

INTERNATIONALIZATION STRATEGIES: A CASE STUDY AT SMALL EXPORT COMPANIES

ESTRATÉGIAS DE INTERNACIONALIZAÇÃO: UM ESTUDO DE CASO EM PEQUENAS EMPRESAS EXPORTADORAS

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ABSTRACT

The purpose of this study is to identify the main internationalization strategies used by small manufacturers of hammocks. Our findings show that these export companies have up to 20 employees and their main internationalization strategy is exportation. This plan is carried out in 3 ways: indirect exportation, through trading companies; direct exportation, through sales performed in the companies and cooperative exportation, through a network of dealers in greater companies. It was also verified that some organizations export up to 60% of their products while the vast majority does not even export 5% of it, turning primarily to the domestic market.

KEYWORDS

Hammocks. Internationalization strategies. Exportation. Small export companies.

RESUMO

O objetivo deste trabalho foi identificar as principais estratégias de internacionalização utilizadas pelos pequenos empresários fabricantes de redes de dormir. Verificou-se que as empresas exportadoras têm até 20 empregados, que a principal estratégia de internacionalização é a exportação e ocorre de três modos: exportação indireta, utilizando trading companies; exportação direta, através das vendas realizadas nos sites das empresas e exporta-

ção cooperativa utilizando a rede de distribuição das organizações maiores. Constatou-se, ainda, que algumas organizações exportam até 60% da sua produção, mas a maioria não exporta sequer 5% do que é fabricado, voltando-se principalmente para o mercado interno.

PALAVRAS-CHAVE

Redes de dormir. Estratégias de internacionalização. Exportação. Pequenas empresas exportadoras.

INTRODUCTION

Joseph Schumpeter, an Austrian economist, was very pleased to have rescued the concept of entrepreneur during the 50's. As he observed the economic reconstruction of Post-war European countries and the beginning of the industrialization of the Third World countries, among which was Brazil. According to the Schumpeterian concept, an entrepreneur is the agent of a constructive destruction, a fundamental drive of the capitalist economy.

The new decade gives rise a new era, a period of astounding technological innovations, unprecedented economic opportunities, surprising political reforms and intense cultural rebirth. Conceived under the influence of the coming millennium, the most important tendencies of the 2005 are the standards of permanence of the companies in the XXI century.

Mega tendencies just do not come and go all of a sudden. Porter (1994, p. 31) says that companies will not be successful unless they focus their strategies on improvement and innovation, on the willingness to compete and on the realistic knowledge of their natural environment and how to improve it. They are social, economical, political and technological changes that occur and develop.

Thanks to a vibrant world economy, to global telecommunications and to the increase in the number of international trips, we have seen an unprecedented exchange pace among peoples involving eating habits, music and fashion, a new lifestyle and a very Brazilian new way of resting using hammocks internationally and universally.

Peters (1997) argues that there is a difference between making something for the market and making part of the market. That is, "the change is a door that can be opened from inside". This is exactly what hammock export companies from Ceará-Brazil are doing: innovating a typically Brazilian product, conceived and made by the Indians before the colonization. A product that has been adapted to satisfy the Europeans.

In this sense, the purpose of this study stems from the need to know several aspects of the hammock exportation, a typical "cearense" product, directly related to the economic and social development of the state. Therefore, the objective is to identify the main internationalization strategies used by businessmen, the benefits of exporting hammocks for the producer, the main importers, as well as present the origins of the hammocks. Such questions were answered on a research carried out in all of the exporting companies of

hammocks from the state of Ceará-Brazil, and a bibliographic research was done as well.

METHODOLOGY

The research was carried in the textile manufacturing sector of hammocks in the state of Ceará-Brazil. All companies exporting the product participated, totaling 15 organizations.

The research was made up of management members of all participating companies. Presidents of the companies' studies were selected internationally since they had relevant information to develop of the research.

The questionnaire was used as a tool to gather information. According to Gil (1991, p. 124) "the questionnaire is an investigation technique composed of a rather large number of writer questions presented to a person to find out about his/her opinions, beliefs, feelings, interests, expectations, lived experiences, etc."

In addition, interviews were carried out. Cervo and Bervian (1996, p.45) refer to them as a conversation guided to a definite objective: to gather data for the research through a questionnaire.

