

ENTRY OF THE STATE OF PARAIBA FOOTWEAR MANUFACTURERS INTO INTERNATIONAL MARKET

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1. INTRODUCTION

With the opening of the markets, the foreign trade has become fundamental for the development of the firm, the State or of a country. In the capitalist world, there are aspects that seek to implant the internationalisation of the markets, with a view to achieving a global economy.

According to Cobra (1995), the universal nature of the peoples occurs through globalisation. The countries are interlinked by the bridge of the process of globalising creating languages and shrinking frontiers through the media.

For Galvão (1990), globalisation and the new technological paradigms redefine the role of the regions. Instead of concentrating industry in a some locations (the Fordist phase of a vertical production system), a large part of production will be able to be carried out in various locations and in a large number firms, which produce differentiated goods to be sold in multiple markets (local, regional and international).

The historical evolution of Brazil shows that the country has the capacity to develop levels of internationalisation equivalent to those of developed countries. The Federal Government has encouraged the potential and competitiveness of the Brazilian firms in the international sphere.

In order for a country to be successful in its negotiations it is indispensable that it produces ever larger volumes with greater added value. The entry of the country in international relations enables the generation of more jobs and economic stability.

In this context, the importance of small and medium-sized firms (SMFs) is of particular note for the economy and the development of the country. However, these firms experience great difficulty in initiating a process of internationalisation, in contrast with the large business groups, as the latter are better organised administratively and tend to be more agile in elaborating their plans and strategies to penetrate the international market, given the

existence of availability of attractive lines of finance on the part of Federal and State Government.

Increasingly, the State, profession associations, education and research institutions among others, have focussed their attention on attempts to establish a form of support that enable SMFs, mainly, to develop competitive a relationship with the international market, while taking into consideration that this group of firms experiences the greater difficulty at the time of exporting.

Therefore, the present paper aims to investigate the internationalization process of the manufacturers that form the State of Paraiba footwear cluster, and proposes to examine the internal variables that induce the footwear manufacturers in the State of Paraiba to establish relationships with overseas markets. This theme was chosen because of its capacity for development that this sector has shown over recent years in the national context, since the leather-footwear chain is characterised by the intensive use of labour, thus, besides increasing the country's foreign earnings, it favours the reduction of unemployment rates.

In accordance with the research objectives, the manufacturers formally registered that make up the cluster of footwear manufacturing centres in the cities of João Pessoa, Campina Grande and Patos will be investigated.

2. THEORETICAL GROUNDING

2.1. Local Productive Arrangements (LPAs)

Local productive arrangements are made up of a range of local actors such as the government, professional associations, credit, research and educational institutions, which aim to increase the competitiveness and direct firms toward a more lasting continuity.

The success of a set off micro and small firms in an industrial district is attributed to issues of a social cultural nature in which the manufacturers are integrated, facilitating and reinforcing the firms so that they can develop and work continuously.

The discussions around LPAs cover common aspects, like: proximity or geographical concentration of producers and other agents; groups of SMFs involved by big enterprises; associations, and support institutions in services, education and research, promotion and financing; labour-intensive division among firms, production flexibility and organization, specialization, skilled labour, innovation-based competition, co-operation among firms and other agents, intense flow of information, cultural identity among agents, relationships of trust and synergy (CASSIOLATO and SZAPIRO, 2002)

The formation of clusters facilitates access to general inputs, specialized labour, and contact with raw-material and machinery suppliers. Additionally, the exchange of information between the participants in the sector regarding technology and even management methods is facilitated.

found in the same territory, which present According to Cassiolato and Szapito (2002), economic, political and social agents, located in the same area, which have consistent links involving the articulation, interaction, cooperation and learning oriented to the introduction of new products and processes, consolidate what is known as local productive arrangements or clusters.

According to these authors productive arrangements can be organized into four types of industrial district (ID):

- The Italian model
- With activities financed by public entities (government agencies, research centres, etc);
- The 'hub-spoke' model, where one or more firms sustain the local economy;
- The 'satellite platform' model in which limited local externalities occur with the installation of multinational firms.

