Strategic Management and Performance: Dynamic Aspects of Associations

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This paper analyzes the complex association between strategic management and performance, emphasizing the dynamic aspects of the problem. It considers a sample of 149 medium and large Brazilian companies. A longitudinal approach is used considering three periods of time. It provides evidence that the traditional strategic management models are capable of explaining, in most cases, the performance of companies over time. Main conclusions demonstrate that constantly successful companies are those which manage to construct internal favorable conditions associated to objectives, competitive resources and structural characteristics and, only partially, to competitive environment. Macroenvironment and the competitive strategy itself, in general, seem to be less important.

The Theme of Strategic Management

The research agenda elaborated under the coordination of RUMELT, SCHENDEL and TEECE (1995, p. 557) is incisive to affirm that "… *scholars are just beginning to confront the core issues and problems defining it as a field of inquiry*". The study of business strategy as a research area resultant of inter-relations between economy, organizational theory, organizational behavior etc., apparently does not satisfy the scholars anymore. The mentioned authors believe that it is time to redefine the area when it comes to fundamental questions about the theme, among which the following are related to this paper (p. 564): Why do companies differ? and How do companies behave?

A great deal of academic effort has been made to establish a consistent and universal theory. These days literature already adopts in its titles the word theory, as opposed to traditional texts and cases. However, methodological and terminological difficulties remain. International comparisons are rare and do not present at least the same level of depth of dissertations submitted to the Harvard Business School in the beginning of the 70s – SCOTT (1973). Evolution, nevertheless, has occurred considering, specially, the longitudinal approach.

In such a way, it is possible to observe that many organizational nuances and peculiarities have been incorporated in recent studies. PORTER (1991), in spite of recognizing the methodological progress in cross section studies, alerts to the need of longitudinal studies for the understanding of association between competition and success.

In the last decade, an effort of the academic leaders has been observed to consolidate the theme as a singular field of studies and not a mere coordinated and integrated junction of knowledge of several sciences, such as economy, politics, psychology, or even biology. This, in the opinion of HENDERSON (1995, p. 8), inspired by Darwin, is probably a better orientation for business competition than the economic theories based on the market's reasonability and the supposedly static contract and property legal systems. The state of the art of the subject is summarized by RUMELT, SCHENDEL and TEECE (1995, p. 24):

"In looking back over these three decades, what comes into focus is the search, sometimes in vain, for theoretical explanation of very complex phenomena. The purpose has been to understand real-world phenomena and establish a base for making useful prescriptions. … What began in the 1960s as rather simple concepts of strategy intended to give insights into the phenomena described in cases has evolved into a serious search for intellectual foundations with explanatory and predictive power."

Introduction to Strategic Management

The prescriptive models of strategic management are presented in very similar forms. Typically, the analysis of external environment conditions, the evaluation of competitive resources, the establishment of objectives and the selection of competitive strategies are proposed. However, the main authors differ substantially when it comes to relationship between models´ main stages and implementation processes of the resulting competitive strategy. In addition, some organizational characteristics are supposed to affect each stage of the models. Mission, vision and principles definitions are also equally considered. Several techniques are suggested in order to facilitate the realization of stages.

External Environment

The external environment is the place where the company operates. Its amplitude can be global, as occurs with multinational companies, or restrict to a neighborhood in a small town. There are at least two levels of external environment that need to be considered by companies: macroenvironment and competitive environment or industrial environment, as proposed by PORTER (1980, p.5). These do not form concentric isolated circles, since there are several mutable intersections throughout time. Their importance also differs along time. External environment is associated with long term survival of companies. Typically, strategic administration should result in the identification of existing and future opportunities and threats, which directly affect the competitive strategies adopted by companies.

Nowadays, two crucial characteristics are particularly influencing the external environment: intensity of competition and globalization of businesses, stimulated by information technology and the supremacy of the market based on political and economical models. Recognizing this new situation, D'AVENI (1995) proposes the term "hypercompetition" to characterize the nature of competition in this new environment and argues that companies have entered a new era of reality, in which it is essential to understand and take advantage of global market dynamics and technological discoveries. On the other hand, YIP (1995) sustains that one of the greatest challenges for these days administrators is to change business in several countries into a worldwide business with integrated global strategies, that is, to transform a multilocal strategy into a truly global strategy. These two characteristics affect any company, no matter how small its size or geographically restrict its market segment may be.

