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THE ROLE OF PORTUGUESE COMPANIES IN THE DEVELOPMENT OF CORPORATE STRATEGIES: CASE STUDY

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Abstract: Strategy assumes a significant role in the managerial field concerning three levels of activity- corporate, business and functional. In academic terms, corporate strategy refers to a set of conceptualized strategies with distinct purposes. However, how does one make a decision regarding corporate strategies? Which forces, internal or external, are capable of influencing it? Are these strategies equally perceived? There is a gap of perception between the academic and business settings. Academically, corporate strategies are only explored towards their aim. However, under real conditions, companies are exposed to further features. Thus, the present investigation aims to develop an understanding about how distinct companies perceive strategy at the corporate level. This article relies on data from 30 companies, with a variety of industries. The results include valuable information regarding the main drivers of the decision behind corporate strategies and the dissimilarities associated to the perception of strategy at the corporate level.

Keywords: Strategy, Strategic Management, Corporate Strategy, Strategic Decision

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Context of the Investigation

From an organizational perspective, although there is not a single definition yet, strategy is related to firms' direction and scope. It is expected to provide companies support to achieve competitive advantages based on resources and capabilities (Johnson *et al.*, 2008), sustainable in the long run.

The evolution of the *strategic management* concept was a logical consequence of the evolution of strategy itself (Rosa, 1999). Although both *strategy* and *strategic management* concepts are often considered as synonyms, it is possible- and important- to find proof of relevant distinctions between them. Initially, authors had been driving their research through the foundation and scope of the concept. The main aim was the operational improvement to succeed, *i.e.*, with focus on the internal perspective. Due to industrial developments, a disruptive approach to strategy was later provided by Michael Porter (1985), who based his approach to strategy on the industry, turning it competitive. As a consequence, many authors drove their research over it. Accordingly, strategic management recently emerged as one of the most critical fields regarding management.

Strategic management is increasingly evolving. Today, it is possible to distinguish at least three levels of managing strategy- corporate, business and functional. In strategic terms, distinct levels must be able to operate independently (Finlay, 2000).

Focusing corporate strategy, it founds the overall direction of an organization (Davison, 2013), *i.e.*, the general scope of the firm. In order to create an efficient system, corporate strategy must balance organizational resources and surrounding markets (Bodislav *et al.*, 2014). Here, strategic decisions include the correct allocation of resources regarding distinct business lines (Grant & Jordan, 2012).

In academic terms, there is a set of conceptualized strategies, differing on their aim - vertical integration, outsourcing, alliances, internationalization, diversification and merger and acquisitions strategies.

However, when transiting from the academic to the business context, it is possible to notice a gap on the perception of strategic issues. In terms of academic approach, there is often an intrinsic *ceteris paribus* ideology. On the other hand, within the business context, there is a tendency to underestimate the academic field on behalf of practical experience.

Thus, the main purpose of this investigation is to identify the major influences under corporate strategies. It is important to first develop an understanding of the perception distinct companies have about corporate strategies, also considering the main influences. In order to achieve the proposed objectives, investigation will be led following three key questions presented in the following table.

Research Questions	Research Objectives
What strategic level do companies prioritize?	Understand what forces motivate distinct orientations towards strategy and how they influence the way companies prioritize it
What are the main drivers of the decision behind corporate strategies?	Perceive the role of the business setting and the firms' resources when pondering the strategy to adopt at the corporate level.
Are corporate strategies always pondered the same?	Considering a set of distinct firms, evaluate if the perception of each corporate strategy varies in specific conditions and which features, internal or external, motivate those differences the most. There will be an attempt to assess if potential differences influence organizational performance.

However, it is important to notice this is not a representative study. It represents a comparative study within a study sample constituted by distinct firms. Therefore, achieved conclusions should not be generalized.

1. Theoretical Approach

Organizational strategy constitutes one of the widest and multifaceted concepts (Beard & Dess, 1981) in business terminology. Considering an organization, strategy exists in different levels of activity (Johnson *et al.*, 2008). In fact, Thompson *et al.* (2013) believe the effective implementation of a strategy across different organizational levels, or the coordination between different strategies, found a potential source of performance improvement.

