

Local Economic Development (LED) and Public Policies (PPs): Foundations and agenda for the retail sector in Brazil

Desenvolvimento Econômico Local (DEL) e Políticas Públicas (PPs): Fundamentos e agenda para o setor de varejo no Brasil

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Abstract: This present article aims to know and disseminate the maturity process in public policies by the Brazilian retail sector, assuming the need to consider its peculiarities, as well as its multiplicity and diversity of business profiles for the elaboration, articulation, and management of public policy agendas. The continued and historic process of integration between Public Policies (PPs) and Local Economic Development (LED) in Brazil has been gaining better moments than in the past, but it still requires advances in the qualification of all the leaders involved (political, governmental, legal, social and business) and allowing public retail policies to be implemented in parallel with the economic and social development of the local and regional community in which it operates.

Keywords: Public Policies (PPs); Local Economic Development (LED); Retail Sector.

Resumo: O presente artigo objetiva conhecer e disseminar o processo de maturidade em políticas públicas por parte do setor do varejo brasileiro, tendo como pressuposto a necessidade de considerar as suas peculiaridades, bem como a sua multiplicidade e diversidade de perfis de negócios para a elaboração, articulação e gestão de agendas de políticas públicas. O processo continuado e histórico de integração entre as Políticas Públicas (PPs) e o Desenvolvimento Econômico Local (DEL) no Brasil vem conquistando melhores momentos do que no passado, porém ainda requer avanços na qualificação de todas as lideranças envolvidas (políticas, governamentais, jurídicas, sociais e empresariais) e permitindo que as políticas públicas do varejo sejam

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implementadas em paralelo com o desenvolvimento econômico e social da comunidade local e regional no qual está inserido.

Palavras-chave: Políticas Públicas (PPs); Desenvolvimento Econômico Local (DEL); Setor de Varejo.

1. Introduction

The fields of Public Policies (PPs) and Local Economic Development (LED) in Brazil have been the target of integration, promoting greater maturity in these fields, both in terms of theoretical formulation and in terms of the feasibility of better political, economic and social consequences, although these results have not yet provided levels of growth and development in the country in the expectations that Brazilian society yearns for and needs.

This integration is fundamental for the achievement of even better times since Local Economic Development (LED) reflects the question “what”, the final objective sought by society, in other words, and “the capacity of a given society to overcome obstacles to the realization of its potential” (Castro & Oliveira, 2014, p. 22). Public Policies (PPs) reflect the question “how?”. The process to make the objective, conditions, and resources necessary for its purpose viable, in other words, materialized in the set of actions, projects or programs that must be developed by the municipalities, states, the federal government, social and business agents to meet the basic and complex needs of society, with goods and services that guarantee better living conditions for the population and promote economic and social development.

Thus, the feasibility of this long-sought integration between Public Policies (PPs) and Local Economic Development (LED) in Brazil must be built on the basis and importance of each of these processes (PPs & LED).

When one thinks of sectorial public policies as being specific policies for a sector or segment in which the State or society operates, such as health, education, sanitation, housing, security, transportation, industry, agribusiness and retail, this subset of general public policies must objectively reflect and overcome the real needs or peculiar demands of a sector, such as retail, as well as its integration and impact on other sectors or segments of the same society.

The objective of this present article is to understand the maturity process in public policies by the Brazilian retail sector, assuming the need to consider its

peculiarities, as well as its multiplicity and diversity of business profiles in the elaboration, articulation, and management of public policy agendas.

Considering that the process of accelerating Brazilian economic development has started from 1930, this integration between Public Policies (PPs) and Local Economic Development (LED) will only occur, with greater incidence, from the 2000's onwards (Castro & Oliveira, 2014).

Sectoral public policies focused on economic and social development, whether regional or local, need to be structured and organized based on objective public policy agendas, which serve as a tool for articulating and managing public policies.

In the case of the Brazilian retail sector, these agendas must emphasize the themes and intrinsic characteristics of the sector. They must demonstrate their essential characteristics that must be derived from their diversity of segments and obtaining their dissemination among all the actors involved.

In addition to the technical and political quality of these agendas, their management must take into account effective processes of monitoring and evaluation (M&E) of public policies, integrated and focused on local economic development.