Schmitz (1998), quoted by Silva (2006), points out that the Italian experience with industrial districts has elicited great interest among economists concerned with economic development, since firms that have been working together in an ID would be able to contribute greatly to the industrial development of the country.

There are many lines of research in the debate on regionalization. Rabelotti (1995) *apud* Silva (2006), asserts that the model of industrial districts of the Third Italy can be defined in terms of four useful components in organizing empirical investigations and in comparing to the practice experienced in such formations:

- spatially concentrated and sector-based specialized complexes of small and medium-sized enterprises;
- a set of strong forward and backward connections between the economic agents;
- A common social-cultural background that unites the economic agents and the creation of a code of behaviour;
- the presence of public and private institutions acting in support of the productive units which constitute the clusters.

To face the challenges of a new world economic order, the competitiveness of the productive arrangements extends to the quality and productivity of human resources and to the productive and innovating capacity.

The importance of clusters of firms directed towards the same sector of activities within a limited geographical space suggest that its main characteristic is its strategic and organizational position, which defines the structure of competitiveness and progress in the developing region.

The fact that SMFs are constituted around a productive chain and develop a production system, diminishes the difficulties and increases their capacity to quickly respond to changes in the demand among enterprises, thus facilitating relationships of trust and the formation of active, supporting organizations.

The support provided for the formation and success of clusters stems from the principle that micro and small-sized firms, if well organized, can create greater competitive advantages than many large companies, so contributing for the regional development (AMORIM, 1998). Lastres *et al* (1999) argue that in developing countries LPAs: represent a significant and diversified share of the private sector; symbolize strong job opportunities; and mean, in many cases, the possibility of promoting local economic development.

2.2. LPAs in the footwear sector

2.2.1. In Brazil

The footwear sector is characterized by the marked presence of micro, small and medium-sized companies. .

In assessing the sector, Antunes *et al* (2203) state that setting up a footwear enterprise with traditional technology requires low investment in the acquisition of machinery and equipment, no sophisticated processes and a largely unskilled workforce and there is a prevailing environment of inter-firm competition.

According *ABICALÇADOS (2005)*- The Brazilian Footwear Industry Association – Brazil has over 8 thousand manufacturers, the sector being considered of key importance due to its capacity to generate jobs. With reference to the labour force, in 2004, there were about 313 thousand people directly employed. According to *Abicalçados*, among the agents integrating the leather footwear scenario it can be said that there are 1.5 thousand raw-material and components suppliers; 100 thousand machinery and equipment suppliers, besides

tanneries which processed some 30 million hides in 2005. This structure, together with the investments in technology and innovation, makes Brazil one of the major world producers.

According to the study conducted by the Austin Asis agency¹(2006), the volume of the footwear sector exports has decreased in terms of marketed volume, but revenues are favourable because the products have an increased added value due to investments made in technology and design and alterations in the management and production processes

Table 01: Exports by volume and in pairs.

Variable	2004	2005
In volume (millions of pairs)	212	190
In billions of US\$	1,81	1,89

Source: Adapted from Austin Asis, 2006.

2.2.2. In Paraiba

In Paraiba, there is a tradition of leather working. According to SEBRAE-PB (2006) - Brazilian Support Agency for Micro and Small-sized Enterprises – it dates back to the early days of the settlement period, in the 16th century and grew in association with the livestock activity, the pioneering activity in the process of colonizing the semi-arid hinterland. Around 1824, leather tanning activities and footwear production began to be developed in the Brazilian State of Paraiba. The quality of the work was so simple that it could be considered rudimentary.

Initially, the transition from the handicraft activity to the industrial stage took place in Campina Grande and, subsequently, in Patos. In 1923, the first leather processing plant appeared in Campina Grande, the production of which was destined to the fabrication of saddles, harnesses and reins for horseback riding, so creating the preconditions for the development of footwear manufacturers (KERLE, 2003).

