



Strategic organizational adaptation under multiple theoretical lenses: study of Weg Between 1961-2013

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Abstract

Studies on strategic organizational adaptation are related to the development and application of descriptive and explanatory theories of strategic options and the degree of potential organizational mobilization in response to internal and external elements potentially influential of strategic decision making. The main objective of this research was to analyze the individual and joint explanatory power of organizational strategic adaptation theories, based on changes in the strategic content of a large Brazilian organization over 40 years of history. Methodologically, it is a qualitative, descriptive and analytical study. Secondary data were collected in books about the corporate history and information available in official media about the organization. The results demonstrated complementarities between the theories used to explain the organizational strategic adaptation phenomenon. Among the key findings, it appears that the understanding of the organizational strategic adaptation process in longitudinal perspective is a phenomenon that requires multiple theoretical lenses. Moreover, it results from the interaction between internal and external elements of the organization.

Keywords: Strategy. Organization. Adaptation. Environment. Theories.

Introduction

Strategic management mainly focus is the study of organizational success and failure in light of different environmental contexts. According to one of strategic management central assumptions, organizations may adopt different strategic responses, considering internal and external aspects such as (i) dynamics of the external environment, (ii) level of accessibility of critical resources or (iii) level of organi-

zational capabilities. Also, organizational strategies may vary from actions and reactions aimed at survival, growth strategies, development or discontinuity. However, despite content and form of organizational strategies, this central assumption remains: strategy is a type of organizational response to internal and external variables, potentially intervenient on strategic decision making.

From the theoretical point of view, the subject of this research is related to the context briefly outlined above and is included in the sub area of strategic adaptation studies, focused on the relationship organization-strategy-environment. Usually, theoretical descriptions within this field are located within the continuum determinism versus voluntarism. Recently, there is growing recognition of the relevance of extensive explanations which take into account assumptions of both forms of analysis. Besides, several Brazilian authors have call attention to the need for strategy studies to explain national idiosyncrasies and their impact on competitive strategy. (Bignetti & Paiva, 2002; Bandeira-de-Mello & Almeida Cunha, 2004; Rosseto & Rosseto, 2005; Rodrigues Neto & Freitas, 2012).

Another motivating theme for our effort relates to the historical perspective in management studies. According to Mello da Costa Barros and Martins (2010), the historiographical-oriented research has aroused the interest of several scholars in Brazil and abroad. These researchers advocate, for example, investigations focused on management practices and organizational strategies in diverse national contexts, especially outside the United States. Thus, according to this point of view, opportunities arise for testing and reformulating of theories created in some contexts, in addition to developing new ideas. Also, Wolf (1997) highlights the difficulty of conducting business history studies in Brazil, mainly due to the little care of companies with the conservation of its memory. Even when historical documents are available, we found few scientific studies aimed to examine corporate memory files with theoretical and analytical focus. And, as pointed out by Booth and Rowlinson (2006), we must distinguish corporate story - told by the organization in the form of individual narratives - and Business History, which seeks to understand the business phenomenon from a historical and institutional point of view and institutional. Furthermore, according to this authors, it is necessary to explore the potential of interaction between historical narratives and theoretical explanations.

In summary, this study is justified by the importance of (i) the jointly use of multiple theories in longitudinal studies as a way to increase the explanatory power of strategic adaptation phenomenon and in order to minimize individual limitations of each of the theories; (ii) a better understanding of the strategic implications of different environmental contexts (e.g., national) in various sectors of activity; and (iii) exploring corporate memory files of Brazilian companies with theoretical and analytical focus. Methodologically, we conducted a prospective longitudinal study of a large Brazilian company in the capital goods sector, focusing on the identification and analysis of the significant changes in its strategic content in the light of theories applicable to the understanding of strategic organizational adjustment. We sought to examine (a) the explanatory power of a set of theories regarding changes in strategic organizational content and (b) the complementarity between these theories concerning the same change in strategic organizational content.