At the corporate level, strategy establishes the general direction of the firm (Johnson *et al.*, 2008), *i.e.*, the general scope of the firm. In order to create an efficient system, corporate strategy must balance organizational resources and surrounding markets (Bodislav *et al.*, 2014). Here, strategic decisions include the correct allocation of resources regarding distinct business lines (Grant & Jordan, 2012). In fact, it is concerned with the industry and markets where companies compete. Thus, corporate strategy essentially aims to create value, aside with a sustainable competitive advantage (Bodislav *et al.*, 2014). Value created derives from the development of action plans aiming to improve the firm's overall business position. Subsequently, the organizational performance in the long-term is also enhanced (Thompson and Strickland, 1987).

Following diverse empirical studies, authors defined a set of performance criteria who potentially found the efficiency of corporate strategies (Peters & Waterman, 1982; Lynch, 2002; Bodislav *et al.* 2014).

Table 1 | Performance Criteria of Strategies

Criteria	Explanation
Compatibility	Between internal and external environments and the followed strategy
Coherence	By framing horizontal vision and optimal integration towards the vertical flow in the long run
Validity	Based on comparable economic information;
Economic risk	As a quantitative criteria
Attractiveness	Based on the interest created among stakeholders
Feasibility	Considering culture, competition and resources

Source: Peters & Waterman, 1982; Lynch, 2002; Bodislav *et al.*, 2014

Corporate strategy is the result of opportunities and constraints companies meet in the real economy, following an external to internal flow (Bodislav *et al.*, 2014). Today, it is possible to point a set of conceptualized strategies, differing on the purposed aim. These strategies were briefly explored for the purpose of this article.

1.1. Vertical Integration

Vertical integration is a corporate strategy that allows a firm to assume multiple responsibilities on supplying goods, services and capabilities in order to establish its core business. These responsibilities are generally associated to external providers or distinct business units. By gaining control over its suppliers or distributors, companies are able to increase its power in the marketplace, reduce transaction costs and secure supplies or distribution channels (Jurevicius, 2013). This strategy represents a potential alternative to increase a firm's value-added margins for a particular chain of processing (Harrigan, 1985). Historically, vertically integrated firms have been recognized as key instrument of change. The integration concept has been an important innovation among management field, boosting the development of certain industries (Harrigan, 1984).

Focusing the formulation process, companies should internalize activities that can potentially add value to the value chain. It can occur upstream, where activities are internalized in their primary stages, or downstream, where the internalization occurs after the production. When engaging a vertical integration strategy, companies tend to assume responsibility over activities they do not usually perform. So, this enlargement of scope of activity can potentially influence companies' operational performance, from both internal and external perspectives.

Vertical integration strategy constitutes an instrument that allows companies to face opportunism threats, prevenient from unfair exploration of a company. Internally, it is usually linked to companies' performance, in terms of resources and costs, for example. On the other hand, competitive setting is associated with how companies position themselves in the marketplace in order to get advantage over other players. Here, vertical integration can be considered as useful for companies to boost their offer in terms of variety, flexibility and, as a consequence, value.

Nevertheless, organizational performance can become compromised due to the engagement to the new activities.

1.1.1. A Resource-Based View Approach to Vertical Integration

Regarding vertical integration, one of the most important strategic decisions associated is related with organizational boundaries (Barney & Clark, 2007). It is deeply linked to the nature of the strategy. A significant approach to firm boundaries was developed by Williamson (1975), who conceptualized boundaries through Transaction Cost Economics (TCE) theory. TCE theory recognizes how companies manage particular economic exchanges, associated with alliances or market contractions (Barney & Clark, 2007). Considering exchanges resulting from vertical integration activities, *“TCE tends to ignore firm resources and capabilities”* (Barney & Clark, 2007:162), as productive capability is taken as given.

The delineation of boundaries can influence organizational sustainability. Companies that assume responsibility for the wrong activities within their boundaries risk losing strategic focus. On the opposite, when companies are unsuccessful when bringing the right business activities within their boundaries, compromise their competitive advantages (Jones, 1986; Postin, 1988; Barney & Clark, 2007). Accordingly, resources and capabilities play an important role in defining boundaries and consequently, vertical integration strategies (Barney & Clark, 2007). Differences between organizational capabilities can be significant. *“Without significant differences, there would be no potential gains from trade”* (Barney & Clark, 2007:167). In this sense, if capabilities are valuable, rare and inimitable, companies should integrate them. However, the key to successful use of vertical integration is recognizing when and where it offers significant competitive advantages and forging the necessary vertical linkages without creating excessive risks.

