainable since artisans may not be replaced in a continuous cultural process. Those incomes from loyal customers are not recurring.

As to customer relationship, digital tools Instagram and WhatsApp are adequate, but underused. Therefore, they are not efficient in terms of increasing sales or getting new customers. The development of digital skills and abilities seems to be more and more strategic in the administration of business models, even when creativity is the essence of the business.

In the cost curve, we found the most important costs involved in the entire complexity of the business. Fixed costs, such as rent, water and energy, are the ones

with the most impact. Costs with wages of employees and labor burdens do not exist. Key-activities are executed by the artisans themselves in a rotation system; working 12 hours a day.

The Trapiá Association depends on its production capacity due to its specificity of its own production by means of its associate, which can be a restriction to adjust to an increase in demand.

Chart 5, shows the short version of the value and cost curves.

Chart 5. Four-action framework of Associação Trapiá Association.

Cost	Value
Eliminate Factors that are reasons for competition	Raise Factors that are way above standards
	<ul style="list-style-type: none"> • Contribution margin; • Symbolic value of handicraft production.
Reduce Factors that are way below standards	Create Factors that the industry has never offered
<ul style="list-style-type: none"> • Number of visitors without sales. 	<ul style="list-style-type: none"> • Strong relationship through digital media; • Complementary distribution channels; • Strong brand.

FINAL CONSIDERATIONS

In creative economy, goods and services come from cultural activities and are appreciated by social reasons, being able to complement and transcend a purely economic evaluation. The analyzed collaborative ventures were essential for those craftsmen and women who were in a socially vulnerable situation. They became an opportunity to participate in the market with their creative skills to acquire income. In this sense, the groups revealed good level of knowledge and understanding about the business, whose main challenge is the difficulty to generate attractive income models with capacity to increase the contribution margin.

Through collaborative enterprises, many artisans began to benefit from this activity due to the need to execute autonomous work and put their creation in the market, obtain raw material, distribute handicraft and become more empowered. Artisans enterprises are configured as spaces in which several craftsmen and women can work together, sharing resources and collaborating in social projects.

The current configuration of collaborative handicraft business models in the city does not present sustainable competitive advantages between them. Such models work in a dynamic environment, full of options of products and services from the regional culture. The three of them have similar value propositions, offering their products and services to the same audience, producing and selling with very similar infrastructure, and practically adopting the same monetization model.

As to the interface with clients, the models maintain a traditional client-sales-person relationship, competing with the same client segments: national and international tourists, local community and the artisans themselves, providing all of the conditions for them to serve themselves – *selfservice*. The models sell more than

one product and segment their clients, which is a natural factor of the activity, considering that, even if the market is hesitant, artisans will have more options while readjusting their strategy.

Considering value proposition, the models were first created under the logic of social value creation, proposing conditions so that artisans could boost their self-esteem, promote Northeastern culture and develop competences of the entrepreneurial behavior.

About the offer of handicraft pieces, it is possible to consider that similar products are offered, and they can be easily replaced. The models' value proposition, unconsciously, have a direct connection with reason, when the experience of crafts with the emotional is a much more powerful strategy. The experience concerns us, and the handicraft piece refers to something else. Therefore, the experience with people should be a priority. A social business seeks to merge the creation of social value with the creation of economic value in the same organizational structure (Petrini; Scherer; Back, 2015). In this sense, the generation of social value is not only extended to the final consumer, but also to stakeholders — clients, collaborators, suppliers, partners and society.

About infrastructure, the creative capacity of artisans as an intangible asset is what can ensure the advantage of the analyzed models. Human capital is the most refined resource of the process; that is why, coherently, the models make efforts to provide well-being to the artisan as a priority. The key-activities and the key-processes do not differ much. Artisans produce and sell their art practically with the same conditions and little ability to accurately define their main resources and activities. Key-partnerships are not well-established, as a factor of aggregation for value and cost curves, except for Mestre Quincas Artisan's Workshop, which has a partnerships with the local city hall and exempts artists from operating costs. On the other hand, this partnership compromises the financial sustainability of the business, besides creating a relationship of dependence, and can be over at any moment.

In the scope of revenues and costs, pricing is still subjective and different from other activities. Artisans deal with costs before having any source of income, with some exceptions — when they receive part of the order in advance. To guarantee the sustainability of enterprises in the long term, administrators should consider that their cost structure needs to be reassessed from time to time. The activity's peculiarity as to profitability allied to the entrepreneurial behavior of the artists favors the low commercialization margins, which has a direct impact on profitability.

Recommendations follow in several directions. First, there should be a cooperation effort among collaborative enterprises, universities, private organizations and governmental parties to form a handicraft ecosystem and materialize the crafts activity. Secondly, regardless of the development dynamics, the technological conjuncture in constant transformation and the tendency of digitalization, more and more common, lead to the emergency to adopt technologies to increase the possibilities of production and commercialization of products. Third, more than selling handicraft pieces, ventures should sell a unique experience and unite cultural and

emotional elements. Brands, cultural knowledge, relationship network, human capital are all intangible assets that ensure advantage and generation of profitable results. Last, but not least, having advantage in relation to competitors and understanding customer behavior must be the strategic fit to consolidate brands.

These models, which were initially created according to the logic of social value creation, need to incorporate economic and environmental sustainability, which is now essential for any type of business, even because of organizational survival.

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About the author

Deranor Gomes de Oliveira: PhD in Management at Universidade de Évora, Portugal.

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