Explanatory Theories of Strategic Organizational Adaptation

'Strategic organizational adaptation' can be identified as a construct within strategic management and organization studies under two names: organizational adaptation and strategic adjustment. (Chakravarthy, 1982; Carley & Lee, 1998; Schindehutte & Morris, 2001; Alba, Lago, Ferràs, & Ribera, 2011; Joseph & Ocasio, 2012; Levinthal & Marino, 2015). Both refer to the central phenomenon of study within strategic management: the relationship organization-strategy-environment. More specifically, strategic adaptation studies are related to the investigation of environmental and organizational factors potentially intervenient in the degree of strategic choice and the types of strategy available to organizations. Deterministic theories assume that organizational strategies are entirely or partially determined by the external environment, while voluntaristic theories emphasize various ways in which organizations can act in response to environmental demands. In the following paragraphs, we describe central assumptions of some explanatory theories of strategic adaptation used in strategic management and organization studies: Contingency Theory, Resource Dependency Theory, Population Ecology, Neo Institucional Theory, Theory of Stakeholder Theory and Transaction Cost Theory.

Contingency Theory (Donaldson, 1995) marks the beginning of strategy studies in that utilizes general systems theory to the study of organizations. Contingency Theory focuses on understanding the adjustment (fit) of organizational variables to the external environment, considering different types of organizations and environmental conditions. The development of Contingency Theory enabled, for example, the recognition of the perception of strategists as a mediating element of the relationship between the degree of environmental stability and organizational structure.

Other theories inspired by general systems theory complement studies aimed at understanding the relationship organization-strategy-environment. Resource Dependence Theory (Pfeffer & Salancik, 1978), for example, focuses on power and dependence relationships within inter-organizational contexts. According to RDT assumptions, organizations should minimize their dependence on environmental resources, particularly those which are simultaneously scarce and critical to organizational functioning. Strategies such as partnerships, vertical integration, alliances with competitors and multiple supply relationships are examples of actions which favor organizational survival in adverse environmental conditions regarding resources.

Population Ecology of Organizations (Hannan & Freeman, 1977) assumes an admittedly deterministic positioning by focusing on patterns of success and failure of organizations competing for the same set of resources. This theory assumptions are based on the concepts of variation, selection, and retention, from Evolutionary Theory. According to Population Ecology, for example, adaptation is a function of environmental selection. Organizations which survive, therefore, are only those best adapted to the environmental requirements under certain environmental conditions and in certain niches.

Neoinstitucional Theory (DiMaggio & Powell, 1983) assumes that organizational environment dimensions are of institutional and technical nature. Institutional and technical environments are sources of economic and symbolic resources re-

quired to achieve organizational legitimacy, which are sources of coercive, normative and mimetic pressures. Organizations react to environmental pressures by adopting structures, procedures, practices, and other elements, which lead to an isomorphism on the behavior of competing organizations. Also, the environment, in the context of the Neoinstitucional Theory, is a social construction. Therefore, strategic environment is the result of interpretation of strategists about their local, regional, national or international institutional contexts of reference.

Stakeholder Theory (Freemann & Reed, 1983; Donaldson & Preston, 1995; Friedman & Miles, 2002) assumes the relationship between organization and environment as a context characterized by diverse interests, needs, and demands made by different groups related to the organization. In addition to expanding the focus of business results beyond the economic dimension, this theory seeks to classify stakeholders in terms of their relevance to strategic decision making.

Transaction Costs Theory (Coase, 1937) focuses on organizational decisions concerning internal or external execution of activities based on evaluation criteria such as cost, quality, need for control, among others. According to TCT assumptions, internalization of activities is justified if the total costs of internal execution are lower when compared to the costs of external implementation.

