

**BUSINESS STRATEGY PENTAGON:  
Five Visions Framework for the Strategy of Stock Exchange Listed Companies**

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**ABSTRACT**

*This essay's general goal consists in identifying the role of corporate governance (through the administrative board) and scenario studies for the strategy process of stock exchange listed companies, having the Strategy Tripod as base. In order to validate the framework expansion, a reference method was taken for theory elaboration. In conclusion, an addition to the Strategy Tripod is advocated, evolving with this research to the Business Strategy Pentagon, comprised by five visions: industry based vision, resource based vision, institution based vision, corporate governance based vision and scenario based vision.*

**Keywords:** *Strategy Tripod. Competitive Advantage. Industry Based Vision. Resource Based Vision. Institution Based Vision. Corporate Governance Based Vision. Scenario Based Vision*

**1. INTRODUCTION**

Global phenomena such as emerging markets' crisis, the series of corporate scandals (Bech, Bolton, & Roell, 2002) and the financial system crisis in 2007-2008, followed by a profound and likely long economic retraction (Charan, 2010), show that companies have unprecedented challenges ahead of them (Charan, 2010).

Corporate governance arises from these profound changes on business environment and managers' needs to adapt to the new investor's and other social partners' profile (Goergen, Brewster, & Wood, 2009). The corporate governance theme has attracted substantial interest from scholars in various academical fields, such as economy, accounting, management, organizational behavior, law and psychology, as well as strategy scholars (Bordean, Borza, & Maier, 2011).

Thus, inserted in a competitive, growing, regulated and fast changing environment, open capital companies are obligated to stay continuously alert, adapting and adjusting to environmental changes, and, fatally, have to count on the highest level of information reliability, in order to trace the best strategies for their future. Before such conjecture, it is indispensable that open capital companies think and plan their future – for their own safety, as well as society's –, looking for conditions that take them to sustained progress (Oliveira & Forte, 2009).

Future studies, or scenario studies, have evolved in methodologies, techniques and computer solutions, and have been used by corporations and governments in supporting business strategy (Bradfield et al., 2005).

Business strategy literature traditionally seeks to answer two basic questions: What drives the company's strategy? What determines market success and failure? (Peng, Wang, & Jiang, 2008). In order to answer these two questions, there are three perspectives: Industry Based Vision (VBI) (Porter, 1980), Resource Based Vision (VBR) (Barney, 1991) and Institution Based Vision (IBV, in order to counterpoint VBI) (Peng et al., 2009).

Recently, and mainly based on the Institutional Theory, more specifically on the New Institutionalism, initially in emerging countries' internationalization processes, and posteriorly expanded to global strategy, Peng et al. (2009) presented, to the academy, a framework that unites VBI, RBV and IBV, resulting in the so called Strategy Tripod.

The Strategy Tripod framework was initially built in the context of emerging countries and international business organizations, being posteriorly expanded to companies in general (Peng, 2008).

On the other side, open companies have their peculiarities. Given the bigger amplitude of its social object, the existence of different control mechanisms, different property structures is pointed out, as well as different behaviors in management and strategy elaboration process in this societary type, in relation to the others (Coelho & Corrar, 2005).

This way, bringing the Strategy Tripod framework to the context of open capital companies, more specifically the ones listed on the stock exchange, and considering that the central focus of the three perspectives consists, not only in acquiring and leveraging competitive advantage, but also in sustaining such advantage as time goes by, two theoretical absences were noticed in the Strategy Tripod: corporate governance studies – power system and structure that rule the mechanisms which direct and control business corporations; and studies of scenarios that subsidize the future outlook and a relative uncertainty reduction. That is, strategic choices in companies that adopt the corporate governance management model are supported not only by industry conditions, by company resources and by the specific institutional picture faced by managers, but also by the strategic role of its administration board and by scenario studies.

This way, the following research question emerged: What are the perspectives that support the exchange listed company strategy? The main goal of the present research consists on identifying the role of corporate governance (through the administration board) and scenario studies for the stock exchange listed company strategy process.

Its specific goals are: 1) elaborating a theoretical essay with critical vision on the Strategy Tripod's literature, aiming to expand the framework; 2) reconceive, from relevant literature, the relations between new perspectives (corporate governance and scenarios) and business strategy. The proposed framework comes from a criticism to the Strategy Tripod model (the criticism does not come as a replacement idea, but as a complement to what was proposed).

