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Quality Certification Label: the Case of the Pioneering Indication of Origin in Brazil

Carla Maria Schmidt

Universidade de São Paulo - FEA/USP

c.m.schmidt@bol.com.br, carlaschmidt@usp.br

Maria Sylvia Macchione Saes

Universidade de São Paulo - FEA/USP

ssaes@usp.br

ABSTRACT: In the region of Vale dos Vinhedos, RS it is inserted a network formed by wineries, grape growers, hotels and restaurants. Collective actions occur in the network, standing out the Indication of Origin Label of fine wines. This certification of quality affected several actors, since the consequences of the label for the different actors involved are unknown. Thus, in this study, the implications of the certification for the grape growers and wineries were identified, through interviews and questionnaires. The main results point to a scenario of value creation in the viticulture network. The label has a positive impact on the sales of fine and common wines of the wineries. It was also identified that the certification shows a positive influence on the income of the region's producers. The research demonstrates that the profits existent in networks overcome the risks and costs of such collective systems.

Keywords: quality certification, Indication of Origin, viticulture network.

1. INTRODUCTION TO STUDY

Since 1980, significant changes happened in the institutional environment of the organizations, particularly, alterations of economic, social and political order. Among the main transformations, the economic relations in the globalized market stand out; the horizontal structure tendency, like alliances, partnerships and networking among companies and the valorization of knowledge.

Due to these transformations, the organizations have adapted their management and production processes, aiming at becoming competitive. This context was strongly applied to Agro-Industrial Systems, in which the organizations have created organizational models based in the collectivity, with relationships and interdependency bonds among several actors, presenting themselves as complex structures of governance among companies.

It is possible to witness extremely beneficial synergies among the undertakings of a complex system, which are the results of cooperation and competition. This

synergy, resultant of the essential and complementary competencies, can generate competitive advantages for the agents involved, providing them access to new markets, new managing methods, new technologies, besides sharing benefits and costs (Sachs, 2003). However, the complex collective systems may also present risks and costs, mainly to the cooperation and opportunism of the agents involved.

What happens is that the study of the complex organizations is recent, it began in the 1990s, and needs to be more explored, with the objective of allowing empirical analysis (Ménard, 2004). Thus, this paper intends to collaborate with a greater understanding of the complex organizational forms, investigating the wine system from Vale dos Vinhedos, in Bento Gonçalves.

Vale dos Vinhedos is a rural region where a complex organizational form is implanted, formed by wineries, grape growers, hotels and tourist inns, restaurants and handicraft shops. Within the complex system of Vale dos Vinhedos several collective actions

occur, standing out the obtainment of the Indication of Origin Label of the region's fine wines, in 2002. This origin certification affected several actors of the complex system directly and indirectly, whereas the impact of this action for the different collective actors involved are unknown. In view of these problems, this study intends to identify which are the implications of the Indication of Origin – collective strategy of Vale dos Vinhedos network that aims at the quality of the region's wines – for the actors inserted in this process, especially, for the grape growers and the wineries in that surroundings.

This study is believed to bring contributions to the networks approach and, further, to the area of quality management, since according to Pignanelli & Csillag (2008), in Brazil, empirical studies concerning the impact of quality management on the performance of the organizations are still incipient.

2. COMPLEX ORGANIZATIONAL FORMS – EMPHASIS ON NETWORKS

The complex systems have received attention from the researchers in Sociology, Business Administration and Economics areas. Several approaches are recognized within the literature of complex systems. Networks, clusters, supply chain systems, net chains, joint-ventures and alliances are concepts which refer to these systems. Considering that the object of this study has the organizational form of a network, such organizational models will be discussed in the present article.

The essence of the networks theory is pointed by Granovetter, sociologist who made a significant contribution for this literature. Granovetter (1973) affirms that basically, two kinds of ties exist within a social network: the strong and the weak. The strong ties exist for a long period of time, and this is a relation of effort, confidence and reciprocity. People who share strong ties in general participate of the same circle or social group, highly clustered. Granovetter proclaims that such ties aggregate little value to the companies in situation of resources search, since due to the homogeneity that they present, they have the same information and resources already existent in the network.

Now, the individuals who integrate a network with weak ties develop punctual transactions among them, so that issues like confidence and reciprocity show little importance. On the other hand, these

relations are justly important because they work as a type of bridge, allowing the individuals to be connected to several other social groups, forming a network, unlike the strong ties that are shown as isolated isles.