Classical references in literature – for example, GLUECK and JAUCH (1984) and RUE and HOLLAND (1986), and recent essays – such as HILL and JONES (1998, p. 84-87), PEARCE and ROBINSON (1994, p. 62-68), SHRIVASTAVA (1994, p. 25-28), HITT, IRELAND and HOSKISSON (1999, p. 42-61) and DAVID (1999, p. 104-126), in similar

ways, emphasize that the macroenvironment in which the company competes is formed by the following main construct indicators:

COUNTRY'S ECONOMY – *inflation, growth rate, monetary policy, tax policy, payment balance etc.*
TECHNOLOGY – *access, transfer, development etc.*
SOCIETY – *values and attitudes of the population, style and quality of life, educational level etc.*
DEMOGRAPHY – *age group, population growth, income distribution etc.*
INTERNATIONAL – *treaties, tariffs, globalization etc.*
ENVIRONMENT – *legislation, regulation, pressure groups etc.*
GOVERNMENT – *predominating ideology, attitudes, predisposition, programs etc.*
LABOR UNIONS – *organization, performance, movements etc.*

The competitive environment presented in recent publications – as, for example, HILL and JONES (1998, p. 72-84), PEARCE and ROBINSON (1994, p. 75-82), THOMPSON and STRICKLAND (1992, p. 67-76), HITT, IRELAND and HOSKISSON (1999, p. 61-77), and DAVID (1999, p. 126-131) – is compatible with the seminal model of five forces proposed by PORTER (1980, p. 4), which shape the competitive environment in which the company is inserted. Therefore, the following construct indicators are considered:

SUPPLIERS – *requested prices, offered quality, proposed complementary services, concentration level, bargaining power etc.*
BUYERS – *price pressure, demanded quality, requested complementary services, concentration level, bargaining power etc.*
SUBSTITUTE PRODUCTS/SERVICES – *technological pressure, impact on price and profit, comparative performance etc.*
NEW ENTRANTS – *new companies, diversification of companies, importations etc.*
RIVALRY AMONG COMPETITORS – *price wars, publicity battles, introduction of new products, increase of offered services and guarantees etc.*

Objectives

Objectives are the persecuted goals or the desired future for companies. They are associated with "what" and, many times, "when" they should be achieved. Objectives should be clear, consistent, achievable and, above all, they must be accomplished using competitive strategies. When they are fair, objectives motivate people and can be used as reference for the utilization of plans of participation in financial results. Classical considerations can be found in the literature concerning: levels in which they are established (society, company, functional, personal etc.), aspects associated with time (annual, every three months, permanent etc.), and quantitative or qualitative nature (productivity, market share, satisfaction of employees, relations with the community etc.). Critics are also made when it comes to establishing quantitative objectives in top level administration, due to the political components of its activities.

The pioneering proposal of DRUCKER (1955) for the definition of objectives is an important mark for the building of construct indicators and includes 8 areas, among which innovation and social responsibility stand out. HIGGENS and VINCZE (1989, p. 128-138) discuss the main characteristics and attributes of company objectives, including the levels that can be defined. Traditional functional areas are equally utilized for the definition of objectives

– MONTANARI, MORGAN and BRACKER (1990, p. 118), WHEELEN and HUNGER (1992, p. 15-16), and GRANT (1997, p. 33-41). Concerning the existing literature and the practical aspect of data collecting, the following construct indicators are usually used in the analysis of company objectives:

PRODUCTION – *production processes, stock, productivity, factory operation, Japanese management techniques etc.*
QUALITY – *statistical control of the process, diagrams, inspection by samples, quality control circles, ISO 9000 etc.*
HUMAN RESOURCES – *planning, management of development, labor relations, turnover etc.*
MARKETING – *customer, advertisement, sales, market share, penetration and expansion of markets and services for customers etc.*
FINANCIAL – *profit, cash flow, profitability, investment return, dividends etc.*
GROWTH – *growth rate and size of the company, business units compared to competitors etc.*
ORGANIZATION – *structure, management information systems, control systems, auditor etc.*
SOCIAL RESPONSIBILITY – *involvement with the community, ethical proceedings, respect to legislation etc.*
PRODUCTS/SERVICES – *development of new products/services, innovation, patterns, conformity etc.*

Competitive Resources

Competitive resources are associated with weaknesses and strengths of companies. They allow the construction of competitive advantages when compared to competitors and permit the addition of value to a company's many functions. Strategies are chosen in order to take advantage of the company's strong points and, eventually, to defend its weak points from competitor attack. Traditional analysis of competitive resources considers organizational functions (i.e. production, marketing, finances, human resources etc.) – DAVID (1999, p. 151-167).