Company documents and governmental sources from the state of Ceará were examined, such as data from the Brazilian Institute of Geography and Statistic (Instituto Brasileiro de Geografia e Estatística -IBGE) and the Institute of Applied Economic Research(Instituto de Pesquisas Econômicas Aplicadas -IPEA).

In order to form a conceptual-theoretical framework, a bibliographic and documentary survey was conducted.

THE TEXTILE INDUSTRY IN THE WORLD

"All skilled women wove with their own hands and brought their work: violet purple and scarlet, crimson and fine linen. All the skilled women who had the flair to spin the she-goat's hair did it." (EXODUS, 35, 25-27).

The distaff, one of the oldest tools made by man was already used by women approximately 1250 years before Christ. Garment made of extractive vegetal (flax) and animal (she-goat's hair) was already known. Between the IV and III millenniums before Christ, according to Lima (1961, p. 11), "fabric was obtained by a braid of threads tried to two wooden stickers and stretched, interweaving the threads, making up a wool" and based on Aristotle (1988, p.128), "the most important elements to build city are a weaver, a farmer, a shoemaker and a constructor". Therefore, the importance given to the textile sector by man since the early time is obvious.

All ancient civilizations used "textile work" for three reasons: moral (shamefacedness regarding parts of the body), geographic (climate) or social (status). On the other hand supplying these demands was the role of the woman, who "was the earth's slave and had to do all the work related to the cultivation of soil and the use of land products; moreover, she was in charge of the vast textile chores (interweaving spinning weaving)" (WEBER, 1968 p. 122).

Thus, in the beginning of the Middle Age, man's textile needs gave birth to one of most ancient industries: the textile industry. According to Weber (1968, p. 153, "since the XI century we have watched a fight between those interested in the wool and in the flax", that is, for more than a thousand years the textile industry has been a reference in the economic development of mankind, but "it was only with the use of textile machinery from England that the great industrial revolution of the XVIII century began" (DANILEVSKY, 1943, p. 20).

During the Middle Age, a time production of corporations were developed, the production of goods, including fabric, was damaged by the lack of machinery. Manual labor in which the worker used only one tool limited production. According to Lima (1961, p. 39) "for hundreds of years the only tool used in spinning was the hand wheel",

which produced thread just when the operator used it, that is, the thread production was limited by only one tool that depended on human strength and willingness.

Nevertheless, a period of transformations related to technological innovation, the replacement of tools for the machines, the work shift for the factory and handicraft for paid labor, developed mainly in respect with the English Textile industry is here to change all this. It was the industrial Revolution that began the transformation of commercial capitalism into industrial capitalism. More than a revolution, what happened in England from the XII century on was an inexorable process of social, political, technical and economic change that resulted in the development of a rich and powerful nation, practically without competitors in a Europe still under development and torn by localized wars.

The development of the machinery, which allowed one single man to perform the task of eight workers, gave rise to a very unemployment wave in the big cities, caused also by the yet incipient mechanization of agriculture that brought about an enormous growth in production.

When it is said that in England, for instance, 100 million men needed to spin with the old wheel the amount of cotton spun today with 500,000 men using machines, it does not mean that machine took over place of those millions of men that never existed. It simply means that millions of workers would not be necessary to replace the spinning machinery. But when it is said that the vapor loom laid off 800,000 weavers in England, nothing is said about the existing machinery that should be reported by a certain number of workers who were actually replaced or suppressed by the machinery (MARX, 1982, p. 491).

At that time, the thread industry was greatly impelled by the invention of the first spinning machine driven by a crank ("Jenny"). This invention

allowed England to produce cheap tread than the one produced by India, its competitor.

Richard Arkwright improved "Jenny" and developed a more efficient machine that provided the weavers with a great amount thread needed for the production fabric.

Following the production of tread, Edmund Cartwright developed the mechanical loom in 1787 and with the great amount of India wool and cotton (India was a British possession), the large number of workers and adequate machinery the English textile industry became all over the European territory.

According to Mello (1983, p. 14), "the textile industry went gradually through the flax age, followed by the wool age and in the XVIII century cotton replaced the latter and has become the predominant raw territory in the textile sector for the last centuries."

The textile industry in Brazil

After the discovery, the first wealth the Portuguese colonizers in the new land was the "pau-brasil" (*caesalpinia echinatu*) or in the indigenous language "ibirapitanga" or "arabutá". The exploration of "pau-brasil" is directly related with the textile industry, at least until approximately 1826 when the aniline industry arrived and negatively altered the value of the symbol tree of Brazil.