1.2. Outsourcing

Outsourcing is defined as the act of obtaining components, products or services from the “outside” (Dolgui & Proth, 2013). In a deeper understanding, it refers to the strategic use of external resources to perform activities usually assured by the company (Dolgui & Proth, 2013).

So, companies delegate tasks to “*specialized and efficient service providers, who become valued business partners*” (Handfield, 2006; Doval, 2016:79).

Traditionally, outsourcing activities were deeply associated with low value added products (Doval, 2016). Throughout the time, due to the emergence of industrial activities, outsourcing was adopted by production plants focusing, for example, the incorporation of cars parts (Doval, 2016). Recently, it is becoming a frequent strategy within the business environments when it requires to increase organizational performance (Doval, 2016). Nowadays, outsourcing is a useful tool for companies to leverage their resources. It comprehends the development of defined core competencies, by “*focusing investment and management attention on them, and strategically outsourcing many other activities where it cannot be or need not be best*” (Doval, 2016:79). Furthermore, Chung *et al.* (2002; Doval, 2016:79) also enhance “*the superior competency, asset transfer, utilization improvement, economy of scale and business risk mitigation*”.

It is possible to clearly point distinct types of outsourcing, taking into account strategic goals, resources or any other underlying forces. Independently of the type of outsourcing a company decides to go into, a research conducted by *Harvard* identified four outsourcing-based strategies- business processes outsourcing (BPO) and out-taking risk models (Doval, 2016). Outsourcing strategies are conceptualized regarding the portfolio of outsourcing decisions across organizational areas (Moeen, *et al.* 2013; Magelssen & Sanchez, 2015).

Internally, outsourcing can positively impact operational outputs. Accordingly, when a company adopts an outsourcing strategy, it is potentially able to decrease its costs and also increase its performance since. By taking advances of external resources, companies are able to reduce fixed costs as well as their exposure to risk. However, giving away some of the firms’ activities may represent some risks. If firms externalize the wrong activities or if they externalize more activities than expected, important capabilities can become weaker. Also, it can induce a loss of contact with key activities and expertise, a potential source of long term success. Moreover, give external suppliers the responsibility for important tasks of the business might affect the products’ quality and the pace of the delivery.

1.2.1. A Resource-Based View Approach to Outsourcing

The main notion of outsourcing derives from the concept core competences (Gilley & Rasheed, 2000; Teng *et al.*, 1995; Espino-Rodriguez & Padrón-Robaina, 2006). In these terms, the RBV School enhances core competences as those companies should not outsource. Recalling the conceptual framework established by Grant (1991), capabilities play an important role in determining the boundaries of the firm, due to the cost associated with their creation or acquisition (Barney 1999; Espino-Rodriguez & Padrón-Robaina, 2006). Accordingly, tradable capabilities usually do not constitute a source of competitive advantage (Gilley & Rasheed, 2000; Espino-Rodriguez & Padrón-Robaina, 2006).

1.3.Alliances

Strategic alliances understand voluntary relationships between two or more independent firms that share likeminded goals and attempt for mutual benefits (Ireland *et al.*, 2002; Mohr & Spekman, 1994; Albers *et al.*, 2016). This linkage assumes the form of product exchange, shared technology development or delivery of services (Gulati, 1998; Lin & Darnall, 2014). Alliances tend to be a particularly complex arrangement among organizations. They are used across multiple and can potentially involve a wide variety of configurations (Albers *et al.*, 2016). Strategic alliances allow companies to pursuit a set of specific goals, and exhibit various levels of commitment and investment from the involved partners (Albers *et al.*, 2016).

Finlay (2000) proposes a set of distinctive characteristics which allow pointing alliances as strategic instead of simple collaborative relations- extent of resource commitment, level of interdependence, the alignment with partners and time frame.

There are two potential dimensions under which it is possible to define alliance - the degree of hierarchical elements they embody and the extent to which they replicate both control and coordination of organizational features (Gulati, 1998; Hilte & Mardjan, 2007). Throughout the time, many authors have conducted several researches focusing alliances typologies. As a result,

there were defined different distinctions, in three main groups – ownership agreements, contractual agreements and licensing agreements (Lin & Darnall, 2014).

