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Organizational performance and strategic inertia
The case of a Brazilian heavy construction company

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Abstract
Purpose – The purpose of this paper is to analyze the relationship between organizational performance and the pattern of strategic decisions formalized in the planning of a Brazilian heavy construction company between 2006 and 2014. In this period, the company experienced a recurrent pattern of maintaining strategic decisions, despite the systematic decrease in performance and investments in the formal strategic planning (SP) and monitoring of results. The research focus is on strategic inertia and the influence of social determinants on the relationship between performance and the strategic actions negotiated in formal planning.

Design/methodology/approach – This is a single-case study. The exploratory-descriptive research comprises data collection on performance and strategic decisions from the period between 2006 and 2014. The analysis was guided through documentary material and data collected from 16 interviews conducted with members of the middle to top management concerning performance, goals, and strategic initiatives. The interviewees’ statements were used to apprehend the interpreted dimension of SP expressed in the meanings attributed to this process. The analysis adopts a sociological base, and strategic inertia is the underlying phenomenon that guides this analysis.

Findings – The results show the interactive effect caused by political, cognitive, discursive, and ceremonial mechanisms obstruct the company’s strategic decisions. This case study illustrates that the conditions for the phenomenon of path dependence were created, reinforcing the strategic inertia observed in the maintenance of a reproduced pattern of strategic initiatives and goals, even though the performance was recurrently unsatisfactory. In this case, strategic inertia showed a complex relationship between the interpreted performance and strategic actions negotiated in formal planning, conditioned by mechanisms of trajectory reinforcement that interfered with the conditions for strategic change.

Research limitations/implications – Strategic inertia demonstrates a complex relationship between the interpreted performance and strategic actions negotiated in formal planning, conditioned by mechanisms of trajectory reinforcement that interfere with the conditions for strategic change. Future research on social mechanisms from the perspective of strategy-as-practice could be developed to capture the tacit components, language, power games, and other relevant categories in the social interaction of strategy development at the organizational level. In addition, future research could focus on investigating the extent to which path dependence is contingent, assuming that it is a temporary and, therefore, reversible process.

Practical implications – This work contributes to the view of SP from the social perspective and shows that the relationship between performance and strategy has biases that can compromise performance. The work highlights implications for maintaining strategic initiative patterns, which shape a path whose function is less associated with its effects on performance and more associated with the commitment to instrumental results, due to the social nature of organizations.

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The authors would like to thank the anonymous reviewers for the relevant comments that supported the development of this paper.
Social implications – This work deals with social mechanisms that influence strategic decisions. Since organizational performance depends on strategic decisions, the social nature of strategic inertia has causal implications to economic and social impact of organizations.

Originality/value – This work argues in favor of the influence of self-reinforcing mechanisms of path dependence in the relationship between performance and strategic decisions. The results extended the predominantly structural approach of path dependence by considering interpretive aspects related to the political, discursive, cognitive, and ceremonial dimensions of strategic inertia.

Keywords Organizational performance, Organizational strategy, Strategic inertia, Path dependence

Paper type Research paper

1. Introduction

In academic studies on strategy, performance has been used as a dependent and one-dimensional variable in theoretical-empirical research (March and Sutton, 1997; Matitz and Bulgacov, 2011). Interpreted from economic categories, performance has been considered the par excellence variable to demonstrate the impact of strategic decisions (Bromiley and Papenhausen, 2003). On the empirical level, however, the instrumentality of the economic bias (see Araujo et al., 2012; Félix et al., 2016) has been combined with other evaluative factors, widening the complexity of the ways of measuring organizational impacts and the results management (e.g. Cattelan et al., 2014; Venson et al., 2011). An example is the use of the balanced scorecard (BSC), an instrument proposed by Kaplan and Norton (1997) that gained prominence due to the attention given to internal processes, clients, and learning, and knowledge dimensions.

On the theoretical level, the complexity of the ways of understanding performance is associated with criticism that the focuses on instrumental rationality are myopic, when centered on the economic dimension (Ruef, 2003). It disregards the idea that strategic planning (SP) and decisions are institutionally contingent and have a strong relationship with behaviors that are better explained by perspectives in which rationality is treated as a variable (and not as a presupposition) (Kirschbaum and Guarido Filho, 2011; Swedberg, 2003). Therefore, this research analyzes the relationship between the evolution of organizational performance and the pattern of strategic business decisions formalized in the SP of a Brazilian heavy construction company from 2006 to 2014.

For this purpose, this work deals with the relationship between performance and strategic decisions through social aspects inherent in the organizations, which can be conditioned by the company’s trajectory. It shows the need, as pointed out by Chakravarthy and White (2002) and Ruef (2003), for a deeper analysis of the processes that involve strategic phenomena, such as formulation, implementation, or strategic change. Here, the focus is on strategic inertia and the influence of social determinants on the relationship between performance and strategic actions negotiated in formal planning.

By considering the case of a construction company, it was found that, despite the systematic decrease in performance – lower than what formal planning established and what the market competitors had been obtaining – the company has a recurrent pattern of maintenance of strategic decisions. On the one hand, to better understand this situation, the background of the frequent debate between formal planning and informal aspects of planning (Langley, 1988; Martinet, 2010; Mintzberg, 1994) helps to clarify the dimensions that participate in the social processes of strategy making. Thus, the analysis adopts a sociological base. On the other hand, it restores the discussion about the implications of SP for organizations. However, rather than evincing the non-economic benefits of planning (Langley, 1988), this work highlights implications for maintaining strategic initiative patterns, which shape a path whose function is less associated with its effects on performance and more associated with the commitment to instrumental results, due to other forms of relations that are inherent to the social nature of organizations.

This work is structured in the following way: after this introduction, the theoretical reference necessary to the understanding of this work’s articulations is presented.
Another section is devoted to exposing the methodological procedures used in this research. Then, the situation studied and data analysis is presented. Finally, conclusions and recommendations for future work are presented.

2. Theoretical foundation

Understanding strategy phenomenon and the processes associated with choices, formulation, planning, control, and evaluation of strategic performance requires one to consider its nature and social constraints (Clegg et al., 2004; Kirschbaum and Guarido Filho, 2011; Vaara and Durand, 2012), especially regarding informal aspects and non-instrumental motivations of economic action (Chakravarthy and White, 2002; Langley, 1988, 1991; Mintzberg, 1994, 2004; Pettigrew, 1977, 1992, 1997). Therefore, for the analysis of this case study, it was considered that the relationship between the trajectory of organizational performance and the pattern of strategic business decisions is conditioned by political, ceremonial, cognitive, and discursive aspects, which act like mechanisms that reinforce the path-dependent process, favoring strategic inertia. Subsequently, the central aspects concerning the theoretical basis on these topics are addressed.