The "pau-brasil" founded in the new land was similar to a native species of Sumatra, the *Caesalpinia sappan* whose dye had already been known in Europe since the Middle Age. According to Bueno (2003, p. 34) "the pau-brasil" dyed linen, silk and cotton, giving them a 'sumptuous crimson or purple tone': the color of the kings and nobles. [...] From the XVI century on practically all fabric produced in Flanders and England received the dye from the Brazilian 'pau-brasil'."

The English textile industry at that time had already become the driving force of the European economy and the market of garment dyed with

the pulp of the tree “extracted from the coast of Bahia and Pernambuco by the millions” was open (BUENO, 2003, p. 34). At that time, the extraction of the “pau-brasil” was predatory and nomad, because it moved up and down the coast according to the trees in existence there. There was an indiscriminated deforestation that exhausted the vegetal coverage of “pau-brasil” in the forests along the Brazilian coast.

More than an exploration, what happened to the native forests of “pau-brasil” was decimation. The species was practically extinct and, according to Prado Júnior (1998, p. 27),

In a few decenniums, the best of the coastal forests containing the precious tree was exhausted and business lost interest. Even so, the product will continue being sporadically explored, always under the royal monopoly regime, carrying out a small exploration that shall last until the beginning of the last century (XIX century). But it will not carry any appreciable importance, neither in absolute terms nor in relation to the other sectors of the Brazilian economy.

The production of sugar and tobacco (XVII century), gold, silver and precious stones (XVIII century) and cotton (third quarter of the XVIII century) followed “pau-brasil”.

The native cotton was already known in the Americas by the pre-Colombian civilizations and cultures (the Incas, Mayas, Aztecs, Tupi-Guarani). Like the others, the cotton culture used slave labor intensive, internalizing slavery in Brazil as far as Maranhão. According to Prado Júnior (1998, p. 82), “Maranhão did not only go through an economic transformation, but with the arrival of African slaves – or preferably – the ethnic feature of the region modified, which until then had been composed of Indians and mestiços nearly in its totality except for a minority of white colonists. In spite of being white, cotton would turn Maranhão into black”.

In Brazil, cotton was first grown for the manufacturing of coarse that was used to make clothes for the slaves and for the poor classes of the population. According to Prado Júnior (1998, p. 81), “until the third quart of the XVIII century, when it starts being regularly exported, cotton is nothing but an insignificant local culture with small value”. In the years of 1776 to 1781 and 1812 to 1814, with the Independence War that established the North-American modern state to definitely get rid of British domination, the trade of coarse cotton was greatly damaged” (MELO, 1983, p. 15).

Cotton development in Brazil, more specifically in Maranhão, is directly related to the Independence War of the English colonies in North America. During this time, Brazil was not allowed to house any type of factory, or plant, although

The king, by decree issued on January 31, 1739, granted them the right to establish a “factory” in Maranhão for 20 years as an exclusive privilege, losing it, however, if it not set up within 5 years on the condition that cotton growers could not increase prices in the first 3 years and fiber manipulated out of this establishment would be confiscated and smugglers would be arrested and sent to Angola for 6 years, also granting the cited petitioners one or two “sesmarias” to build the factory (LIMA, 1961, p. 143).

The “factory” turned out to be general Company of the Grão-Pará and Maranhão trade and had exclusive rights to all commerce and navigation in Brazil. According to Prado Júnior (1998, p. 82) “the first shipment of Brazilian cotton abroad goes back, so it seems, to 1760, coming from Maranhão which this year export 651 arrobas”, through the General Company of Grão-Pará and Maranhão Trade.

The link between the production cotton, promoted by the monopolist companies of Pombal from the north and northeast of Brazil and the textile

manufacturing industry of Portugal meant that the comparatively great number of enterprises in this sector was organized taking into account the cotton exportation from Pernambuco and Maranhão to Portugal. [...] The cotton fabric had another great advantage from the Portuguese standpoint: it could be protected against the British competition. The Treaty of Methuen mentioned woolen fabric more specifically (MAXWELL, 1996, p. 146).