The theories mentioned above assume different assumptions about dimensions concerning the relationship between organization-strategy-environment. It can be inferred, therefore, their usefulness to the understanding of complementary environmental, organizational and individual elements potentially intervenient on the strategic adaptation phenomenon. For example, while Population Ecology Theory takes a deterministic positioning relating to the possibility of survival and organizational success, Neoinstitucional Theory points to the possibility of strategic choice as a way to adapt the organization to the perceived environment. Obviously, any attempt to classify these theories within the voluntarism-determinism continuum could be criticized (Hrebiniak & Joice, 1985). However, these theories serve the purposes of this work to the extent that it seeks to clarify the explanatory conjunct potential of theories when applied to the study of strategic organizational adjustment in longitudinal perspective.

Strategic Content

Strategic Management studies focus on four key questions about business activities: what, who, how and why (Pettigrew & Whittington, 2006). The first two relate to strategic content, while others refer to the strategic process. Strategic content is related, therefore, to the scope of the organization regarding markets where the company competes and its mode of competition in individual markets. In general, strategies content are classified as corporate (strategic level), competitive (business unit or tactical level) or functional (operational level) (Johnson & Scholes, 2007; Whittington, 2007; Hitt, Ireland, & Hoskisson, 2008).

Corporate strategies originate organization scope, constituting decisions taken by senior management. Corporate strategies include answers to some key questions such as: What will be our market(s)? What products or services will we offer? What kind of organizational structure more appropriately enables our purposes? How will

we relate with our stakeholders? What kind of results do we want to achieve? Examples of corporate strategies include diversification, internationalization, mergers and acquisitions, among others.

Competitive strategies are focused on a specific business and are aimed to determine the best competitive position in the market sector. Business level strategies include answers to questions such as: How will we compete in this market? What will be our competitive positioning? How will we achieve the desired competitive advantage? Examples of competitive strategies include combinations of cost leadership, differentiation, and focus.

Finally, functional strategies are deployed from corporate or competitive strategies. They are constituted by operational activities conducted at functional areas needed to achieve higher level strategic objectives. Functional strategies cover answers to questions such as: How functional sectors will be aligned with corporate and competitive strategies? What kind of unique skills is needed to develop our capabilities? How will we face competitors capabilities? Examples of functional strategies include, for example, marketing, operations, finances, among others.

Methodology

The qualitative study is constituted by a case study of WEG S.A. This Brazilian company operates for over five decades in capital goods sector. It is also a large company born in Brazil, which has become a major world player in the production of electric machinery and automation for industry and energy systems. It currently has about 30 overseas units, including factories and sales offices, as well as sales representatives, distributors and networks of technical assistants scattered across the globe. According to information available from WEG's corporate website (2014), the company generates about 29,000 jobs and reached a turnover of R\$ 6.8 billion in 2013.

By taking a longitudinal retrospective time perspective, the period from 1961 to 2013 of WEG's history was investigated as a way to identify and analyze changes in strategic content according to organizational strategic adaptation theories. Textual data were collected through documental analysis and analyzed through content analysis (Bardin, 2011). Documental data were collected from official sources of the company. Specifically, data were collected from WEG's website and business history books published about WEG in 1986 (25 Years of History WEG), 1997 (36 Years of History WEG) and 2011 (50 Years of History WEG). These books were originally produced from business documents and interviews with company founders. When additional information was needed, we collected testimonies from former employees of the company. The documental analysis was performed to identify strategies adopted by the company during the period of study. The following steps were followed during content analysis:

- a) development of a timeline made of events which were identified during the analysis of documents, including year and description of each event;
- b) classification of each WEG's strategic content change (or strategic event) according to its corporate, competitive and operational choices;

c) analysis of WEG's strategic events in the light of a set of explanatory theories of strategic organizational adaptation to assess: (i) individual explanatory power of the theories in understanding WEG's organizational strategic content changes and (ii) complementarity explanatory power of the theories in understanding different aspects of each WEG's organizational strategic content change.

Use of secondary data and researcher's personal biases during the interpretation of data constitute some potential limitations of the study.

Results

The following sections describe the strategies of WEG between 1961-2013 in the light of organizational strategic adaptation theories. The strategies are presented chronologically, considering the order in which the events happened.