Alliances essentially emerge as means to optimize organizational performance. Subsequently, these alliances aim to create economic value. The success of strategic alliances, according to Finlay (2000) is founded on five C's- Competence, Compatibility, Complementarity, Cooperation and Commensuration.

Following the value creation perspective, it is possible to point the main advantages of strategic outsourcing through four main vertices- cost reduction, increased productivity, management flexibility and risk avoidance (Doval, 2016). However, a company implementing an outsourcing strategy can potentially face some threats, mainly, the uncertainty and risk inherent to the loss of control of the delegated activities. There can also emerge some concerns related with its workforce.

2.3.1. A Resource-Based View Approach to Alliances

Competition assumes a critical role in determining companies' strategic position (Eisenhardt et al., 1996). Alliances provide access to resources from other firms, motivating costs and risks sharing. Thus, by engaging strategic alliances, companies turn out to be able to face challenges imposed by competitors (Eisenhardt et al., 1996), as these strategies allow companies to grow (Elmuti & Kathawala 2001; Eisenhardt et al., 1996) in multiple perspectives such as legitimacy, market power or flexibility.

1.4.Internationalization

Internationalization is a corporate strategy based on an expansion perspective. It characterizes the development of a company's activity beyond its home market (Mikić *et al.*, 2016), usually reflected by an extension on the geographical location. Market enlargement is one of the most used forms to reflect organizational development (Finlay, 2000). Overall, it symbolizes an important opportunity for firms to maximize their businesses by controlling operational costs, or to enable companies to seek for more favorable suppliers in foreign markets (Mikić *et al.*, 2016).

The concept of internationalization as a corporate strategy, has been evolving throughout the past decades. Johanson and Vahlne (1977:23) defined it as “*a process in which the firms gradually increase their international involvement*”. The same authors also stated that “*internationalization is the product of a series of incremental decisions*” (Johanson & Vahlne, 1977:23). The literature on internationalization emphasizes the role of process influences in the development of international operations over time.

Firms usually adopt international expansion as a strategy to take advantage of business opportunities presented by target markets. Common objectives include increasing revenue, escaping a hypercompetitive or saturated home market, entering an emerging or lucrative market, and leveraging domestic capabilities in a bordering country. (Yoder et al., 2016). Nevertheless, driving a business to international markets understands a set of concerns which can potentially harm the whole strategy. These risks can be categorized into four groups – cultural, technical, commercial and legal- with variable weight concerning different businesses.

In order to understand the features inherent to internationalization, Lehtinen and Penttinen (1999) enhanced two underlying dimensions- international orientation, linked to how do companies face internationalization and international engagement, associated with the effort and extent of the overall operation (Lehtinen & Penttinen, 1999; Almas, 2014). Considering the whole picture, there are critical features to ponder. In theory, if costs and risks are higher than benefits, companies should export, which mean, they should produce internally and then externalize. On the other hand, if there are more benefits than costs, companies should adopt direct transactions and produce from the outside. Companies must find competitive advantage based on customer loyalty, networking and learning from experience. Conversely, in a real context, companies can also combine methodologies.

1.5.Diversification

Diversification is a central topic in management research nowadays (Ramanujam & Varadarajan, 1989). It can be defined as “*the entry of a firm or business unit into new lines of activity (...) which entails changes in its administrative structure, systems, and other management process*”

(Hubbard *et al.*, 2015:255). In depth, diversification is a well-known corporate-level strategy, related with “*the transfer of an organization to a new segment of activity, by processes of internal development of the business, or by acquisitions, generating changes within the administrative structure, the internal organization and operation systems and the managerial processes.*” (Crețu, 2012:625). It involves a change of the scope of organizational activities (Finlay, 2000) and it aims to create economic value.

Companies decide adopt a diversification strategy for a multiplicity of motivations, either internal or external. For this purpose, internal perspective is illustrated by Reed and Luffman (1986), who state diversification occurs due to both proactive and defensive motivations (Ramanujam & Varadarajan, 1989). On the opposite, external view is linked to Miles (1982) who stated environmental forces would contour diversification decisions.

