

---

## The Aggressive Competitiveness Influence on the Retailer Company Performance

**Antônio Benedito Oliveira Junior**

Phd in Administration in progress from FEI-SP, Brazil  
abojuniorj@hotmail.com

### ABSTRACT

The aggressive competitiveness refers to the company tendency to challenge direct and intensively its competitors when entering into a market or to enhance its position outperforming its rivals. An approach about aggressive competitiveness shares the traditional view of "strength-weakness-opportunity-threat", another view consistent with the hyper-competitiveness model, and the third view follows the dynamic competitiveness line. However, researches have not yet focused either on the motivations or on the strategic guidelines before the attack or on the direct relationship between Aggressive Competitiveness (AC) and Retailer Company Performance (CP) through a qualitative and quantitative study. Within this context, the objective of this research was to analyze: i) the impact of the AC in the retail CP; and ii) the effect of company size factor (medium/large *versus* micro/small) in this relationship. It was carried out a mixed survey in two stages. In the first it was used a qualitative approach, through multiple case study with eight companies. Then, in the second phase it was held a survey with 64 companies. The results indicate a positive and significant impact of the AC on the CP, but this impact is not different between medium and large sized enterprises *versus* micro/small sized companies. This research contributes theoretical and empirically to the literature about AC of retail companies, generating subsidies for managers to adopt a more aggressive attitude in the competitive dynamics of the retail market. The practical cases studied here corroborate the influence of AC on the CP. Specifically it demonstrates the AC importance for the survival and growth of the company in increasingly dynamic, turbulent and competitive markets.

**KEY-WORDS:** Aggressive Competitiveness. Company Performance. Retail. Strategy.

## **A Influência da Competitividade Agressiva no Desempenho da Empresa Varejista**

### **RESUMO**

A competitividade agressiva refere-se à propensão da empresa para direta e intensivamente desafiar seus competidores ao entrar em um mercado ou melhorar sua posição superando seus rivais. Uma corrente sobre competitividade agressiva compartilha da visão tradicional de “força-fraqueza-oportunidade-ameaça”, outra é consistente com o modelo de hiper-competitividade, e a terceira segue a linha de competitividade dinâmica. Entretanto, as pesquisas ainda não focaram nas motivações ou orientações estratégicas antes do ataque e nem a relação direta entre Competitividade Agressiva (CA) e Desempenho da Empresa (DE) varejista por meio de um estudo qualitativo e quantitativo. Nesse contexto, o objetivo desta pesquisa foi analisar: i) o impacto da CA no DE varejista; e ii) o efeito do fator tamanho da empresa (média/grande versus micro/pequena) nessa relação. Realizou-se uma pesquisa mista em duas fases. Na primeira, utilizou-se uma abordagem qualitativa, por meio de estudo de casos múltiplos com oito empresas. Em seguida, na segunda fase, realizou-se um levantamento com 64 empresas. Os resultados indicam um impacto positivo e significativo da CA no DE, porém esse impacto não é diferente entre empresas médias/grandes e micro/pequenas empresas. Esta pesquisa contribui teórica e empiricamente à literatura sobre CA de empresas varejistas, gerando subsídios para os gestores adotarem uma postura mais agressiva na dinâmica competitiva do mercado varejista. Os casos práticos aqui estudados corroboram a influência da CA para o DE. Especificamente, demonstra a importância da CA para a sobrevivência e crescimento da empresa em mercados cada vez mais dinâmicos, turbulentos e competitivos.

**PALAVRAS-CHAVE:** Competitividade Agressiva. Desempenho da Empresa. Varejo. Estratégia.

## 1 INTRODUCTION

The word competitiveness conveys the idea of men vigorously competing with other men, each of them striving to provide superior performance, pushing the rival in his relentless pursuit to stay ahead of the other. Applying this symbolism for the case of a company in a competitive environment, some leading companies are able to sustain their strong positions with earnings above average competing aggressively, proactively and energetically starting and responding to the attacks from competitors (Ferrier, Fhionniaoich, Smith & Grimm, 2002).

The aggressive competitiveness (AC) refers to the company tendency to challenge direct and intensively its competitors when entering into a market or to enhance its position outperforming its rivals. It is characterized by the responsiveness which may take the form of direct confrontation (face to face). The aggressive competitiveness also reflects the wish to be rather unconventional, instead of perpetuating the traditional methods of competition (Lumpkin & Dess, 1996).

The importance of the aggressive competitiveness for the company's performance (CP) was highlighted by Dean, Thibodeaux, Beyerlein, Ebrahimi and Molina (1993) in a study on the entrepreneurial process of American companies in the global market, in which they showed that the aggressive competitiveness considerably explained more variance (37%) in corporate entrepreneurship than in any other strategic variable / structural analyzed. However, the literature review of Ferrier et al. (2002) showed that empirical studies have shown conflicting results.

If on the one hand, some studies suggest that successful companies compete more proactively and aggressively, on the other hand, other studies show that companies presenting decline are more motivated for an aggressive competition (Covin & Slevin, 1989 Ferrier et al., 2002). At the same time the study of Covin and Slevin (1991) indicates that aggressive companies when compared with conservative companies, presented higher averages in relation to foreign financing, services, warranties, advertising, innovative marketing, price, product quality, patent and innovative operations.

The focus of the competitive dynamics is in the market imbalance when a company works in an aggressive manner (Ferrier, 2001). Researchers in this field have investigated the impact of the initiator, the competitive attack, the competitive environment, the aggressive response, often testing relationships between these factors and the industry or company performance (Stambaugh, Yu & Dubinsky, 2011). However it has not yet focused on the strategic motivations or guidelines behind the attack or on the direct relationship between the aggressive competitiveness and the retailer entrepreneurial company performance through a hybrid study.