Thus, Granovetter (1973) evidenced that the so-called weak ties are more important in the maintenance of the social network than the strong ties, for which greater importance used to be given by the sociologists. The weak ties are likely to generate new information and aggregate value to the relationship, since they can connect each actor of the network to other agents, sharing different sources of information. Furthermore, when the same individuals transact for a long period, fact that occurs in strong ties relations, the relationship can get strained and the possibility of innovation becomes smaller and smaller.

Within this perspective, the view of Burt (1992) can be mentioned, when presenting the perspective which he denominated of structural holes, i. e., groups of people who do not know each other or do not share information among themselves can exist within a network.

In order to understand the theory of Burt about the structural hole it is fundamental to imagine that the individuals can be disconnected from each other within the network. Thus, the structural hole represents an opportunity of handling the information flow that exists within it. Burt (1992) supports that some actors can benefit more than the others, i. e., actors who have strategic positions, of centrality and connection within the network can benefit, regarding the information flow and repassage of resources. So, it is understood that the structural holes open space for the actuation of opportunistic agents.

In another work, Granovetter (1985) discusses that the actors do not behave or make decisions out from a social environment, since the human behavior has strong rooting within a system of ties or social relations. Thus, it is evidenced that the networks have to be understood from the analysis of the relations existent among determined social actors. Therefore, it is not correct to interpret behaviors and institutions as independent elements of the social relations, i. e., every action or economical behavior is rooted or involved by social relations.

Larson (1992) also discusses the issue of embeddedness. In their opinion, this phenomenon has significant impact on the company's decision to make al-

liance with another company or not. It occurs, because the organizations form ties with those, which identify themselves as suppliers of critical resources and abilities that are complementary to theirs. However, they also consider the position of their partners within the social structure of the network, that is, their level of embeddedness. The mechanism of embeddedness enables the organizations to identify complementary and reliable partners, reducing, so, the risks of the cooperation, fundamental for the search of efficiency and competitiveness at any cooperative arrangement. The main risks of cooperation are the opportunistic actions of some agents of the collective system.

In general, the embeddedness of networks is seen as a strategic resource for the companies. The conduct and the performance of the companies are directly influenced by the embedded relationships. The relations are simultaneously competitive and cooperative and, inclusively, the income of the companies is result of their own resources and also of the structure of the network in which they are embedded (Gulati; Nohria & Zaheer, 2000)

In this context, the view of Fenterseifer (2007) is highlighted, about the benefits arisen from companies inserted in clusters or networks. For him, the benefits range from the positive externalities resulting from industrial agglomeration to the more recent ones, such as its positive impact on learning and innovation and, consequently, in the upgrading of capabilities leading to the development of sustainable competitive advantages and to the stimulation of regional economic development. The interaction of firms in cooperative actions for strategic purposes, such as collective actions, resource sharing, joint development or experimentation, co-production, economies of scale and scope, is an important characteristic of the more developed clusters.

Besides discussing the inherent complexity in collective systems, it is fundamental, in this article, to understand the dynamics of the wine-growing sector, both in the internal and external market, since it can implicate in changes of the collective strategies and rules of certification existent in the region of Vale dos Vinhedos.

3. THE WINE MARKET: EMPHASIS ON QUALITY

Nationwide companies are producing quality wines to become competitive, with Geographical Indication labels, in order to get a brand recognized all

over the world. Both traditional and the new incoming countries made significant investments in the quality systems of wine production (Zylbersztajn & Miele, 2005).

Accordingly, it is worth mentioning Andersson, Eriksson & Torstensson (2006), who affirm that the organizations who intend to aggregate value to their services and products, have to standardize processes, and, at the same time, meet the expectations of the clients.

In general, it can be said that the practices of the quality management will have great relevance as a tool of competition of the organizations, and its utilization has grown more and more, as part of the organizational strategy. This idea is reassured by Pignanelli & Csillag (2008), who mention that a model of management based on quality can be seen as a differential factor and therefore, can bring about a higher level of performance for the companies. In this aspect, it is worth to highlight that Deming (1986), Juran (1964) and Crosby (1979), pioneer and influent authors on quality management, also support the idea that there is a strong relation between the adoption of quality practices and the organizations performance.

According to Gollo (2006), in the wine-growing market, the predominant concept also refers to quality. The countries which take advantage of a better reputation in relation to their wines – France, Italy, Portugal and Spain – worry about producing wines of greater quality and consolidated with geographical indications.