In this manner, this research shows itself relevant for bringing a relatively new discussion to the academy, aiming to supplement the absence of framework around corporate governance and scenarios in the strategy discipline. These themes have implications, not only theoretical, but also in the decision process. Thus, it is expected that, besides theoretical contribution – evolution of the model presented by Peng et al. (2009), practical business contribution – making a more professionalized long term management model available, enabling, thus, the socialization of knowledge, culminating in a better economical development for Brazil.

Finally, it is possible to state that before the magnitude of corporate governance and scenarios issues for capital market and, consequently, nation growth and strengthening, the interest in the realization of this research is justified.

## 2. RESEARCH METHODOLOGY

Based on the taxonomies proposed by important authors (Duverger, 1962; Saunders, Lewis, & Thornhill, 2007), and aiming to obtain the necessary theoretical grounding to develop the framework and contribute to literature improvement, bibliographic research was used.

Due to not finding a qualitative methodology to validate the proposed framework's expansion (despite intense search on several databases available), the theory elaboration method was taken as base, supported by the exposed by Pathirage, Amaratunga e Haigh (2008) – who teach that many times theory is described as a model, structure and collection of propositions and hypothesis to explain e understand a phenomenon; and by Gill and Johnson (2002) – who define theory as a network of hypothesis or advanced propositions, in order to conceptualize and explain a social or natural phenomenon in particular, in which each hypothesis or proposition presents a statement on the relationship between two or more concepts in an explanatory way.

The hypothesis or propositions from intuitive procedures cannot be invalidated just for the fact that they come from theoretical suppositions and not from empirical facts. In science's history, it is noticed that some affirmations did not come from systematic comprovation of facts, although they have established a point of view that cannot be simply abandoned anymore (Darwin, 1985). This stance is opposed to the traditional stance, which considers the adoption of characteristics that became mandatory to science necessary to the constitution of a scientific theory, such as controlled observation and verification (Mill, 1973).

Either way, the freedom of the proposition of new ways to consider a phenomenon is defended by Feyerabend (1989), but one must not forget that once a truth point is established, a return to previous points of view or further development will have the objective of improving the new theory, more than to bring down an established truth point. With this in mind, the expansion of the *strategy tripod*, by Peng et al. (2009), is proposed.

At this stage, corporate governance and scenario references were visited, showing their direct relationship with business strategy. From this critic review, the research's theoretical propositions arose. Following that, the three visions (VBI, RBV and IBV) were visited, with the goal of identifying through theoretical essay, with a critical stance on the theory itself, the purpose, the weaknesses and limitations that provided the base for the proposition of inserting two more perspectives into the *strategy tripod*, that is, incorporating corporate governance and scenario dimensions.

### **3. Approaches and base-theories for proposing the Business Strategy Pentagon Framework**

#### *3.1 Corporate governance and its relationship with business strategy*

Corporate governance's relationship with business strategy has also been object for many academic studies (Brauer & Schmidt, 2008; Donaldson & Preston, 1995; Drew & Kaye, 2007; Schmidt & Brauer, 2006). This relationship has been highlighted most of the time through the administration board's role. Thus, the strategic role of administration boards, that comprehends strategy formulation, execution and supervision, has awakened wide academic interest, being, consequently, object for investigation to several researchers (Davis & Thompson, 1994; Eisenhardt, 1989; Felton & Watson, 2002; Hendry & Kiel, 2004; Johnson, Dayli, & Ellstrand, 1996; O'neal & Thomas, 1995; Stiles & Taylor, 2001; Zahra, 1990; Zahra & Pearce, 1989).

These studies have used some theories, such as Agency Theory, Resource Dependence Theory, Stakeholders Theory and Team Production Theory, to show that relationship.

Studies based on agency's presuppositions analyzed the existence of direct relations between administration board structural characteristics and performance. The main-agent model, developed with support from Agency Theory (Jensen & Meckling, 1976, 1990, Zahra & Pearce, 1989) advocates an active intervention from the administration board in the elaboration and implementation of strategy.