2.1 SP and performance

SP has been a subject much debated in studies on strategy, especially, regarding the empirical support for its positive association with performance (Rudd et al., 2008). Since the publication of Corporate Strategy in 1965 by Ansoff, different studies have been devoted to demonstrating the consequences of formal planning for companies, albeit with inconclusive results. In the 1970s, Ansoff et al. (1970) compared the performance of companies that use acquisitions in their growth strategies. According to the authors, considering objective performance metrics, the results showed that companies that planned the acquisitions had a superior result compared to those that did not deliberately plan them. Miller and Cardinal (1994) and Boyd (1991) also showed a positive relationship between SP and performance. However, Rudd et al. (2008) argue that the effect of planning can only be measured if the model includes flexibility in organizations as a mediating variable. According to the authors, operational and financial flexibility mediate financial performance, while structural and technological flexibility have a mediating effect on non-financial performance. Conversely, Pearce et al. (1987), Greenley (1986, 1994), and Falshaw et al. (2006) argue that there is no consistent empirical evidence to confirm a positive relationship between these categories.

Such results are useful for critical thinking. Among the most incisive for formal SP are the works written by Mintzberg (1994, 2004), whose elements to some extent are also discussed in Clegg et al. (2004), and, in a more managerial way, in Martin (2014). For Mintzberg (1994, 2004), limiting the strategy making process to formal planning is to favor the decoupling between formulation and implementation. According to the author, by doing so, priority is given to the assumption that the plan is the par excellence vehicle of analysis and that, through which, it is possible to structure actions in an unequivocal, programmed, and linear way in order to achieve pre-determined and known objectives. This is because there is an excessive belief related to the competence of planners, which assumes that they can predict future scenarios and events and, then, draw up appropriate strategic actions, synthesized in formal planning. Mintzberg (1994, 2004) also criticized what he calls “remote control management,” that is, the belief that planning activity occurs at a distance from routine activities, promoting, as Clegg et al. (2004) criticized, the disparity between the planner’s mind and the planned body (in this case, the company). These are pointed out as fallacies of SP: predetermination, detachment, and formalization (Mintzberg, 1994, 2004). Together, they make it problematic to accept the linearity of the causal association between the expected effectiveness of SP and performance, under the belief that SP would be equivalent to strategy making (Mintzberg, 1994, 2004). Thus, as Langley (1988, 1991) and Whittington (2006) explain, the relationship between planning and
performance is better understood – not by finding benefits derived from deliberation and intentionality – by considering indirect unfolding associated with issues of socialization and intraorganizational learning, rationalization of choices, and credibility with third parties.

2.2 Path dependence and strategic inertia

Recognizing such criticisms implies treating strategy as a social phenomenon and, as such, understanding “structural, historical, and cognitive limitations that impact managerial decision-making” (Ruef, 2003, p. 248). For Pettigrew (1992, 1997), it requires adopting a processual perspective that focuses on embeddedness, temporal interconnection, context and action, holistic and non-linear explanations, location and explanation of results. Bromiley and Rau (2016), in turn, argue that analysis of the strategic process needs to consider mechanisms underlying the formulation and implementation of strategies, which encompasses social, political, and behavioral factors. Therefore, this work focuses on cognitive, political, discursive, and ceremonial aspects and their relationship with strategic inertia and path dependence.

With respect to the cognitive aspects, cognitive structures and processes developed within the intraorganizational framework are important in understanding strategy and strategic initiatives (Narayanan et al., 2011), with implications for the strategic process, decisions, and performance of the organization (Bromiley and Rau, 2016). In this sense, studies on shared mental models and interpretation schemes, cognitive biases, and cognitive representations of contextual and organizational aspects are emphasized (see e.g. Schwenk, 1988; Machado-da-Silva and Gonçalves, 2000; Tripsas and Gavetti, 2000; Huff, 2006). In general, cognitive aspects encompass shared beliefs, values, and frames, which facilitate strategic decision making and are related to the phenomenon of strategic inertia (Huff et al., 1992).

Regarding discursive aspects, “strategic decisions can be identified as part of an organizational discourse [...] that operates both at the structural and at the communicative levels” (Hendry, 2000, p. 957) and that is rooted in business language, being relevant in the social construction of reality (Hardy et al., 2000). Strategic discourse is, under this focus, a central aspect of the strategic process for constituting itself in the “medium through which interpretations are developed and expressed and strategic actions are initiated, authorized and acknowledged” (Hendry, 2000, p. 957). Vaara (2010) characterizes the communicative level as the one in which conversations and daily social interaction are present, through which strategic narratives are sustained or refuted. Thus, the discursive dimension of the strategy has political implications associated with the debate about the voices considered as mandates of the strategic process and rhetorical resources inherent in the justifications and mobilization efforts for a certain course of action (Barry and Elmes, 1997; Suddaby and Greenwood, 2005).

The political dimension of the strategy is traditionally linked to the restriction and allocation of resources and to the way interests are articulated at the interpersonal, hierarchical, or interdepartmental level (Child et al., 2010; Pettigrew, 1977). Kaplan (2008), however, links the political dimension of the strategy with the dispute over the construction of frames. In this sense, strategic action is not only associated with the way managers interpret and translate their perceptions about the context and the organization into choices for certain strategic directions. More than that, it refers to the political activity of building meanings around strategic priorities. Therefore, this work agrees with Mintzberg (2004), Kaplan (2008), and Zilber (2008) by assigning to the political dimension not only focus on the control of decision-making processes, but also on the assumptions, meanings, and interpretive frames considered valid within the scope of strategic decisions.

On the other hand, the ceremonial dimension is based on the notion of rationalized myths discussed by Meyer and Rowan (1977). Organizational practices, such as SP, are understood by their symbolic value and, as such, can be adopted ceremonially as a way of expressing adherence to the expectations or beliefs of social contexts, assuring organizational legitimacy.
in front of stakeholders (Clark, 2004; DiMaggio and Powell, 1991). Therefore, they are adopted not because of the possible impacts on the effectiveness or efficiency of the flow of resources, work processes, or goal attainment, but due to the shared belief that they are the appropriate and desired form of action (Scott, 2014). Nevertheless, Caldas and Vasconcelos (2002) warn of the risks of ceremonial behavior, which can negatively affect organizational performance.