Within organizations, two common forms of diversification emerge. Related diversification comprehends associated business lines, so, it is possible to transfer know-how and resources. By its turn, regarding unrelated diversification, there is no relation between distinct lines (Finlay, 2000). Universally, diversification tends to turn organizational structures more complex, comparing with single-business firms. It comprehends not only the enlargement of industrial scope but also the alignment of internal structure to the increased scope (Ushijima, 2016).

Diversification-based strategies may increase market power as companies become able to practice predatory prices. Also, it enables economies of scope as a result of synergies and transference of capabilities, supported by the economy of international transactions through transaction costs avoidance. However, engaging multiple and distinct business lines may represent a constraint to synergies and, consequently, lead to overlapped resources. Thus, in some cases, companies can only achieve a limited competitive advantage.

1.5.1. A Resource-Based View Approach to Diversification

The relationship between diversification and performance became an important research topic (Hauschild & Knyphausen-Aufse, 2013). Resource-focused authors have always find interest on the causes and consequences of diversification (Wernerfelt, 1989; Chatterjee & Wernerfelt, 1991;

Barney & Clark, 2012) and later its linkage to core competences (Prahalad & Hamel, 1990; Barney & Clark, 2012). Core competences can be defined as “*the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies*” (Prahalad & Hamel, 1990; Barney & Clark, 2012:186). Although core competences are crucial, authors only find them enough to explain why companies engage corporate diversification when associated with market failures (Barney & Clark, 2012).

From a value creation perspective, it is believed related diversification generates more value than unrelated diversification, depending on the exploitation of core competences among diversification efforts (Barney & Clark, 2012). Firms which do not exploit core competences on the course of a diversification strategy are more likely to incur in market failures. In these terms, bringing this transactions to firms boundaries, will lead to inefficiencies and consequently lower levels of performance. According to Lang and Stultz (1994) and Comment and Jarrell (1995), diversification is able to destroy economic value, especially due to organizational costs of implementation which are commonly higher than the value created by exploiting core competences across multiple business (Barney & Clark, 2012). On the opposite, authors state that controlling organizational growth among the current business, corporate diversification does not destroy value or might even create value. Costs of diversification may be greater than the benefits created by exploiting core competencies. Besides associating corporate diversification as one of the most efficient ways to exploit core competencies, it can also constitute a source to develop those (Barney & Clark, 2012).

1.6.Merger and acquisition

Merger and Acquisitions (M&A) can be defined as “*strategically planned transactions in which the target company and the bidding company jointly create a new entity to gain competitive advantage in the market place*” (Koričan *et al.*, 2014:32). As it suggests, M&A strategy comprehends not only the simple combination of two or more companies into a single corporate entity- the merger- but also the effective purchase of organizational assets and shares- the acquisition (Koričan *et al.*, 2014). In these terms, negotiation is typically pleasant since there is a

common desire to all intervenient (Finlay, 2000). However, it is believed one organization traditionally exercise strategic influence over the remaining (Johnson *et al.*, 2008).

Throughout several years, researchers believed M&A strategies constituted a significant engine of strategic growth and also main source of diversification. Authors commonly found the improvement of organizational performance as a main motivation to engage a M&A strategy (Lubatkin, 1983; Koričan *et al.* 2014). New sets of resources, often associated with synergies, led to organizational restructures, which helped companies to face environmental changes.

Besides the advantages for companies to embrace M&A strategies, there are also noticeable changes regarding the competitive environment. Merged companies become able to restructure their business context by enforcing barriers to entry and triggering competition, as they take advantage of their consequent superior financial position.

Although it constitutes a corporate strategy by itself, merger and acquisitions are often implemented as a facilitator of other strategies such as internationalization or diversification. As previously stated, the fact M&A allow companies to access key resources or achieve a superior competitive advantage, for example, can be recognized as a valuable asset when going to a foreign country or engaging a new business line.

1.7.Impact of Corporate Strategy on Organizational Performance

No matter what corporate strategy companies adopt, it is expectable to positively impact organizational performance. Empirical research found evidence of a consequential relationship between corporate strategy and organizational performance.