Research around Resource Dependence Theory analyzed the contributions of political connections established by administration board members in strategic decisions and, consequently, on company performance (Claessens, Feijen, & Laeven, 2008; Faccio, 2006; Johnson, Daily, & Ellstrand, 1996, Zahra & Pearce, 1989), that is, it starts with the idea that agents have the mission to rule, coherently managing the diverse groups of interests connected to the organization (Pfeffer & Salancik, 1978). According to this theory, administration boards are a company's cooptative mechanisms to make connections with its external environment, aiming to access important resources and protect the company from adverse environmental changes (Bertrand et al., 2006; Goodstein, Gautam, & Boeker, 1994, Goldman, Rocholl, & So, 2009; Li et al., 2008, Pearce & Zahra, 1991, Pfeffer & Salancik, 1978).

Stakeholders Theory has also been used to identify the administration board's influence in strategy formation (Frooman, 1999). Both external and internal environments suffer changes with time and that makes the perpetuity of the perfect contract unfeasible. The confrontation between a company's own interest with third party interests causes this instability.

Team Production Theory, by Blair and Stout (1999), has been used, for example, to investigate the non structural factors that may influence the efficacy of administration boards in monitoring strategy implementation (Amaral-Baptista, Melo, & Macedo-Soares, 2012; Huse et al., 2011). This theory advocates that the administration board shall perform the central role of mediator, aiming for the resolution of interest conflicts and value maximization for all groups of interests in the company, not only shareholders.

The results of several researches exposed throughout this subsection clearly show that the strategy process must involve, besides the CEO, the administration board (Bordean, Borza, & Maier, 2011; Hendry & Kiel, 2004), being of extreme relevance the insertion of the board in the process (Jensen & Meckling, 1976; Taylor, 2003; Zahra & Peace, 1989), since the responsibilities attributed to this collegiate are imputed by the main corporate governance codes (Amaral-Baptista, Melo, & Macedo-Soares, 2012).

This way, the administration board has been urged to participate more actively, not only on strategy formulation (for example, ratifying and evaluating the proposed strategy), but also on its execution, contributing, thus, to the creation of value for the company (Goold & Campbell, 1990; Zahra, 1990). Therefore,

**P1: There is a direct relationship between corporate governance and business strategy.**

### *3.2 Scenario and its relationship with business strategy*

In conceptual terms, many terms are employed for the study of the future, such as scenario, prospecting, foresight etc (Schenatto et al., 2011). In the present study, the generic term scenario is used, since the aforementioned terms differentiate themselves on the employed methods, a non relevant feature to this thesis.

Future studies have heterogeneous intellectual roots and strands, including operation investigation, scenario planning, prospecting and strategic management. Its conceptual history is complex and has been influenced by a number of companies, institutes and schools, such as, for example, Rand Corporation, Stanford Research Institute, Shell and Sema Metra Consulting Group (Godet, 1987).

The study of scenarios aligned to strategy are also characterized as scenario planning, scenario based planning, scenario based approach for strategic planning and also scenario based strategy (Chermack & Van Der Merwe, 2003; Van Der Merwe, 2008; Schwartz, 1996). There is also a study that adopts the expression scenario based vision (Yim, Son, & Han, 2013), that equally aligns with the goal of this thesis.

Strategy scholars commented many times on the importance of companies reaching the future first (Hamel & Prahalad, 1994). In fact, an organization's strategy development must express the vision of a future condition (Mintzberg, 1994), particularly if strategy as an organization's transition from its current position to a desirable, but uncertain, future state, is taken into account. Consequently, executives were invited to think about the future during the strategy formulation process (Buytendijk, Hatch, & Micheli, 2010). Identifying future opportunities is essential to competitive advantage (Barney, 1991; Hamel & Prahalad, 1994; Porter, 1980).

Scenarios are designed to help the strategy formulation and bring foresight quality to the main performance indicators, linking them according to the perception of cause and effect relations (Buytendijk, Hatch, & Micheli, 2010), and encouraging managers and organizational planners to analyze situations and factors that challenge their current way of thinking and consider what could be currently unthinkable (Wack, 1985).

Scenarios study has its base on the past, the present (exploitation) and the future (exploration), involving two kinds of adjustments (fit): first order fit, referring to the current situation link to the future; and second order fit, that intertwines the company's many processes, such as leadership, strategy engagement, strategy, business models, performance, systems, change management and culture. When these two orders align, the organization increases its competitive power towards competitive advantage (Porter, 1998).

Ahuja et al. (2005) and Barney (1991) defend that all competitive advantage theories assume that administrators must have some degree of future outlook, hence, on the contrary, the company's development cannot be distinct of luck.