The influence of cognitive, discursive, political, and ceremonial aspects is associated with the phenomenon of strategic inertia, treated as underlying the relationship between performance and strategy. In the literature, strategic inertia is associated with different mechanisms. From the perspective of theories of population, it is treated as a structural phenomenon. In this sense, Hannan and Freeman (1984) explain that the same characteristics that assure organizations superiority in reaction to other social systems make them more resistant to change. As Kelly and Amburgey (1991) explain, the need to ensure reliable performance in relation to the products and services provided, to register how resources are used, and to explain the results rationally—through decisions and rules adopted—requires a relatively stable organizational structure that is reproducible over time, which tends to institutionalize patterns of activity and the formalization of objectives. At the same time, pressures for maintaining the status quo of members of the organization who seek to protect their interests increase, while inquiries about established purposes and relationships of authority decrease. The price for this fidelity of reproduction is structural inertia.

Other works attribute a different nature to strategic inertia. Boeker (1989) analyzed the founder’s historical influence on the difficulty of promoting strategic change. Among other results, the author states that “the adoption of a dominant strategy at founding limits the range of future strategic change” (p. 509), partially due to the founder’s role of building internal consensus around the strategy initially adopted. Hopkins et al. (2013), Huff et al. (1992), Hodgkinson and Wright (2002), and Tripsas and Gavetti (2000) analyzed strategic inertia as a cognitive phenomenon. For them, the organizational tendency to keep strategy at the status quo and resistant to renewal is associated with mindsets and perceptions of middle and top management. A similar result was found by Hollow (2014). For Arvidsson et al. (2014) inertia is an expression of strategic blindness caused by cognitive entrenchment (Dane, 2010), the latter defined as being the high level of the interpretive schemes stability and associated with the stabilization of structures and permanence of practices, as well as with the cognitive barriers to strategic change.

Therefore, understanding strategy inertia can be complemented with analysis of the phenomenon of path dependence, which, according to Sydow et al. (2009), refers to the process of historical conditioning of decisions, which emphasizes the influence of past events on future actions. However, it is not merely about considering dependence on the past, but the recognition of a certain dynamic of persistence (lock-in) of actions and practices, conditioned by self-reinforcing mechanisms, which results in a reduction in managerial discretion (Schreyögg and Sydow, 2010, 2011). Vergne and Durand (2010) explain that in the lock-in situation alternative paths are discarded in favor of persistence. It is a situation with “a very low potential for endogenous change” and therefore difficult to overcome (Vergne and Durand, 2010, p. 743).

Sydow et al. (2009) list four self-reinforcing mechanisms: coordination effects, which are related to the gains that result from broad adherence to routinized or regulated behaviors that would make interactions more predictable, efficient, and less costly; complementary effects, which are related to the emergence of ingrained patterns of activities due to the recurrent exploitation of synergies between practices and/or routines; learning effects, which are associated with the guidance or belief of continuing to improve what is already familiar or repeating established practices—an expression of learning or mastery; and adaptive expectation effects, which refer to the interactive construction of preferences—that is, to act according to what is supposed to be the expectations of others, under the belief that this will avoid stigmas and favor legitimacy.
This work, in accordance with Koch (2011) and Sydow et al. (2009), admits that, since the essence of strategy is to make choices, the self-reinforcing dynamics inherent in the path-dependent process can corral the organization into impaired strategic actions. This is due to the impossibility of considering alternatives strategic options as well as the tendency of reproducing less-efficient solutions and uncertain results.

3. Methodological procedures

This is a single-case study carried out with the purpose of analyzing the relationship between performance and strategic decisions established in the formal planning of a heavy construction organization. Strategic inertia is the underlying phenomenon that guides this analysis. The exploratory-descriptive research comprised of data collection on performance and strategic decisions from the period between 2006 and 2014. It encompasses a systematic record of performance that is lower than what was defined in the company's annual planning.

Data were collected from nine annual SP reports (one for each year, from 2006 to 2014), 36 monthly reports on the evolution of performance (four monthly reports per year, for the nine-year period), eight annual reports on the final consolidations of the financial years (from 2006 to 2013), and 36 minutes of monthly management assessment (MMA) meetings (four per year, from 2006 to 2014). These documents were selected because they are part of the company's formal strategic management process and directly related to the SP, monitoring, and control of performance analysis, as well as the decision-making process for goals and plans for each financial year analyzed.

The documents were organized chronologically and the data were analyzed year by year before being used to represent the trajectory of evolution over time. For each financial year, the annual strategic plans, the monthly reports on performance analysis, and the MMA minutes were analyzed. The chronological arrangement facilitated the monitoring of the evolution of strategic decision patterns by adopting a comparative approach for the year under review as well as its predecessor.

Cross-sectional, semi-structured interviews were also carried out. A total of 64 percent of the organization's board of directors was interviewed, which corresponds to 16 (from a total of 25) members of middle to top management. The interviewees were selected due to their direct involvement in the processes of SP and performance analysis, as well as their relevance in defining goals and strategic plans for the organization. Table I presents a list of the interviewees and their respective positions. The interviewees were identified by a sequential number, from 1 to 16, in order to show their respective statements during the analysis.

<table>
<thead>
<tr>
<th>Position</th>
<th>Number of people</th>
<th>Occupation area</th>
<th>Level</th>
<th>Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presidency</td>
<td>1</td>
<td>Presidency</td>
<td>TM</td>
<td>Interviewee 1</td>
</tr>
<tr>
<td>Corporate board (statutory)</td>
<td>4</td>
<td>Engineering, technical, administrative, financial</td>
<td>TM</td>
<td>Interviewees 2, 3, 4, and 5</td>
</tr>
<tr>
<td>Business development</td>
<td>5</td>
<td>Business development São Paulo</td>
<td>TM</td>
<td>Interviewee 6</td>
</tr>
<tr>
<td>Contract board</td>
<td>3</td>
<td>Areas 1, 2, and 3</td>
<td>MM</td>
<td>Interviewees 7, 8, and 9</td>
</tr>
<tr>
<td>Contract management</td>
<td>6</td>
<td>Contracts</td>
<td>TS</td>
<td>Interviewees 10, 11, and 12</td>
</tr>
<tr>
<td>Functional management</td>
<td>6</td>
<td>Proposals, coordination of administrative services, quality, planning and control</td>
<td>TS</td>
<td>Interviewees 13, 14, and 15</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td></td>
<td>MS</td>
<td>Interviewee 16</td>
</tr>
</tbody>
</table>