To get an idea about the importance of the retail sector for the Brazilian economy, over the period 2005-2014, the average retail growth was 7.10%, much higher than the average GDP growth in Brazil, which was 3.5 % in the same period, i.e., retail was twice as much the GDP growth. Also, in terms of people who work in the Brazilian economy, retailers ranked second; it was seconded only by the public administration, in 2013. Retail is the largest private formal employer in Brazil with 3,700 jobs created in ten years, representing 20% of all formal jobs in the private sector (Institute for Retail Development [IDV], 2015).

As companies in the retail sector are important for the Brazilian economy, since, according to the IDV (2015), there is still a room of 30% for this sector growth within the GDP, it increases the need to understand how the aggressive competitiveness (AC) is related to organizational phenomena specifically to the retailer company's performance (CP). Thus, the research questions that are intended to be investigated are: Is the aggressive competitiveness really an important factor that affects the company's performance in the retail sector? Is it correct to say that the higher the aggressive competitiveness, the greater the retailer performance? Are the retail large and medium sized companies more aggressive than the micro and small sized ones?

It is argued here that an aggressive posture from the retail sector companies positively impacts their performance. In order to demonstrate this proposition, the objective of this research was to analyze the relationship between aggressive competitiveness and company performance in the retail sector. In addition, the literature review highlights the

importance of considering the effect of company size (medium/large *versus* micro/small) in this relationship.

Through a qualitative study (study of multiple cases with eight companies) and quantitative (through survey with 64 companies), this research brings contributions to the strategic management of retail companies. First, it highlights the importance of exploring the AC dimension to improve the CP, a concept that is already a strategic tool for entrepreneurial companies (Lumpkin & Dess, 1996). Therefore the works on aggressive competitiveness are extended when incorporating its effect on the retail companies' performance. The second contribution is the analysis of the company size factor in the relationship between AC and CP. In this research, it is aimed to generate subsidies that assist companies to adopt a more aggressive attitude in their strategic decisions.

The article is structured into four sections, not counting this introduction. In the literature review, it is discussed the aggressive competitiveness, highlighting the different approaches and their relationship with the company's performance as well as the hypotheses to be tested in the empirical research. The third section describes the methods of the field research which was carried out. The last two sections of the article are related to the results and conclusions, including discussions, theoretical contributions, practical implications, limitations and suggestions for future studies.

## 2 THEORETICAL REFERENCE

### 2.1 AGGRESSIVE COMPETITIVENESS

The strategic managers often face the difficult task of deciding whether they should seek or to avoid competitive clashes. The consequences of adopting an inadequate aggressive competitiveness may be very expensive, since the choice of an aggressive stance will have direct impact on the company's strategy and, ulotimately, on its financial performance. Such competitiveness will depend, to a greater or lower

degree, on the environment in which the company operates (Covin & Covin, 1990).

The threat-rigidity theory suggests that there is a general trend whereby, the decision makers behave stiffly in threatening situations. Staw, Sandelands & Dutton (1981) advocate that situations of threats, such as deteriorating financial conditions and / or market share, lead decision makers to restrict the information process, to centralize the control and preserve the funds. Other authors have identified that decision makers will be driven for the short-term in situations of impending crises. In their turn, Smart and Vertinsky (1984) suggest that few sources of information are consulted in situations of crisis, which explains the reasons why, in these situations, there are few solutions available.

A trend that shares the traditional view of the strength-weakness-opportunity-threat performance model suggests that companies are able to get and improve their performance only when their strategies explore opportunities or neutralize threats (Barney, 1991). Another trend shares the idea that aggressiveness is consistent with the hyper-competitiveness model. In this case, the attack speed and of multiple and competitive strategic tactics will be beneficial to the company performance. Thus, aggressive companies try to overcome their rivals in the market acting quickly, proactively and with strength (Ferrier et al., 2002).

There is yet another current which follows the dynamic competitiveness line within the business strategy area focused on the strategy idea as competitive action (Ferrier et al., 2002). Consistent with the corporate entrepreneurial vision and hyper-competitiveness, the aggressiveness through the number of competitive actions and the speed with which they are implemented, in terms of starting an attack or to respond to the competitor, were found as being the strongest, the most consistent and the most robust construct in the dynamic competitiveness line (Ferrier et al., 2002).

Regarding the vision of the strategic behavior, the industry structure, the barriers to the entry, the sector growth, the industry concentration degree and the organization previous performance influence in the company's motivation to compete aggressively. In general, managers

attribute the success of a good prior performance to their actions, thus reinforcing a resistance to change. In other words, success gives way to complacency and a persistent dependence on organizational routines, inhibiting a competitive action and strategic change. Whereas a weak past performance usually motivates the reassessment of the current organizational routines, generating a strategy change and an action to compete aggressively. Following this line of thought, the senior management of the company also plays an important role in the way the company compete and, consequently, in its strategy and performance (Ferrier, 2001).

In addition, the literature of industrial organizations economics and corporate strategy widely recognizes that companies which are market leaders often present economies of scale and scope, entry barriers, learning curve, low marginal cost, robust source of funds, market position and reputation. In this sense, in order to maintain its leading market position, such companies may undertake an aggressive behavior, such as price reduction, product proliferation, advertising and increase in its production capacity and scale. Thus, leading companies would be more motivated to present a more aggressive behavior than the small companies (Ferrier et al., 2002).

At the same time, the social context, the decision-making process and the organizational culture influence the relationship between the aggressive competitiveness and the low performance, especially in the case of companies that present a high heterogeneous management, since this type of administration generally develops a conflicting decision making process characterized by intense debates, discussions and long meetings. This type of feature in the decision-making process will impact the company aggressiveness level. Moreover, previous researches suggest that the industry's characteristic in which the company operates influences in the managers' sensitivity and perception in relation to the competition intensity inside this sector, which in turn influences in the business strategy choice and consequently on the company aggressive competitiveness (Ferrier et al., 2002).