Competitive resources are fundamental for the maintenance of a company's successful strategy. PRAHALAD and HAMEL (1990) also introduced the concept of company core competence. It is a critical point to compare the evaluation of the company's competitive resources with competitors, as alert COLLIS and MONTGOMERY (1995, p. 124). Developing singular competence and creating competitive advantage are considered vital managerial activities, as asserts GHEMAWAT (1991, p. 27). Recent studies, like those of HILL and JONES (1998, p. 119-123) and HARRISON and StJOHN (1994, p. 151-154), have suggested the utilization of the value chain concept. It was introduced in a seminal book by PORTER (1985, p. 33-61), as the adequate management procedure for evaluation of the company's competitive resources. The association between the value chain and core competencies is logically presented by HITT, IRELAND and HOSKISSON (1999, p. 89) during the analysis of internal components that eventually lead to competitive advantage and strategic competence of companies. The company's value chain is formed by groups of primary and support activities, which consist in the construct indicators as follows:

INBOUND LOGISTICS – *activities related to receiving, stocking and distribution of product/service input, such as material handling, stocking, stock control, fleet programming, refunds etc.*
OUTBOUND LOGISTICS – *activities related to collecting, stocking and physical distribution of products/services, such as finished products stocking, material handling, operation with delivery vehicles, request processing and programming etc.*
OPERATIONS – *activities related to the transformation of inputs into final products/services, such as work with machines, packages, assembly, machine and equipment maintenance etc.*
MARKETING AND SALES – *activities related to offering a means by which customers can buy the products/services and related to inducing them to do so, such as advertisement, sales promotion, sales force, quotation, selection of distribution channels, fixation of prices etc.*
SERVICES – *activities related to the supply of services for intensification or maintenance of the value of products/services, such as installation, repairs, training, special supplies etc.*
HUMAN RESOURCES MANAGEMENT – *activities related to recruiting, hiring, training, development, compensation etc.*
INFRASTRUCTURE – *activities related to general management, planning, accountability, legal problems, government relations etc.*
INPUT ACQUISITION – *activities related to the acquisition of primary materials, parts, components, reposition parts, services etc.*
ACQUISITION OF PERMANENTS – *activities related to the acquisition of machines, laboratory equipments, office equipments, buildings etc.*
MANAGEMENT TECHNOLOGY – *activities related to the development or obtainment of know-how and office automation procedures, telecommunications, planning and control systems, media research etc.*
PRODUCT AND PROCESS TECHNOLOGY – *activities related to the development or obtainment of manufacture processes, innovation and invention of products etc.*

Competitive Strategy

Competitive strategies are means, actions, or initiatives used by companies to achieve objectives, depending on possessed competitive resources and environment conditions. Several typologies are presented, including the expansion classics proposed by CHANDLER (1960), the generics of PORTER (1980) and the level and nature of the concentration/business diversification – RUMELT (1974, p. 31).

Three levels of strategy are classically defined – SCHENDEL and HOFER (1979), nominally: corporative, business and functional. The classification used by HITT, IRELAND and HOSKISSON (1999) includes the levels of business, corporation, internationalization and cooperation. Besides, DAVID (1999) proposes a collection of strategies grouped in the following typology: integration, intensity, diversification and defensive. Considerations on geography (local, regional, national, international), technological proceedings (innovation and imitation), and growth nature (internal, acquisition, fusion and joint venture), among others, are used by HIGGINS and VINCZE (1989, p. 144) in order to classify the competitive strategies. With the purpose of overcoming the terminological difficulties of broad adoption and use, ZACCARELLI and FISCHMANN (1994) propose an extensive list of thirteen generic competitive strategies.