Table I. List of interviewees and identification

Notes: TM, top management; MM, middle management; TS, top supervisory; MS, middle supervisory
Source: Prepared by the authors
A pre-test of the interview with a manager of the functional area at the top supervisory level was done to verify the consistency of the interview script, how the interviews should be conducted, and the time required to carry them out. In line with Yin (2009) and Corbetta (2003), the script was organized in order to deepen the topics studied and explore the relationship between performance and strategic decisions, which is the focus of this work. The interviews took place during May 2014 and were recorded with the interviewees’ permission, totaling 14 hours – an average of 54 minutes per interview. The interviews were conducted in person, except for one via video conference. All of them were transcribed integrally and notes and summaries were written less than 24 hours after having been carried out.

The data obtained from the documents were compared with the content collected in the interviews in order to establish and support the construction of the interview scripts. All the materials, including documents, transcripts, and interview notes, were categorized according to content analysis procedures (Bardin, 2011), and the software QSR NVivo 10 was used.

Analyses of the company’s organizational performance and strategic decisions were initially operationalized through the documents selected, which are organized according to aspects of the BSC (Kaplan and Norton, 1997). Performance was measured through the variation between what was defined as goals (expected values) in the business action plan (BAP) and the real values, obtained from the reports on monthly performance and annual report. Strategic decisions, in turn, were obtained through the strategic initiatives formally expressed in the annual BAP throughout the financial years, from 2006 to 2014, as well as the patterns of continuity and change obtained by comparison with the previous financial year.

In addition to the formal dimension, both categories – performance and strategic decisions – were analyzed through their interpreted dimension, from the rationalizations and meanings that the managers interviewed attributed to the result, variations of the result, goals, and initiatives adopted in the planning, as well as its relevance to the company. Thus, along with document analysis, it was possible to establish a relationship between the findings and the political, ceremonial, discursive, and cognitive mechanisms in order to understand the relationship between performance and strategic decisions.

In the following sections, the context of the case studied is presented, highlighting the characteristics of the formal process of SP adopted, as well as performance in the last years. Then, four analytical dimensions that influenced the relationship between performance and strategic decisions are described. Finally, the results are discussed in relation to path dependence and the phenomenon of strategic inertia in order to explain the relationship between the unsatisfactory performance trajectory and the permanence of strategic decisions established in the formal planning of the company.

4. The context of the case studied
The organization chosen, called construction company in this study, is from the heavy construction industry and is part of a group that operates in different infrastructure businesses in Brazil. It has been in the market since the end of the 1950s and was among the largest contractors in the country in the 1970s. Brazil’s economic problems in the 1980s had a strong impact on the company’s business, even filing for bankruptcy. It recovered by entering in the highway concessions market in the late 1990s. Currently, construction company has about 5,000 employees – its own and outsourced – and has an average annual turnover between R$500 million and R$1 billion. Due to the nature of its business, the company is project driven, which is the main source of financial results. In this model, projects are conducted from a business perspective, independently, and each one has its own action plan, but all of them are aligned with the company’s macro strategic plan. Some aspects that occurred in construction company throughout the period studied deserve to be highlighted: the death of its founder in 2008, which began a tumultuous process of family succession; the replacement of the executive president in 2009, who had extensive
experience in the construction market; and the death of the superintendent, in 2012, considered a key person in the management. With the absence of the superintendent, construction company started to be managed by a collegiate board (referenced in this study as a corporate board), which was provisionally established, but remained active until the conclusion of the data collection period.

The company has a formal SP process that results in a document called the Annual Business Action Plan – in this study, called SP. This process was implemented in 2003 due to the efforts to restructure the company’s management system. It became more consolidated from 2006, when it began to understand, in a systematic way, the phases of conception, control and monitoring, and closure and final evaluation of the performance in relation to what was predicted, which allowed for the study of the theoretical relations between performance and strategic decisions.

The SP process begins each year in September and is consolidated in March of the following financial year. The plan has a projective horizon of three years, but with a greater focus on the first financial year. Predominantly, the goals are defined for the following financial year, but some are referenced for the three-year period, such as revenue, profitability, and backlog. Despite incremental adjustments, the structure of the plan, as well as of the management reports on monitoring and control, follows the BSC (Kaplan and Norton, 1997). Therefore, business premises, focus of actions and priorities, main challenges and objectives, strategic initiatives, and goals are defined for the perspectives: economic and financial, market and image, internal organizational processes and technology, and human resource development.

Until 2012, strategic decisions were elaborated by the superintendence, with the support of the board and the presidency. From 2013, however, only the corporate board, represented by three directors, joined the effective elaboration of the plan. The process begins with the corporate board discussing the aspects related to the restrictions and opportunities of the external context, resources and business, competitive positioning, and scenarios, resulting in the development of business propositions and macro guidelines. Subsequently, the focus of action, main challenges, objectives, and initiatives are defined and, finally, the goals associated with them. Along with the processes described, all departments of the company are requested to do economic and financial projections for the three-year period. Therefore, other managers participate indirectly by providing data on the company’s business and the market.

The SP is issued in a general meeting – the MMA – and the formal document with its content is given to the board of directors, the presidency, the corporate board, the contract boards, and the business development areas. The plan is officially discussed with the representatives of the board and the presidency before being formalized with other managers. Once consolidated and disclosed, its monitoring throughout the financial year is carried out monthly through the performance analysis process, which includes a formal report – called the monthly performance analysis – that compares actual values with those predicted, and managerial evaluation meetings with representatives of the company’s top management, business development areas, and contract and functional management. At the end of each financial year, the consolidated annual report, which has the overall analysis of the whole year, is issued.

In the period analyzed, it was possible to observe the evolution of one of the organization’s main performance indicators, the earnings before interest, taxes, depreciation and amortization (EBITDA). Figure 1 shows the trajectory of this indicator in relation to gross revenue.