Thus, surviving and competing in a hostile environment is difficult for large and already established companies and for small businesses, the adverse impact of hostility probably represents an even greater threat (Covin & Slevin, 1989). As new companies are much more likely to fail than established companies, the researchers defend that an aggressive posture and intense competition are critical factors for the survival and the success of new players (Lumpkin & Dess, 1996). Thus, small businesses seek to minimize the associated risks when operating in hostile environments through a competitive stance that is not particularly risky. And as they have limited funds and consequently limited capacity to survive to bad management decisions, the costs associated to such decisions are considerably higher in hostile environments than in benign ones, since they expose the company to greater risks (Covin & Covin, 1990).

Furthermore, the competitors' responses to an aggressive posture are generally less predictable than their responses to a more passive posture. Thus, small business managers usually think that the best way to ensure the company's feasibility in hostile environments will be to adopt a more passive attitude. However, given the scarcity opportunities of products to the markets and the need to vigorously defend the position in the industry, in these environments, small businesses constantly reach their goals only through an aggressive attitude in an attempt to increase their market share, which possibly will undergo retaliations from the largest competitors (Covin & Covin, 1990).

## 2.2 HYPOTHESES DEVELOPMENT

Covin and Slevin (1989) have shown that small companies in hostile environments generally present better performance when they demonstrate high aggressive competitiveness. These results are corroborated by the research of Covin and Covin (1990); in it the authors indicate that the aggressive competitiveness is an effective strategic posture for small businesses with more than 30 employees. Among the newest, the most effective small companies are generally those whose level of aggressiveness is not positively associated with the level of technological sophistication of the environment. The intuition or traditional knowledge can often lead these



companies' managers to error regarding the issue of what the best business to follow is, in the presence and pressure from competitors in several industry segments.

In turn, the study of Ferrier (2001), which examined the process of competitive actions of 224 companies in 16 different types of industries over seven years of performance, supported the model of hyper-competitiveness suggesting that the company's performance is bound to sustain a high level of aggressive competitiveness. While Ferrier et al. (2002) in a study of 234 US companies from several sectors have shown that there is a direct relationship between poor performance and aggressive competitiveness, consistent with the overview of the theory of threat-rigidity. In general, the previous performance is an important forecaster of its competitive behavior, however, this relationship is quite complex and depends in part on the company structure and on the industry concentration level where it operates.

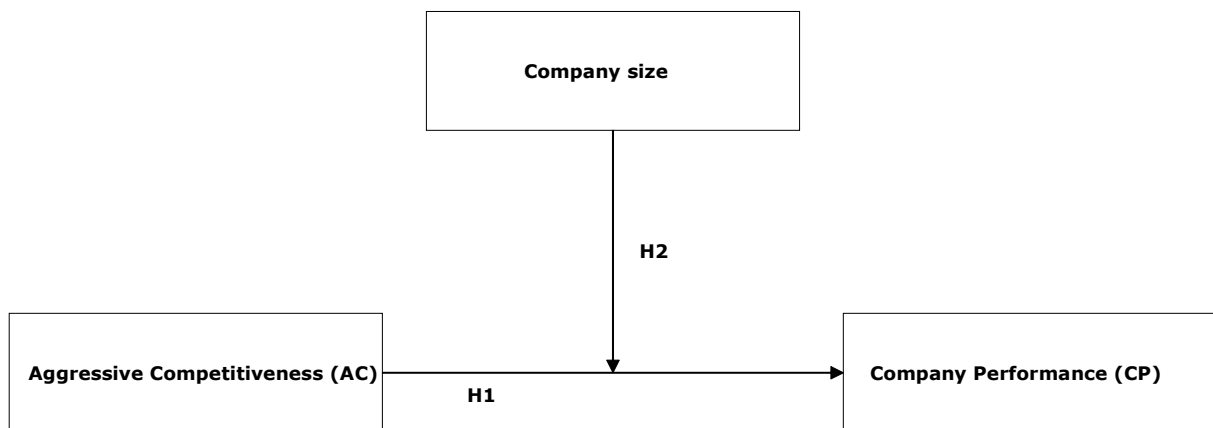
The results of the research of Stambaugh, Lumpkin, Brigham & Cogliser (2009) indicate that in the Texas and Oklahoma banks market in the United States, the aggressive competitiveness works directly and as moderator. They have found a positive and significant relationship between aggressive competitiveness and change in the market share for loans and deposits, but not for profitability. They have observed that banks with high emphasis level on cost/leadership had a stronger positive relationship between aggressive competitiveness and changes in the market share than the banks with low emphasis level on cost/leadership. In the metropolitan areas, however, there is a positive and significant relationship between aggressive competitiveness and profitability.

Lastly, the study of Andrevski, Richard, Shaw and Ferrier (2014) showed that the AC (aggressive competitiveness) is an explanatory mechanism of the relationship between a racially diversified management and the CP (company performance). Racially diversified companies presented better performance than others whose management is more homogeneous because they can release new competitive actions more often. Therefore, according to the literature notes, the following hypotheses are formulated.

H1: The higher the aggressive competitiveness (AC) the higher the company performance (CP) in the retail sector.

H2: The medium/large sized retail companies are more aggressive than the micro/small sized companies.

Figure 1 presents the model proposal of the aggressive competitiveness influence in the company's performance, as well as the hypotheses to be tested in the retail sector companies.



**Figure 1: Model of the influence of the aggressive competitiveness in the company's performance**

### 3 RESEARCH METHODOLOGY

Due to lack of adequate structures or typologies that offer *insights* on aggressive competitiveness in the retail market, a combination of qualitative methods was used (multiple cases study) and quantitative (survey) to form a more complete picture of a phenomenon. According to Shah and Corley (2006), the benefits of combining mixed approaches far outweigh the costs of time and effort and can contribute to a much broader understanding of the subject and thereby help formulate theories and strategies on aggressive attitude (Malhotra, 2012).