In this context, Vale dos Vinhedos region opted for the Indication of Origin, and is trying to get the Designation of Origin. It is a differential strategy with emphasis on quality, mainly because in Brazilian industry, most of the wineries and canteens produce common wines, of inferior quality and price, and therefore, they dispute only the national market.

According to Lalín (1991), the indications of origin are an important mechanism available to the organizations that want to adopt a competitive strategy of differentiation of their products, because they allow them to improve and control the quality of the foods, to increase the income of rural producers and insert them in the world market, aggregating value to the Agro-Industrial system, like what happened to the wines market in France.

It can be inferred that the geographical indications, by their nature, follow the principle of quality, because,

according to Crosby (1979), quality signifies conformity, whereas there is no high or low quality. For the author, either one item is in conformity with the requirements (quality) or it does not have quality.

The high number of geographical indications existent in traditional wine-producing countries gives an idea of its importance (Falcade & Mandelli, 1999). Now in Brazil, only six geographical indications were granted until 2010. Is it worth emphasizing, that according to the view of Fensterseifer (2007), the Brazilian wine industry has a great capacity to survive and find a place in the increasingly internationalized and competitive wine business. The challenges are numerous, as for example, the resistance of the agents when confronted with the change – exigency of quality management (Reger et al., 1994), but the industry has been preparing itself to compete. By both individual and collective actions it is creating encouraging prospects for a sustainable position in the wine business.

4. VALE DOS VINHEDOS INDICATION OF ORIGIN

Since its creation, in 1995, Aprovale - Vale dos Vinhedos Fine Wines Producers Association has the central objective of reaching a Designation of Origin for its fine wines. Thus, it firstly sought the Indication of Origin. The request of geographical recognition submitted to INPI in 1997 was reached in 2002.

In this period, Aprovale established operational covenants to help the development of activities which served as prerequisites for the obtainment of the Indication of Origin, like the historical survey, the geographical map and the study of potentiality of the region's viticulture sector.

The management of the regulated geographical indication became responsibility of the Regulatory Council, created in 2001, which developed a Control Label of Vale dos Vinhedos, IOVV, exclusively, for the wines and sparkling wines elaborated with grapes proceeding from the region and bottled in their source.

Tonietto (2002) reports that the Regulation of Vale dos Vinhedos Indication of Origin presents twelve innovations concerning the conventional production of wines in Brazil. These innovations, that are not exigencies of wine Brazilian legislation, are reported as follow.

a) Limited geographical area of production: it is located in the cities of Bento Gonçalves, Garibaldi and Monte Belo do Sul;

- b) Authorized set of grape cultivars;
- c) Limit of productivity;
- d) Origin of raw material: the products have to be elaborated with, at least, 85% of grapes produced in the delimited geographical area;
- e) Restrictive set of wine products;
- f) Elaboration, aging and bottling in the delimited area;
- g) Chemical and sensorial quality identity standards, in order to assure greater quality of the wines;
- h) Distinctive Signal for the consumer, through specific rules of labeling;
- i) Regulatory Council of Self-control;
- j) Respect to recognized Geographical Indications;
- k) Standards of organoleptic identity of the products;
- l) Winegrowing and enological production controls.

Possibly, these innovations are having positive impacts on the fine wines quality of Vale dos Vinhedos, increasing the competitiveness of the products in national and international markets. Generally, it is believed that the Indication of Origin has become an historic, economic and social mark to Vale dos Vinhedos.

5. METHODOLOGICAL PROCEDURE

The empirical research was conducted by means of primary data, obtained through surveys accomplished next to the grape growers and wineries (wine processing companies) of Vale dos Vinhedos. Therefore, a pre-test was accomplished in August, 2009, both with the wineries and the producers, in order to find possible failures in the instruments of data gathering to be used. The second and definitive data gathering happened in September, 2009.

In total, 31 wineries are inserted within the geographical delimitation of Vale dos Vinhedos, whereas from this total, 25 integrate the collective system of the region, i. e., they are associated to Aprovale, being, therefore, focus of this study. It was intended to accomplish a census research paper with the wineries; nevertheless, three entrepreneurs did not collaborate with the research, so it was possible to

interview 22 wineries, which represented a sample of 88% of the total population. However, it is worth pointing out that during the interviews, it was verified that two wineries were created a few months ago; therefore they do not show historical data and neither possibility of answering the questions. Thus, it was opted to work with data of 20 wineries.