Labor training

Training of local workforce arose as a need early in the activities of the WEG. Resource Dependence Theory may explain this movement, in that it took place at the same time because of the shortage of trained labors and the criticality of this resource to organizational operations and intended results. By performing training initiatives - first internally and later externally - WEG reduced its dependence on this resource and also contributed to the economic and social transformation of the regional environment.

Capitalization

Contingency Theory helps in understanding the movement of capitalization made by WEG in that it explains the pursuit of organizational adaptation in the face of environmental complexity caused by the constantly evolving productive technological standards that influenced competitive industry dynamics. Resource Dependence Theory, in turn, explains capitalization of the company in that served to minimize or overcome organizational dependence on both critical and scarce financial and technological resources, needed to survival in the early stages of organizational growth and throughout its history.

Vertical integration

Verticalization events such as the opening of commercial subsidiaries and acquisition of trading partners abroad were primarily engaged in market coverage and the strengthening of the relationship of WEG with its customers. Contingency Theory may serve as a basis of explanation for these events because it focuses on the relationship between organizational structure and environment. WEG's structural adaptation was performed to achieve product standards required by its served and potential market. Other vertical integration events such as casting, wire drawing, wire enameling, tooling, forestry and acquisitions of suppliers have been undertaken to reduce or control costs, assure quality standards, attend to technical specifications of

products or meet required operational deadlines and quantities. Other aspects such as legislation agility and compliance are also present in some verticalization events and usually, are related to the question of scarcity and criticality of resources as mentioned by Resource Dependence Theory. Resources alone were not rare on the market. However, they were critical regarding cost, deadline accomplishments and quality. From another point of view, Transaction Costs Theory helps explain such events of verticalization based on the need to minimize the dependence of the company concerning its suppliers, mainly because of WEG's intention of keeping control of operational matters.

Technological development and product certification

Given the scarcity and criticality of technological resources required by WEG's business sector, the company has sought the necessary technology in foreign countries. Resource Dependence Theory may explain the maintenance of the relationship of WEG with foreign corporations and institutions providers of technological knowledge. Especially at the beginning of its activities, such resources were scarce and critical. The establishment of partnerships allowed WEG to reach necessary technological standards. Additionally, product certifications based on their technical characteristics are legal requirements for commercialization in certain markets. Also, these environmental standards may force different manufacturers to produce similar products, which leads to the isomorphism between the goods and, to some extent, between the organizations acting within the same technical environment. These pressures are of coercive (for products) and mimetic (in the case of organizational structures and strategies) nature and thus can be explained by the Neoinstitucional Theory.

Rationalization and normatization

Since WEB's origin, continuous improvement of business processes and practices is part of company's culture and helps to increase its productivity. The rationalization and regulation program, created in 1964, constitutes a landmark in the implementation of inspection systems for product quality assurance. Organization and Methods (O&M) was a common practice in the business environment at the time. Later, these practices have been standardized by national and international regulations. The neo-institutional theory may explain the adoption of these practices, in that O&M practices functioned as legitimacy mechanisms. As more companies were adopting them, other more did, resulting initially in mimetic and later in normative isomorphism. Continuous improvement programs (Zero Defect) and QCC (Quality Control Circles) institution were also practices in many markets but did not become standardized or regulated. However, WEG's adoption of such practices may be considered as a kind of mimetic isomorphism, as it is recognized by Neo-institutional Theory.

Corporate Governance

Two events marked the movement of Corporate Governance at WEG. The first, in 1976, was the conclusion of the shareholders' agreement and the formation of the Board of Directors. The second occurred in 2001 when the company adhered to the highest standard of corporate governance practices of the Brazilian capital market. The creation of the Board of Directors held a legal requirement, highlighting a coercive pressure made over listed companies on the stock exchange, as explained by Neo-institutional Theory. Later events, namely the inclusion of WEG in Level 1 of Corporate Governance in BMFBovespa and New Market, were marked by a high degree of voluntarism by WEG, since at the time that was not an obligation for any company. Thus, it appears that WEG has acceded to these governance segments to increase its legitimacy in the market. Therefore, there seems to be a high explanatory power of Neo-institutional Theory concerning these events as environmental pressures influenced the adoption of particular strategies. At the same time, adherence to the highest level of governance and the international IPO can be explained as a response WEG to pressure from foreign shareholders and members of the Board of Directors. These movements may be explained by the Stakeholders Theory in that strategies were taken as a response to contingent and necessary stakeholders' pressures.