As far as the evolution of the leather-footwear sector is concerned, Silva (2006) reports that, in the first half of the 20th, the participation of footwear production in the local economy was practically insignificant. From the 1960s, footwear production experienced

¹ Trend Studies Agency for economy sectors. The study on the footwear sector was published on February 20,2006.

accelerated growth as a result of the development policy for the north-east region implemented by SUDENE, the government agency for the development of the north-east, in the form of key fiscal incentives. By the mid-1960s, with the development and the demands of the market, modern production methods were introduced.

A key event occurred by the mid-1990s, many footwear manufacturers relocated from the South and Southeast of Brazil to Northeast in search of cheap labour and tax incentives, as well as better strategic positioning when it was perceived that there was growing demand from abroad, as the Northeast region is privileged in terms of its geographic position, which facilitates the contact with and the delivery of products to external market, particularly the European one. The market that had previously faced local demands now had to adapt to the new styles from abroad, thus starting the exporting process. In 1992, according to Campos (1995), the footwear sector corresponded to 1.8% of the GDP, equivalent to some US\$ 6 billion. Of this amount, US\$ 1.3 billion were traded on the international market.

Currently, footwear firms have basically invested in technology and innovation, as this manufacturing area is closely tied to the fashion segment. Massive investments have been made in modern machinery, which implies greater agility in dealing with changes in fashion. According to the BNDES sector report (1998), some manufacturers of sports shoes have acquired Italian polyurethane (PU) injection moulding machines, with the capacity to produce some 10,000 pairs/day of soles for sports shoes.

According to SEBRAE (2006), the footwear and related items² complex in Paraíba is made up of 183 legally constituted firms and another 400 firms operating in the informal sector. According to SEBRAE, this complex is segmented by production typology into: **the traditional sector:** (launching of popular shoes for both sexes oriented to the local and regional markets) and the **modern sector** (producing quality shoes, sandals, and sports shoes focused on the national and international markets). According to the CIN-PB² (2006), 11 footwear manufacturers have exported, eight of which are considered small and medium-sized according to the criteria of SEBRAE and the other three are branches of large manufacturers (São Paulo Alpargatas, Samello and Cambuci S.A) originating from the South and Southeast.

According to data from the Secretary of Foreign Trade at the Ministry of Development, Industry and Trade (SECEX/MDIC), apud ABICALÇADOS (2006), Paraíba

² Including footwear and related items (bags, balls, accessories)

² Centro Internacional de Negócios da Paraíba

was the third State in the Northeast region that most exported in the period from January to August 2006. The largest share of these exports corresponded to the subsidiaries of large firms from the South and Southeast Regions. However, there is a small but important portion of genuinely local *Paraiban* SMFs when the difficulties of entering and adapting to the demands of the international market. According to the SEBRAE consultant Francisco Nunes, “ in 2004, the Paraiban participants in the Footwear Project, with Sebrae Paraiba, Apex Brasil and *Projeto Promos*, exported 1.3 million dollars, boosting the local economy and leading to the creation of new jobs and increased production”.

Table 02: Value of exports in US\$ from the States in the Northeast Region, 2006.

State	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Ceará	21,164.727	24,628.305	19,408.299	17,024.535	16,162.186	18,832.383	18,978.135	23,356.786	159,555.356
Bahia	3,166.945	7,635.816	6,860.392	3,962.290	4,216.195	3,187.258	5,756.114	6,764.428	41,549.438
Paraíba	5,250.070	4,207.352	3,204.161	2,905.495	2,200.090	2,590.789	3,011.017	1,743.625	25,113.599

Source: SECEX/MDIC apud ABICALÇADOS, 2006.

Though the manufacturer industry is distributed in various municipalities within the State of Paraíba, the highest concentration and representativeness occurs in the three following cities: João Pessoa, Campina Grande and Patos. According to Lemos and Palhano (2000), the largest firms are located in greater João Pessoa and neighbouring towns and the smallest are located in Patos and Campina Grande. This has come about due to the origin of each one of the productive arrangements. While the industries in Campina Grande and Patos developed from backyard businesses, in João Pessoa development occurred as a result of government incentives during the 1990s.

Moutinho and Cavalcanti Filho (2003) analysed the production of shoes in Paraíba and arrive at the following distribution: calling “coastal production”, that is composed of firms located in the city of João Pessoa and surrounding municipalities and “hinterland production” constituted by the firms from Campina Grande and Patos. This division is important because of the differences in the profile of the production, as well as its development.