2. Foundations and Importance of Local Economic Development (LED)

The main objective of Local Economic Development (LED) is to build the economic capacity of a given location, region, state, municipality, or territory, aiming at improving its economic perspective and the quality of life of its agents and residents (Swinburn, Goga, & Murphy, 2019). In other words, development, in the social and economic sense, is “the capacity of a given society to overcome obstacles to the realization of its potential” (Castro & Oliveira, 2014, p. 22).

From the 1970s, municipal governments and communities in Brazil realized that business and capital were moving from one region to another, according to the competitive and market advantages (Porter, 1986; 1989). Then they started to seek this economic capacity, as well as social, with the expansion and attraction of investments, aiming at the improvement of their business environment and the generation of jobs and income (Swinburn, Goga, & Murphy, 2019).

These improvements, to be effectively achieved, must involve the commitment and articulation between its main agents and governmental, political, legal, social, and

business leaders, cooperating in the permanent improvement of the situation of the region or location where development is taking place.

The great English naturalist and biologist, Charles Darwin (1809-1882), said: “It is not the strongest of the species that survive, nor the most intelligent, but those who respond best to changes”. This statement reminded me that the collective prosperity of a community will depend on its ability to change according to the dynamics of the regional, local, and even global economy.

If Local Economic Development (LED) is based on a structured and integrated process of “planning” and not just isolated actions of “acting without planning”, the likelihood of change in improving the local and regional context is overwhelming!

Among the specific strategies for the correct planning in local and regional development, there is the search for the improvement of the business and investment environment, aiming to increase the productivity and competitiveness of businesses, entrepreneurs, and local workers. They must also aim to improve local and regional communities with a view to improving the quality of life, innovating in economic and social opportunities, in the fight against conditions of poverty and misery. Thus, these strategies will contribute to the growth and improvement of the conditions of the local environment, making it more competitive, productive, and prosperous (Swinburn, Goga, & Murphy, 2019).

But how can you strengthen the economy of a locality or region? Well, first you must know the profile, the specifics, and the potential of the local and regional environment. These characteristics have the power to strengthen or weaken the economic capacity of these locations.

In order to weaken the region, it is enough not to know this profile, these specificities, and potentialities, focusing only on “doing without planning” for daily survival (in the popular saying: “selling lunch to buy dinner”), without the integration and commitment of all in improving the conditions of everyone in their local and regional environment.

In order to strengthen the region, the first step is to get to know this profile, these specificities, and their potential, focusing correctly on the “planning” of their competitive advantages (Porter, 1986; 1989). In other words, to know its profile and its peculiarities that add value to the economy and the local community, to develop and sell differentiated products and services, its quality of service, and the loyalty of its consumers. Develop

their ability to attract, generate, and retain external and internal investments, among other special conditions created and developed based on the creativity and innovation of local actors (public, private, and third sector).

In summary, to know the strengths and weaknesses of these regions, their threats and opportunities to be mapped in a structured and integrated strategic planning process for their Local Economic Development (LED) for a medium- and long-term period and with broad mobilization and participation of its stakeholders (all intervening agents).

Therefore, the local public power (municipal governments), regional (state government), national (federal government) and political, judicial, social and business leaders must create the conditions so that private and public enterprises, as well as public-private partnerships (PPPs) can generate economic and social prosperity for all.

Nowadays, economic and social challenges are integrated with political challenges in multiple aspects; international, federal, regional, state, territorial, municipal, and local.

But how to deal with the political aspects?

3. Foundations and Importance of Public Policies (PPs)

Political aspects are fundamental to Local Economic Development (LED) but as public policies.

Before, we need to understand that the term “politics” is derived from the Greek adjective politikós, originated from pólis, which means, everything that refers to the city, to the general and public interest.

According to the Greek sage and philosopher Aristotle (384 BC – 322 BC), "Politics is the art of the common good". So, real politics has a noble mission: to converge divergent interests in favor of the majority and the common good of society. So, for politics to exist, it is enough to have a collective of people with some interests. Well, but what is the difference between policies and public policies?

Politics is the process of mediation and solution to conflicts of interest and values between members of society. Politics would be, then, the set of procedures that express the power relations between the members of society. These procedures are intended for the peaceful resolution of conflicts over public goods (Magalhães & Bouchardet, 2019).