For other researchers (management scholars), foreseeing the future is an input for strategic planning (Wiltbank et al., 2006). In general, on the classic strategic planning and administration process, scenario development appears supporting the strategic planning process at the external or environmental analysis stage.

Method practitioners (Burt & Van Der Heijden, 2003; Chermack, Lynhan, & Van Der Merwe, 2006) who are also specialists in organizational learning, in general agree that scenario based strategy provides a more sophisticated and proven organizational learning process, although its research exploration and acknowledgement is just beginning.

In summary, scenario construction is relevant to strategy definition and monitoring (Schwartz, 1996; Schoemaker, 1995). However, the second theoretical proposition is advocated, namely:

**P2: There is a direct relationship between scenario (future studies) and business strategy.**

On the following subsection, the strategy tripod proposed by Peng et al. (2009) is exposed and, then, this framework's weaknesses and perspective limitations are discoursed upon.

### 3.3 The Strategy Tripod

Peng et al. (2009) developed a model denominated Strategy Tripod, in order to subsidize strategy performance analysis. In order to sustain the tripod, they proposed one leg, called institution based vision. According to this model, performance analysis, ultimately, resides on a base sustained by the following “feet”: VBI (Porter, 1980), RBV (Barney, 1991) and IBV, coined by Peng (2002) and further formatted by Peng et al. (2009).

On the work Global Strategy, Peng (2008) expands the framework’s approach, reporting that the Strategy Tripod would be applied to a general perspective, and not restricted to specific contexts anymore.

In this new approach, the proposition of the present research is inserted, which, with the exposure of the weaknesses and limitations of the Strategy Tripod composing visions, intends to illustrate that the framework does not approach all perspectives necessary to the corporate governance management model specific strategy elaboration process. Hence, it is presented, on Figure 1, the synthesis of VBI and RBV criticism, and RBV and IBV integration propositions that acknowledge the need for alternatives or theoretical supplementation by the theories that permeate corporate governance and scenarios.

The Strategy Tripod framework has been seen by some researchers, such as Brouthers, Brouthers and Werner (2008), Gao et al. (2010) and Meyer et al. (2009) as a perspective that likely better represents a company’s performance determinants. In this sense, this thesis’ approach does not go against none of the visions’ (VBI, RBV and IBV) propositions. The idea is to integrate these three perspectives in the corporate governance and scenario context, having stock exchange listed open capital company’s management model as base, bringing them to the business strategy discipline.

Strategy study different approaches’ unification attempts reveal that there is still a long way to go (Saes, 2008). Lazzarini, Chaddad e Cook (2001) point out the limits of treating the value creation and capture question in an isolated way, but also point out the difficulties in formalizing a unified approach, with such distinct theoretical presuppositions and analysis units (SAES, 2008). In this context, the following section presents the business strategy pentagon framework proposition.

## 4. BUSINESS STRATEGY PENTAGON FRAMEWORK PROPOSITION

Open companies, just like the closed ones, have their peculiarities. In open capital companies, for example, given its bigger social object amplitude, a specific and more rigid legal and regulatory apparatus is applied, suggesting differences in the governance structure (Oliveira et al., 2013). In a study on these two societary types, Coelho e Corrar (2005) point out different control mechanisms, different property structures, as well as different behaviors in management and governance practices.

Open capital companies’ proof of failure have been accumulating. In many of the companies that quickly reacted to the 2009 financial crisis, CEO and board talked more frequently and openly about strategy. But the boards must get involved in strategy under any circumstances. Fact is the time when strategy could be kept away from the board is over (Charan, 2010).

In this sense, boards face choices and dilemmas. It may be necessary to balance short term requisites for economy and performance, with long term capacity building. It is necessary to anticipate planning consequences and suppositions, political decisions and executives’ actions, and, particularly, clients, competitors and investors will react. Plans and scenarios may be developed in order to recognize and incorporate answers and feedback. The administration board must be able to see the big picture, and must avoid involvement in operational matters. This collegiate must be alert to short term pressures and long term trends, because it may need to balance stakeholders’ conflicting interests (Coulson-Thomas, 2014).

Because there is a variety of companies working in the same country or region, and they still represent a diversity of strategies that may rise as a result from internal and external forces, as well as its management model, it is argued in the present study that strategic choices in companies managed by the *corporate governance* model are not driven only by industry conditions, by company resources and by the reflections of institucional frame’s formal and informal restrictions, but also by the administration board’s active role, as well as shaped by the designed future (scenario).