One of the main goals of Pombal was to reduce the British influence on the commercial relationship with Portugal and its colonies and he identified a legal way to contain the massive commercial penetration in Portugal. Nevertheless, in spite of everything, a Decree in 1785 issued by Portugal "extinguish all textiles manufacturing of the colon except for the coarse cotton cloth that was used to make slaves clothes and sacks" (PRADO JÚNIOR, 1998, p.108). Thus, all resulting products of the textile industry used in Brazil started to come from Portugal.

Characterized more as an exporter of agricultural products than manufactured goods, Brazil did not develop a significant industrial park. Some provinces become known as producers of raw material and others as manufacturers of cloth, but until the beginning of the XX century, there was no improvement as the quality of the finished product, which hindered the competition with imported goods in general terms.

In Brazil, the industrialization started only in the XX century, centuries behind England. As one of the first industries developed by man, the textile industry was also the first one in Brazil and since then it has been following, the development of the country over the time.

HAMMOCKS

The hammock was invented by the Indians of South America, originally called by Brazilian Indians. The world hammock was first used by the registrar

of Pedro Álvares Cabral's fleet – Pero Vaz de Caminha, in a letter to Portugal, in which he described the Tupiniquins settlement, their habits and customs and the way they sleep.

At the beginning, the hammocks were wide wooden boards covered with straw placed quite high so that animals could not reach the people. Indeed, these boards were flexible wood, decorated and tied on the sides with cables. Soon the Indian hammocks were interwoven with lianas. And that is the way Indians used to sleep. Portuguese colonists adapted the indigenous technique making hammocks out of compact fabric with verandas and ornamental fringes.

The priests played an important role in the propagation of hammocks in the Northeast of Brazil. They spread the techniques of the foreigners and this heritage passed down to the next generations. According to the Indian Customs, the man's hammock was always higher than the woman's. As the house chief has the habit of living with more than one woman, the hammock was closer to his that night would be his favorite. Taking turns on hammocks was constant.

During colonial Brazil, the hammock was also used as a way of transportation. Colonists and their families were carried by slaves on a tour of the city and trips. Raimundo Girão, a folk poet from the northeast praises the hammock in his essay "Rede-dormir" (sleeping-net) as an important piece in people's daily life out in the north and northeast of Brazil, comparing it to the bed and exalting its advantages.

According to Girão (1966), [...] the bed obliges us to get used it, accommodating ourselves in it trying to find right position to sleep [...] the hammock is very cozy. It satisfies our whims and desires to rest, [...] it moves, incessantly renewed, responding to our physical fatigue. Between the hammock and the bed is the same distance there is between solidarity and resignation.

The hammock copied by Europeans in the XVI century followed flat patterns like the beds where

one sleeps lengthwise. In the Indian hammock, on the country, one lies diagonally. The hammock must be tied loosely so one can lie in it as though it were like a soft basin the shape and size of the body. The longitudinal lines of the indigenous hammocks are the same from one end to the other. When tied loosely, the hammock forms an ellipse and an ellipsoid. The rest direction between the central crest and the lateral wall of ellipsoid forms an angle of approximately 30 degrees in relation to the vertical plans of the cuffs. The Europeans therefore began to import the Brazilian way of sleeping, the hammock.

The first European in Tropical America was impressed by the indigenous custom of sleeping in hanging hammocks. Before Colombo's travels, the hammock was not known outside of America, where it ruled all the way from Mexico and the Caribbean to the south of Brazil and Paraguay, from Colombia to Pernambuco.

In the XVI century Europeans had the idea to use a hammock or a piece of canvas for sleeping without taking into account any usage institutions or physical principles. Thinking about sleeping lengthwise, they started the so-called improvements.

Long before the world "ini" (hammock) had transformed it into the Dutch world hangmat (a hanging mat) or the German Hangematte for popular use, the indigenous hammock was deformed into a stretched mat lengthwise by two wooden crossbars with tying ropes widthwise.

In Europeans ships – using hooks (to support the hammocks) they discovered that ships could hold more sailors per cubic meter if they slept in hammocks, but it was in vain since nobody had the idea to return to the original model.

The hammocks never become popular in other continents because the exported model was European. In Africa, brought by the Portuguese, hammocks were used merely as stretchers to carry sick people or during the siesta. At night, they kept

sleeping on mats or on the ground within the reach of ants, rats and snakes.

