ABSTRACT

The evidences, the paradoxes, the questions that emerge from academic research into the mechanisms by which businesses generate profits are at the centre of an important theoretical debate. A large body of literature in strategic management emphasizes a particular perspective or theory (namely, the industry- resource- and institution-based views), leading to the accumulation of research findings that are difficult to compare and integrate. The current streams of thinking on the sustainability of competitive advantages have missed the aim of giving a decisive and/or exclusive relevance to paradigms through which one is accustomed to study, interpret, or suggest interventions for the enterprise as a whole or some of its parts. It is not enough to call once more for a diversity of competing views: the authors recommend that research be designed in ways that enable multiple theoretical lenses of reality to be treated. The validity of theories will remain quite limited until we significantly consider the types of conditions to which the variety of organizations in the world today has been exposed. The case of Wal-Mart illustrates how a top-performing firm competes for resources to legitimate intentions and achievements in a global context.

Keywords: Legitimacy, Market Governance, Performance, Strategy, Wal-Mart

INTRODUCTION

The ex post analysis of management literature, within the key strategic approaches (industry-based, resource-based and institutional-based), seems to indicate that there are clear theoretical alternatives, which were also thought to be possibly measured. The choice is between efficiency and market power, organizational competences and strategic flexibility, stakeholders’ expectations and survival and development (Hillman & Keim, 2001). Nowadays these alternatives must learn to coexist and, often, to enhance paradoxes and contradictions to look for some reflective speculations grounded in long-term observation and involvement in the study of organizations (Waddock & Graves, 1997).
The increasing complexity of management activity urges to verify the relationship between business theories and actions. The continuity between issues and empirical methods, on which models are built and management experiences are coded, encourages to foster the need to view business management in perspective, in order to take account of new predictable paradigms of management.

In this light, the work aims at exploring how, within one of the entrepreneurial contexts mostly characterized by managerial and scientific interest, precisely the internationalization of retailing, the identification of business opportunities is almost inextricably intertwined with the analysis of competitive advantage and its sustainability (Van de Ven, 2004; Peng, 2008; Henisz, 2004). The latter, in turn, refers to the dynamics of survival that, in the game of complexity, urges to verify the strategic ability to pursue above-average profits.

The processes of internationalization can be qualified as an alternative to the traditional implementation of strategic options for development (Christmann, Day, & Yip, 1999; Penrose, 1999). To prove this the work aims at identifying the modes of pressure through which a variety of “powers”, which can be differently designed and vary considerably over time, is reflected on the economic behavior and influences the levers of performance, the way they interact and the consequences resulting there from.

In particular, the presentation of a case study of a top-performing firm, Wal-Mart, seems to suggest that the reality of business hardly allows to focus on the ways in which it is able to combine a series of seemingly incompatible performance goals. In fact, it is important to consider that the behavior of global firms is to be defined not only by the rationalist paradigm of cost and the systemic model of environmental and market conditioning. It should also be described by the company’s attitude to equip itself with adequate resource positions to support the development conditions and the fulfillment of institutional interests. It is especially along this dimension that competitive action on international markets is being articulated, and it is moreover qualifying and changing over time to ensure the respect of “balance” between entrepreneurial culture and business economics.

**ADVANCES IN THE MANAGEMENT SCIENCE AND THE “KEYS” TO PERFORMANCE**

Starting from the early insights of the classical school, the studies of business strategy have undergone, since the early seventies, a remarkable evolution. Methodological implications can be also traced by reflecting on the phenomena that have been brought to light, from time to time, as factors on which the difference in competitiveness among firms and the related processes of economic value creation are dependent.

A first interpretation attempt is summarized by the concept of experience curve on which the dynamics of production costs depend (Henderson, 1983). Amongst the many phenomena that determine the evolution of the efficiency profile of enterprises, in addition to the economies of scale, it may be pointed out that the most efficient firms, in the stage of market maturity, are those that have developed during the industry’s growth phase a more intense or accelerated learning process. This led them to have the best production capabilities in the maturity phase, reflected in their cost positioning.

The limits of this approach are now evident, however, and have been widely emphasized by later literature. Amongst the many, an almost mechanistic conception of the development of businesses and industries, which would follow a homogeneous evolution, driven by volume growth (of basically homogeneous productions) may be underlined. With the saturation of first supply markets, the crises of the seventies and the evolution of management studies, new interpretations of the sources of competitive advantage open up. These find ample references in the literature on the structure and competitive dynamics of industries and are widely synthesized in Porter (1985) (industry-
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