As previously exposed, it is clear that corporate governance, through the administration board, as well as scenarios (future studies), influence the quality of strategic decisions (Bordean, Borza, & Maier, 2011; Jensen & Murphy, 1990).

The Business Strategy Pentagon, exposed in Figure 2, illustrated the insertion of two new visions on orienting strategic choices for exchange listed open capital companies. Each vision on the diagram participates and contributes to the strategy's success, in a way that without these contributions, there would be no guarantee of company risk reduction and better performance.

P1: There is a direct relationship between corporate governance and business strategy

P2: There is a direct relationship between scenario (future studies) and business strategy

Positioning of Corporate Governance Based Vision (VGC) and Scenario Based Vision (VBC) on the superior part of the pentagon has the purpose of illustrating that these two perspectives are broader than the others.

The Business Strategy Pentagon is proposed for the company's specific environment, worth highlighting that the strategic management process requires that the company conducts a threat and opportunity analysis on its competitive environment, before making a strategic choice, and that this analysis starts with understanding the general environment (Barney & Hesterly, 2007).

## 6. CONCLUDE REMARKS

Business strategy literature has conversed with two major visions that seek to explain strategy measured by competitive advantage (performance); one from the inside out (Resource Based Vision – RBV), and another from the outside in (Industry Based Vision – VBI). In recent years Peng et al. (2009) incorporated an institutional approach (Institution Based Vision – IBV) to the VBI-RBV binomial, forming what they called the Strategy Tripod.

As a scientific disquiet, it was noticed that the literature on corporate governance and strategic scenarios had been evolving in parallel to strategy literature.

This way, electing stock exchange listed open capital companies as focus, and knowing that these corporations are demanded by Brazilian and foreign investors on their long term strategies, it was realized that an investigation regarding the absence of two more perspectives on the so called strategy tripod would fit: governance based vision and scenario based vision. Thus, this thesis was centered on the perspectives that support the strategy of a company directed and controlled by the corporate governance system, exploring the role of corporate governance (through the administration board) and scenarios (future studies) in orienting strategic choices. In this sense, two propositions were established, one being about the inclusion of the governance based vision, and another on the inclusion of the scenario based vision, forming, henceforth, the Strategy Pentagon, instead of the Strategy Tripod.

To do so, corporate governance, scenarios and strategy tripod literature was exhaustively investigated. In general, a significant amount of scholars reached the conclusion that corporate governance and future studies (scenarios) matter and that strategy research, especially in stock exchange listed open capital companies, cannot focus only on industry conditions, company resources and reflections of an institutional board's formal and informal restrictions.

Thus, we noticed the need and validated the addition of two new visions advocated in the tripod strategy, or Mike Peng's strategy tripod, as it is colloquially referred to in the scientific academy, resulting in a new framework, that is, the Business Strategy Pentagon.

In conclusion, an addition to the tripod is advocated, evolving with this research to a Business Strategy Pentagon, comprised by five visions: industry based vision, resource based vision, institution based vision, corporate governance based vision and scenario based vision. In this sense, it is believed that an advancement in literature was achieved, aiming for a new conformity, in an unpublished way, on the field of business strategy, with the inclusion of corporate governance based vision and scenario based vision, neither approached in the strategy tripod.

In terms of practical contribution, The Business Strategy Pentagon can help not only exchange listed open capital companies to increase their competitiveness, but also to shine new and significant light on more fundamental questions faced by companies, such as: (1) What drives the strategy of a company that adopts the corporate governance model?; and (2) What determines success and failure of these companies? Limitations are due to the investigation of the two new dimensions without, so far, concerns about specific determinant variables regarding each of them, even because the Strategy Tripod also didn't have this intent. The realization of a future central research seems recommendable. Another suggestion is detailing the proposed framework with each of the perspective's determinant variables and validating the pentagon with quantitative studies involving conducts (strategies) and competitive advantage (performance).