Public policies, according to Magalhães and Bouchardet (2019), are the result of political activity itself in the allocation of resources and in the provision of public goods

and services to society. It comprises the set of State interventions, projects, and actions aimed at generating impacts on social relations (Agnaldo dos Santos, 2017).

The term “Public Policy” is a concept widely applied today in the speeches of political leaders and public and private managers, but its origin goes back to post-revolution 1789 France in a universal and collective vision. It reaches the 20th Century, especially in academic approaches in (1) the United States of America in 1930 and its founders as a research area and in (2) Western Europe after World War II (1945), adopting the vision based on the right that every citizen has, regardless of their social status.

Public policies can be considered as guiding and providing guidelines (rules, principles, and procedures) that guide the action of public authorities in public matters. They are spelled out in laws, decrees, ordinances, programs, projects that guide a set of actions, and the application of resources.

Public policies are also materialized in a set of actions, projects or programs that have the State as a reference and should be developed by municipalities, states, the federal government, social and business agents to meet the basic and complex needs of society, with goods and services that guarantee better living conditions for the population and promote economic and social development.

What is the importance of Public Policies (PPs)? This importance can be defined according to some of its main objectives:

- Promote Local Economic Development (DEL), social and cultural in the municipality, state and/or country;
- Expand and enforce the citizenship rights that are won in struggles and social mobilizations;
- Regulate conflicts between social actors (conflicts of interest of classes and groups); and
- Responding to the demands (needs) of the various sectors of society with needs for development.

As society is composed of several actors with specific and even divergent interests, public policies can be divided into sectors. These are the so-called sectoral public policies, as is the case with public policies aimed at the retail sector.

4. Public Policies (PPs) for the Retail Sector

Sectorial public policies are policies specific to a sector or segment in which the State or society operates, such as health, education, sanitation, housing, security, transport, industry, agribusiness, and retail.

Sectoral public policies constitute a subset of the larger set of public policies, demonstrating the specific needs or demands of a sector, but which generally interact and impact other sectors or segments of the same society.

Sectorial public policies in Brazil were characterized, since their origin in the first half of the 20th century, by the predominant performance of some sectoral axes over the others and had, as an initial domain, the articulation promoted by the areas of foreign trade and industry, through the performance of its sectoral associative entities and or its business leaders.

However, since 1980 this bi-sectorial characteristic has been complemented by other economic sectors, due to the political, economic and social scenario of the time, which required the need for state reform with fiscal, structural and regulatory adjustment, a greater opening of the domestic economy, the implementation of privatization projects and the concession of public services.

These phenomena were verified in Brazil, following the experience also lived in Latin America and resulting from the globalization process and the social engineering project with the support and guidelines of major international financial organizations, such as the World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB) (Silva, 2013).

Another internal factor that also facilitated the expansion of sectors to be valued in sectorial public policies, was the Federal Constitution (1988) that expanded social participation, and the Real Plan (1994) that brought economic stability.

From 1990 onwards, the experience and the power of articulation of the industrial sector, generated the Industrial and Foreign Trade Plan (PICE), making the sector benefit from tax exemption processes, tax incentives, credit and other benefits (Bonelli & Veiga, 2003).

Other sectors, such as agribusiness in 1991, have a higher priority with the new orientation of agricultural policy focused on a more liberal model of public policies, based on the free functioning of markets and respect for contracts, with less government intervention.

This context opens more space for other sectors such as small and medium-sized companies, retail, tourism, and others that are beginning to participate more actively in the public policy arena.

Retail is one of the most important sectors of the Brazilian economy in terms of job and income generation and also in its economic and social representativeness.

In order to get a better view, the trade and services sector led GDP growth (Gross Domestic Product, economic production indicator) in Brazil from 2017 to 2018, representing 75.8% (Agência Brasil, 2019). On average, only the retail sector, which is the trade that sells directly to end consumers, represents around 45% to 65% of Brazilian GDP, depending on the economic scenario.

To demonstrate the recent relevance (2017 to 2018) and even with a scenario of economic and social challenges in Brazil of these times, the trade sector grew, in this period, 2.3% and Brazil, in all its sectors, grew only 1.1% (Agência Brasil, 2019).

The retail sector encompasses a diversity of segments and activities developed by entrepreneurs in the trade and services sector that reflects and receives a direct impact on society as a whole. This challenge of formulating and implementing public policies requires better organization and qualification in the sector, with adequate structuring of general and specific demands that promote the prevention, maintenance, and correction of potential and real needs.