Some competitive strategies are mutually exclusive. Taking in consideration such observation and based on PEARCE and ROBINSON (1994, p. 224-230, p. 234-235, p. 244-246) and HARRISON and StJOHN (1994, p. 181-188) the following theoretical constructs are considered for analysis of competitive strategies:

CONCENTRATION OF PRODUCT (OR SERVICE) LINES – *strategy based on a small group of products/services (or even only one product/service).*
DIVERSIFICATION OF PRODUCT (OR SERVICE) LINES – *strategy based on products or services substantially different from the existing.*
VERTICAL INTEGRATION – *strategy based on self production of inputs and commercialization of products or services.*
OUTSOURCING – *strategy based on the acquisition of inputs and sales of products or services from other companies.*
ISOLATION – *strategy based on isolated actions without links with other companies*.
STRATEGIC ALLIANCES – *strategy based on allied actions with other companies*.

Structural Characteristics

Recent research, mainly based on the Game Theory, intending to answer the question "what are the origins of industrial success?", allowed KAY (1995) to formulate a collection of important distinct capabilities that exist in successful companies. In his words – KAY (p.23) – "*Corporate success rests on distinctive capabilities – on those characteristics of an organization that others cannot easily replicate, even when they have seen what they are and have observed the added value that others create through them.*" Distinct capabilities allow companies to produce with lower costs when compared to competitors and elevate the value of their products putting them ahead of their rivals. The main characteristics (here named structural characteristics) include – KAY (1995, p. 46, 51, 81 and 97):

RELATIONAL CONTRACTS – *long term deals in which provisions are frequently only partially specified, and are reinforced not by legal proceedings but by the need of maintaining business relations. The mechanism of validity exists between the parties and not through the judiciary. Relationship terms are not written and frequently cannot be precisely articulated. The main relational contracts include the inbound agents, the suppliers and the buyers.*
REPUTATION – *market methods of treating the product's quality attributes that the customers cannot easily monitor by themselves. Reputation must also have an incorporated name, such as the one of a person, a profession or a company. It is the most important commercial mechanism for communicating information to the customers.*
INNOVATION – *ability to develop products, services and procedures adequate to the needs of clients. Innovation is expensive and risky because new products can fail due to non-existing or insufficient demand. The potential for profit, however, is significant.*

Other structural characteristics that might integrate the distinct capabilities of companies are:

DECISION PROCESS – *associated to the level of participation in the strategic decision process of directors, managers and assistants.*
MANAGERIAL CALIBER – *associated to the formation, training, and experience of directors and managers.*
ORGANIZATIONAL CULTURE – *related to the basic orientation of the group of values, principles and beliefs shared between directors and managers.*

Company Performance

The interest on company performance seems to be a consequence of its influence in national wealth. Academic discussions emerge regarding its meaning, how it can be measured and how it can assist the strategic administration of companies. Both data availability and the academic formation of the researcher influence the choice of company performance construct indicators. Some factors are, however, vital for the evaluation, thus designated "critical factors of success", which may vary throughout time. Some periods are associated to the companies' performance ratings, in special the annual evaluation. The performance can be measured in many levels, as, for example, the strategic and the operational. Furthermore, such levels must be integrated with each other.

Traditional measurements of performance are mainly associated to financial and marketing areas. The exam of a company's performance is particularly difficult when it comes to companies diversified by products/services due to issues associated to costs appropriation. Accounting registers used as performance indicators can be problematic because of trust level and, in the case of multinational companies, currency exchange issues. Difficulties also emerge when attempting to compare the performance of companies of diverse economic sectors. Comparisons with competitors are an effective proceeding which permits the overcoming of limitations of some academic works. Performance has served as basis for an evaluation of executives and the payment of wage incentives as well as bonuses, such as stock options. This proceeding, however, can result in executives that only search short term results in detriment of long term ones.

Strongly influenced by authors of economic formation, initial works in company performance tend to use published accounting information, in special, return on investment. This is, for instance, the case of RUMELT's (1974, p. 88-89) contribution, which explains companies' performance through 10 measures, including return on investment and growth rate of stock profit. COLLIS and MONTGOMERY (1998, p. 153) observe that many companies continue using traditional financial measurements, although some of them have already established measurements based on value. FISCHMANN and ZILBER (1999), analyzing this subject in the Brazilian case, emphasize that external factors, such as inflation and the monetary correction mechanism, distort the companies' information and results, specially, those related to economic, financial and accounting issues.