Concerning the grape growers, even in contact with the wine institutions, up-to-date data were not obtained regarding the number of establishments which produce grapes. Thus, the information of 2006 was used, released by Embrapa Grape and Wine. According to the institution, in 2006 there were 308 entries on winegrowing regarding Vale dos Vinhedos region.

So, it was accomplished a research work in loco in the entire region of Vale, through visits to the residencies of the producers, reaching a total of 109 grape growers interviewed. It is highlighted that during the research it was possible to notice that the number of rural establishments running is inferior

to 308. Maybe, it is justified by the fact that Embrapa data are out-of-date.

Besides, it was verified that in the same establishment it can exist more than one entry on winegrowing, once the farmers are used to registering several members of the family, and the result is that in a single property there are two or three entries. Thus, because of this inconsistency about the exact number of producers, it was not possible to work with sampling, whereas the territorialization was the most appropriate technique for the context.

As the research aimed at analyzing the implications of the Indication of Origin for the wineries and the grape growers of the region, instruments of data gathering were elaborated for these two types of actors. The questionnaire applied to the wineries consists of 14 questions and the instrument applied to the producers shows 16 questions. The systemization of data gathering can be visualized in the research protocol (Table 1).

Table 1 – Research Protocol

Objectives	Wineries	Producers
	Variables	
To identify if there was value creation for the wineries and producers	- Commercialization extent of fine and common wines (lt)	- Income per hectare (R\$)
To identify the risks and costs of the collectivity for the agents	- free-riders - heterogeneity of the group - conflicts among wineries - conflicts between wineries and producers - cost of creation and maintenance of the brand	- Competition among producers - Limit of production per area - Limit of grape varieties - High quality of the grapes - Utilization and restriction of determined inputs
To identify if the collective actions enabled the generation of externalities for the agents	- tourism - recognition of the brand in the country and abroad - exportation - real state valorization - increase in the number of wineries in the region	- tourism - real state valorization - recognition of the brand in the country and abroad - increase in the number of wineries in the region - partnerships with wineries - cooperation among producers - joint purchases and sales with other producers

Source: research data

It should be noted that data were analyzed through descriptive analysis, which allowed the interpretation of the half-open issues of the research instruments, as well as the speeches of the interviewees, once there was direct personal contact with all the researched subjects.

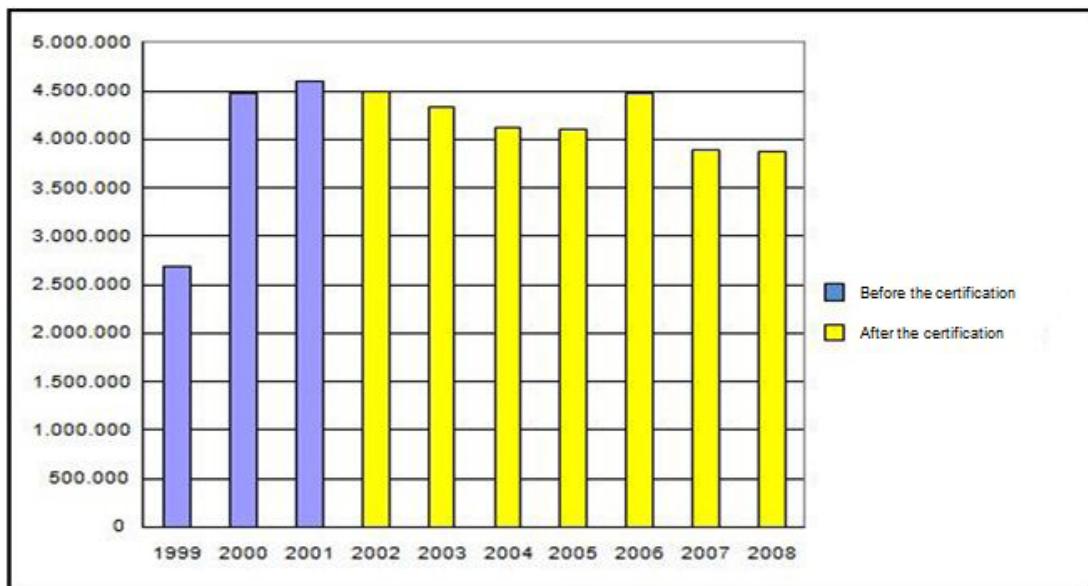
6. STUDY RESULTS

This study aims at identifying the implications of the Indication of Origin for the collective system of Vale dos Vinhedos, especially for two collective actors – the grape growers and the wineries.