Diversification

Several diversification movements were made by WEG throughout its history. Some of these diversification events occurred in related activities, while others occurred in activities limited related or not related to the main scope of the company.

Population Ecology helps to explain two of these unsuccessful events, one of related diversification and other of unrelated diversification. In the first case, even as a first entrant in the Brazilian market of reactors and transformers for voltage 220V, the company has been overtaken by other competitors better able to meet environmental requirements. In the second event, the entry of WEG in the markets of fish farming activities, livestock and soybean crushing showed to be incompatible with its organizational structure and resources in the medium term. WEG had not, in these cases, a set of suitable organizational resources needed to survive in these markets.

Transaction Costs Theory helps in understanding other cases of related diversification. Nina equipment (Máquinas Nina), for example, used motors produced by WEG to produce washing machines. Its operation was justified due to low costs derived from the internal supply of engines. In the cases of WEG equipment (WEG Máquinas), WEG Transformers (WEG Transformadores) and WEG Automation (WEG Automação), in turn, the strategic opportunity was related to the sale of product sets to traditional customers of the company. This strategy allowed WEG to avoid the costs of the search for new clients and permitted the use of company's already developed know-how and structure. WEG's decision to entry in fish farming and livestock activities was guided by the existence of tax incentives. Transaction Cost Theory may explain the discontinuation of this activity because it has become economically feasi-

ble by the time tax benefits were eliminated by the government, as a result of the high degree of informality in these segments.

Contingency Theory shows explanatory potential in several cases of diversification of WEG. For example, the theory may explain the creation of WEG equipment (WEG Máquinas), WEG Transformers (WEG Transformadores) and WEG Automation (WEG Automação) as a result of organizational structure adaptation to the standards set by the environment. Competitors were expanding its scope of action and WEG decided to enter these markets to ensure organizational survival and competitiveness. Neo-institutional Theory also helps explain this strategy to the extent that they are cases of isomorphism because WEG has sought to copy the actions of their competitors. In the case WEG's fish farming activities, livestock and soybean crushing, it has been found that this type of unrelated diversification was incompatible with the organizational structure in the long-term. Contingency Theory also helps to explain WEG's decision to acquire equity interests in companies listed on the Stock Exchange. Due to cash left over in the early 1980s and a recession in Brazil, WEG has used its excedents financial resources to diversify investments. This strategy allowed WEG to deal with the contingencies perceived in the environment, especially that coming from the governmental sphere and its successive economic plans that put the country at high levels of uncertainties.

WEG'S diversification movements include the acquisitions of paint and varnish companies. As they were both suppliers of WEG, the company was afraid of a possible discontinuation of supply of industrial paint caused by the vendor's problems (mainly related to required deadlines and quantities). For WEG, these resources - paints and varnishes - were critical to operational activities and, although they were not scarce in the external market, were provided at attractive prices for these suppliers. The goal of WEG, therefore, was to reduce its dependence on these resources, which is explained by Resource Dependence Theory.

Mergers, acquisitions and takeovers

Vertical integration and diversification strategies can be operationalized through mergers, acquisitions, and takeovers. As noted earlier, the justifying objectives for movements of vertical integration and diversification by WEG included a desire for growth and development, as well as the elimination of bottlenecks in critical organizational activities. These strategies also aimed, for example, at increasing market power and scope, or at developing the relationship with customers by selling integrated product sets. Also, WEG's manager's confidence in their own management capacity to transfer their managerial skills to acquired companies motivated continuous diversification and verticalization events. Transaction Cost Theory may partially explain these events in that each one always demands previous economic viability analysis directed to evaluate its value creation potential.