The added value by the company is defended by NICKELL (1995, p. 17) as the adequate measure of performance, conditioned to the appropriate measure of invested capital and the inexistence of monopolies. On the other hand, KAY (1995, p. 207) advocates that main accounting results (cash flow, accounting profits and stock-holders return) are the adequate ones. A broader approach is presented by BREDRUP (1995, p. 85), for whom company performance is a result of the system that includes the dimensions of effectiveness (associated to the extension in which the clients' needs are fulfilled), efficiency (how the

resources are used economically), and mutability (to what degree the company is prepared for the future).

An important contribution concerning the measurement of performance in a research about company strategy was presented by VENKATRAMAN and GRANT (1986). The issue of whether performance indicators should be objective (normally registered in accounting documents or in market reports) or subjective (measured by perception) was recently studied in a paper by PERIN and SAMPAIO (1999), whose conclusion was that, among companies located in Rio Grande do Sul, Brazil, there is no significant difference between the information registered in a published balance and the perception of answerers. In such sense, TAN and LITSCHERT (1994), while studying the Chinese electronics industry, surpassed restrictions imposed upon the gathering of objective data on performance by utilizing perceptive evaluations of executives from companies involved in the research.

It seems evident that, in order to seize its complexity and surpass the existing measurement limitations, - according to what is highlighted, for example, by WHEELEN and HUNGER (1992, p. 294-298), company performance demands a multiplicity of construct indicators, among which only these are used in this paper:

- **RETURN ON INVESTMENT**
- **ADDED VALUE TO THE PRODUCT/SERVICE**
- **TOTAL SALES PER EMPLOYEE**
- **TOTAL SALES GROWTH, IN PERCENT**
- **MARKET SHARE OF MAIN PRODUCT/SERVICE**

Methodological Aspects

The Approach

The approach used in this paper is longitudinal and aligns itself with the group of studies that aim to analyze strategy dynamics issues – PORTER (1991). It is admitted that the first challenge for the researcher is to define the best period of time to be considered. Therefore, it is intended to analyze the associations between strategic administration and performance throughout time. Recent academic works have followed such approach, including FEIGENBAUM and THOMAS (1990), HILL and JANSEN (1991), RECHNER and DALTON (1991) and SIMONS (1994). The method is quantitative, as classified by CRESWELL (1994).

Data Collecting

The data was obtained through questionnaires sent by mail in the first semester of 1998. This proceeding has an extremely favorable cost/benefit relation, being probably the best due to a significant geographical distribution of companies. In order to obtain satisfactory return rates, special procedures were considered, when it comes to the content and form of the questions and the design and posting of the questionnaires – DILLMAN (1978), SUDMAN and BRADBURN (1982), BAUMGARTNER and HEBERLEIN (1984), BERDIE and ANDERSON (1974), SUSKIE (1996) and PATTEN (1998). There are relates of successful experiences regarding the use of mailed questionnaires for the conduction of academic researches in Brazil – OLIVEIRA e MORAES (1994).

The population was composed by the companies listed in the CD Gazeta Mercantil – Annual Balance 95/96, that had profits equal or greater than 40 million dollars. Budget restrictions entailed the liquid sending of 1,426 questionnaires to companies firstly, and, afterwards, 1,257 others. At last, 149 companies answered the questionnaire satisfactorily, which implies the average responding rate of 10.4%. The profile of the respondents is the following: president/director 42.9%, manager/controller/superintendent 37.1%, and adviser/ coordinator/procurator/other 20.0%. In average, they had been working at the company for 14.86 years. The companies had in medium 2,341 employees and profits of 466.9 million dollars in 1997. The Kolmogorov-Smirnov tests, which investigate whether the data derives from a Normal distribution – SPSS 8.0 (1998, p. 53-58) –, revealed that the logarithm of the variable number of employees does not reject the normality hypothesis, but rejects the variable sales value. Thus, it can be argued that the collected sample is representative of the studied population in terms of number of employees, but the same cannot be assured in terms of sales.