The footwear complex receives the support of various educational, technological and research institutions such as UFPB and the *Centro de Tecnologia de Couro e Calçados* – the Albano Franco Centre for Leather and Footwear Technology (Campina Grande), which offers training courses and technology transfer and information, as well as shoe quality testing and the support of CINEP³, of the integrated system FIESP, SENAI, SESI and SEBRAE, the *Banco do Nordeste*, and of the State Government through the Secretary of Industry and Trade

³ Companhia de Industrialização do Estado da Paraíba

and Technology. One of the actions recently taken by the State Government was to reduce the local tax on goods and services (ICMS) to 3.5% and in conjunction with development projects organised by SEBRAE it is building 18 sheds in Campina Grande. Despite this apparatus, there is a lack of entrepreneurial spirit on the part of many businessmen in the sector, as there is large number of informal firms for which it is difficult to gain entry into the competitive national and international scenario.

3. THE EXPORT DYNAMIC

3.1. Why export?

Without doubt, international trade strongly influences the development of underdeveloped countries. Of the registered firms in Brazil, around 90% are micro and small-sized and they experience great difficulty in developing projects for entry into the international market. This peculiarity of the country demands even greater active participation on behalf of Government as far as developing mechanisms so that firms obtain a more effective share of the international market.

Kotler (1998) states that for the majority of firms it would be more convenient to remain in the domestic market if this were excessively attractive and sufficient, as the managers would not need to learn a language, laws and regulations of other countries, deal with the exchange rate and the uncertainties produced by legal and political problems or have to define new designs for their products in order to meet the needs and expectations of foreign clients.

There are many reasons influencing the decision to enter into the international market. Minervini (2001) offers a series of motives that impact on the decision to export, like: the need to operate in a market at volumes that guarantee an industrial dimension for the firm, so achieving an economy of scale that ensures their products can be competitive; the occasional orders from importers, through contacts made at international trade fairs or during missions abroad; the possibility of obtaining better prices; declining demand or product maturity in the domestic market leads to the export to markets with a generally lower level of technology; to gain capacity before suppliers, banks and clients, which reflects in prestige in internal negotiations; and to confront the entry of competitors into the domestic market.

In order to enter into the international market, firms should be well consolidated in the domestic market, and meet the expectations of local consumers, while equally developing the entrepreneurial side and look for niche markets in which to enter. They have to be

visionaries, adapting their skills to the needs of the consumer. Winning market and respect before the business community that stands out because of innovation and creativity.

Cobra (1995) states that Brazilian firms need to adopt a philosophy of excellence, suing good costs management, applying efficient management methods and a good marketing policy. Yet, it needs to conform to international standards of design, technology and price, supported by propaganda that differentiates it from the competition as well as adding services to the clients and end consumers.

4. THE PROCESS OF INTERNATIONALISATION

In the contemporary world, in order to gain space in a competitive market, firms need to confront adversaries in a planned way and make use of strategies to increase their participation in the international market. Otherwise, they will be doomed to failure, without managing to adapt to the demands of their foreign clients.

In order to gain enter the international market it is fundamental that firms have knowledge of the process of internationalisation so that they can determine efficient action strategies.

Goulart *et al* (1994) define the process of internationalisation as the increasing and continuous involvement of a firm in its operations with other countries.

The benefits of internationalisation are noteworthy. However, there is a need for harmony among three important factors: the strategic vision of the firms, the gains in society in the generation of employment and incentives offered by the government

In these conditions, Neto⁴ (2006) views internationalisation as a process that demands actions that encourage, but also promote, and requires above all leadership. The need is to be 'globally' competitive in order to avoid Brazil being restricted to the role of an efficient platform for transformation of raw material.

Rocha and Christensen (2002) point out that one of the main challenges of international management is to identify what leads firms to export and the ways in which the process of internationalisation occurs. The question involves this discussion according to these authors is to discover the factors that lead firms to export or otherwise.