This research was developed in two phases. In the first phase it was used a qualitative approach in order to provide better insight and understanding of the problem context on the relationship between aggressive competitiveness (AC) and retailer company performance (CP).

Then in the second phase it was used a quantitative approach to conclude on the variable relationship in the tested hypothesis. The objective in this research was to seek to identify the importance of the aggressive competitiveness for the company's performance in the retail sector, through a hybrid study of a sample by judgment of non probabilistic data, without worrying about other factors such as environment, the company culture, the managers' characteristics, etc.

### 3.1 FIRST RESEARCH PHASE: QUALITATIVE

Among the qualitative study methods, it was chosen the case study that, according to Eisenhardt (1989), is a research strategy that focuses on the dynamics understanding in a given studied case and may also use an intrinsic model with multiple levels of analysis within a single study. The choice of more than one case for the development of this study characterizes it as being of multiple cases which, according to Yin (2010), is adopted when " the researcher goal is to expand and generalize theories (analytical generalization)", which is allowed through the observation of evidences in different contexts without necessarily consider the sampling logic.

Considering that little is known about the aggressive competitiveness influence in the retail sector companies' performance, it is valuable to observe this phenomenon of interest from a qualitative perspective and through an adequate number of cases in order to obtain general information. Due to the exploratory nature of the case study, it is difficult to determine the most appropriate theoretical basis for the cases selection before the data collection (Block, Meijboom, Luijkx, Schols & Schroeder, 2014). Thus, it was selected companies that apparently had similar results regarding to performance. The selected organizations were similar in the following respects: main operating area: retail; and more than five years of operation.

Regarding the type of the qualitative research procedure, it was used an uncovered direct approach. Thus, interviews were used in depth as from a semi-structured script, with the participation of a

journalist/psychoanalyst with extensive experience in interviews; the interviews were done one at a time allowing an extensive survey of each surveyed individual (Gibbs, 2009). According to Dutton, Asford, O'Neil and Lawrence (2001), as from a qualitative and systemic examination of the managers' descriptions, it is possible to get lessons on the important elements to a successful business process, providing insights into a more general process in the organizational strategy and filling a gap that was identified in the current literature.

The study analysis unit was comprised by the dimension aggressive competitiveness that arose spontaneously during interviews carried out with the retail companies' managers. Eight in depth interviews were conducted with leaders (four presidents [CEOs] /owners, three directors and one manager) of eight companies. This is a sample by judgment, a type of intentional sampling used in exploratory researches where the researcher chooses a sample to meet specific criteria. The aim was to have a sample of companies of various sizes (Dess, Lumpkin & Covin, 1997).

An ethical stance was adopted for the development of in-depth interviews by both, the interviewers and the interviewees. All interviews were recorded on digital process with the prior express knowledge and consent of the interviewees. It were formulated questions in an informative way, not accepting answers like "yes" or "no" and probing the interviewee (Gibbs, 2009; Bardin, 2011; Malhotra, 2012).

Then the interviews were transcribed to be analyzed. The interviews analysis was done in an analytical and interpretative way, through the use of content analysis, which, according to Bardin (2011), takes into account the meanings, seeking to know what lies behind the words and getting to know realities through the messages using a deduction mechanism.

### 3.2 SECOND RESEARCH PHASE: QUANTITATIVE

In the second phase of the research, quantitative, it was used, as a tool for data collection, a survey over the Internet for measuring the independent variable (aggressive competitiveness - AC) and the dependent variable (the company's performance - CP), sending the questionnaire *link*

by e-mail to the research target audience: owners / CEOs and / or directors from various sectors of the economy. The prioritization of these individuals was due to the fact that they are directly involved in the strategy and policy formulation of the company or business unit.

In compliance with the sampling criteria, the sample was heterogeneous as to factors such as size (through number of employees), age and company headquarters. The variation in the sample has the potential to increase the results generalization (Dess, Lumpkin & Covin, 1997). The questionnaires were answered by 68 managers from 64 companies. Four questionnaires were excluded from analysis due to the fact that there have been more than one respondent from the same company and, in this individual case it was used the response of the company's hierarchically more senior respondent. Thus, the resulting survey sample was comprised of 64 retail companies from many different sizes and years of operation.

### **3.2.1 Scales**

Multi-indexes were used to measure the independent variable, the aggressive competitiveness (AC), and the dependent variable, the company's performance (CP). The company size and the activity sector were controlled in this research due to the expectation that the AC and the CP may vary systematically with these variables (Dess, Lumpkin & Covin, 1997 Covin, Green & Slevin, 2006).

#### **3.2.1.1 Aggressive competitiveness**

This construct was measured using three items from a seven-point Likert scale adapted from Covin and Covin (1990). The higher the average, the more aggressive is the company.

1. In general, when dealing with competitors, my company/business unit starts the actions and thereafter the competitors respond: (1) very rare (it typically responds to the

actions started by the competitors); up to (7) very often (it usually starts the actions where the competitors respond).

2. In general, when dealing with competitors, my company / business unit is the first to introduce new products / services / technology / administrative techniques, etc.: (1) very rare; up to (7) very often.

3. In general, when dealing with competitors, my company / business unit typically adopts a competitive attitude to tackle the competitors: (1) very rare (tries to avoid confrontations with competitors, preferring a "live and let live" attitude); up to (7) very often (typically adopts a very competitive attitude to tackle the competitors).

### 3.2.1.2 Company performance

This dimension was operationalized by means of an adapted version to the current study of the scale proposed by Gupta and Govindarajan (1984). Considering the total of 100 as the final classification, determine the degree of importance of the items of Table 1 for your company / business unit. The sum of scores given to each of the performance indicators should be equal to 100.