Considered Periods and Variables

As mentioned, one of the methodological difficulties faced by the researcher is the definition of periods to be considered in the longitudinal studies. Although the annual gathering of data would be the best proceeding, operational difficulties in the application of the questionnaire and also the experience of the researcher influenced the decision of considering three year periods. Therefore, the questions were formulated in a form in which the answers would consider, for each variable, the periods of 89/91, 92/94 and 95/97. The scales utilized were the followings:

External Environment	1-Very much unfavorable	to	6-Very much favorable
Competitive Environment	1-Very much unfavorable	to	6-Very much favorable
Objectives	1-Never pursued	to	6-Always pursued
Competitive Resources	1-Great disadvantage	to	6-Great advantage
Competitive Strategy	1-Essentially concentration	to	4-Essentially diversification
	1-Essentially vertical	to	4-Essentially outsourcing
	1-Essentially isolation	to	4-Essentially alliance

Structural Characteristics

Innovation and Reputation	1-Very much inferior	to	4-Very much superior
Internal, Supplier and Buyer Contract	1-Essentially formal	to	4-Essentially relational
Decision Process	1-Essentially centralized	to	4-Essentially decentralized
Managerial Caliber	1-Very much inferior	to	4-Very much superior
Organizational Culture	1-Essentially production	to	3-Essentially marketing

Performance

Return on Investment	1-Very much inferior	to	6-Very much superior
Added Value	1-Very much inferior	to	6-Very much superior
Total Sales per Employee	1-Very much inferior	to	6-Very much superior
Total Sales Growth	1-Very much inferior	to	6-Very much superior
Market Share	1-Very much inferior	to	6-Very much superior

Statistical Tests

The reliability test was used in order to verify if, in group, the construct indicators of variables could be accepted as consistent with their measures. Factorial analysis was performed with a group of variables, individually, attempting to its reduction, having used the analysis of main components, with the option *pair wise deletion of missing values*, followed by *varimax rotation*, with *Eigenvalue* less or equal to 1.0. In addition, tests considered the minimal value of .500 in the *loadings*, which were normalized and pondered with the *component scores* for the formation of *factor scores*. Finally, the *Pearson Correlation* was used as measurement of association between the variables of strategic administration and performance.

Analysis of the Results

The statistical tests were conducted aiming to verify the consistence of the achieved measurements. HAIR *et al*. (1992, p. 431) recommend for such cases the *Reliability Test* which "*…means that a set of latent construct indicators are consistent in their measurements*" and complement (p. 449): "*A commonly used threshold value for acceptable reliability is .70, although this is not an absolute standard, and values below .70 have been deemed acceptable if the research is exploratory in nature*".

Besides the descriptive statistics of the variables used in this research, the *Reliability Tests* was conducted. Concerning the variables associated to Business Macroenvironment, Competitive Environment, Objectives, Competitive Resources, and Performance Dimensions (which measure Company Performance), the minimal result obtained for Alpha coefficients was .7281, demonstrating acceptable values for the consistency of the construct indicators utilized in this study. Regarding structural characteristics, although the Alpha coefficient values were .6947, .6548 and .6714, for the research periods, they were considered satisfactory in terms of consistency of the utilized scales, due to the observation mentioned above. The results obtained for Generic Competitive Strategies were not, on the other hand, consistent, which means that the three utilized indicators (Concentration/Diversification, Vertical Integration/Outsourcing, and Isolated/Allied) should not be used at the same time to measure strategy. As can be observed further, in consequence, such indicators were used isolated from one another. This result was clearly influenced by the scales used in the questionnaire.

Factorial analysis was performed in order to group the information contained in each variable group. The variables that presented *loadings* equal or superior to .500 were selected as representative (HAIR *et al*. (1992, p. 239)) by reason of being considered very significant. They were normalized and pondered with the *component scores* in order to construct *factor scores* that will represent groups of original variables – HAIR *et al.* (1992, p. 224) and SPSS Base 8.0 Applications Guide (1998, p. 321). The results for each considered period of time in this study were afterwards associated (*Pearson Correlations*) with performance. Details are not shown here due to space limitation. The significant associations are summarized in Table 1.