The following are some specific demands of the retail sector that can be considered as topics of sectoral public policies:

- Monitor and contribute to the effectiveness of tax reform in Brazil;
- Disseminate the experience of the Municipal Public Security Councils (CONSEPs);
- Expand access to state programs that use video surveillance cameras in partnership with the Military and Civil Police in the Brazilian states;
- Encourage the creation of Parliamentary Fronts for commerce, services, and entrepreneurship in Brazilian municipalities;
- Increase the participation of micro and small companies in government procurement; and
- Drafting or updating Municipal Law to regulate traveling fairs.

Lima. Local Economic Development (LED) and Public Policies (PPs)

These needs are received and interpreted by those who occupy public power, but they are taken and influenced by an agenda that is elaborated in the sector, generating political pressure and/or social mobilization to overcome these demands.

The retail segment is advancing, in Brazil, in a process of maturity in sectorial public policies. In 2017, the CNDL - National Confederation of Shopkeepers, in partnership with SEBRAE Nacional - Brazilian Micro and Small Business Support Service, held several seminars, studies and research on Brazilian retail within the PNDV - National Retail Development Program which visited 17 (seventeen) units of the federation (16 states and the federal district), with the participation of 1,385 retail, political and government leaders, who built 437 general proposals and which were technically translated into 69 consolidated public policy proposals for the retail (National Confederation of Shopkeepers [CNDL], Brazilian Micro and Small Business Support Service [SEBRAE Nacional]; Institute for Evaluation, Management & Education [IAGEE], 2017).

Among the main results in these public policy activities, there are public policy proposals classified into 8 (eight) themes that guide the challenges to be overcome by Brazilian retail (CNDL, SEBRAE-Nacional, & IAGEE, 2017).

- i. Strengthening trade and local economic development;
- ii. Urban mobility and infrastructure to revitalize shopping centers;
- iii. Public security;
- iv. Business education and management assistance to Micro and Small Enterprises in the Retail Sector;
- v. Tax system;
- vi. Credit and financing for the trade and services sector;
- vii. Modernization of labor laws; and
- viii. Support for retail innovation.

When quantified and consolidated by a guiding theme, public policy proposals for retail were listed, as shown in the following table:

Table 1: Retail Challenges in Brazil by Theme

Guiding topics for retail demands	Number of proposals	%
Strengthening of trade and local economic development	116	26,5%
Urban mobility and infrastructure to revitalize shopping centers	79	18,1%
Public Security	64	14,6%
Business education and management assistance to micro and small companies	63	14,4%
Tax system	43	9,8%
Credit and financing for the Commerce and Services sector	40	9,2%
Modernization of labor laws	22	5,0%
Support for retail innovation	10	2,3%
TOTAL	437	100,0%

Source: CNDL, SEBRAE Nacional and IAGEE (2017).

It can be seen that the 4 (four) main themes that together represent 59.26% (or n = 259) of the total of 437 public policy proposals for retail were as follows, in order of the number of proposals:

- Strengthening of trade and local economic development: 116 proposals or 26.5% of the total;
- Urban mobility and infrastructure to revitalize shopping centers: 79 proposals or 18.1% of the total;
- Public security: 64 proposals or 14.6% of the total; and
- Business education and management assistance to micro and small companies: 63 proposals or 14.4% of the total.

It is worth mentioning that these proposals were consolidated in a document and handed over to the parliamentary leaders (Chamber of Deputies and the Federal Senate) at the end of 2017, as well as to the federal and state governments that were the target of meetings to generate public policy agendas. In 2018, the document “Retail manifesto, elections 2018” was delivered to candidates for the federal and state legislative and executive.

5. Integrating Retail Sectorial Public Policies with Local Economic Development (LED)

In order to achieve greater maturity with public policies, CNDL - National Confederation of Shopkeepers, in a new partnership with SEBRAE Nacional - Brazilian

Service of Support to Micro and Small Enterprises, is promoting the Public Policies 4.0 Program to be developed in the period from 2018 to 2019, with the elaboration of public policy agendas in states not visited in the previous program, with the re-elaboration or updating of public policy agendas in the states already visited, as well as the dissemination of public policies in the states whose FCDLs (Federations of the Shopkeepers' Chambers) have not yet started processes for articulating public policies with political and government leaders.