There are various lines of thought that seek to explain the behaviour of firms when attempting to interact with the international market. In the present study, the behaviourist

⁴ Responsável pelo Projeto Global Players, da Fundação Dom Cabral.

approach to the process of internationalisation will be dealt with, in which not only the economic factors are analysed but mainly those factors related to the external environment, the management models and the attitude of the managers leading the firm.

For Fleury and Fleury (2006), the behaviourist approach attributes the process of internationalisation a set of sequential steps that are heavily dependent on knowledge acquired with experience, emphasising that firms deal with the process of internationalisation gradually, moving initially towards those countries that are closest, be it from the geographical or cultural point of view.

The process of internationalisation, according to Drouvot (2001), occurs in four stages: 1) export through intermediaries or representatives, 2) international sales and installation of a commercial branch, 3) international production and 4) multi-nationalisation and formation of alliances and joint ventures.

In recent decades, the process of globalisation of the economy has intensified due to the greater commercial and financial opening of economies and the evolution of information technology. Competition in the international sphere has led firms to look for ways to increase their competitiveness in order to grow and expand their markets (SZAPIRO and ANDRADE, 2001 apud NETO, 2006).

Studies suggest that in order to initiate the process of internationalisation, firms would need a phase which they denominate “development” which would be: export sporadically; exporting mediated by independent representatives; install a commercial branch in the foreign country and install a production unit in the foreign country (JOHANSO and VAHLNE, 1975 cited by NETO, 2006).

5. EMPIRICAL RESEARCH

5.1. Methodology

In order to develop this study, the classification presented by Vergara (1997) was taken as a base, in which research is classified from two perspectives: regarding the ends and regarding the means.

With regard the ends, the study is exploratory, in that it attempts to investigate the profile of the formally registered footwear firms in the cities of João Pessoa, Campina Grande and Patos that practice export activity or otherwise.

With regards the means, this study is bibliographical and field-based. It is bibliographical, because a series of theories on the concepts of LPAs, exporting and the process of internationalisation were gathered. In order to collect data, a questionnaire and semi-structured interview were used. The questionnaire includes open and closed questions aimed at determining the profile of the managers, the profile of the firm, the type of products produced and the means by which these firms were entering into the international market.

5.2. The universe and sample

The register of the sector of footwear and similar products supplied by SEBRAE- PB (2006) records 183 SMFs. Using this, telephone calls were made in order to check which firms really produced footwear, bearing in mind the situation of the firm, whether the firm was formally registered or not and whether they were genuinely Paraiban, located in João Pessoa, Campina Grande and Patos. From this universe, through telephone contact, via email or even direct contact at the registered address, it was found that the production at a large number of registered firms was very low, others had ceased their activities and still others produced bags and balls, which were excluded from the study for obvious reasons.

As shown in table 03, the conclusion was reached that the number of Small and Medium-sized manufacturers in the three cities was 59. Therefore, the following universe of firms that are duly registered and that are acting normally was obtained.

Table 03: Universe of the study

City	Nr of firms
João Pessoa	4
Campina Grande	35
Patos	20
Total	59

Source: SEBRAE-PB, 2006.

Cochran's formula (1965) was used to calculate the sample:

$$n = \frac{\frac{Z^2 pq}{e^2}}{1 + \frac{1}{N} \left(\frac{Z^2 pq}{e^2} - 1 \right)}$$

The following is applied, where: n = size of the sample, N = universe = 50, $Z = 1.65$, $p = 0.5$, which results in the largest sample, q = complementary percentage $(1 - p) = 0.5$, maximum sample error $e = 10\%$, reliability level 90%. A result of 32 sample elements was

obtained. Of this total, the following distribution by city was obtained: 2 in João Pessoa, 20 in Campina Grande and 10 in Patos, according to the availability of the respondents. The choice of these elements was based on their accessibility. This sample is coherent with the particular nature of each of the previously explained centres.

SEBRAE's classification criteria of the type of industrial firms were applied as shown in the table below, since the firms did make their gross invoiced revenue available.

Table 04: Classification according to the number of employees

Size of the firm	Manufacturer
Micro	up to 19 employees
Small	from 20 to 99 employees
Medium	from 100 to 499 employees
Large	over 500 employees

Source: SEBRAE-PB, 2006.