Results found through the interviews with the wineries

Firstly it is shown a demonstrative of the total volume of fine and common wines (liters) sold by the processing firms over ten years. It is noticed in Graphic 1 that the total volume of fine wines sold by the companies of Vale dos Vinhedos was kept in the range of 4.500.000 in the period from 2000 to 2006. This index shows that in spite of being a highly competitive market, where there is an exigency of high quality and incoming market tendencies, the interviewed wineries were able to keep certain stability in commercialization. Accordingly, it is believed that the certification may have had a positive influence on the total fine wines sold by the companies.

Graphic 1 – Fine Wines Commercialization



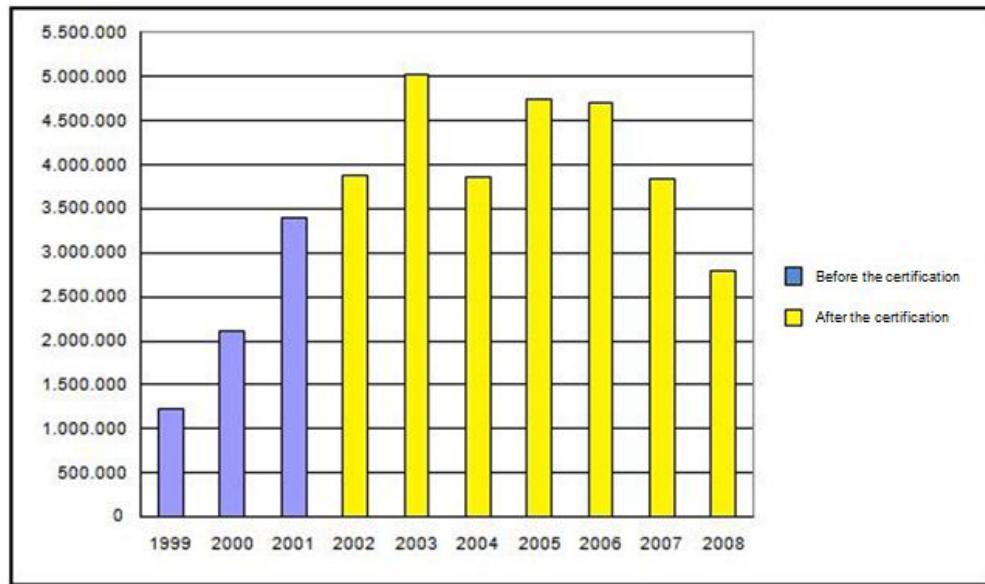
Source: research data

However, it is necessary to highlight that there was a decline of 13% in the sales in 2007 and 2008. This decrease might have been reflex of the world crisis that took place in that occasion, when a decline of 2% in the world consumption of wine was registered. Furthermore, the most alarming factor in the sector is the introduction of imported products in the country, once those are able to charge prices lower than the national ones due to the favorable exchange rate.

Inclusively, in 2007 it was registered the highest participation of imported fine wines in Brazilian market since 2003, which can also help to explain the decline in sales that year.

Concerning the commercialization of common wines, it is verified in Graphic 2, that generally, after the label entrance in 2002, there was an increase in the total products sold by the wineries, so the volume sold by them exceeded the range of 3.500.000 liters all the years, in the period of 2002-2007.

Graphic 2 - Commercialization of Common wines



Source: research data

This result demonstrates that the certification has generated positive externalities. However, it is worth mentioning that alike the fine wines case, it was registered an expressive decline (28%) in sales in 2008, which possibly may have also been an impact of the financial crisis happened that year.

The entrepreneurs were also questioned regarding the impact of the certification for the sales in external market. It is confirmed that the companies' exportation level is still too low. Only 25% of the investigated wineries export wines, whereas their percentage of exportation in relation to the total sold by them is relatively low (8% on average). This way, it

is noticed that the label does not show a positive influence on the companies' exportation amounts up to the moment. Thus, it would be fundamental that the wineries, together with the representative association, would create marketing strategies directed to the external market, maybe exploring the fact of being the holders of the first and single origin certification of Brazil, up to the moment.

Before concluding the section about wineries, it was investigated the opinion of the entrepreneurs regarding possible existent costs due to the cooperation system in which the interviewees are integrated. The results are presented in Table 2.