Besides the typical cotton hammocks there is another one whose thread supporting the fabric where the body lies is made from the buriti fiber (*Mauritia vinifera*) and the wool thread is cotton. Buriti hammocks are used mainly by the tribes of the Amazon. In both cases the technique stems from the art of braiding, the only difference is the material.

THEORETICAL REFLECTIONS

The textile sector represents an important industrial segment in the country, responsible for a substantive part of the GDP (Gross Domestic Product) as well as for the generation of income and jobs, thus contributing to the development and growth of the economy and improvement of social conditions of different regions and states.

The textile industry presents some particular features in that it is closely related to the agricultural sector which it purchases its main raw material, the cotton. This fact accounts for the relative fragility of this sector once it becomes sensitive to the constant variations of policies, from the agricultural to the exchange sector.

Regarding the competitiveness of the textile industry from Ceará, Aragão et al. (2002, p. 114) state that great enterprises seeking large scale production, aiming at a more and more globalized market, have consolidated in the state. They have aggressively invested in high-tech since they are aware of the fact that factories showing the profile might reach the levels of the competitiveness the textile market demands these days.

The first investment boom in the textile industry of Ceará occurred between 1881 and 1895. In 1881 the first "cearense" fabric plant was founded, the Fábrica de Tecidos Progresso, the first great industrial enterprise set up in Ceará.

The production of hand-made hammocks is an activity that goes back to the culture and habits

of Indians inhabiting the region. As an industry of activity, it developed during the decade of 1890, coincidentally at the beginning of the rubber economic boom as it expanded the immigration flow from Ceará to the Amazon Region.

Since then, hammock companies have been working in order to keep up with the market and found out that internationalizing their product could be a great choice, including to be better prepared for the internal market. In this sense, the study of internationalization strategies and the highly expected competitive advantage by current organizations will proceed.

COMPETITIVE ADVANTAGE BASED ON PERFORMANCE STRATEGY

The economy movement towards globalization has been redefining decisive factors of competitiveness, making new successful companies emerge and turning obsolete companies unable to adapt to the new environment. Emergent countries have been seeking international leadership in certain industries while others, apparently consolidated, are threatened to disappear or are faced with processes of de-industrialization.

Porter (1992, p.31) argues that there are five forces determining the industry profitability, since they influence prices, costs and necessary investments, which are the following: the purchaser's bargaining power, the supplier's power, the intense rivalry in the market of new competitors and the risk of substitute products.

In this sense, dilemmas and challenges are different for various industrial groups. For the industrial group producer of commodities, among the which are the most competitive sectors of Brazilian industry, such as paper and cellulose, orange juice, metal inputs and petrochemical products, the opportunity of growth depends more strongly in exportations to make possible projects of expansion and modernization (KUPPER, 1996).

However, for companies like the ones focused on this study, the adoption of new market strategies based on the ennoblement and differentiation of products and commercialization plans are the most feasible ways to make them competitive.

Concerning competitiveness, Castells (1991, p. 139) explains that it is a difficult concept to understand. Indeed, it is controversial, since it carries different meanings for the companies and for the national economy. Cohen (1985, p. 1) supports this idea when he says that a nation's competitiveness is the extent to which, under free and just market conditions, it produces goods and services that meet the demands of the international markets and, at the same time, increase the real income of its citizens. Nevertheless, competitiveness for companies would simple mean to conquer market shares where the best corporate strategies would be rewarded.

Porter (1992, p. 2), adds that the competitive advantage essentially comes from the value that a company creates for its buyers and that surpasses the manufacturing cost by the organization. He defines the international success of a nation's industry as the possession of competitive advantage in relation to the best competitors in the world and states that companies will not succeed unless they base their strategies upon improvement and innovation, willingness to compete and realistic knowledge of their national environment and how to improve it.

Therefore, it is understood that companies, not nations compete in the international markets. Companies create and keep competitive advantages through global strategies. The competitive company offers differentiation, which means the capacity to provide to buyer an exceptional and superior value, in terms of product, special features or assistance service.

The competitive advantage comes from the way that companies organize themselves and carry out the way a company performs its individual

activities and organizes all its chain of values that must be managed as a system, and therefore obtains competitive advantage, a competency role through which a company may administer all into internal and external system.