The analysis of the correlations reveals that, throughout the considered periods (i.e. 89/91, 92/94 and 95/97), the factors associated to objectives, competitive resources, and, only partially, structural characteristics are systematically associated to business performance. Thus, it is revealed that successful companies tend to: (i) aim/persecute in a higher degree the

main business objectives; (ii) perceive that they have greater advantage, when compared to competitors, in competitive resources related to the values chain; (iii) evaluate that they are superior to the competitors in terms of innovation and reputation; (iv) consider that they possess decision process tending to decentralization; (v) possess management caliber superior to the competitors; (vi) have an organizational culture predominantly orientated to the market (in the last three cases, except the period of 89/91). The last four are related to structural characteristics. A favorable position regarding the competitive environment was associated to higher company performance in the period of 92/94 and, partially, in the period of 95/97; but not in the period of 89/91. The associations with strategy and business macroenvironment were apparently punctual. In fact, successful companies sought after strategic alliances in the period of 92/94; and, apparently, in the period of 95/97, evaluated negatively the factors of macroenvironment related to society and demography (negative correlation).

Conclusions

This paper analyzes the complex associations between strategic administration and business performance, emphasizing the dynamic aspects of the problem. It is strongly based on the prescriptive school and considered a quantitative approach. The theme is biographically up to date and the results achieved allow the elaboration of the following conclusions:

There is evidence that the main strategic management models are capable of explaining, in most cases, the performance of companies. In an accentuated and constant manner, the pursuit of business objectives is probable to be more present in superior performance companies. Such evidence supports the ideas proposed by DRUCKER (1955), almost five decades ago.

The position regarding the competitive environment, as proposed by PORTER´s Five Forces Model (1980), emerges also as a probable component of the strategic condition capable of explaining the performance of companies in the most recent years (periods of 92/94 and 95/97). The construction of advantages related to competitors, based on competitive resources belonging to the Value Chain proposed by PORTER (1985), apparently results in superior performance, in a constant manner.

The results also validate the ideas of KAY (1995) concerning reputation and innovation (but not regarding the nature of contracts), as well as the caliber of managers, decision process and organizational culture, which were superior in companies of better performance.

The associated factors of macroenvironment and competitive strategy itself, in general, are less important for the explanation of company performance over time.

As a last analysis, the scenery that emerges from such results conveys the conclusion that constantly successful companies are those which manage to construct internal favorable conditions associated to strategic management, in special, of objectives, competitive resources and structural characteristics and, only partially, of competitive environment.

TABLE 1 – Significant Correlations with Performance (coefficient correlation / significance level / case number)

Period 89/91	Period 92/94	Period 95/97
MACROENVIRONMENT	**MACROENVIRONMENT**	**MACROENVIRONMENT**
nihil	nihil	ME3PFI2º (-.200/.027/123)
COMPETITIVE ENVIRONMENT	**COMPETITIVE ENVIRONMENT**	**COMPETITIVE ENVIRONMENT**
nihil	AC2PFI1º (.232/.010/121)	AC3PFI1º (.261/.004/122)
	AC2PFI2º (.183/.046/120)	
OBJECTIVES	**OBJECTIVES**	**OBJECTIVES**
OB1PFIUº (.337/.000/117)	OB2PFIUº (.338/.000/117)	OB3PFI1º (.304/.001/123)
		OB3PFI2º (.241/.007/122)
COMPETITIVE RESOURCES	**COMPETITIVE RESOURCES**	**COMPETITIVE RESOURCES**
RC1PFI1º (.455/.000/111)	RC2PFI1º (.537/.000/109)	RC3PFI1º (.619/.000/116)
RC1PFI2º (.467/.000/109)	RC2PFI2º (.532/.000/115)	RC3PFI2º (.675/.000/113)
COMPETITIVE STRATEGY	**COMPETITIVE STRATEGY**	**COMPETITIVE STRATEGY**
nihil	EISOALI2 (.215/.016/125)	nihil
STRUCTURAL CHARACTERISTICS	**STRUCTURAL CHARACTERISTICS**	**STRUCTURAL CHARACTERISTICS**
CE1PFI2º (.475/.000/119)	CE2PFI2º (.572/.000/121)	CE3PFI2º (.568/.000/123)
	CE2PFI3º (.206/.022/124)	CE3PFI3º (.323/.000/126)

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