It can be observed that the trend of revenue is linearly upward, going from R$256.8 million in 2006 to R$626 million in 2014, while the EBITDA trajectory is remarkably downward, which shows a negative relation between revenue growth and the result (especially, from 2010 to 2014). Figure 2 reinforces the decline in construction company’s economic performance, compared to the largest Brazilian companies in the same industry.
The average margin of the largest construction companies in the country remained stable, while construction company’s margin had a strong variation in the same period, reaching a negative level in four of the last five years analyzed (from 2010 to 2014). Nevertheless, considering the troubled period construction company went through – which involved changes in the administrative structure due to deaths, replacement of the executive president in 2009, and accumulated negative results – there was no significant changes in the formulation of strategic decisions, formalized in SP, as will be presented below. This fact leads to questions about the reasons that explain, not the negative results, but the systematic persistence around strategic intentions associated with the recurrent negative performances in the period.

4.1 Performance and persistence of strategic decisions
The performance was analyzed by the degree of achievement of the goals defined for each financial year, considering the four perspectives of the BSC and based on the formal documents of the SP process. In the company studied, strategic decisions are represented as strategic initiatives to which goals are assigned. Thus, when addressing targets, according to what the company practiced, the initiatives aggregated to their reference values must be recognized. Taking this into account, the data below show the difficulty in achieving the goals established in the company’s SP (see Figures 3 and 4) as well as the persistence of the goals and their respective initiatives (see Figure 5), despite the decreasing trajectory of the results measured (see Figures 1-3).
The decreases in the organization’s performance, measured in terms of the degree of achievement of goals, are shown in Figure 3. A goal was considered achieved when performance was equal to or greater than 100 percent of that expected – and low goal achievement, when the result measured was less than or equal to 59 percent of that expected. The loss of effectiveness of the company is clear, with the percentage of goals achieved varying from 83 percent in 2006 to 29 percent in 2013; the percentage of goals with
low achievement varied from 8 percent in 2006 to 54 percent in 2013. The data show the overall result, considering all the perspectives of BSC.

Such result is recurrent in all of the BSC perspectives; however, it is more noticeable in the economic-financial perspective. If profitability is considered, for example, the values assigned as goals over the years have been adjusted to become more compatible with the performance of previous years. Performance, however, persists in a negative trend and is below that defined in the strategic plan. Figure 4 represents this relation in the period.

One final data deserve to be highlighted in order to represent the phenomenon at hand: the persistence of the strategic initiatives despite the negative performance that accumulated in the company. Figure 5 represents the constancy of most of the company’s goals in its planning, disregarding the results that were being verified. Over time, decreases in the proportion achieved were noted, accompanied by the maintenance of what had already been established.

The results make clear some aspects about the situation analyzed: the use of SP as a formal tool to define strategic initiatives, their respective goals, and the basis for monthly and annual performance monitoring and control procedures; decreasing results in the period, which are significantly worse than those presented by competitors; difficulty in overcoming goals defined in the planning process, which are formally affirmed in the company’s strategic plan; and in spite of the negative results accumulated, there is a tendency to fail to achieve the established goals, and the recurrent formal processes to review performance (during the financial year) and to elaborate strategic plans (between financial years, with annual and triennial guidance) show no significant change in the pattern of strategic initiatives, which, to a large extent, begin to be replicated from one period to another.

Added to these findings, opinions taken from interviewees’ statements about the SP process and performance are in contrast to that expected by construction company in recent years. Table II shows selected quotes about the interviewees’ impressions regarding planning, the definition of intentions and goals, and the justifications for the result being lower than that desired. Although only a few lines of the interviewees are represented, they should be read as examples and, therefore, represent understandings shared by most of the interviewees. Some of them express a sense of obligatory rite attributed to the planning process, but without major concern in relation to the quality of its content. Others show the low connection of the management with the plan, whose goals were imposed to make the document robust, but without the concern to effectively achieve them. Moreover, they point out the accommodation and overestimated or unrealistic projections, which condition the effect of the plan in future decisions, adjusting to the rule or disregarding past results when defining future financial years. In the next section, these aspects will be explored.

4.2 Analytical dimensions in the relationship between performance and strategic decisions
As already mentioned, this work analyzes the relationship between organizational performance and the strategic decisions in the formal planning by studying the case of a Brazilian company from the construction industry. Despite the performance recurrently being below expectations and contrary to what it should be, the data show that the company adopts a structured SP process formalized in goals and plans, but did not promote adjustments. In the analysis of the empirical case, there was a tendency to maintain the strategic initiatives. In order to better understand this situation, this work argues in favor of the influence of social mechanisms in the relationship between performance and strategic decisions, which will be addressed below – that is, political, ceremonial, cognitive, and discursive dimensions. The interviewees’ statements were used to apprehend the interpreted dimension of SP expressed in the meanings attributed to this process.
4.2.1 Political dimension. Political activity among managers can foster the clash between those who defend different positions, meanings, ideologies, and worldviews, and those who want to have their interests represented through their influence in the planning process (Zilber, 2008). Thus, the political dimension of the SP process concerns “the control, at the very least, over the processes by which decisions are made and interrelated – but, more commonly, over the premises underlying those decisions, if not over the actual decisions themselves” (Mintzberg, 2004, p. 167).

In construction company, managers’ statements show the perception of strongly centralized management, in which articulations are done by those who are in privileged positions to configure strategic intentions. According to Interviewee 10, it is “a centralized process, that is, done by top management […]. The communication of this plan is done through MMA, [but] it is not discussed with this level [top supervisory], which I am part of.” In MMA meetings, unlike what the formal planning process prescribed, the management group is informed about the general context of results, however, without pursuing the motives and actions to be carried out. “The meetings are repetitive […]. Every time it is the same thing […] [and] nothing is resolved at these MMA meetings […]. They are not effective, they have not been coming to any conclusion,” Interviewee 9 explained.

According to the interviewees, due to the centralization of decisions in top management – previously concentrated in the superintendency and currently in the corporate board – the plan is developed without the participation of the other managers of construction company, in such a way that the current board has great autonomy to define business as well as the company’s strategies a whole. High-impact issues are privately discussed at board’s meetings, which, according to the interviewees, interfere with business plan forecasts, considered “optimistic” and, often, “unrealistic.” As Interviewee 14 explained, “one of the
important issues is that this plan was too closed. It was done by a very small group and with some goals that were very difficult to achieve.” In the interviewees’ opinion, such a lack of foundation of strategic decisions, besides favoring the definition of unachievable goals, has been discrediting the process.