Thus, strategic management is seen as a continuous and interactive process that aims to maintain an organization as an assemblage adequately integrated to its environment (CERTO; PORTER, 1993, p. 9). Expanding the meaning of strategy management it is convenient to mention the differences pointed out by Gaj (1987, p. 23) between the meanings of strategic planning and strategic management, that is:

Strategic planning - Establishes a relationship with the environment and deals with facts, ideas, and probabilities. The result is a strategically planned system.

Strategic management – adds to the strategic training people's aspirations towards tepid changes of the organization. Ends up with a new behavior and system of action.

To sum up, a strategy as a systematic of re-education and learning congregates the individual as a person and the organizations that make up the sum of individuals, capital, goals and labor reaching the competitive advantage of the companies.

The strategic management, according to Stoner and Freeman (1996, p. 143), are meant to reach pro-established goals, which strategies are formulated taking into account the goals and the many strategies of the organization aiming to perform the necessary tasks to reach previously established goals and periodically follow the implementation of the strategic plan to check if the company is approaching the goals.

The concept of strategy may be defined by what the company intends to do and by what the company does, that is, a strategy with a broad program to define and reach the goals of the organization and implement its mission or might

be defined as the standard of the organization's responses to its environment over the time. The former is used by typically active managers, aware of the importance of the organization strategy formulation. The latter applies to organizations whole managers are reactive, that is, they passively react and adjust to the environment when necessary.

According to Gaj (1987, p. 25-31) strategic management is a position tool that suits the needs of the organizations, the environment and the planning system so as to avoid that long-term and short-term plans become obsolete with the increasing changes and turbulences.

It is a way of managing by adapting the strategic planning to the organizational needs. This system comprises a diagnostic, a development, the process management and strategic budget to analyze all possibilities. It is imposes a pace to organization so that it becomes competitive and at the same time keeps track of the internal performance and constantly keeps updated with the market, customers and suppliers; in addition, it gets well informed about competitors and their position in the market.

Therefore, the strategy consists of planning components and decision-making components or action that may lead an enterprise to success and reach its goals. Once the strategic management plays its role and really works smoothly, the company will be prepared to the turbulences that might occur, adopting new strategies and skills in order to gain and uphold a certain competitive advantage.

In this sense, one of the final products of the strategic management is the potential to accomplish the goals of the company and the others are the internal structure and dynamics able to maintain the sensitivity towards the changes of the external environment, that is, the strategic management is concerned with the creation of a strategic position that guarantees the future feasibility and sustainability of the organization.

INTERNATIONALIZATION STRATEGIES

Currently, large or small companies view the entire world as their markets and not just one country. So internationalization is not limited to great companies. A growing number of small mid-sized companies are also engaged in the international trade.

The main strategies of internationalization addressed here follow the conceptualization adopted by Bateman and Snell (1998, p. 179188). They are: licensing, franchising, joint venture, own subsidiary abroad and exportation.

International licensing is an arrangement by which the licensed abroad buys the manufacturing rights of the product of a company in his own country for a negotiated tax (royalties based on the number of units sold). The licensed invests the largest part of capital needed to keep foreign operations going, which means that the mother-company does not need to assume the costs and risks related to the opening of a foreign market.

Franchising is similar to license. However, while licensing is mainly sought after by manufacturing companies, franchising is mainly used by service companies. In franchising, a company sells the franchised limited rights to use its brand name on exchange of the payment of an initial fixed amount of money and a percentage over the franchised profits. In addition, the franchised must comply with strict rules, including the way he conducts his business.

A joint-venture with a foreign company is a very appropriate way to penetrate the market. This partnership benefit the company through the partner's acquaintance under competitive atmosphere, the culture, the language, political systems and business systems of the target country and through the sharing of development costs and risks with the local partner.

As far as the subsidiaries are concerned, it is a more expensive way to serve a foreign market. Companies utilizing this approach must assume

total costs and risks connected with the initial operations abroad.

In terms of exportation, manufacturing companies start their global expansion as exporters and then modify their strategy based on the models already mentioned in order to serve a market abroad. The exportation of goods has the advantage of providing economies of scale to avoid manufacturing costs in other countries and be consistent with a sheer global strategy. On the other hand, exporting might be a disadvantage in some cases due to the high cost of transformation and mainly due to the problem of tariff barriers.

According to Houss (2000, p. 1289), exportation is an act of effect of sales or shipment of goods of one country to another. Nevertheless, the achievement of this product shipment from one country to another may take place in different ways: the direct, indirect and cooperative exportation.