Downscoping

Unsuccessful unrelated diversification showed that it takes more than just managerial skills sharing to bring positive organizational results. In addition to un-

satisfactory economic performance in some of WEG's diversification of operations (mainly non-related), from the mid-1980s there was a worldwide movement toward the positioning of organizations, encouraging the return of focus to the so-called core business. According to this view, organizations should focus their activities on the main purpose, resulting in diverse organizational restructuring movements. These movements were also facilitated by a cultural change about outsourcing and quality management, which in Brazil took a little longer to consolidate. Downscoping was also motivated by environmental pressures directed to make corporate performance evaluation more homogeneous and comparable. Neo-institutional Theory clarifies how mimetic and coercive pressures led to isomorphism as a result of external regulatory forces and organizational search for social legitimacy. Stakeholder Theory also helps to explain downscoping events as a consequence of the pursuit of organizational legitimacy and the pressure of shareholders and investors interested in homogeneous practices of evaluation and comparison between companies. WEG's divestments can also be explained by Transaction Cost Theory in that organizational restructuring helped to reduce costs of unrelated businesses.

Internationalization

WEG's entrance in foreign markets allowed its market expansion and the use of its know-how in producing high-quality products. Some factors contributed to WEG's internationalization such as the growth of competition and instability in the domestic market, in addition to its use of foreign markets as a frame of reference to make strategic decisions. Contingency theory helps to explain internationalization in that WEG has always sought to adapt structurally to global sectoral standards regarding technology and marketing. Moreover, the perception of the company about the internal market acted as mediator element between the strategy adopted and the degree of perceived environmental uncertainty. Resource Dependence theory also helps to explain WEG's internationalization because the domestic dispute around qualified workforce. The internationalization process contributed to minimizing WEG's dependence on these and other resources - such as customers and technology, for example. Neo-institutional Theory also explains WEG's internationalization in that the entry into foreign markets has become a common strategy taken by large companies in this sector. Therefore, a mimetic pressure led to the adoption of this strategy as companies were searching for legitimacy with corporate clients. Under viewpoint of Transaction Cost Theory, WEG's internationalization may be explained by company's searching for competitiveness through lower costs of production and commercialization. For example, WEG acquired a manufacturing plant of electrical low-power engines in China. Finally, Stakeholder Theory explains the movement of internationalization because of shareholders interests. Besides the possibility of maximizing revenues and profits, revenues in foreign currency create a natural hedge to the organization, reducing the risk of abrupt changes in exchange rates.

Organizational Certifications

Organizational certifications obtained by WEG covered issues related to business environmental impact, management practices, among others. Also, certifications obtained through national and international bodies had an additional reason: accredit a company originated from an emerging country to its internationalization process. Neo-institutional Theory helps to explain the search for certifications as these instruments were necessary for reach social legitimacy through mechanisms of normative isomorphism.

Discussion

The distinct theoretical perspectives served to explain changes in WEG's strategic content from multiple points of view. Figure 1 graphically represents the results of the analysis, considering the relationship between shifts in the strategic content of the company under study and the explanatory theories of strategic organizational adaptation.