Beard and Dess (1991:669), for example, structured this relationship into two perspectives— “*the effects of the quantity and type of diversity in a firm's business portfolio on its profit performance*” and “*the effects of variation in industry on firm profit performance*”. Starting with diversity, authors enhance its poor relationship with profitability (Beard & Dess, 1981). In fact, diversified firms might create barriers to entry to various by using profits from one industry to subsidize predatory pricing in another industry and by obscuring attractive returns in one or more

of their industries through consolidated financial reporting (Rhoades, 1973; Beard & Dess, 1981). Opposing to diversity, variation on average profitability of industry has perceivable impact on firms' profitability (Beard & Dess, 1981).

Thompson and Strickland (1971) have also pointed evidence on this linkage. Authors' state high-performance firms have a clear sense of direction as they are results-driven, conscious about achieving a superior performance. The more involved in implementing strategy, the best performing companies become (Thompson & Strickland, 1987).

2. Methodology

Methodology constitutes itself an academic field whose roots are linked to logical thinking and mainly aims to drive the scientific method's study (Tarski, 1977). It is described as a set of practices, proved and accepted by the scientific community, therefore, valid to expose any theory within the scientific context. These practices constitute a source of knowledge by going along with the investigation process (Vilelas, 2009), analyzing and questioning the surrounding reality.

According to Vergara (2006) and Vilelas (2009), there are two approaches to methodology, as methodology be oriented either by goals or by means. Focusing this research, goal-oriented approach refers to the applied and exploratory research that aims to describe a phenomenon linked to a certain population. The present research is classified as qualitative. According to Creswell (2007), qualitative research aims to assess the contextualization of a phenomenon concerning its interaction with the main actors.

This research is based on a pragmatic or inductive¹ character, and it was conducted from a non-probabilistic convenience sample made according to the availability and accessibility of covered elements (Carmo and Ferreira, 1998).

Due to the nature of the subject, the sample was constituted by Portuguese professionals whose roles include strategic responsibility. A total of 55 questionnaires were sent via e-mail and LinkedIn. 30 were returned, representing a response rate of 54.5%. Nevertheless, it is important

to underline the sample was intentionally constituted, in terms of industries, in order to best represent the phenomenon under study. Moreover, it is also important to notice this investigation's main aim is to explore and compare different features of distinct environments – in this case, industries- concerning the phenomenon under study. Overall, it is advised a careful reading.

This study relies on data from 30 companies who operate in Portugal, with a variety of industries like, Assurance, Architecture, Consulting, Coffee Production, Energy Food & Beverages Supply IT/Software Logistics and Distribution, Metallurgic Online Services Recruitment and Retail.

The results include valuable information regarding the main drivers of the decision behind corporate strategies and the dissimilarities associated to the perception of strategy at the corporate level.

3. Research Results

For the purpose of this article, research was conducted into three perspectives- strategic prioritization, decision and perception, at the corporate level.

Contextualizing in terms of strategic prioritization, there are two main features characterizing each strategic level- *time scope* and *strategic orientation*. Concerning the time scope, respondents were asked to select a window to prioritize according to the general business context- long term and medium/short term. Long term goals constitute the most relevant approach to time scope, representing 67% of the study sample. The orientation to long term tended to be associated with bigger firms, as small firms prefer to be oriented by immediate results. In turn, regarding the strategic orientation, companies were given a set of actions. The aim was them to point the most adequate approach to strategy, considering the business surrounding. It is possible to point “functional performance improvement” as the most relevant, representing 40% of the sample, followed by “engagement of new markets/new business lines”, signifying 30.9%. The less relevant refers to “development of the current business line”,

representing 29.1% of the sample. Analyzing the overall ponderation, it is possible to notice a linkage between the adequate approach to strategy and professional activity of the companies.

With regards to the drivers behind the strategic decision, external and internal forces are perfectly balanced across the study sample. When analyzing more in depth, it is possible to figure “market and competitors” exercise a more relevant influence in companies operating in assurance, finance, consulting or food and beverages supply, for example. These businesses are deeply rooted to the market setting, especially depending on the final consumer. On the other hand, resources and competencies constitute a more relevant influence for companies whose resources constitute the main source of value of their business. As an example, companies performing in IT/software, retail, logistics and architecture industries.