6. STUDY PRESENTATION AND DISCUSSION

6.1. Sample profile

With the classification of the manufacturers in relation to research objectives the following representative chart of the sample was obtained:

Chart 01: Sample profile

City		Description		
João Pessoa		Size	Products	Exporter
1	JP A	Micro	Simple Sandals - Popular	No
2	JP A	Medium	Children's shoes	Yes
Campina Grande				
1	CG A	Micro	Sports shoes trainershoes (adults and children's; men's and women's)	No
2	CG B	Micro	Sports shoes trainershoes (adults and children's; men's and women's)	No
3	CG C	Micro	Sports shoes (adults and children's; men's and women's)	No
4	CG D	Micro	Sports shoes (adults and children's; men's and women's)	No
5	CG E	Micro	Children's shoes	No
6	CG F	Micro	Sports shoes (adults)	No
7	CG G	Micro	Plastic sandals	No
8	CG H	Micro	Women's Sandals - Popular	No
9	CG I	Micro	Women's Sandals - Popular	No
10	CG J	Micro	Women's Sandals - Popular	No
11	CG L	Micro	Women's Sandals - Popular	No
12	CG K	Small	Women's and girls sandals	Yes
13	CG M	Small	Cloth pumps adults and children	Yes
14	CG N	Medium	Casual shoes	Yes
15	CG O	Small	Sports shoes adult and children; men and women	Yes
16	CG P	Small	women's sandals – exotic leather	Yes
17	CG Q	Small	women's leather sandals	Yes
18	CG R	Medium	Children's shoes	Yes
19	CG S	Small	women's leather sandals	Yes
20	CG T	Small	Women's Sandals	Yes

Patos			
1	P A	Micro	Women's Sandals - Popular
2	P B	Micro	Women's Sandals - Popular
3	P C	Micro	Women's Sandals - Popular
4	P D	Micro	Women's Sandals - Popular
5	P E	Micro	Women's Sandals - Popular
6	P F	Micro	Women's Sandals - Popular
7	P G	Micro	Women's Sandals - Popular
8	P H	Small	Women's Sandals adults
9	P I	Small	Shoes adult and children; men and women
10	P J	Small	Women's Sandals

Source: Field study, 2006

It was found that of the sample of 32 firms, 10 had had contact with the international market. Of those 10 firms, 3 participate in a large group focused on the exclusive production of shoes that for our research each unit will be treated as distinct firms. However, for the statistics of SEBRAE or CIN-PB, they are considered as a single firm. The other 22 are for the most part micro-sized popular firms that suffer the competition of larger local firms, due to difficulty in accessing innovation, quality control, lines of credit, or even management guidance.

The Paraiban firms forming the clusters in the three Paraiban cities do not have a determined focus on a production type. There is great diversity in the type of footwear produced, in contrast with the large centres like Franca (SP), specialised in men's shoes, and Vale dos Sinos (RS) which traditionally produces women's shoes.

In popular districts of the city of Campina Grande, like José Pinheiro, shoe production is directed at low income public, the production being sold in small businesses in the neighbourhood or at open markets.

Practically all the footwear manufacturers in the State of Paraíba have national capital, genuinely Paraiban. Except those that have received tax incentives and installed themselves in the State because of the cheap labour and strategic location, as is the case of *Alpargatas*, the large producer of the famous "*Havaianas*".

But there is still a great deal to do before these manufacturers are able to compete with the South and Southeast, given that today there are few firms that are administratively organised, with sales, marketing, finance and foreign trade sectors.

Below, the questions arising from the questionnaire are presented. To facilitate the readers' comprehension, the discussions are arranged according to profile of the manager/owner, profile of the firm and how the process of internationalisation of the exporting firms occurs.

6.2. Exporting Firms

6.2.1. Profile of the Managers

a) Age

The firms that export tend to have more experienced people with a more developed entrepreneurial vision at the head of their management, which may be one of the factors determining the entry of the firms into the international market.

