GOVERNANCE STRUCTURE IN THE
VEGETABLES AND FRUITS SEGMENT
AS COMPETITIVE STRATEGY OF
DIFFERENTIATION: AN
EXPLORATORY STUDY

Júlio Cesar Valandro Soares (UFG)
j-cvs@hotmail.com
Joaquim Luiz Rodrigues Dorneles (UFSM)
joakimdorneles@gmail.com
João Arami Martins Pereira (UFSM)
ampeco1954@yahoo.com.br

Researching the literature that discusses issues linked to business and markets, including agribusiness, it is perceived that the “new times” are promoting structural changes in the marketing environment as a whole. In the academic context, themes related to competitive strategies and the structuring and management of production chains have earned significant areas of discussion. Therefore, the objective of this study is to describe and analyze the adoption of a particular governance structure in the vegetables and fruits segment by a supermarket network in the city of Santa Maria (RS), with the aim to lead to competitive differentiation strategy. This descriptive exploratory research maintained in literature and in-depth interviews with the director of business-case. For data analysis was adopted a predominantly qualitative dialectics, more specifically the content analysis. Based on such analyses it was structured some inferences as to the fact that the market structure in which the organization operates is monopolistic competition and the governance structure adopted in the analysis has been shown with characteristics of hierarchical governance. Finally, it was concluded that the competitive differentiation achieved by the supermarkets network object of this work was possible from the governance structure adopted.

Palavras-chaves: strategies, governance, agribusiness, vegetables
1 Introduction

It is a commonplace, but unavoidable, comment about reality and findings of socio-economic nature that have emerged in recent years in the Brazilian context and worldwide and their developments. In this sense there is a market deregulation, the trade openness and the stabilization of the Brazilian economy, the formation of economic blocks and climb empowerment of consumers. Stimulated by media appeals they may be classified in the emerging realities category topics related to production, marketing and consumption of food, including the transgenic (genetically modified organisms - GMOs), the mad cow disease (bovine spongiform encephalopathy - BSE), the FMD, organic and environmentally correct. All these issues had important repercussions in the media, in the scientific issues and strong commercial impact in the dynamics between countries and regions.

In general, the literature that discusses issues linked to business and markets, including agribusiness has affirmed and reaffirmed that these "new times" have been promoting structural changes in the marketing environment as a whole to make it more competitive, complex, unpredictable, mutant, among other adjectives that recurrently the heralds of the convictions label contemporary marketing environment in the end.

One of the developments that we see is the modus operandi of organizations working in this scenario, especially regarding the search for new strategic alternatives to deal with these new times. This new reality makes companies constantly evaluate their business and their strategies for competitiveness. Whereas, consumers' expectations are high and they have tried different products with more favorable levels of price and quality even better. The fierce competition for markets at the international level has led companies to redefine its borders, establish its core competence and seek new ways to relate to others.

Concerning to these environmental idiosyncrasies above, many companies have tried and remake its management within and between firms as a strategic alternative. Namely, the analysis jump the scale of the production chain from which the organization belongs. Specifically in the Brazilian context the agribusiness sector is going through a reorganization process, inside the companies or in the forms of production chain organization, in order to make it more agile, innovative and modern for achieve higher competitive levels.

Considering the subject above, this work refers to a study involving a particular structure of governance adopted in the chain of vegetables and fruits as a competitive strategy of differentiation. So we tried to see if there is correlation between the structure of governance adopted in the vegetables and fruits segment by a network of supermarkets in the city of Santa Maria (RS) as implementation of the competitive strategy of differentiation, aiming to analyze and describe the governance structure adopted in the this segment by a network of supermarkets in the city of Santa Maria (RS), with a view to lead to competitive strategy of differentiation.

2 Theoretical foundations: market structures, production chains, governance mechanisms, strategy & agribusiness

2.1 Market structures: approaches theoretical
In general, the literature provides the following definitions pertaining to market structures: perfect competition, monopolistic competition, oligopoly and monopoly. Spencer (1979) defines perfect competition as a market structure characterized by a large number of buyers and sellers, all engaged in the purchase and sale of a homogeneous product with perfect knowledge of prices and quantities in the market, without discrimination and with perfect mobility of resources. The monopolistic competition to Byrns and Stone (1996), requires facility of entry and exit in industries which many potential competitors vigorously compete with producers of close substitutes, but not perfect, the products with approximately the same quality.