When pondering a corporate strategy, key elements need to be considered. Considering the proposed drivers, the “economic context” tends to represent the lower relevance (22.1%). The most influent force driving strategy at the corporate level, according to this investigation, is related with “profitability” (26.7%), followed by “resources and capabilities” and “organizational goals”, representing 25.6% each. It is important to notice, the attributed importance has some relation with the nature of the output of the company and consequently, organizational performance. For example, consulting and recruitment companies find “resources and capabilities” the most significant feature while food and beverages supply consider “organizational goals” the most.

Finally, contextualizing in terms of perception of corporate strategies across distinct firms, the most likely approach to expand a business is “to integrate suppliers/partners in the value chain”, representing 31.5% of the sample. Following, “develop new products/business lines” and “integrate competitors in the business”. “Expand business abroad” is the less pondered approach representing only 18.1% of the sample under study.

In order to understand the perception of different companies, a set of scenarios was proposed as respondents were asked to indicate the most likely strategy (or strategies, as they were allowed to select multiple options) to each case. It is possible to point distinct perception of corporate

strategies when facing the same proposed scenarios. It is believed these differences are motivated by both internal and external forces, as each company, in a specific moment, constitutes a single case. Moreover, it is noticeable the existence of strategies assuming a relevant role in multiple proposed scenarios as for example, alliances.

Following this thought, inquired professionals were asked to evaluate the possibility of taking advantage of corporate strategies as an operative part of the strategic process. It was recognized by 86.7% of the sample. The inquired professionals mainly suggested the engagement of strategic alliances could facilitate and support, for example, the implementation of other corporate strategy posteriorly.

4. Results Discussion

4.1. What strategic level do companies prioritize

Conceptually, strategic levels have intrinsic characteristics under which they were analyzed- time and orientation scopes. In terms of time scope, corporate strategy is defined by a long term view, linked to longstanding goals. With regards to strategic orientation, its motivation to a disruptive approach to business, often suggests the engagement of new markets or new business lines.

Exploring the time scope perspective, respondents were asked to select a window to prioritize according to the general business context- long term, conceptually associated to the long term goals, and medium/short term, linked to more immediate results for competitive purposes. A significant part of the sample considers the long term the most adequate time scope. This enhances the increasing importance of creating a sustainable structure in order to face the challenges intrinsic to the business setting. According to Jordan and Grant (2012), the definition of simple and consistent long term goals is one of the three key pillars to achieve strategic success. It is also noticeable, a positive impact on organizational performance, in terms of evolution of business volume and the number of employees, when comparing companies focusing distinct time scopes. As suggested by Beard and Dess (1981) there is a relationship

between corporate strategy and organizational performance, explored towards the effect of both portfolio and industry's variations.

When assessing the strategic orientation, the inquired professionals were asked to point out the most adequate approach to strategy in the business environment. The presented options constituted a reference to the key points of each strategic level. Engagement of new markets/new business lines was linked to corporate strategy, the development of the current business line to business strategy, and operational/functional performance improvement was linked to functional strategy.

It was possible to conclude that the strategic orientation is deeply connected to the nature of the professional activity of the company. The engagement of new markets or new business lines is more frequent in companies performing, for example, in highly regulated sectors (*i.e.* assurance, energy) or developing products with unpredictable life cycle time (*i.e.* fashion). Conversely, firms acting in dynamic or fast moving environments, such as IT/Software, are less likely to engage in long term initiatives. In terms of orientation, these organizations tend to focus internally in order to improve their operations. Consequently, they are able to increase their competitiveness among the current market.

Finlay (2000), defends distinct strategic levels are expected to operate individually. However, this investigation suggests a collaborative perspective. As an example, it is noticeable that, operational/functional performance improvement frequently occurs in combination with other main initiatives. This fact allows to conclude to certain extend, that operational/functional strategies are able to provide support to business and corporate strategic levels.

4.2. What are the main drivers of the decision behind Corporate Strategies

Assessing the main drivers behind the strategic decision at the corporate level constitutes a relevant approach since an accurate decision leads to well defined strategies. Agreeing with Johnson et al., (2008), a clear determination of the set of businesses to engage defines the basis of further strategic decisions, increasing the probability to succeed.

Strategic decision establishes a significant part of the process companies take advantage of in order to adapt to the environment (Beard & Dess, 1981). It is commonly believed that, when formulating strategy, companies should ponder based on potential sources of value which will later drive to the most suitable strategy. In general, it is believed that companies who want to perform better than their competitors should ponder to compete in diverse businesses. On the other hand, companies exclusively focused on profits tend to find competitive advantage within the same business line. However, this matter tends to be more complex than stated.