Table 05: Age of the Managers

up to 25 years	1	10%
from 26 to 30 years	1	10%
from 31 to 40 years	1	10%
from 40 to 50 years	4	40%
over 50 years	3	30%
Total	10	100%

Source: Field study, 2006

b) Level of Education

The firms that have managed to offer attractive products to the international market have directors with at least 10 years in the market the head of their management. Today, they have in their firm as successors to the management the children of the founders who make every effort to eliminate the managerial faults of the founders and/or creators of the enterprise. Below, the level of education of the directors of the firms investigated is presented.

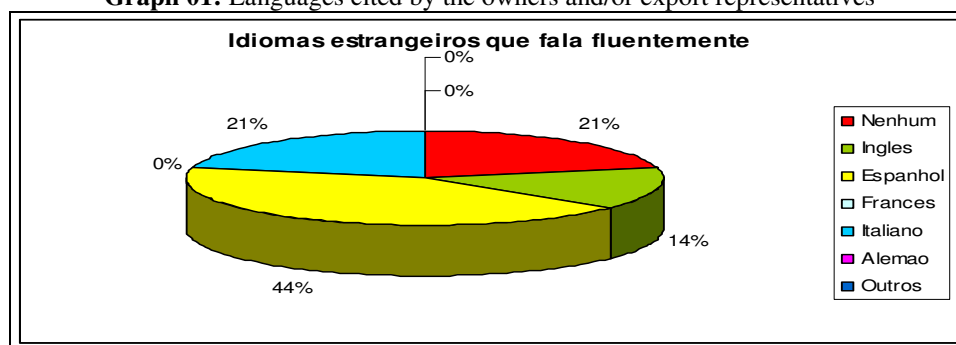
Table 06: Level of education of the directors

Secondary School	2	20%
Higher Education	7	70%
Specialisation	1	10%
Total	10	100%

Source: Field study, 2006

Command of a foreign language

In practically all the firms that export it is the owners that negotiate the entry into international market. The exception being the firm that pioneered the exports founded in Campina Grande, which counts on the guidance of a specialist in foreign trade. In all the cases investigated, the first contact with an importer was through trade fairs: Couromodas (SP) and/or Francal (SP), where they are sponsored to participate by the State Government. The business contracted at these events is generally done with firms from Latin America which facilitates communication between the businessmen who develop good Spanish, as can be seen in the graph below.

Graph 01: Languages cited by the owners and/or export representatives

Source: Field study, 2006

6.3.2. Profile of the firm

a) Year of foundation

It was found that the exporting firms are those that have long experience in the footwear business, which can be explained by the experience gained in production, reflected in productive efficiency and making their products more competitive due to the reduction of costs and better quality finishing.

These firms had, on average, 18.1 years experience acting in the footwear sector, always looking for innovation and differentials, such as, for example the firm “CG Q”, which, in one of its collections, used the so-called, exotic leather, for example: Ostrich leather, kid leather and details in coloured cotton. In this case the strategy was to contract a coloured cotton producing cooperative in order to reach the European public, which has greater environmental awareness.

Table 07: Length of life of the exporting firms

Firm	JP B	CG N	CG O	CG P	CG Q	CG R	CG S	CG T	CG G	CG G
Founded	1977	1985	1985	1985	1989	1991	2002	1990	1989	1986
Length of time	29	21	21	21	17	15	4	16	17	20

Source: Field study, 2006

b) Number of Employees

The evolution of the firms can be seen in the growth in the number of jobs, generation of income and better conditions for the neighbouring population. Business with the international market requires that the firms have a larger pool of labour available. Some of these firms seek to contract or obtain advice from the ex-employees of large organisations in the attempt to add new production techniques in their firms or make agreements with SENAI in search for skilled labour. These firms present a significant increase in their employment histories, given that in most cases they began as family-based backyard operations.