In relation to the oligopolistic market structure, Byrns and Stone (1996) consider that closer to the monopoly of the competition. Most industries are dominated by few large oligopoly firms that individually lack the control possessed by non-regulated monopoly - they should consider the reactions of other firms regarding the prices formation, decisions and production strategies sales. As Spencer (1979), monopoly is the market structure that expresses a theoretical limit case and that is virtually nonexistent in its pure form, such as the opposite case to perfect competition.

2.2 Production chains - approaches theoretical

In consequence of a supposed process of modernization of agriculture, the agribusiness has the mechanisms of dependence in the sense that their own agricultural production has to connect itself, and even subordinate itself to actors (stakeholders) that had not taken center stage in this operational area. This new operating configuration in the agribusiness forged the need for a more analytical approach to the extent that they become more complex, frequent and extensive the relations with segments of the agriculture outside the rural property. Farina and Zylbersztajn (1998) corroborate these assertions arguing that agribusiness, in particular, has been going through a restructuring in recent years, highlighting the destruction of systems of credit available for agriculture and agribusiness as the main effect of them. This emerging dynamic system, denominated by Araújo (1990) apud Silva and Appel (2002) agribusiness complex and Farina and Zylbersztajn (1998) agribusiness system, is one flow from the production of inputs to the final consumer.

In seminal work, Davis and Goldberg (1957) developed the concept of agribusiness as the composition of all operations of production and distribution of agricultural supplies, production operations of the farms, storage, processing and distribution of goods and items produced from them. This approach is built on a conceptual framework in the study of issues related to production and distribution of food, fiber and raw materials of agricultural origin. The work of Davis and Goldberg (1957) allowed the verification of the evolution of agricultural self-sufficiency for the interdependence of the sectors involved in agricultural production, ending the approach of Commodity System Approach (CSA), supported in the Goldberg work (1968) used in issues related to the productive sector.

Batalha (1997), in turn, makes reference to the French School of Industrial Organization as the protagonist, in the 60s, of the concept of analyse de filières, which in part aims to analyze the agribusiness. This model was translated into Portuguese as a chain of production or agribusiness production chain (APC). In this case, the analysis part of the final product toward the raw material that gave rise to it, unlike the model (CSA) proposed earlier by Goldberg. The author shows a comparison between the CSA and the French approach.
Although they come at different times and locations, the chain analysis methodologies proposed by Goldberg and by the French school have a number of similarities.

For Souza et al. (2005) in the analysis of a production chain must be considered also the existence of institutional environments, organizational and business. In the same line of thinking, but focusing on the agribusiness, Ménard (2000) understand that the rules are determined by the institutional environment, which defines the standards, the incentives and punishments for acts and omissions, having the organizations to establish strategies that can guide their actions. Thus the institutions define the rules of the game and organizations use them or play them, and every game requires strategies and tactics for success. In such environments are found the threats and opportunities to be exploited or neutralized by the agents of the productive chain.

2.2 Production chains and governance mechanisms.

Humphrey and Schmitz (2000) emphasize that governance involves the coordination of economic activities from the relationship inter-firm and intra-firm and state that there are several ways to establish the governance and coordination mechanisms, one being the transaction costs. Despite this it works the concept of governance from the analysis of chain enterprises.

These findings suggest that the concept of governance includes the strategies used to implement the decisions taken in various private and governmental organizations, the resolutions are internal or those driven to intervene in public issues and / or resolve demands of others and social conflicts. On the whole, governance is the spirit, the soul, the beating part of the chain.

Despite the considerations made to address this issue would be vain to rescue the absence of some seminal assumptions that had as protagonist Professor Ronald Coase (1937), which influenced the subsequent work of Williamson (1996) on structures of governance, based on the economy of transaction costs (ETC) that consists in criticism of the neoclassical approach. Coase argued that to determine the size of the firm must consider the costs of the market, which include the price mechanism and the organization cost of different entrepreneurs, to then determine how many products will be produced by each firm and the cost of each production. Coase (1937) concludes that the expansion of the company is limited by production capacity and also by market conditions or the environment in which it operates.