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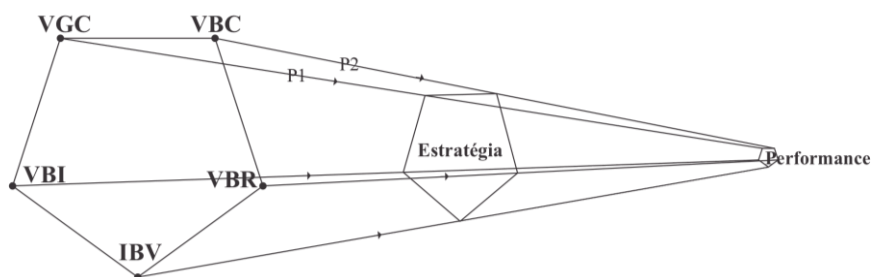
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| Criticism/Integration proposition  | Base for Perspective   | Author   |
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| <b>Industry Based Vision (VBI)</b>   |  |  |
| 1. Absence of resolution for the strategy's longitudinal problem.  | <b>Scenario</b> – since VBI is cross section, conjectural, which hurts the scenario study methodologies.   | Proença (1999).  |
| 2. The orientation of the model's force's direction – the presupposition that industry economic structure drives competition, which may serve as its long-term competitive advantage. Besides, the model was designed to analyze strategies from each business unit, since they do not take synergies and interdependences within the corporation's global portfolio into account. | <b>Scenario</b> – since the model underestimates competitive advantage in the long term.<br><b>Corporate Governance</b> – does not take synergies and interdependences within the corporation's global portfolio into account.                 | Fleischer and Bensoussan (2003).                             |
| 3. Excessive focus on industry, raising the need to complement it through mapping the company's establishment country environment and the impact of its dimensions (technology, demography, legal-political system, culture, international insertion) on the industry.   | <b>Scenario</b> – since it should encompass general environment's dimensions and variables, used in studies of the future.   | Collins and Ghemawat (1994)                                  |
| 4. Excessively macro analysis of the industry – it attributes less importance to what occurs within organizational frontiers. It is a lot more oriented to the environment and less to the company.  | <b>Scenario</b> – the model favors questions that are external to the companies, and it is known that the environment is influenced by forces from the inside out of the organization, and scenario studies capture these internal dimensions. | Foss (2006), Grundy (2006), and Peng (2008).                 |
| 5. It does not consider some playing factors in the process of strategy creation, such as: entrepreneurship, learning, organizational culture, internal coalitions' debates, employees, local community, shareholders and other stakeholders (employees, local community and shareholders).  | <b>Scenario and Corporate Governance</b> – since future studies and corporate governance incorporate several forces like entrepreneurship, learning, culture, internal coalitions and the other stakeholders.                                  | Minzberg, Ahlstrand and Lampel (2000), and Wheelen (2001).   |
| 6. Lack of explicit acknowledgement of social and political factor's importance.   | <b>Scenario</b> – the absence of social and political variables, as  | Bouzada and Barbosa, (2009), Fleisher and Bensoussan (2003), |

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|  | well as government dimension weakens VBI for scenario construction, since it includes multidimensions.  | Hunger and Wheelen (2001), Mintzberg, Ahlstrand and Lampel (1998), and Porter (1990).            |
| 7. Absence of complementers force.   | <b>Scenario</b> – due to the fact that scenario studies incorporate all competitive and cooperative variables.  | Barney and Hesterly (2007), and Brandenburger and Nalebuff (1996).                               |
| 8. Excessive focus on transversal analysis.  | <b>Scenario</b> – due to the model’s fragility in longitudinal analysis, scenario study’s DNA.  | Acktouf (2002), and Black and Boal (1994).   |
| 9. It is not dynamic.  | <b>Scenario</b> – since the VBI model is not dynamic, it neglects competitive intelligence inherent to scenario studies process’ updates.   | Recklies (2001) and The Manager (2012).  |
| 10. Focuses on the industry and not on the company.  | <b>Scenario</b> – since internal dimensions and variables may influence the environment and these internal variables are inherent to scenario studies.  | Bridoux (2004) and Saes (2008).  |
| <b>Resource Based Vision (RBV)</b>   |   |  |
| 11. Competitive advantage is not viable...only on the short term. Sustainable competitive advantage is unlikely to happen, due to the agency problem acknowledgement in conflicting situations that opens doors for opportunistic behavior from the agent. | <b>Scenario</b> – since RBV is cross section, conjectural and hurts scenario study methodologies.<br><b>Corporate Governance</b> – since it would not adopt opportunistic behaviors from the agent. | Blyler and Coff (2003), Mahoney (2001), Peng (2008), and Prahalad and Hamel (1990).              |
| 1. External environment negligence.  | <b>Scenario</b> – due to the fact that scenarios encompass internal and external variables.   | Porter (1991), and Saes (2008).  |
| 2. Presents possible relations between RBV and TCT.  | <b>Corporate Governance</b>   | Foss (2005), Locket and Thompson (2001), Mahoney (2001) and Nickerson (2003).                    |
| 3. Presents possible relations between RBV and Agency Theory.  | <b>Corporate Governance</b>   | Locket and Thompson (2001), Toms (2006), and Toms and Filatotchev (2004).                        |
| 4. Presents integration between RBV and Corporate Governance.  | <b>Corporate Governance</b>   | Barney, Whight and Ketchen Jr. (2008), Sirmon et al. (2011).                                     |
| 5. Similarities and distinctions between RBV and Transaction Cost Economy (ECT) or Transaction Cost Theory (TCT).  | <b>Corporate Governance</b>   | Conner (1991), Foss (2006, 2005), Lockett and Thompson (2001), Mahoney (2001), Wiliamson (1999). |
| 6. Presents integration between RBV, TCT and ECM.  | <b>Corporate Governance</b>   | Augusto, Souza and Cario (2012).   |
| 7. The link between RBV and corporate governance provides many promises for new researches.  | <b>Corporate Governance</b>   | Barney; Whight, Ketchen Júnior, 2001).   |
| 8. The studies published so far do not explicitly compare property context’s effects – corporate governance aspect – on the resource leverage potential.   | <b>Corporate Governance</b>   | Sirmon et al. (2011).  |
| 9. Suggested integration between RBV and competitive environment theories – Contingency Theory and Institutional Theory.   | <b>Corporate Governance</b>   | Sirmon, Hitt and Ireland (2007).   |
| 10. Suggested exploration of resource  | <b>Scenario</b> - since RBV is not a  | Collis and Montgomery (1995),  |