As an aggravating factor, in the last two years, the validation of the plan by the board of directors and the presidency of the group has only been formally done, without a proper discussion about the content of strategic intentions. Therefore, discussions and arguments end up occurring outside the organization’s current hierarchy, favoring a certain concentration of power, which, in turn, tends to promote a one-way strategy, including in the sense of obstructing necessary strategic changes. Another aggravating factor in construction company that has political consequences is the fact that there is low turnover in top management, indicating how rigidly constituted the executive team is, since the average period of employment of top managers is 33 years. This situation strengthens the defense of positions already established, accentuating the political nature of the process due to the top management’s privileges in directing the company according to its priorities and intentions.

4.2.2 Ceremonial dimension. Ceremonialism refers to the fact that organizations seek to be seen as using certain rites and symbols in management without, necessarily, adopting these practices in an effective way. This ceremonial aspect can be associated with the notion of rational myths, that is, socially legitimized orientations in the form of rationalized beliefs (Meyer and Rowan, 1977) regarding the means of performing certain activities and achieving a certain objective, even though its effectiveness is based on the shared belief that such a way of acting is correct (Scott, 2014).

In this case, the ceremonial dimension is associated with the fact that the SP process, including activities that define strategic intentions and goals, is presented as an obligatory rite that meets the need to represent the company before the holding’s management and its other companies. As one of construction company’s manager explained, “the process of strategic planning turned out to be a formality […]. It has no adherence to the following year’s practice. It is only a paper given to the board of directors and is never fulfilled” (Interviewee 13). Focus on the planning process as a rite resulted in a document whose content, although with a symbolic function, is misaligned with the company’s needs, compromising its effectiveness as a management tool. Interviewee 14 is emphatic in this regard. According to him, “we have a plan that has been equated with best market practices […]. It is a very beautiful document, but […] we have not been able to carry out this plan.” The managers express their opinion regarding the formal and ritualistic planning process by stating that “the content is there to meet a formality” (Interviewee 5) or that it is “a letter of intentions” (Interviewee 10).

Nevertheless, the planning process complies with its annual ceremonial, which refers to the management and its control model, since it guarantees the validation of the management through the impression given to stakeholders; the formalization of strategic intentions becomes symbolic, even though it is limited to the effectiveness of actions. It has, therefore, a legitimating function, although decreasing results persist.

4.2.3 Cognitive dimension. The cognitive dimension refers to frames of reference, individually created and socially shared, that form a basis for simplified representations of the world that enables the processing of information in day-to-day decisions. Such representations support the development of mental models and strategic beliefs that guide management decisions (Tripsas and Gavetti, 2000).

In the case studied, the influence of mental models in the planning process and in strategic decisions related to it was established. These models, interpreted as right, prevented managers from identifying the changes the company needed, even with the
contextual changes and the trajectory of negative results, which favored the replication of
the same model of strategic decisions over a long period. By looking at the cognitive
dimension of the strategy, it is possible to affirm that the company’s managers internalized a
series of elements and concepts based on their perceptions and experiences, whether these
elements are related to politics and power or to the company’s culture. These experiences,
considering the average period of employment of the managers, are based on the company’s
previous periods of success, when business propositions and conceptions were different.
The relationships between these elements and concepts, built on a daily basis to solve the
various situations, were constituting mental models of decision making. According to
Interviewee 14, “the risk is for the company to continue to be embedded in this model,
without looking at the performance this model has been generating. The company is so
focused on one model that it cannot even criticize it anymore.” This statement represents the
interviewees’ perception that, although there have been significant changes in the market,
the company has maintained its way of conducting business from ten years ago in relation
to the profile of people in management and processes, among others.

These shared mental frames can be supported by the fact that the members of top
management have been working at the company for a long time – an average of 33 years in
the company and 15 in their functions – besides having worked with the company’s
founding partner, which reinforces a cultural aspect regarding the loyalty to the models
used by him. Thus, in line with Tripsas and Gavetti (2000), SP centered on the corporate
board leads us to believe that there is difficulty in adapting the mental models of senior
managers, especially in more turbulent situations, collaborating with inferior performance
and the maintenance of strategic decisions.

4.2.4 Discursive dimension. The discursive dimension refers to the effort of strategic
actors in attributing meaning (linked to a broader context) to discourse created as a means
of mobilization to favor certain actions related to meeting interests or immediate needs
(Hardy et al., 2000). Therefore, it is a rhetorical effort that, in the case of construction
company, manifested itself in the form of arguments used in the elaboration of plans in
order to inflate its content and succeed in mobilizing others. In this sense, it had been
associated with justifications to explain poor performance or to validate strategic decisions.
However, according to the interviewees, although the justifications existed, they did not
result in effective mobilization. The meanings used in the company’s discourse were
not enough to motivate the managers, who criticized the plans for being, often, “confused”
and “disconnected” and not giving a clear fundament to guide their actions.

In this work, the discursive dimension was also evidenced in the rhetoric used in the
company’s annual SP, in which there was, clearly, a concern regarding the volume of
information presented to guarantee greater robustness to the document, and an attribution
of meanings that supposedly increased their credibility with stakeholders. In the words of a
manager interviewed, “we are extremely corporate and tend to cover what is wrong, to justify
the unjustifiable” (Interviewee 10). While attempts to “inflate” the plan with “modern” goals
have been made, low performance is justified, with no evidence of effective actions aimed at
the company’s recovery. Interviewees characterize this situation as a way of anchoring facts
in past events, but without associating it to a perspective on real recovery solutions. In the
opinion of a construction company’s high-level executive, referring to the expository nature
inherent to the company’s planning process: “Everything can be excused […]. There is no
contributory discussion. It is to look at the past. It is like a mass: you tell your sins, take a host
and leave” (Interviewee 1). This aspect is reinforced by Interviewee 9: “For the past three years
we have not managed [to achieve the desired results]. In fact, nothing was done.”

Finally, a third aspect related to rhetoric concerns the predominance of the emphasis on
the economic-financial area, for which numbers play an important role in defining and
monitoring goals. According to Interviewee 9, “the economic-financial criteria are the only ones we follow.” Although the formal documents contain information on the four BSC perspectives, the quantitative approach makes almost all managers perceive strategic business planning as a budget. Although mentioning the other perspectives – market and image, internal organizational processes and technology, and human resource development – which apparently amplify content, it is merely symbolic, as stated by one of the interviewees. According to Interviewee 13, “the other scopes [are] more to complete [the plan]. The scope of people, technology, and the impression is that [they are there] more to deal with the four perspectives.” This preference for numbers is rhetoric aimed at strengthening strategic intentions – that is, representing them as, in fact, generated by strategic thinking. Such a finding suggests that the game of numbers leads management to the pattern of existing strategic decisions, ignoring changes that depend on giving attention beyond that already established in the strategic intentions reproduced in the plan, in accordance with what was already discussed by Mintzberg (2004).