In the direct exportation, the company sets up its own export department and sells products through an intermediary or representative of the organization located in the purchasing market. This usually occurs when the volume of business is very significant for the exportation company. However, the company presence in this market may also mean the chance to build a distribution network in the foreign market and get a better feedback from the market. This way the exporter may control his international operations more effectively despite the high costs taking into account all the export tariffs and demands for human and financial resources.

The direct exportation means that the company creates its own internal structure of exportation and negotiation counts with a representative in the importing market.

In the indirect exportation, the company sells its products in international markets through representatives in its own country, that is, an export managing company, a trading company or an

export broker. In spite of having little or no control over the way its products are sold abroad, it is easy to instantly display its goods in another market without spending so much. On the other hand, a representative might have limited experience to deal with the company's line of products, hence damaging the establishment of long-term relationships.

The indirect exportation is normally used by exporters who seek a place in the international market and still do not know how it works. However, as the product begins to sell well, the manufacturer traditionally moves to the direct exportation.

The cooperative exportation, by its turn, is often used by companies not willing to compromise resources setting up their own distribution system, but wish to have some control over their operations abroad. Also known as "married" or piggyback. In order to export, the company utilizes a distribution net of another company to sell its goods in the foreign market. It might be a local or foreign company.

In addition, there is a modality of tax exemption used in exportation known as drawback. It can be explained this way: an exporter imports raw material of manufacture goods to be exported. This raw material is exempt from customs taxes. Therefore, the tax exemption is meant to foster exportation. Without it the national product would be more costly abroad and consequently would lose competitiveness.

The drawback may occur in the following ways:

Suspension: this happens when an exporter previously presents an importation conjugated with the exportation. In this case, he imports raw material without paying customs. The exporter will have a deadline to prove the fulfillment of the plan.

Exemption: exportation was carried out without the suspension benefit. In other words, the exporters used taxed materials out of his stock. Later he orders the importation of the same amount of raw material used in the exportation, without customs taxes, in order to refill his stocks.

This raw material may be used internally for goods, although it is tax-exempt. This reason is that taxes previously paid were transferred to this importation.

Refund: the exporter already taxed raw material. At the moment, he does not wish to import it (that would be the case of exemption); in this case, for the refund of customs taxes.

In Brazil there is also another modality to boost exports. The green and yellow drawback. The exporter acquires national raw material to manufacture goods for exportation. This raw material is subject to IPI (a tax on industrialized products). Because he proves that the product is to be exported, the raw material is tax-exempt. This is the case of the fabric that is bought exclusively to make hammocks for exportation. This modality, existing in Brazil, is also known as the green and yellow drawback.

RESULTS

As a whole, the market offers threats and chances of growth. To be global does not mean to do business in several countries but learn how to think differently over the international competition and above all over the company. Thus, organizations need to develop a global vision and mentality, shared with all numbers of the organization to guide strategies, get to know the needs and wants of global customers, acting systematically in order to identify markets and products, and balance world activities.

In this sense, hammock exporting companies have learned to be different, mainly creating opportunities out of the internal market. That is how the state of Ceará becomes the largest producer of hammocks for exportation. The product is known for its excellent quality made from pure cotton fiber (raw or colored), without any synthetic fiber, meets the rigid standards required by North American and European importers. The greatest European importers are Germany, France, Austria

and Portugal, but other countries also buy them in smaller quantities.

Exporting companies are rather small, with up to 20 employees. The monthly yield is about 25,000 units, per company, and some of them export up to 60% of their production. However, for the majority, the production destined for the external market is about 5% of what is manufactured. The rest is consumed internally.

The process of making the hammocks is done mostly by women, though there are a few men in the production line. However, the final art (verandas, ornamental fringes, designs and embroidery) is exclusively performed by women.

The largest importation period is the season that precedes the European summer, which is, from September to April. The rest of the year, the companies devote almost all the time to the internal market. Sales originally began when buyers would come to Brazil and look for hammocks directly in the factories, reducing costs through a large-scale purchase of the product.

Currently, negotiations are done directly by importers through e-commerce and internet, even though contact with new buyers, at least in principle, is still being done by an importer already known by the exporters due to payment deadlines and shipment. After a relationship of confidence is established, the intermediary may be dismissed.