**Table 1:** Degree of importance of performance indicators

Performance indicators	%
Sales growth	
Gross profit margin	
Net Operating income	
Return on investment	
Ability to finance the business growth as from the profit	
<b>Total</b>	<b>100</b>

Source: Adapted from Gupta and Govindarajan (1984)

It was then requested the respondents to indicate on a Likert seven-point scale ranging from (1) very dissatisfied up to (7) very satisfied, their satisfaction degree with the company's performance (Table 2).

**Table 2: Satisfaction degree of the performance indicators**

Sales growth	
Gross profit margin	
Net Operating income	
Return on investment	
Ability to finance the business growth as from the profit	

Source: Adapted from Gupta and Govindarajan (1984)

Each level of importance was multiplied (Table 1) by the respective satisfaction degree (Table 2) in order to obtain the weighted CP index for each company. The choice of a subjective measure was due to several reasons. First, small companies are very reluctant to provide financial data. Thus, more complete data of financial indicators could be obtained with subjective measures. Second, financial data of private companies are not publicly available, making it impossible to verify the accuracy of any CP indicator. Third, when assuming the accuracy of the reported data, such data, in case of small enterprises are difficult to be interpreted. Finally, performance data are affected by factors associated with the activity sector (Covin & Covin, 1990).

### 3.2.2 Company size

The measure of company size used in this study is the number of employees, as reported by the interviewees, following the classification of Sebrae<sup>1</sup> and Dieese<sup>2</sup> (2008):

- 1) large companies: industry / civil construction, above 499 people; commerce / services above 99 people;

<sup>1</sup> SEBRAE - Brazilian Support Service for Micro and Small Enterprises

<sup>2</sup> DIEESE - Inter-Union Department of Statistics and Socioeconomic Studies

- 2) medium-sized companies: industry / civil construction, from 100 to 499 people; commerce / services from 50 to 99 people;
- 3) small companies: industry / civil construction, from 20 to 99 people; commerce / services from 10 to 49 people;
- 4) micro company: industry / civil construction, up to 19 people; commerce / services up to 9 people.

### 3.2.3 Technical analysis of the data

Aiming at evaluating the relationship between the independent variable (AC) and the dependent variable (CP), it was used the Pearson correlation analysis ( $r$ ). In the data analysis phase, the linear regression was used, according to the conceptual model:  $CP = \beta_0 + \beta_1.CA$  and variance analysis. First, to test H1 it was used the linear regression model with the objective of evaluating the relationship of the dependent variable (CP) with the explanatory variable (AC). To test H2 it was used the comparison of means of a factor aiming to check whether there is the size factor effect, in other words, if the averages of the groups (micro / small and medium / large) are different.

## 4 PRESENTATION AND RESULTS ANALYSIS

### 4.1 PRESENTATION AND ANALYSIS OF THE RESEARCH FIRST PHASE - QUALITATIVE

The data evaluation was performed through the analysis of the informants' speech content. It was explored how managers used the aggressive competitiveness in the business world over the company's life cycle. The events described also bring interesting evidence regarding the relationship between aggressiveness and other organizational variables such as environment, structure, decision-making process and funds. Finally, it is worth noting that the performance during this period was essentially resulting from the aggressive competitiveness that the company was able to



develop and strengthen, rather than the opposite, there are no doubts about the causality direction. Their boldness, characterized by an aggressive stance, allowed the acquisition of the tangible and intangible resources reaching an above average performance across various environments, often hostile, leading them to the solidity position in their sector and increased their competitiveness. This is evidenced in several interviewees' reports.

The aggressive competitiveness, although present on a smaller scale since the beginning of various businesses, showed to be more recurrent throughout the life cycle with the company's growth, its greater financing capability, greater competition and greater risks associated with the business environment. The Case 1 illustrates the importance of aggressive competitiveness for the survival and the company's growth in increasingly dynamic, turbulent and competitive markets:

I realized that if I did not have economies of scale I would break down. Many neighborhood stores were going bankrupt due to the mismanagement of stocks, not to mention the emergence of large pharmacy chains and supermarkets that have entered the cosmetics industry (chairman of the company).

In case 2, it was observed that when using the benefits of having two complementary businesses, the company could better monitor the market, implementing the necessary changes to improve its performance against the competition:

[...] Through the agency we found out that there is a peculiarity in the law allowing that, when exploring a new tourist destination, for experimental time, it is possible to create a non-stop flight, even if the company does not have this route. As a result the company now has a regular flight to Bariloche [...] (company manager).

In case 3, the best way of aggressiveness is to offer superior quality products, to have an aggressive and segmented marketing:

[...] The most curious thing is that our biggest competitor showed up within Brazil and not abroad, as we had imagined. Seeing the success of our products around the world, the competitor Grendene launched the *Ipanema* brand which bet on Gisele Bündchen as the advertising girl to win the international market. We continue to be leaders in all the countries because it is the product that needs to be acknowledged and not a person. Our products have DNA and this

special feature no competitor in Brazil or abroad will be able to achieve so soon [...] (executive director of the company).

The case 4 supports partly the case 3, when using as a way of aggressive competitiveness a product with differential in relation to the competition. In addition, they seek to monitor the competition pretty closely:

[...] Our main competitors are the magazines Gula and Menu, which I accompany monthly to know what they are doing. Apart from that, we make a measurement in 100 important newsstands in São Paulo to know how many magazines were sold in each one and we are always the second one in sales among five titles. One of the reasons is because we cost R\$ 1.00 more. Our differential is the number of recipes we publish: an average of 40 per issue twice as much the competition. We are also the only publication that has international columnists [...] (co-owner of the company).

In case 5, large part of the success at the beginning of the business was the result of an aggressive stance before the competitors by offering quality products and low prices when entering a new market, gaining position of the direct competitors:

[...] On the first day the store was crowded. We had to close the store every two hours to be able to clean it up, such was the dirt caused by the great movement of customers. The success of the first store was due mainly to the low price. The cheapest product was the orange juice, R\$ 1.50. The most expensive, the sandwich cost R\$ 5.50. My main competitors there, were the street vendors and the vans. My differential, believe it or not, was the filtered water [...] (co-owner of the company).