5. Discussion
Finding a pattern of strategic decisions, considering the recurrent negative results, is a fact that contradicts aspects traditionally studied in organizations’ strategy area. Unexpectedly, despite the successful use of a formal process of SP and control, construction company did not change its strategic intentions and goals in a significant way over the period. Although performance was increasingly unsatisfactory each financial year, the data showed that strategic decisions followed the same pattern. In addition, it was found that the SP process lost flexibility and was limited to previously designed paths of action, which were replicated in each new plan without taking into account effective changes in trajectories that would help the company to solve its problems. The literature has referred to this phenomenon as strategic inertia (Fredrickson and Iaquinto, 1989; Hollow, 2014; Hopkins et al., 2013; Huff et al., 1992; Tripsas and Gavetti, 2000), interlinking with theories of evolutionary and cognitive strategy.

This study used different analytical alternatives to understand the reasons that led to this phenomenon, based on construction company’s managers’ interpretation. The data showed that there are mechanisms related to political, ceremonial, cognitive, and discursive social factors that contribute to understanding the phenomenon. These results lead to two points that are the focus of this section: the articulation with what Mintzberg (1994) called the fallacies of SP and the extension of this framework from the phenomenon of path dependence. These points will be discussed below.

This work’s findings indicate what Mintzberg (1994, 2004) had already named as pitfalls and fallacies of SP. The case studied illustrates the problems underlying the fallacious assumptions associated with prediction, quantification as a resource for representing the company’s effective activity, and linearity aroused from confidence in the formalization of planning. These aspects were discussed according to the persistence of strategic decisions deriving from political, ceremonial, rhetorical, and cognitive aspects. For example, the problems of commitment generated by the difficulty in engaging in intraorganizational policy or conditioned to the restricted interest of ceremonial legitimation of the plan together with stakeholders were evident. The visionary effort was restricted to the rhetorical parameters, which favored quantitative metrics that support the current models of action and favor the short term. These are also cognitive models that confirm the commitment to an established rationality that, given the uncertainties generated by the company’s poor performance, serves as a basis for resisting new paths and maintaining the trajectory of strategic decision.

The data contain elements that strengthen the understanding, at least in the case studied, of the reductionism produced by planning, since it transforms the formulation of the
strategy into the elaboration of actions in a formal plan. The existence of a structured process of SP and control – which demands time and involves people, communication events or debate, and it is formalized in documents and assessments that permeate the whole company – was not, as the case of construction company showed, sufficient to reverse deteriorating performance. On the contrary, it demonstrates precisely the proscription of managerial discretion by decoupling the planning from strategic thinking and creativity necessary to formulate the strategy.

This decoupling is relevant because it represents a contradiction between the formal commitments of SP and control practices and the expected compliance with a standard practice, established as appropriate and desirable by the management of construction company’s business group. This situation is, partially, referenced in the ceremonial dimension of the plan, which reinforces a supposed institutional alignment with the holding company and other stakeholders in order to symbolize robustness of content and management reliability. Therefore, this decoupling reinforces the idea of adopting a rationalized myth as a way of simultaneously meeting technical and institutional demands, even if it is not, in fact, an efficient, effectively practiced, or inconsistent solution in relation to other organizational characteristics (Boxenbaum and Jonsson, 2008). This is the case for construction company, since its SP, when considering intentions and goals or evaluating performance, is conditioned by political, cognitive, and rhetorical factors. Therefore, it not only contains strategic actions and goals that are out of the company’s reality, but also constraints to its idealized effectiveness. Clearly, planning, as a tool, does not show all the complexity of strategy making or that the company’s management needs to use it, albeit ceremonially, as a formal mechanism to obtain or maintain legitimacy. Although different paths could be chosen to the detriment of those that had already been selected in previous years, construction company chose to keep itself on the same path, with the same pattern of intentions and goals. Such a standardization of trajectory, especially due to unsatisfactory performance, is the consequence of a decoupling, which can be interpreted as a mechanism to reinforce the path-dependent process.

Path dependence, discussed theoretically by Schreyögg and Sydow (2011), represents a special type of organizational process characterized, essentially, as a casual reduction that narrows the scope of actions over time. The authors state that in the final stage of the path-dependent process called lock-in, a dominant pattern gets fixed and becomes almost deterministic, in the sense of conditioning decisions and actions to a path and compelling new entrants to adopt it. In the case studied, the path dependence became concrete as a set of mechanisms were restricting the parameters of analysis and eventually led to the reproduction of a standardized and fixed planning. Additionally, it influenced, from the reduction of rationality to the instrumental bias, from the performance measurement to the economic-financial aspect, and from the strategy to the elaboration of SP.

Data analysis identified aspects that approximate the findings to the self-reinforcing mechanisms of path dependence discussed by Schreyögg and Sydow (2011), but also extend them beyond the predominantly structural aspect of this approach, since it considers interpretive aspects related to the political, discursive, cognitive, and ceremonial dimensions inherent in the social nature of the organization.

The effects of learning may be associated with the cyclical reproducibility of the plan and its ritualization as a process formally structured and institutionalized within the company. Despite the evidence based on the rationalization of managers regarding the deficiencies of this process, the data point out that this practice is maintained and not replaced. This is related to the previously highlighted political and ceremonial dimensions. Regarding the political dimension, the top-down orientation of the planning process, aggravated by the low involvement of the various management levels and long-established positions, favors consolidated priorities and strategic intentions. In the ceremonial dimension, which presents
itself as predominantly ritualistic, the formal process reinforces its characterization as a rational myth, symbolically legitimating the model of planning and control adopted with stakeholders, even though the strategic intentions defined in the plan are confronted with negative results. The symbolic function of the planning process can also be associated with the reinforcement motivated by the effects of adaptive expectations, represented by the individuals’ social connection with the efforts to operationalize planning, since it was considered desirable by the management, the holding group, and stakeholders.