Table 2 – Risks and Costs of the collectivity

Analyzed Factors	Wineries (%)
Presence of <i>free-riders</i>	45
Heterogeneous group	60
Conflicts among wineries	35
Conflicts between wineries and producers	25
Elevate costs to create a recognized collective brand	30
Elevate costs to maintain a recognized collective brand	30

Source: research data

Among the gathered risks, only two were pointed by a considerable number of interviewees, which are: the heterogeneity of the group and the presence of free-rider individuals, respectively.

Concerning the heterogeneity, the collective actions theory does not admit this factor only as a risk, once it shows negative and positive points about the heterogeneity of the group. For Granovetter (1973), if on one hand the homogeneous groups promote the relationship within the system, showing lower transaction costs, on the other hand, the heterogeneous groups tend to aggregate more, whereas they promote the innovation within the network, in spite of generating greater conflict. Inclusively, the heterogeneity of the group has been an important characteristic for the obtainment of the innovation (certification) in the network.

Now regarding the second aspect (free-rider individuals), noticed by 45% of the interviewees, Olson (1999), is emphatic when highlighting that these individuals are benefited from the efforts and results of the collective work, without having cooperated. For Olson, in big groups, the actors tend to tolerate the presence of the free-rider more easily than in

small groups. It can show itself as a favorable factor, if it is considered that the network in question does not have such a great number of actors involved.

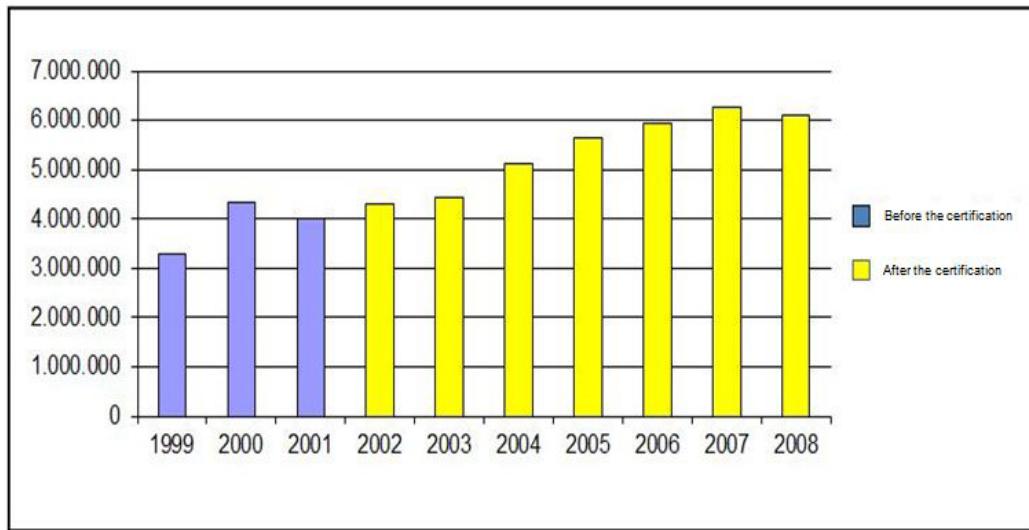
To overcome this problem, Olson suggests that mechanisms of incentive for the agents are implemented. For the network of Vale dos Vinhedos, it is suggested that the incentives are related to the label and future certifications.

In spite of the existence of risks and costs, it was found out that the viticulture network of Vale dos Vinhedos enables the creation of value for the wineries. As follow, the results found concerning the producers are also described.

Results concerning the grape growers

Firstly, it is presented a demonstrative of the total income evolution of one hundred producers over ten years. It is verified in Graphic 3 that after the entry of the label, in 2002, there was an almost constant increase in the total income of the interviewed producers throughout the year. Such result shows that the certification of fine wines of Vale dos Vinhedos was positive also for the grape growers of the region.

Graphic 3 – Producers' Income Evolution



Source: research data

The grape growers were also questioned concerning the existence of other sources of value creation within the collective system.

Table 3 – Perception about sources of value creation

Analyzed Factors	Producers (%)
Creations of partnerships with wineries	50
Cooperation among producers	58
Joint purchases with other producers	16
Joint sales with other producers	4

Source: research data

As Table 3 demonstrates, only 50% of the interviewees answered that there was a formation of partnerships among wineries and producers within the Vale. It demonstrates that, although nowadays they are negotiating with the network companies, many producers do not consider such relation a signed partnership, i. e., it is a temporary deal that is re-evaluated every year.