Table 08: Number of employees per firm and classification by size

Firm	JP B	CG N	CG O	CG P	CG Q	CG R	CG S	CG T	CG G	CG G
Nr of Empl.	100	38	37	126	60	28	22	108	80	45
Category	Sma	Sma	Sma	Med	Sma	Sma	Sma	Med	Sma	Sma

Source: Field study, 2006

Entry into the international market

Of the footwear firms from the State of Paraíba that entered into the international market, 90% are those that form the Campina Grande Footwear centre, where it can be seen that its development is directly related to the support of State Government incentives. The pioneering firm in the international market, located in Campina Grande, had its first experience approximately 18 years ago. This firm experienced many difficulties, since it received no support, not even from the State financial institutions. There is one medium-sized firm based in João Pessoa that has had its products on the international market for more than 10 years.

The other firms, generally small and medium-sized that have engaged in export activity more recently, had their first experience in the international market around 3 years ago. This situation began to develop with the incentives from the Government of the State of Paraíba intended to encourage manufacturers to participate in National Fairs like Couromodas (SP) and Francal (SP). The *Projeto Promos*⁵, offered some firms, mainly those that had their products exported, support in improving design and financial incentives so they could take part in international missions, with the aim of getting to know the production techniques used in Europe, more specifically in Italy and Germany.

There is a peculiarity to these firms' entry process into the international market, which is that it was exclusively through national fairs, where they exhibited their products, with the aid, in some cases, of translators and so did business.

Table 09: First year of exports

Firm	JP B	CG N	CG O	CG P	CG Q	CG R	CG S	CG T	CG U	CG V
Year of exports	1997	1989	1989	1989	2002	2003	2003	2003	2003	2003

Source: Field study, 2006

d) Export destinations

The most varied group of countries was cited by the respondents. Below is a list of the recipient countries by chronological order, with the destiny of the pioneer footwear

⁵ Conta com o apoio local do SEBRAE-PB e com a participação do Banco Internacional de Desenvolvimento (BID) e a Agência de Promoção de Negócios da Câmara de Comércio de Milão. Tem como objetivo inserir as técnicas dos distritos industriais da Itália na cidade de Campina Grande.

manufacturer until the most recent: Uruguay, Venezuela, Argentina, Italy, Portugal, Spain, France, Costa Rica, Panama, Mexico, Germany, Chile and the USA. As can be seen, the first countries of destination were geographically close, which supports the ideas of put forward by Fleury and Fleury (2006) and dealt with in the theoretical grounding.

The international clients analysed the exhibited products at the fairs in São Paulo, and took into consideration the quality, price and delivery time. The respondents claimed that their products are always exported with their own registered trade mark, highlighting the "made in Brazil".

It was emphasized that the great demand concerned the importance of the design and the culture of the destination country. The greatest demand for Paraiban footwear on the international market is during the summer, since, for the most part, they are sandals that have characteristics typical of the Northeast: comfortable, light, details in “*fluxico-loose stitching*” and coloured cotton. However, some manufacturers are already strategically planning to elaborate shoes adapted to the rigorous winter of the international clients.

7. FINAL REMARKS

The intention behind the research carried out in the cities of João Pessoa, Campina Grande and Patos was to identify how the genuinely Paraiban footwear manufacturers behaved in relation to their entry into the international market. During the research period contact was maintained with micro, small and medium-sized firms with the aim of better understanding the number of firms that were exporting. It was found that the State of Paraíba still does not have a defined profile in shoe production and that most of the main footwear centres are still composed by large clusters of informal firms or micro firms, which is reflected in the scarcity of the firms prepared to export their products in an international sphere.

It was found the few firms that had or have experience in the international market are located in the city of Campina Grande and that none of them had the strategic vision to initiate their exports based on a study of potential international clients. It was shown that in all cases the first exports occurred as a result of contacts made at national fairs like Francal (SP) and Couromodas (SP).

The exports are considered recent and as the manufacturers as yet have little productive capacity, 60% of them await the contact during the fairs to do new deals and contracts, almost always maintaining the same clients.

It was also shown that the level of education, administrative organisation, leadership in the local sphere and the support of the State Government in the form of international projects like the *Projeto Promos* are key factors in the entry of footwear manufacturers into the international market.

It can be stated that the exports carried out by the small and medium-sized footwear manufacturers are occasional and casual, arising mainly from the decision of the importers when they visit the stands of the State of Paraíba during the national fairs mentioned above.

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