One of the different aspects of the PP 4.0 program is the focus on local and regional development, seeking to reconcile the culture of common interests and shared objectives between the retail sector, other sector public policies and the common good of Brazilian society and/or local communities, in other words, integrating public policies (PPs) with local economic development (LED).

The results of these leadership meetings should be compiled in order to materialize demands, action plans and public policy proposals that must be articulated with political and government agents, through a public policy agenda.

Although we consider the development achieved in Brazil since 1930, the formulation and implementation of public policies aimed at promoting local economic development (LED) only occurred, with greater incidence, from the 2000s (Castro & Oliveira, 2014).

This achievement was made possible, even with a delay, from the redefinition of the attributions of the municipalities within the framework of Brazilian federalism, after the Federal Constitution of 1988. The sectoral legislation resulting from this redefinition, required the creation of councils at the state and municipal levels, objectively materializing mechanisms of closer approximation between governments and citizens who use public services (Castro & Oliveira, 2014).

Based on this phenomenon, sectorial public policies focused on economic and social development of the entire territory or locality need to be structured and organized based on objective public policy agendas, which serve as a tool for the articulation and management of public policies.

According to Muller (2004, p. 22 as cited in Jardim & Silva, 2009), the elements for identifying public policies are as follows:

- i. The existence of a set of concrete measures;
- ii. Decisions of a somewhat authoritarian nature;

- iii. Being part of a general framework for action is never an isolated action;
- iv. Always have an audience; and
- v. Have defined objectives.

Thus, sectoral public policy agendas must keep these parameters of quality and consistency, so that they can be effectively implemented and overcoming the two major challenges of the public policy cycle in Brazil, which are the formulation and implementation stages.

These agendas must emphasize the themes and the intrinsic characteristics of the sector, demonstrating the peculiarities of local retail and achieving its dissemination among all interested parties (stakeholders).

Although this pro-dissemination action is significant today, the analysis of the dissemination process is still incipient in the country, mainly concerning subnational governments, especially the dissemination of programs and policies at the municipal level (Farah, 2008, p. 86).

The preparation and validation of public policy agendas for retail become a fundamental strategy for the success and development of the sector, in the improvement of its business environment and in the local and regional development where retail and citizens reside.

6. Further considerations

The central objective of this article was achieved, because knowing the process of maturity in public policies by an economic and social sector - the Brazilian retail, to assume the need to consider its peculiarities, as well as its multiplicity and diversity of business profiles in the preparation, articulation, and management of public policy agendas.

Educational processes aimed at their current and future leaders are also required, in order to expand their mobilization and awareness aiming at the definitive achievement of consolidation as a strategic sector for the development of Brazil.

The maturity in public policies for retail contributes, in an extremely relevant way, to the expansion of the retail development level, as well as improving its business environment, increasing its representativeness in the economy and society.

The application of public policy agendas for retail becomes a methodology that has contributed a lot to overcome the demands of the sector, however it requires other

important strategies such as the qualification of current and potential retail leaders in the formulation of public policies, such as the application of objective strategies of articulation with political and government leaders, as well as the valorization of public policies in the management of the FCDLs in each state and the CDLs in each municipality of the country.

As a fundamental tool, public policy agendas for retailers must be continuously updated, following the dynamics of politics and the economy, and must also keep parameters of quality and consistency, so that they can be effectively implemented and overcoming the two great challenges of the public policy cycle in Brazil, which are the stages of formulation and implementation.

In addition to the technical and political quality of the agendas to be prepared, the management of this agenda must consider processes of monitoring & evaluation (M&E) of public policies, as a way to maximize the probability of its implementation and longevity.

Therefore, my experience in these processes of construction of sectorial public policies has shown that we will not only be able to mobilize and raise awareness among retail leaders, but also contribute to the better organization of the sector in the external spheres (generating demands on the political and governmental sectors). We will also be able to do this in its internal environment, as a sector that has advanced a lot in associative effectiveness and leadership qualification, in the union of efforts aiming at the development of the business environment for retail, contributing to the development of the entire Brazilian society. Society still needs a better organization and this starts with the organization of its internal sectors and its leaders, allowing the development of retail public policies to be implemented in parallel with the economic and social development of the local and regional community.

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