Regarding the present investigation, it was not possible to list the main drivers of the strategic decision in terms of the development of a corporate strategy, as previously explored by diverse authors. However, it is conceivable to conclude that distinct firms conduct the strategic decision based on different drivers. Focusing the analysis on the influence of both internal and external environments, explored by Johnson *et al.* (2008), it is possible to figure they assume different levels of relevance according to the nature of the business. The external environment, represented by *market and competition*, constitutes a major influence within sectors where the organizational performance is dependent of the marketplace, especially due to the importance of the consumer. In this investigation, examples include companies operating in assurance, finance, consulting or food & beverages supply. With regards to the internal context, *resources and competencies*, companies whose resources constitute the major source of value are the most impacted. As an example, it is possible to point IT/software, logistics and architecture companies.

With respect to the elements to consider when pondering a corporate strategy, there is evidence that the attributed importance has some relation to the nature of the output of the company. For example, consulting and recruitment companies constitute the higher rates segment regarding *resources and capabilities* while food and beverages supply consider *organizational goals* the most.

4.3. Are corporate strategies always pondered the same?

Many authors have conceptualized distinct strategies at the corporate level, developing an understanding of the conditions companies are more likely to succeed towards a potential

implementation. From an academic perspective, studies point at specific strategies more likely to succeed under certain conditions. Conversely, the present article proposes a different approach to the perception of corporate strategies across distinct firms. Towards multiple presented scenarios an agreement on the overall perception was achieved most of the times. However, there emerged noticeable distinctions when contrasting with the literature.

For the same scenario, there were suggested multiple strategies as viable options. This fact enhances that a significant part of the sample does not recognize the existence of an exclusive strategy for each specific situation. The apparent distinctions on how companies perceive strategy at the corporate level are mainly incited by, internal perspective, the volume of business, and, external perspective, the typology of sector companies operate (both in terms of opportunities and restrictions).

Moreover, it was noticeable a set of strategies recurrently pointed as viable, even considering distinctive scenarios. This fact suggests the potential existence of “polyvalent” strategies, *i.e.*, strategies whose implementation would possibly succeed to achieve a broader set of goals under distinct settings. Alliances, for example, represent a relevant option across distinct scenarios, followed by merger and acquisitions.

It was also pointed the possibility of using corporate strategies as an operational part of the strategic process. These strategies emerge in order to subsequently facilitate and support tasks like the implementation of other corporate strategies. Alliances were identified as the more likely strategy to perform as operational roles, followed by merger and acquisitions.

5. Final considerations

The present article aimed to conceive an understanding of strategy in terms of perception and decision at the corporate level by exploring its development in Portuguese-influenced companies.

Corporate strategy, for the purpose of this investigation, was divided into two perspectives- time scope and strategic orientation. In terms of time scope, within the study sample, it was found a

clear evidence of the preference for the long term. It provides companies with a sense of stability and sustainability, and becomes more relevant as the company volume increases. This is closely related to stakeholders' expectations. Additionally, it impacts positively the organizational performance. When it comes to strategic orientation, engaging new markets and new products assumes a proven approach to business development. However, by matching the explored orientations with the conceptualized strategic levels, it is possible to state that the operational/functional strategic level can provide support to the overall strategic engagement through the combination with either corporate or business strategies.

The strategic decision behind corporate strategy is a process holding higher complexity than only contrasting organizational results and goals. Both external and internal environments can influence the strategic decision. However, they assume different levels of relevance according to the nature of the business. Although it was not possible to list the main drivers leading the strategic decision, it was noticeable that distinct firms conduct the strategic decision based on different sets of drivers.

Finally, with respect to the strategic perception across distinct companies it was found evidence of a multiplicity of strategic perceptions towards the same scenario. Furthermore, it was not recognized the existence of an exclusive strategy for each type of situation. Also, it is important to highlight the potential existence of *polyvalent* strategies, *i.e.*, strategies whose implementation would potentially succeed considering a multiplicity of scenarios.

Moreover, it has been recognized the possibility of implementing corporate strategies as an operational part of the strategic process, with either facilitating or supporting purposes.

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