2.2.1 Williamson Theoretical Approach

As already highlighted elsewhere in the text, Williamson (1985) focus his attention on the need to get the economy of transaction costs in order to achieve greater efficiency in the adequacy of organizational activities to changes of economic environment. For Williamson (1996), there are three structures of governance: the market, the hierarchy and hybrid structures that companies can choose, however, should consider the transaction phenomena and the behavioral assumptions of agents. The form of relationship with the market, the author asserts, occurs when there is low specificity of assets. Otherwise, the choice of the hybrid structure of governance, represented by outsourcing, franchises, leases, partnerships and alliances, are for cases where neither hierarchical nor the market get, by an individual form, to coordinate the transactions. The structures of governance may be chosen as are the
characteristics of the institutional environment and negotiations, including the behavioral assumptions and always aiming at the minimization of transaction costs. Williamson (1996) emphasizes that it is possible the occurrence of various structures of governance within the same sector. The choice of an efficient structure of governance, to Williamson (1993), depends not only on specific assets, but the uncertainty in the institutional environment. The factors to evaluate transaction costs and, by consequence, the structures of governance defined by Williamson (1993) are, therefore, the specificity of assets, uncertainty and frequency involved in the transaction.

Referring to the behavioral assumptions, Williamson (1993) highlights the limited rationality and opportunism, whereas the cost of transaction depends on the behavior of the agents involved. He argues that opportunism is the pursuit of self-interest, which could affect the other agent of the transaction if one of the involved parts manipulate or distort information in order to take advantage of the situation for himself. To avoid or reduce risks of opportunism, given the uncertainty of the behavior of agents, there is a need to use compatible governance mechanisms. About the limited rationality, the author assumes that the agents seek to rationality, are limited in their cognitive capacity to make decisions and assess the complexity of the environment and its uncertainty.

### 2.2.2 Barney Theoretical Approach

The theoretical foundations on vertical integration strategies and cooperative strategies by Barney (1986, 1991, 1996) and his matrix theory, which involves the concepts of Schendel and Hatten (1972), Ansoff (1965), Thompson and Strickland (1987), Porter (1980) and Steiner and Maine (1977), are alternatives to the development of studies and analysis of the forms of governance in production chains. The assumptions of Barney (1996) found resonance in the study of the production chain from the analysis of strategic alliances and strategies of vertical integration.

Considering that there are a variety of definitions for strategies, which reflects the complexity and nature of multifunction and strategic phenomena in organizations, Barney (1996) centered his proposal on the organizational environment. Recognizes the many definitions of strategy, but emphasizes that this is a hierarchy and focuses on the mission, the purposes, policies and objectives of the company, the opportunities combination of the external environment with the forces of the internal environment, and also the subjective and psychological nature of strategies. The forces include the important recognition of the company competitive environment as a determinant of performance. The weaknesses are conditions that prevent the opportunities exploitation, affect the performance and undertake the distribution of resources.

In order to jump higher efficiency of the company, that harness the way of governance, Barney (1996) support the proposed formulation of strategies taking as background the scenery assessment of the organization and external environment, also the analysis of internal environment to consider the opportunities and competitive threats, and identification of internal strengths and weaknesses.

The proposition of Barney (1996) on the formulation of strategies for the company respond to market circumstances, suggests that they determine the form of governance. It is necessary to understand this process so you can understand the importance of articulation, from the external businesses point of view, and monitoring the external environment, to view
the strategic focus, which will enable the strategic direction that results in the formulation of business strategies, which will provide guidance on the strategic actions that can be planned and, once implemented, will reflect in the form of production chain governance. On strategic focus the mission, the purpose and the corporate policies are defined. These settings enable it to assess the enterprise competitiveness, from analysis of internal and external environments, leading to discern on the restrictive conditions favorable to the company and for the strategy formulation.

From the environmental analysis and considering the responses obtained in the monitoring of the environment, companies must decide on a direction depicted in specially formulated strategies to business performance in the market. Considering the assumptions of Barney (1996), there are two strategic alternatives: the strategies cooperatives that are business strategies and the strategies of vertical integration, which are presented as forms of governance as a result of strategic actions implemented.