The effects of adaptive expectations are also related to rhetoric, since the discourses underlying the strategic plans – in their formal version or in the way they are publicly presented – tend to assume a position according to what is believed to be desirable or legitimate, avoiding stigmas that could tarnish the image of the organization or the managers involved. Under the scope of rhetorical issues, persistent negative performance, linked to path dependence stated in strategic decisions, would be associated with the development of plans based on content that is poorly oriented to the actual problems of the organization – with a large volume of information in order to ensure robustness and credibility, but which are translated into discourse and actions related to the economic-financial plan – in maintaining the pattern of strategic decisions without significant changes.

The routinization of the planning process favors path dependence from the perspective of coordination and complementarity mechanisms. Under political bias, adherence to planning is due to the mandatory force that associates this tool with a broader management system linked to the holding group’s demands. Thus, it would represent, in theory, a preference for the alignment and combined efforts that would justify its formalization, reproduction, as well as the mobilization of resources in the last ten years, although with questionable effectiveness and accumulated negative results. From the cognitive dimension, coordination and learning effects are aggregated since, as found in construction company, internalized mental models – especially due to the long-term permanence of the managers in the company – favor the inferior performance justified by a dominant logic that hinders the confrontation and adaptation of propositions and concepts that guide the company’s strategic decisions.

From the aspects analyzed throughout this case study, it was possible to establish that the company, despite poor results in the last five years, has delayed the adoption of strategic initiatives focused on reversing this trend. This work sought to show that construction company was subject to reinforcement mechanisms that interfered in the understanding of the scope and need for changing direction, culminating in a pattern of strategic decisions and goals reproduced in a systematic way, even though the negative results were getting worse. These results produced mechanisms that empirically qualified the pitfalls and fallacies of planning discussed by Mintzberg (1994, 2004), based on the observation of social aspects, which also proved to be an important extension of the structural constraints linked to path-dependent processes.

The results converge with previous literature by highlighting the complexity of the relationship between strategic decisions and performance, although the intention was not to explain it from the traditional sense of strategic design, as Ansoff et al. (1970) and Dibrell et al. (2014) did. In contrast, they are in line with works such as the ones by Mintzberg (1994, 2004), Langley (1988, 1991), and Hendry (2000), which showed the limits of formal planning and the problems of dealing with it without properly considering the informal aspects of the organization. However, this study tried to go further by exploring the informal constraints through an interpretive perspective of the SP process.

The results also contribute to the literature on strategic inertia. By going beyond what is usually considered in the analysis of this phenomenon, the results showed the interactive effect produced by political, cognitive, discursive, and ceremonial aspects underlying the
obstruction of the trajectory of the strategic choices established in the planning process. Therefore, more than testifying the influence of strategic inertia on the company’s results, the research described four types of mechanisms that help to explain the typical reductionism of this phenomenon’s scope, since its interaction exerts pressures on path dependence. From a procedural point of view, the historical trajectory of unsatisfactory performance, through the action of social mechanisms in the organizational sphere, influenced the inertia observed in strategic decisions.

6. Conclusions
This paper dealt with the case of a company operating in the construction industry that, despite the organizational investment in formal SP and monitoring of results, entered a persistent path trajectory marked by the maintenance of strategic initiatives, even though it had recurrent, unsatisfactory performance. Contrary to what might be expected, the negative results did not lead to changes in strategic decisions established in formal plans. Over the period studied, annual low performances and competitive disadvantages increased. Maintaining strategic initiatives, which continued throughout this period, is related to the formalization and routinization of the SP model in the company. However, many of the factors that make a system reproducible also make it resistant to changes. In the case of construction company, the same pattern of strategic decisions ended up constituting strategic inertia. In order to better understand this phenomenon, this work analyzed the relationship between organizational performance and the pattern of strategic business decisions formalized in the company’s SP from 2006 to 2014, aiming to understand the social mechanisms that contribute to this process.

At first, the work exposed the persistence of strategic decisions and negative results that increased over the years. Then, it showed that rationality was reduced to instrumental bias, performance measurement to the economic-financial factor, and strategy to the elaboration of SP; and the contribution of the political, cognitive, discursive, and ceremonial mechanisms in obstructing the path of the strategic choices established in the planning process. The dynamics of the strategy were guided by mental pictures, ceremonial, political, and rhetorical orientations that favored commitment to the past, reducing the breadth of the decision parameters, and the reproduction of choices established in the company’s formal planning.

This work showed the decoupling of the operationalization of the plan and its orientation to the actual problems of the company, or between its formal establishment and the symbolic role played along with stakeholders, under the influence of social mechanisms. However, it concluded that the conditions for the phenomenon of path dependence were created, reinforcing the strategic inertia observed in the maintenance of a reproduced pattern of strategic initiatives and goals, even though the performance was recurrently unsatisfactory. Thus, in this case, strategic inertia shows a complex relationship between the performance interpreted and strategic actions negotiated in formal planning, conditioned by mechanisms of trajectory reinforcement that interfere in the conditions for strategic change.

Based on the results, future research to deepen the findings described in this study is suggested. From the theoretical view, analytical developments associated with the social mechanisms could be produced from the perspective of strategy as a social practice (Jarzabkowski et al., 2016a, b). Consequently, the aspects revealed from the actors’ interpretation about the SP process could be better explained through methodologies aimed at observing the tacit components, language, power games, and other relevant categories in the social interaction of strategy development at the organizational level. The findings would not be limited to the interpretations extracted only from the rationalizations of the subjects or from the formal expression of the strategy, as in the plan and other documents of
managerial monitoring, fomenting the analysis of the phenomenon of strategic inertia by investigating the actors’ engagement in their daily activities and relationships. The relationship between path dependence and strategic inertia can also be studied. While the first refers to a reduction in scope and may affect choices, the second concerns the persistence of strategic trajectory. Thus, studies that focus on investigating the extent to which path dependence is contingent, assuming that it is a temporary and, therefore, reversible process, can be a great contribution to the strategy area in organizations. The factors that affect path liberation and how this may influence the potential for change or strategic inertia could be further studied. On the other hand, it may be interesting to investigate the institutional contextual constraints on SP and control ceremonialism, as recommended by Kirschbaum and Guarido Filho (2011) and Ruef (2003), in order to explain, not the adoption but the commitment of the organizational agency in situations in which ceremonialism and decoupling (linked to strategic inertia) are associated with negative effects on the organization’s future.

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