Besides, another factor that calls the attention is that although 58% of the producers answered that it exists cooperation among them, they are not able to organize themselves in order to accomplish joint purchases and/or sales, fact that could bring more

bargain to the negotiations. The cooperation among the producers is limited to the exchange of information about the cultivation of grapes and, mainly, exchange of manpower during pruning and harvest seasons. In this aspect, it is noticed that the producers are less organized and interrelated among themselves than the wineries.

Before concluding, it is presented a discussion about possible difficulties and costs that the producers may be showing due to the network structure in which they are integrated. The results are presented in Table 4.

Table 4 - Risks and costs of the cooperation among the producers

Analyzed Factors	Producers (%)
Competition among producers	41
Limit of production per area	91
Limit of grapes varieties	45
High quality of the grapes	83
Utilization of determined inputs	83
Restriction of determined inputs	87

Source: research data

Most of the producers (91%) consider that the highest cost of producing fine grapes for the label is the restriction of the production limit, once it affects directly the financial return concerning the quantity of grapes to be commercialized.

In the same way, the exigencies for the utilization, as well as, for the restriction of determined inputs in grapes production and, further, for high-quality due to the label, were pointed as costs by most of the interviewees. Generally, among the costs pointed in this research paper, only two were not identified by an elevated number of interviewees, which are: existence of competition among the producers and limit of grape varieties.

It should be noticed that during the interviews, many producers complained about the difficulties they face

with specific grapes for the certified wines. According to them, the fine grapes demand much higher investment and monitoring than the table grapes, because they are more sensitive to weather, cost that is worsen, due to the exigency of controlling (dressing) the quantity of these grapes production.

This cost would be justified in case the price paid for the specific wine was equivalent to the investment, fact that has not been happening in the network, according to the perception of the producers.

Through the facts exposed, it can be affirmed that alike the wineries case – despite the existence of some risks and costs within the collective system – it is evidenced that the viticulture network of Vale dos Vinhedos enables the creation of value for the grape

growers of the region, once the certification presents positive impact on the income of these agents.

The verifications accomplished up to the moment lead to an understanding of value creation for the main actors involved with the network structure in study. The next part is intended to identify which are the implications of the network implanted in the wine system of Vale dos Vinhedos for the actors of those surroundings.

The externalities generation for the entire network

In this topic some empirical confirmations about the existence of positive externalities formed by the collective system are listed. It should be highlighted that the externalities are pointed as potential sources of value creation in networks. The increase in the number of tourists in the region every year is believed to be the most significant externality of Vale dos Vinhedos, as Table 5 points.

Table 5 – Evolution of tourist visitation of Vale dos Vinhedos

Year	Number of tourists
2001	45.000
2002	60.000
2003	82.000
2004	102.000
2005	115.737
2006	105.617
2007	120.962
2008	153.779
2009	182.229

Source: Aprovale (2010)

In 2001 the number of tourists that visited the Vale was 45,000 whereas in 2009 this number changed to more than 182,000, i.e., in 8 years the number of tourists increased more than four times. It shows that the development process of the valley is happening in an accelerated way. Possibly, the collective actions developed by the network have contributed for this evolution, standing out the initiatives like the development of the tourist route, the participation in exhibitions and fairs and the embellishment of the properties.

According to Hall (1996), this kind of tourism can encompass different possibilities, like visits to the vineyards and wineries, festivals, wine exhibitions, life experiences, relations with art, degustation of wine and foods, whereas the factor which motivates the most the visitors is the degustation of wine, besides the possibilities of experiencing the culture and the attributes of a wine-growing region.

It should be noted that as consequence of the tourism evolution, the wineries' direct sales have also increased, both of wines and of derivative products. Concerning the impact that tourism brought to the producers, these reported improvements as: fresh grapes sales, wines sales, handicraft sales and significant improvements on the roads. However,

it is worth mentioning that the grape growers also showed two negative points resulting from the touristic growth: the increase of violence (mainly house robberies) and the considerable increase of noise and disturb in the rural area.

Another positive externality that was pointed both by the wineries and by the producers is the strong valorization of the region's real states. It was evidenced that 85% of the owners of wineries are very satisfied regarding this aspect, stating that it happened after the tourist development of the valley and of the entrance of the fine wines certification. In the same way, many producers reported during the interviews, that there was a significant increase in the value of the real states after the recognition of the region all over the country. Inclusively, some of them consider that selling the rural properties implanted in the valley and moving to urban centers might be an alternative economically viable in this moment. Nevertheless, at the same time, these producers are afraid of selling the properties, in view of the abrupt change that this attitude causes to their lifestyle.