Barney (1996), refers to the cooperative strategies, proposes strategic alliances, considering that these exist always when two or more independent organizations cooperate mutually in the development, manufacture or sale of products or services. Strategic alliances are grouped under three broad categories: non-equitable, equitable and joint-venture. In a non-equitable alliance firms that cooperate with each other agree to work together to develop activities of production, manufacture, distribution and marketing of products or services belonging to the same production chain, but do not take a position of equity in relation to one or other about equitable alliance, cooperation contracts are established as an additional company, creating properties of equity on alliance between the members. In a joint-venture the companies which cooperate form a third company legally and independent, in which they invest and share the profits that are generated. This cooperative strategy allows the actors in a production chain of different segments combine to create a third company in a different segment to optimize its structures and achieve greater competitiveness.

With regard to the strategies of vertical integration, Barney (1996) defines the comparison to a value chain as a set of activities to be undertaken to design, produce and distribute a product or service. Each product or service has its value chain, namely, a set of activities to be undertaken to sell them to customers (PORTER, 1986).

Assuming the benefits, considering the costs and strategies of vertical integration, Barney (1996) characterized the forms of governance as: market governance, intermediate governance and hierarchical governance. In the market governance the enterprise is in a extreme trading with other companies that need to transact, do not know who is relating with, however, should consider the factor terms of the five competitive forces - buyers, suppliers, new entrants and substitutes - (PORTER, 1986) and the prices determined by the market to make an exchange.

You can guarantee that the intermediate governance is represented by alliances since they do not fit as market governance and do not have levels of vertical integration, which can be seen as hierarchical governance. In this context negotiations occur so close to the business object, and can share with partners the opportunities and threats that presents in the external environment.

2.3 Strategy - theoretical assumptions
In terms of conceptual discussion and its ramifications on what will be "Strategy" it is imperative not to stay in a reductionist approach, definitive and dogmatic on the subject. The literature devoted to the subject is shown useful in raising a myriad of concepts and inferences that hang over the strategy notion. Accordingly, there is no only one universally accepted definition for strategy.

To arouse the discussion of Quinn topic (1988) it makes analogy to military use of the word "strategy" and that domain receives a set of essential "dimensions", or criteria, to strategies for success. Quinn (1988), to focus his analysis on the definition of strategy, helps to demonstrate the diversity with the authors and managers use the term, including some goals and objectives as part of the strategy while others perceive it as the sides different. Ansoff (1988), such as Quinn (1988), discusses conceptual assumptions in the light of historical Greek battles (Macedonia x Persia), or by analogy to the historic battle. The approach outlined by the author can add that define strategy does not aim to prove that this is necessary for each company. The question of the strategy usefulness as a management tool must therefore be examined, to establish it to the manager may incur risk and errors.

Concerning strategies position Porter (1988) says that these emerge from three distinct sources, which are not mutually exclusive and often overlap themselves. First, the position can be based on the production of products subset of a products or services industry. The second is that the basis for the positioning can serve most or all needs of a particular group of customers.

This is the customers segmentation. The third is that the basis for the positioning is to target customers that are accessible in different ways. However, alert Porter (1988), choose a single position is not sufficient to guarantee a sustainable advantage. A valuable position will attract imitation by historic operators, which are capable of copying them (mimicry effect).

Mintzberg, Ahlstrand and Lampel (2000), in a skeptical perspective and supporting the work of Ansoff (1988), at least in part, also have a positioning question about the strategy, making the analogy to that antolhos (a kind of visor for horses) are for the horses: they keep straight, but hardly encouraging peripheral vision. In summary, these authors infer dichotomy that the strategies may be vital to organizations both for their absence as by their presence. Mintzberg, Ahlstrand and Lampel (2000) also argue that it maybe there is no simple definition of strategy, but there are broad areas of agreement about the nature of it, such glimpse as reference both the organization and the environment, consider it as the essentially complex and fluent in the well being of the organization, which involves issues as content as process. Other considerations are that the strategies are purely deliberate, in that there are different organization levels and involve various thought processes.

These theoretical contributions can be said that the concept of strategy involves different aspects, approaches and visions, which must be compatible on their effectiveness, with the structural complexity inherent in organizations in order to achieve competitive performance in the scenario where these organizations operate.