Strategic managers often face the difficult task of deciding whether to seek or to avoid competitive clashes. The consequences of adopting an inadequate aggressive competitiveness can be very expensive, since the choice for an aggressive stance will have direct impact on the company's strategy and, ultimately, on its financial performance. Such competitiveness will depend to a greater or lesser degree on the environment in which the company operates. If the analysis is made through the threat-rigidity

theory, it is suggested that there is a general trend in which the decision makers behave rigidly in threatening situations. If the analysis is made through the strategic vision behavior, the industry structure, the barriers to entry, the sector growth, the industry concentration degree and the company past performance influence in the organization's motivation to compete aggressively, facts perceived by the cases of this research, corroborating the study Covin and Slevin (1989), Covin and Covin (1990), Lumpkin and Dess (1996), Ferrier (2001), Ferrier et al. (2002), Stambaugh et al. (2009) and Andrevski et al. (2014).

There is a strong debate on the impact of aggressive competitiveness in the organizations' performance. Some authors draw the attention to the importance of knowing that performance is a result of the cause, a fact corroborated by this research. The first phase of the research, qualitative, revealed the influence of aggressive competitiveness, suggested by Covin and Slevin (1989), and Covin and Covin (1990), Lumpkin and Dess (1996), Ferrier (2001), Ferrier et al. (2002), Stambaugh et al. (2009) and Andrevski et al. (2014) in the emergence and growth of five out of the eight analyzed organizations. Moreover, the social context, the decision-making process and the organizational culture influence the company's aggressive competitiveness.

Thus, starting from a study based on theoretical reference and exploratory study (case studies) with eight retail organizations, among which five presented aggressive stance characteristics, it is proposed that the aggressive competitiveness is directly related to the performance of the company to be investigated in the quantitative phase. It is clear that the dimension aggressive competitiveness will not be always present in all companies. This will depend on several other factors such as environment, company size, etc.

#### 4.2 PRESENTATION AND ANALYSIS OF THE RESEARCH SECOND PHASE - QUANTITATIVE

Altogether, 64 companies participated in the research. Around half the sample (51.5%) was comprised of large and medium sized companies,

and the remainder (48.5%) was comprised of micro and small sized companies. Most respondents (48.4%) were at the highest position in the company (owner and/or the chairman), followed by vice-presidents and directors (38.7%), the remainders (12.5%) were managers.

The sample of 64 respondents proved to be sufficient to the use of the regression model. Hair, Anderson, Tatham and Black (2009) suggest that the desired level is between 15 and 20 records for each independent variable. Considering the 64 questionnaires and one independent variable, the proportion is 64, which is satisfactory for the application of linear regression.

The Cronbach's alpha coefficient was 0.70, exceeding the 0.60 value suggested by Van de Vem and Flerry (1980 *apud* Zahra & Covin, 1993). Therefore, the scales are sufficiently reliable for the analytical purposes of the study.

To test the hypothesis H1 of the study, it was used the linear regression using the SPSS *software*. Initially, it was checked the model basic assumptions (linearity, normality and homoscedasticity and independence) that have been fulfilled. Also, it was not found either *outliers* or influential values and both variables AC and CP do not have high dispersion.

The 64 companies participating in the research presented high averages for both AC (AVG = 5.14, STD = 1.30) and for CP (AVG = 4.97, STD = 1.49) and good and significant correlation (0, 50;  $p < 0.0001$ ).

The linear regression results indicate good adjustment ( $F = 20.104$ ;  $p < 0.0001$ ), i.e. there is linear relation between AC and CP. The test F of the coefficients was met ( $p < 0.0001$ ). Therefore, the H1 hypothesis was supported. The model that explains this relationship is  $CP = 2.06 + 0.565.AC$ , explaining 24.5% of it, and positively impact the company's performance. The model explanatory power makes it very representative and reliable for the strategy area, given that according to Cohen (1988), one  $R^2 > 26\%$  indicates a great effect and an excellent explanatory power.

The study results are in line with the findings in the study of the entrepreneurial process of US companies in the global market for the AC when explaining, more than any other dimension, 37% of the variance in

the corporate entrepreneurship process (Dean et al. 1993). Apart from corroborating the researches of Covin and Slevin (1989) and Covin and Covin (1990) for the AC of small sized companies; the studies of Ferrier (2001) and Ferrier et al. (2002) for the AC of large companies for various kinds of industries and different sectors; the work of Stambaugh et al. (2009) for the banking sector; as well as the research of Andrevski et al. (2014) when considering the AC a mediator of the relationship between a racially diversified management and the CP.

It is therefore important to worry about competitors, challenging them to get opportunities or to improve their position; directly confront their adversaries; reduce the price in response to a competitive challenge and temporarily sacrifice the profit; spend aggressively in marketing, quality of products / services; adopt unconventional tactics to compete, analyze the competitors weaknesses and focus on the high added value of products / services while monitoring the expenses.

Regarding the effect size between the aggressive competitiveness and the company's performance, it was observed that it does not influence the aggressive stance of retail companies and it does not exist the effect of the size factor in the aggressiveness of retailing companies ( $p = 0.522$ ). However it is observed a trend of the medium / large companies (Mean = 5.08) to operate more aggressively than the micro / small companies (Mean = 4.84). Therefore, the hypothesis H2 was not supported. This result is somewhat surprising because it diverges from those of previous researches like those of Lumpkin and Dess (1996), Ferrier et al. (2002) and Stambaugh et al. (2009), suggesting that company size is an important factor influencing the relationship between AC and CP.