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| dynamic relations through RBV empirical studies, treating it as a dynamic theory, not static anymore.  | dynamic theory.                                      | and Medeiros Júnior, Añez and Vasconcelos (2009)  |
| 11. Proposed integration between RVB and Complex Systems Dynamics Theory.  | <b>Scenario</b> - since RBV is not a dynamic theory. | Medeiros Júnior, Añez and Vasconcelos (2009), and Vallandro e Trez (2013).  |
| <b>Institution Based Vision (IBV)</b>  |  |   |
| 1. Points out that the main perspective that drives corporate governance is not any of the strategy tripod's three perspectives, but Agency Theory.  | <b>Corporate Governance</b>                          | Peng (2008).  |
| 2. Recomends debates on the integration of IBV and corporate governance citing formal Laws and informal norms that rule the executives' remuneration as examples (Wall Street bonus in 2008-2009, for example)   | <b>Corporate Governance</b>                          | Peng et al. (2009)  |
| 3. Studies the relation between property and familiar control and performance, having IBV as a control variable.   | <b>Corporate Governance</b>                          | Jiang and Peng (2011)   |
| 4. Presents the relation between institutional environment and corporate governance through Institutional Theory.  | <b>Corporate Governance</b>                          | Aguilera and Jackson (2003), Davis (2005), Deege and Peres (2000), Estrin and Prevezer (2011), Groenewegen (2004), Jacoby (2007), Judge, Douglas and Kutan (2008) |
| 5. Corporate governance institutions are the ones that determine the playing field for the company's internal and external actors/stakeholders. These institutions are, primarily, path-dependent (historically determined) and, mainly, determined by the institutional context (legal and economic). | <b>Scenario and Corporate Governance</b>             | Postma; Hermes (2002)   |
| 6. Presents the relation between institutional environment and corporate governance through Neo-institutionalism.  | <b>Corporate Governance</b>                          | Buck and Shahrim (2005), Chizema (2006), and D' Aunno, Succi and Alexander (2000).  |
| 7. Presents the relation between institutional environment and corporate governance through IBV.   | <b>Corporate Governance</b>                          | Esse (2011).  |
| 8. Proposed integration between Agency Theory, RBV and IBV for a better understanding of the relationship between a family company's stock control and performance.  | <b>Corporate Governance</b>                          | Liu, Yang and Zhang (2012)  |

**Figure 1.** Synthesis of criticism to VBI and RBV, and integration propositions for RBV and IBV.  
**Note.** Source: elaborated by the authors based on the literature.



**Figure 2.** Business Strategy Pentagon  
**Note.** Source: Elaborated by the authors.