About generic competitive strategies, Porter (1980) provides three alternatives: leadership in cost, in differentiation an focus. The leadership in cost, according to the author, is to acquire leadership in the total cost in an industry through a set of functional policies geared to this objective. About differentiation Porter (1980) states that the product or service offered by the company means creating something that is unique within the entire industry.
The focus generic strategy means to focus a group buyer, a segment of the product line or geographic market.

Porter (1998), in another view, says that "the nature and intensity of competition in each industry revolve around five forces: the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitutes and rivalry among competitors. To establish a strategic agenda for dealing with these forces, seeking to grow by them or even with their help, the company must know in detail the origins of each strength and how these may affect the industry and its position in particular."

Mintzberg, Ahlstrand and Lampel (2000), advocates an approach geared to the discussion of the process of strategy formulation itself, establish as assumptions that the strategies must result in a controlled and conscious process of formal planning, decomposed into distinct stages, each delineated by checklists and identified by techniques. Therefore, it is a mechanism designed and formal of strategy format ("School of Planning"). The authors show that the responsibility for the whole process is, in principle, with the Chief Executive, although in practice the responsibility for implementation is with the planners. The strategies are ready for this process and should be explained to be implemented through detailed attention to objectives, budgets, programs and operating plans of various types. The authors propose a set of types of schools as a process of formulation. Mintzberg, Ahlstrand and Lampel (2000) discuss the various processes related to the formulation of strategy in the form of ten schools of thought, where each one is different as to make the logic and / or forming strategies. This is the Design School (Formulation as a conceptual process), Planning Schools (as a formal process), Positioning Schools (analytical process), Entrepreneurial School (visionary process) Cognitive School (mental process), Learning Schools (emergent process), School of Power (negotiation process), Cultural School (case group), Environmental School (reactive process) and the School System (manufacturing process).

A critical evaluation of the ten schools above leads to the conclusion that any process of formulating strategies in the real world may include one or more of the schools of strategic thinking proposals. Therefore, business strategies in the world of facts may be formulated by combining the knowledge of several typifies, making this formulation as a hybrid entity that can be given both of conscious cognitive processes, formal-analytical and deliberate, as unconscious, not deliberate and intuitive - informal.

3 Methodological Procedures

The research was carried out in bibliographic review and case study. The bibliographic procedures enabled to arise points and reference required to provide theoretical foundation, outlining the theoretical context, raise the conceptual foundations subsidiary and determine the scale of the study and at the end, guide the analysis, discussion and delivery of the solution made.

The case study was used with the objective of obtaining data and reports about the reality of the fruits and vegetables chain and business focused, helping the other hand, the awareness, understanding and measuring about facts, strategies and actions that characterize the business and productive chain processed.

The research also is characterized as exploratory, since it constitutes a research on the relationship between governance mechanisms of fruits and vegetables production chain associated with a business group that operates a network of supermarkets in medium-sized
city in the Rio Grande do Sul State (Brazil) and competitive strategy derived from this mechanism.

The data relating to environment and context of the fruits and vegetables production chain and reference business were captured through two in-depth interviews with the director of business-case, seeking to understand the meaning attributed to events, situations, processes and strategies that are part of the structure and routine of business. The first interview was characterized as non-structured and the second semi-structured. The first interview sought to confirm the participation of the business group as a case subject and gather information on the process that culminated with the installation of the productive plant of fruits and vegetables - Estância Figueira - and its operation as part of strategies for expansion and verticalisation adopted by business group. The second interview was planned for arise an additional set of specific data. That way one can know and describe the production chain above and correlate the governance structure adopted with the competitive strategies in the context studied.

The analysis and discussion of the data were based on a dialectic based on qualitative analysis of content. The content analysis, in Triviños vision (1987), is a means to study the "communications" between men with emphasis on the “messages” content. Thus one can make inferences that led to the understanding the relations of cause and effect between aspects of the production chain and structure of governance studied.

4 Analysis and discussion of case

The Grupo Empresarial Dois Irmãos (GEDI) is inserted into a market structure of monopolistic competition, in that area many suppliers and many applicants, emphasizing that the GEDI has the mark Dois Irmãos as image quality in products and service, which has led to the manager interviewed argued that there is no local competition to products generated by Estância Figueira.