## 5 CONCLUSIONS AND IMPLICATIONS

Very often the company senior management faces the difficult task of deciding on adopting certain aggressive stance or not, as a strategic management mode. This research aimed to explore and confirm whether the aggressive competitiveness impacts the retail companies' performance, as well as if there is effect of company size factor in this relationship.

In this article, it was advocated that researches on aggressive competitiveness may present promising results when using hybrid studies as proposed by Harrigan (1983). The main assumption of companies with entrepreneurial attitude and aggressive stance is that they are more effective in recognizing opportunities, overcoming adversity and, in times of uncertainty, they tend to perform better throughout their existence.

In the analysis of the multiple case studies it was showed that the awareness of the business environment, the motivations to achieve a superior performance and the capacity for reflected action starting from an aggressive competitiveness perspective and from a practical vision suggest that the companies procedures and routines are translated into aggressive behavior in the market. Moreover, this propensity to know and implement aggressive behavior actions has a direct positive relationship with the company's performance. The results also suggest that companies with a growing emphasis on leadership are more likely to get performance gains starting from an aggressive stance.

The initial reaction of a company in a business environment can be adopting the same attitude that it has been using over the years. However, evidence gathered through survey of 64 retailing companies of various sizes, regression analysis and ANOVA – (Analysis Of Variance) allow the conclusion that several companies boast competencies associated with the entrepreneurship, and that the aggressive competitiveness is related to the company's performance, confirming results from previous works (Covin Slevin, 1989; Covin and Covin, 1990; Dess & Lumpkin, 1996; Ferrier, 2001; Ferrier et al, 2002;. Andrevski et al, 2014.); the company size does not influence in this aggressive stance, rejecting results of previous studies (Lumpkin & Dess 1996, Ferrier et al, 2002; Stambaugh et al., 2009).

## 5.1 CONTRIBUTIONS FOR THE THEORY

As for the theoretical implications, it is believed that the present work has contributed in the added value to the theory and to the retailing companies that, when adopting an aggressive attitude and this attitude is related to the performance, these companies suffer influence of the sector

characteristics, but not of the company size result achieved when using combined qualitative and quantitative studies.

Although the literature on AC and CP is relatively small and some contradictory results, there are opportunities for value creation when AC and CP are linked together within a company in the retail sector. The integration of AC to the CP suggests a dashing approach, regardless of the company size, as well as the concept of strategic entrepreneurship makes it clear that the scholar interested in explaining the relationship between AC and CP will capture opportunities and competitive advantages within a particular research project.

It has been shown that the aggressive competitiveness strongly influences the retail company performance. These results empirically support the works of Covin and Slevin (1989), and Covin and Covin (1990), Lumpkin and Dess (1996), Ferrier (2001), Ferrier et al. (2002) and Andrevski et al. (2014) and that the retail sector companies can gain competitive advantage because they are: (1) the first to initiate competitive actions when dealing with competitors; (2) the first to introduce new products / services / technology / management techniques; and (3) adopt a competitive stance to face the competitors. Thus, this study offers empirical support for assumptions not previously tested that the AC affects the retailer CP in order to compete more effectively.

However, the supplementary analyzes of this study refute the empirical results of earlier works of Lumpkin and Dess (1996), Ferrier et al. (2002) and Stambaugh et al. (2009) that company size is an important factor influencing the AC and hence the CP since there was no significant difference between the AC of midsize / large and micro / small companies in the retail sector. Thus, this work offers empirical support for assumptions not previously tested in the retail sector.

## 5.2 PRACTICAL IMPLICATIONS

For managers, it is encouraged that in order their companies to be sustainable and achieve success, they must adopt the ideas presented here, as they may be a better or easier way to achieve their goals. A company

can benefit from a more aggressive stance, seeking to challenge its competitors, since this attitude is beneficial to get a better performance. This implies that their companies need to have AC in an attempt to overcome their competitors and achieve financial success. In order to promote a more aggressive stance, two things are suggested. First, to have management focus on identifying, implementing and appropriating of strategic processes that generate aggressive competitiveness, first useful step in the pursuit of its effectiveness and a better performance. Second, senior management must cultivate good relationships with members of its team and subordinates to encourage them to generate ideas that create a more aggressive approach to identify opportunities.

In addition, the practical cases studied here corroborate the AC influence on the CP. Specifically, they demonstrate the importance of AC for the company's survival and growth in increasingly dynamic, turbulent and competitive markets. To offer products with superior quality, products with differential over the competition, products presenting superior quality and low prices when entering a new market gaining position of direct competitors, to have an aggressive and segmented marketing and be always monitoring the competition are some of the ways to increase the AC.

### 5.3 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCHES

Some provisos in the study should be pondered. First, it was used a sample of 64 companies of non-probabilistic data. However, considering the difficulties to obtain data on entrepreneurship, the scarcity of empirical documentation on the relationship between AC and CP, as observed Zahra and Covin (1993), and that in Brazil, very little is known about this relationship, the sample has statistical validity to the study purposes, as suggested by Hair et al. (2009).

Second, due to the absence of objective data, this study was based on subjective measures of the main variables. Although it has been taken actions to avoid biased answers, it is possible that the answers given by managers contain a desire to present an aggressive stance and thus somehow it masks the analysis object of the research.



Finally, the confidence in the data provided by a company single respondent is generally considered acceptable in strategic management studies. In retrospect, however, the use of multiple respondents per company might have been preferable for greater data reliability.

As for the researches suggestions, future works could examine under what environment conditions, external to the companies (the sector competition intensity, economic conditions, environmental uncertainty degree) and the companies' internal conditions (size, market share, innovation degree) are correlated and influence their results. Thereby, the studies could empirically test the theoretical propositions validity applied to the Brazilian context.

In addition, it is suggested to check the senior entrepreneurial management effect as an AC antecedent of the company and hence its impact on the CP, since the research result of Blackford (2014) indicates that an aggressive senior management did not significantly affect the company's AC, but the study of Andrevski et al. (2014) showed that companies with a more racially diversified management competed more aggressively and the AC was an important mediator of the relationship between management racial diversity and the CP.