International fairs are also a way to display product to potential customers. An exposition is usually done in partnership with old customers. Representatives of export companies adopt a more aggressive attitude, they do not only display the hammocks in the stand but they also visit every stand in the fair in order to show the product and its utility. In addition, there is the Centro Internacional de Negócios de Federação das Indústrias do Estado do Ceará that advertises the export companies in its own inter-institutional site.

The main internationalization strategy of the hammocks, as already mentioned before, is it by

exporting the products via indirect exportations, that is, the company sells its products to international markets using intermediaries in its own country, that is, an export managing company, a trading company or an export broker.

This happens mainly because export companies are mostly small and the volume individually negotiated is very small. On the other hand, united they managed to reduce exportation costs once these can be proportionally shared among them.

Direct exportation is also beginning to take place through sales performed directly in the companies' sites. However this process is still localized in the 3 major export companies, taking into account that the volume negotiated by small companies would not cover shipment costs to another country.

Recently, since year 2002, cooperative exportation has been used by small companies in agreement with the 3 major exporters. That is, because small companies cannot afford to set up their own distribution net, they use the "married" exportation or piggyback. In order to export they use the distribution net of big corporations and so they are able to sell their goods in the foreign market.

The average monthly volume of exported hammocks per company is also units, an approximate total of 10,000 hammocks shipped abroad monthly. The major companies export alone about 5,250 units and the rest is pulverized among others small-sized enterprises.

In terms of gross income all hammock export companies put together make a monthly amount of approximately R\$ 95,000.00 (about U\$ 350,000.00) of this total; about 15% comes from the foreign trade. Although some organizations export up to 60% of their production, the vast majority does not export 5% of what is manufactured, being all the rest consumed in the internal market. Hammocks, which have long been

part of the Brazilian culture, are now beginning to conquer the international market.

Concerning the advantages brought by exportation to the companies, the first is reducing the idle capacity, which, in average, reaches almost 65%. Exporting means an increase in the scale of production.

Another advantage is the reduction once the Brazilian government took the following measures to promote exportation: export goods not suffer the incidence of the IPI; the ICMS (value-added). Tax does not export operations industrialized products, semi-manufactured products, primary products or services; upon determining the basis for the (COFINS) calculation income resulting from exportation is excluded; exportation income is exempt from the contribution to the Employers' Profit Participation Program (PIS) and Public Employees' Profit Participation Program (PASEP).

The reduction of the exclusive dependence on the international market is exclusive dependence on the internal market is excellent because it gives the organizations more security against the fluctuations of the internal demand levels and the diversification of risks.

On the other hand, it increases the capacity of innovation and the betterment of industrial and commercial processes, inasmuch as they implant quality programs, develop new products and enhance their appearance to meet the demands of the international market. As a result, they improve the performance of the company and make it more competitive internally and externally, thus enhancing its image.

Finally, exportation is of paramount importance for Brazil mainly because it helps generate employment and income adding exchange value necessary for the balance of foreign debts and the furtherance of the economic and social development.

CONCLUSION

The globalization of the economy has been an element of opportunity for many and concern for others in that it imposes competition in the crudest way, that is, the best survive, high standard international companies, those who privilege knowledge, the technological factor, the human factor, the innovations and are really able to compete internationally.

The market, as a whole, offers threats and chances of growth. To be global does not mean to do business in several countries, but to learn how to think differently over international competition and above all, over the very company. Thus, organizations need to develop a global vision and mentality, shared with all members of the organizations to guide strategies, get know needs and wants of global customers, acting systematically in order to identify markets and products, and balance world activities.

Therefore, infer in the strategic of the organization is necessary not only because of the great transformations of the world today but mainly because of what these changes will mean in terms of scope, speed and complexity, insofar as the social, economic and political conditions change, the ways how companies act will also change.

In this sense, the hammock export companies from the sate of Ceará-Brazil are acting strategically once exportation has granted them access to other markets, though indirectly or via cooperation among companies, reducing their idle capacity and their exclusive dependence on the internal market, making them more and more competitive, considering that, in order to compete in the international market, companies must be better equipped in technological, organizational terms and labor processes that guarantee quality products.

Therefore, it is necessary to manage strategically, that is, be willing to learn continuously leading the organization through an intensive system of communication involving every one. It

is crucial that people be prepared for the age of modular, organic and cellular organization and therefore lead the company to world market with competitive advantage. ➤

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