The Estância Figueira (EF) is located in Alderman Paulo Brilante Road, Km 2.5, in the district of Pains in Santa Maria, RS. It is installed in an area of 62 hectares and resulted from an initial investment of approximately R$ 3 million Brazilian real.

The production is done in greenhouses and fields, using a hydroponic system and drip irrigation. The production structure has 30 thousand m2 of greenhouses and 50 hectares of planting field. The productive matrix is more than 60 varieties of different products, all grown from selected seed with quality assurance and genetic origin. The hydroponic system, supplied by filtered water, is kept under strict phytosanitary control. In any case there is special care with hygiene that goes from planting to the delivery of production at the sales point, ensuring, thus, recognized and high-level quality and health of the final product.

The Estância Figueira is part of the supply chain and the efforts of expansion and differentiation of the supermarkets network of the Group Business Two Supermarkets (GEDI), whose is intend to all its production.

Although the camps and weapons competition (Contador, 1995a, 1995b) directed towards the Brazilian manufacturing industry they are generics enough to be adapted to other productive sectors, such as the use of this study to analyze the productive chain of fruits and vegetables integrated by Estância Figueira and the network of GEDI supermarkets.

Based on the Contador approaches (1995a, 1995b) and the interviewed manager report, note that the searched organization prioritizes compete on product, quality of product and delivery time. The fact that EF make daily deliveries to the network of supermarkets Dois
Irmãos allows the supermarkets reduce their stockpiles of perishable products in very short term. Another competitive dimension refers to use of technology for producing environmentally correct and the field image of the product, brand and company, which has been consolidated as a reference in Santa Maria city and region.

It was observed that the governance form is a reflection of the conduct of firms in different segments, but are also subject to future decisions that will certainly influence the competitiveness of the chain. The governance analysis of the case study was based on the approaches of Barney (1996) and Williamson (1996), whose limits are restricted to link Estância Figueira - Network Supermarkets. Figure 1 illustrates the chain analyzed.

![Figure 1 - Structure of the horticulture GEDI productive chain.](image)

The approach of Barney (1996) is the enterprise articulation, the definitions of cooperative strategies and vertical integration, that starting from the decisions that managers take one or another form of governance within the range of combinations of strategic alternatives. For this approach there are three forms of governance that arise as a result of the actions developed in the production chain: market governance, intermediate governance and hierarchical governance. It was observed that both the institutional and organizational environments can trigger strategies involving the segments of a given production chain leading to the establishment of certain types of governance. In summary, Barney (1996) suggests that the governance form is the result of the business strategy adopted.

The analysis done permit to find the business strategy adopted is similar to a joint venture, as the network of supermarkets create a new company, the Estância Figueira. Thus, the Barney’s model suggests that the terms of vertical integration are hierarchical governance. Therefore, seen from the Barney’s approach and the light of reports of its greatest leader, the productive chain operated by the Grupo Empresarial Business Dois Irmãos is a strategy of hierarchical governance, as the product of strategies that define choices of actions that can neutralize the threats, explore the opportunities, take advantage of internal strengths and eliminate weaknesses to improve in performance. At GEDI the vertical integration represents
an improvement in the way of governance and corporate performance, since the decision was made to serve a specific purpose dedicated exclusively to their productive and commercial needs.

For Williamson (1996), there are three structures of governance: the market, the hierarchy and hybrid structures, which companies can choose, however, should consider the transaction phenomena and the behavioral assumptions of agents. According to Williamson (1993) the choice of an efficient governance structure is not only the specificity of assets, but the uncertainty in the institutional environment. The factors to evaluate transaction costs and, by consequence, the governance structures defined by Williamson (1993) are, therefore, the specificity of assets, uncertainty and frequency involved in the transaction.

In the specificity of assets case, it appears that the Estância Figueira was established with the specific purpose of supplying the network of supermarkets above, and do not tending to answer the outsiders. In this sense, can not be said that the fruits and vegetables generated by this venture have high specificity, because if there is a "breach of contract" such products could be traded with other organizations. But in terms of uncertainty, we find that the products have a market structure sprayed among competing producers, but these do not guarantee continuous flow of reliable supply, with formal contracts. This structure creates considerable uncertainty in the supply of their products, which often implicate the relationship between producers and retailers. Another peculiarity inherent to these products refers to their high perishable, which suggests that the collection, classification, packaging and deliveries are made daily, or a relatively high frequency as indeed is realized in the studied context.