Furthermore, after the certification, it was confirmed a considerable increase in the number of wineries installed in the region. In the same way, there was

a relevant increase of non-legalized canteens set up from that year on. The older winegrowers consider these aspects negative, due to the competition that presently exists within a single locality.

However, it can be inferred that the increase of companies impacted in a positive way on the network as a whole, in view of the generation of income and jobs in the place. Furthermore, for Sachs (2003), the cooperation and the competition existent among the undertakings of a complex collective system can generate synergies extremely beneficial, due to the possibility of exchanging complementarities among the companies.

Another externality that can be considered quite relevant is the recognition of the brand "Vale dos Vinhedos" over the country and abroad. The participation of the wineries in important exhibitions and fairs, both nationwide and abroad, may have contributed for such result. This is fundamental, mainly, for the small companies, which would not be known without the certification and the viticulture network.

Through the facts shown, it is evidenced that the viticulture network of Vale dos Vinhedos enables the formation of externalities, which affect in a positive way different actors, like wineries, hotels, inns, restaurants, producers, besides benefiting the visitors and the population of the valley's surroundings in a general way. Consequently, such externalities have a glimpse of the scenario of value creation within the network as a whole.

7 FINAL CONSIDERATIONS

Vale dos Vinhedos is pioneering in the country regarding the implantation of the Indication of Origin label for fine wines. It shows that the region is in line with the world tendencies of the sector. Such strategy was fundamental for the competitiveness of the companies (wineries) of Vale dos Vinhedos, once the certification promoted the recognition of the wines from that region all over the country, attracting a greater number of tourists every year.

Besides, the certification had a positive implication for the wineries, since from it, it was initiated an exportation process of fine wines in Brazil, that although still flimsy, has conditions to become significant, since in traditional wine-growing countries, the geographical indications and the fine wines are widely used strategies.

The results obtained in the research point to a posi-

tive scenario, that is, of value creation in the viticulture network. The Indication of Origin label has a positive impact on the fine wine sales of the wineries, besides having a positive influence on sales of common wines of these processing firms. It was also confirmed that the certification shows a positive influence on the income of the region's grape growers.

Furthermore, it is fundamental to highlight that the network enables the creation of value for other actors involved, like hotels, restaurants, trades, inns and handicraft shops, once it promotes the generation of positive externalities.

Thus, according to the perception of the interviewees, the profits and the sources of value creation existent in networks overcome the risks and costs noticeable in these collective systems. Such implication is important, mainly, if it is considered that Vale dos Vinhedos serves as a model for other viticulture regions of the country, once it is pioneering in terms of geographical indication in Brazil.

The current challenge of the companies from the region of Vale dos Vinhedos is to create an image of Brazil as a wine-producing country, in order to form new markets and enhance the possibilities of profit through exportation. The indication of origin is believed to be the way to reach a greater recognition abroad, once this certification brings implicit the exigency of quality wines. Furthermore, actions that aim at the internationalization of wine, such as contests and participation in events abroad, can be important.

In summary, the highest contribution of the research was the survey about the performance of the wineries and the producers at two distinct moments: before and after the implementation of the Indication of Origin in Vale dos Vinhedos. In this respect, the investigated region can be said to be in conformity with the market current tendencies, developing strategies which aim at the quality and origin of wines.

It should be noted that a limitation of the present study refers to the fact that the years investigated before the entry of the certification were in smaller number, if compared to the years after the entry of the label in the network. Nevertheless, it is pointed out that data made available by the interviewees were used. As a suggestion for further studies, it is recommended to accomplish comparisons between the performances of two types of wine growing regions: the networks like Vale dos Vinhedos and the regions where there is no collective organization.

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AUTHOR'S BIOGRAPHY

Carla Maria Schmidt, PhD in Business Administration by FEA / USP. Graduated in Executive Secretariat by State University of West of Paraná (Unioeste). Currently is Assistant Professor at the State University of West Paraná. Research areas: Management with emphasis on Networks, Collective Action, Entrepreneurship, Innovation and Complex relations between firms. Approximately 35 papers published in national and international congress and journals.

Maria Sylvia Macchione Saes, Associate Professor by the Business Administration Department from FEA/USP and researcher and coordinator from Center for Organization Studies (CORS). Graduated and PhD in Economics by FEA / USP. Research areas: Economics of Organizations with focus on New Institutional Economics. She is author from six books and several papers published in national and international congress and journals.