## REFERENCES

- Andrevski, G., Richard, O. C., Shaw, J. D., & Ferrier, W. J. (2014). Racial diversity and firm performance: the mediating role of competitive intensity. *Journal of Management*, 40(3), 820-844.
- Blackford, B. (2014). CEO statements of aggressiveness and the competitive aggressiveness of firms: is there a relationship? *Institute of Behavioral and Applied Management*, 15(3), 140-167.
- Bardin, L. (2011). *Análise de conteúdo*. Lisboa: Edições 70.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Block, C., Meijboom, B., Luijkx, K., Schols, J., & Schroeder, R. (2014). Interfaces in service modularity: a typology developed in modular health care provision. *Journal of Operations Management*, 32(4), 175-189.

- Cohen, J. A. (1988). *Statistical power analysis for the behavioral sciences*. New Jersey: Lawrence Erlbaum Associates.
- Covin, J. G., & Covin, T. J. (1990). Competitive aggressiveness, environmental context, and small firm performance. *Entrepreneurship Theory and Practice, 14*(4), 35-50.
- Covin, J. G., Green, K. M., & Slevin, D. P. (2006). Strategic process effects on the entrepreneurial orientation-sales growth rate relationship. *Entrepreneurship Theory and Practice, 30*(1), 57-81.
- Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and begin environments. *Strategic Management Journal, 10*(1), 75-87.
- Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice, 16*(1), 7-25.
- Dean, C. C., Thibodeaux, M. S., Beyerlein, M., Ebrahimi, B., & Molina, D. (1993). Corporate entrepreneurship and competitive aggressiveness: a comparison of U.S. firms operating in Eastern Europe or the Commonwealth of Independent States with U.S. firms in other high-risk environments. In S. B. Prasad (Ed.), *Advances in international and competitive management* (pp. 31-54). Greenwich, CT: JAI Press.
- Dess, G. G., Lumpkin, G. T., & Covin, J. G. (1997). Entrepreneurial strategy making and firm performance: tests of contingency and configurational models. *Strategic Management Journal, 18*(9), 677-695.
- Dutton, J. E., Asford, S. J., O'Neil, R. M., & Lawrence, K. A. (2001). Moves that what matter: issue selling and organization change. *Academy of Management Journal, 44*(4), 716-736.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review, 14*(4), 532-550.
- Ferrier, W. J. (2001). Navigating the competitive landscape: the drivers and consequences of competitive aggressiveness. *Academy of Management Journal, 44*(4), 858-877.
- Ferrier, W. J., Fhionnlaioich, C. M., Smith, K. G., & Grimm, C. M. (2002). The impact of performance distress on aggressive competitive behavior: a reconciliation of conflicting views. *Managerial and Decision Economics, 23*(4-5), 301-316.
- Gibbs, G. W. (2009). *Análise de dados qualitativos*. Porto Alegre: Artmed.

- Gupta, A. K., & Govindarajan, V. (1984). Business unit strategy, managerial characteristics, and business unit effectiveness at strategy implementation. *Academy of Management Journal*, 27(1), 25-41.
- Hair, J., Anderson, R., Tatham, R., & Black, W. (2009). *Análise multivariada de dados* (6a ed.). Porto Alegre: Bookman.
- Harrigan, K. R. (1983). Methodologies for contingency approaches to business strategy. *The Academy of Management Review*, 8(3), 398-405.
- Instituto de Desenvolvimento do Varejo. (2015). *Década do varejo: o início de um ciclo de desenvolvimento*. Recuperado em 13 de junho, 2015, de [http://www.forumdovarejo.com.br/palestras/IDV\\_F%C3%B3rum%20Varejo\\_FLAVIO%20ROCHA.pdf](http://www.forumdovarejo.com.br/palestras/IDV_F%C3%B3rum%20Varejo_FLAVIO%20ROCHA.pdf)
- Lumpkin, G. T., & Dess, G. G. (1996). Linking two dimensions of entrepreneurial orientation to firm performance. *Academy of Management Review*, 21(1), 135-172.
- Malhotra, N. K. (2012). *Pesquisa de marketing: uma orientação aplicada* (6a ed.). Porto Alegre: Bookman.
- Serviço Brasileiro de Apoio às Micro e Pequenas Empresas – Sebrae, & Departamento Intersindical de Estatística e Estudos Socioeconômicos - Dieese. (2008). *Anuário do trabalho na micro e pequena empresa 2008*. Brasília, DF: DIEESE.
- Shah, S. K., & Corley, K. G. (2006). Building better theory by bridging the quantitative-qualitative divide. *Journal of Management Studies*, 43(8), 1821-1835.
- Smart, C., & Vertinsky, I. (1984). Strategy and the environment: a study of corporate responses to crises. *Strategic Management Journal*, 5(3), 199-213.
- Stambaugh, J. E., Lumpkin, G. T., Brigham, K., & Cogliser, C. (2009). What makes some firms more competitive than others? Evidence from the banking industry. *Academy of Management Annual Meeting Proceedings*, 1-6.
- Stambaugh, J. E., Yu, A., & Dubinsky, A. J. (2011). Before the attack: a typology of strategies for competitive aggressiveness. *Journal of Management Policy and Practice*, 12(1), 49-63.

Staw B. M., Sandelands L. E., & Dutton, J. E. (1981). Threat-rigidity effects in organizational behavior: a multilevel analysis. *Administrative Science Quarterly*, 26(4), 501-524.

Yin, R. K. (2010). *Estudo de caso: planejamento e métodos* (4a ed.). Porto Alegre: Bookman.

Zahra, S. A., & Covin, J. G. (1993). Business strategy, technology policy and firm performance. *Strategic Management Journal*, 14(6), 451-478.