Examining the observations related to the approach of Williamson (1996) and the peculiarities of the context analysis, clearly the recommended governance structure tends to the hierarchy. This assertion supports the option of GEDI as this business group chose its own production, from design and implementation of EF. Therefore the Grupo Empresarial Business Dois Irmãos reduce the effects of the supply structure in the industry, providing a level of supply around 60% of the daily demands for fruits and vegetables at the supermarkets network. Therefore, the need to purchase daily requires a regular attendance of transactions between supplier and retailer network link, that by proximity between the EF and the supermarkets network, resulted in higher product quality, efficiency in logistics and lower costs of transaction.

Therefore, to avoid or reduce risks of opportunism, given the uncertainty in the behavior of agents, requires the need to use compatible governance mechanisms that comes to support with the actions taken by the Grupo Empresarial Business Dois Irmãos. Following the same approach line, the company can articulate their business environment to interact with the institutional environment, creating a structure that varies with the market, human resources, technology, material, financial, from the perspective of cost reduction transaction and the process of improving coordination between the agents involved.

While process of formulating strategy, Mintzberg, Ahlstrand and Lampel (2000) state that the Entrepreneurial School suggests the formulation of strategy as a visionary process. To this school the authors describe the process in terms of creating the vision by the great leader. Based on this consideration, we find that the strategy adopted in this case fits in this school, because it realizes that the design of the EF, as important venture in the strategic focus of the company studied, highly sprouted from the vision of the leader interviewed.
As Mintzberg, Ahlstrand and Lampel (2000) the Learning School is made from a formulation of strategy as emerging process, because the world is too complex for that strategies developed at once, with plans or clear visions. Thus, it appeared that the case study fits into this school while a process of strategy formulation, since according to the report of the interviewee, the strategy was adjusted during the development of activities, where making adjustments as the know how that was being accumulated.

Now, taking the content strategy of Porter (1986) that provides three generic strategies: cost, differentiation and focus, realizes that the strategy adopted in this study fit into the differentiation strategy. This assertion can be supported by certified quality (referenced by the interviewee) of products, achieved by the incorporation of new production technologies, improvement of soil, seeds selected, labor-trained. This product quality is attributed of differentiation in the customers eyes, when compared to competition.

According to the interviewee, this differentiation was to reflect the increasing demand of other products of the supermarkets network in analysis, and strengthen and enhance the brand and image "Dois Irmãos ". The interviewee believes that the differentiation strategy achieved by the organization is hardly imitated (mimicry effect), depending on the specificity of assets (investment level), the accumulated know-how, beyond the value attributed to the business group brand and the image.

Finally, one can infer, using as support the analysis, that the competitive differentiation achieved by the supermarkets network object of this work was possible from the governance structure, in other words, hierarchical governance (Barney) or hierarchy (Williamson). So there is a correlation between the adopted strategy by the organizational context and the respective governance structure that are configured.

5 Conclusions

The study aimed to examine the adoption of a particular structure of governance in the fruits and vegetables segment as competitive strategy of differentiation, by reference to the structure and strategies of a supermarkets network in Santa Maria, RS.

About the market structure in which the Grupo Empresarial Business Dois Irmãos operate, one can say that it is monopolistic competition. The analysis of the governance structure adopted in the analysis has been shown with characteristics of hierarchical governance (Barney) or hierarchy (Williamson).

While strategy formation process seen in the analysis, based on Mintzberg, Ahlstrand and Lampel (2000), noted that this process occurred under the logic of Entrepreneurial School that suggests the formulation of strategy as a visionary process, and the Learning School is made from a formulation of strategy as an emergent process. The generated content, in terms of Porter strategies is configured as a differentiation strategy.

Thus, it was concluded that the competitive differentiation achieved by the supermarkets network object of this work was possible from the governance structure adopted.

References


SILVA, A. Perspectives integration of rural producers in the central region of Rio Grande do Sul state in the regional market of perishable foods: a study from the supply strategies of major retail organizations in the