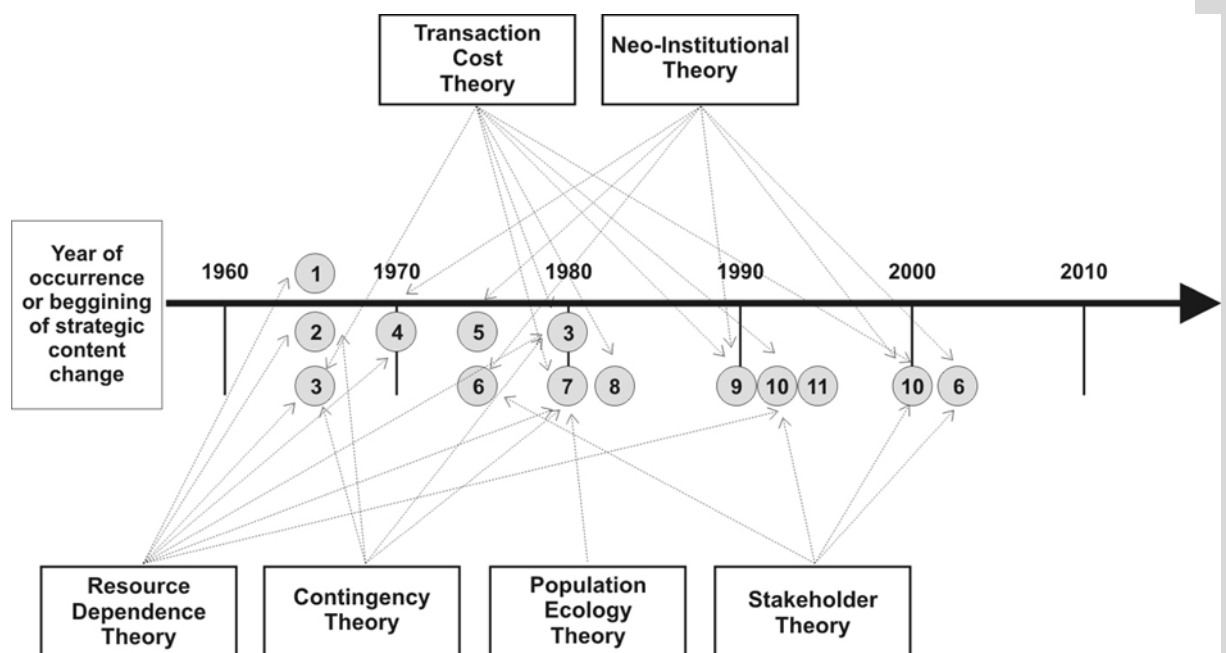


Figure 1 – Graphical representation of relations between explanatory theories of strategic organizational Adaptation and changes in WEG's Strategic Content in the period 1961-2013

Fonte: The authors, 2013.

Legend:

- | | | | |
|--------------------|--|--|----------------------------------|
| 1. Labor training | 4. Technological development and product certification | 7. Diversification | 10. Internationalization |
| 2. Capitalization | 5. Rationalization/Normalization | 8. Mergers, acquisitions and takeovers | 11. Organizational certification |
| 3. Verticalization | 6. Corporate governance | 9. Downscoping | |

Theoretical adherence to some of the studied changes in WEG's strategic content (Labor Training, Rationalization & Normalization; Mergers, Acquisitions & Mergers; Certification) was identified with only one of the explanatory theories of strategic organizational adaptation. Thus, these movements could not be subjected to a complementary analysis with other theories.

Capitalization was explained complementarily by Contingency Theory and Resource Dependence Theory. Contingency Theory helps to explain the capitalization movement as an organizational response to perceived environmental complexity in technological, political-legal and competitive dimensions. Resource Dependence Theory explains the phenomenon regarding criticality and scarcity of financial resources necessary to access technology and to increase WEG's competitiveness.

WEG's vertical integration strategies may be analyzed according to two possibilities: forward vertical integration and backward vertical integration. Contingency Theory helps in understanding the change in WEG's organizational structure (backward vertical integration) as a reaction due to managers' perception of technological and competitive environmental complexity. Resource Dependence Theory, in turn, justifies forward verticalization as a strategy directed to reduce company's dependence on resources from suppliers. Transaction Cost Theory also provides a comprehensive explanation of the movement, to the extent that both backward and forward verticalization events were motivated by the desire and the need to control costs, quality, quantity and access to strategic information. We may conclude that the theories complement each other in explaining the verticalization of WEG throughout its history. While the Transaction Cost Theory and the Resource Dependence Theory focus on the organizational search for and control of resources, Contingency Theory explains how the perception of environmental uncertainty directed strategic choices made by its managers.

Analysis of WEG's Technological Development and Product Certification events demonstrated the explicative potential of two theories: Resource Dependence Theory and Neo-Institutional Theory. Resource Dependence Theory explains the value and rarity of WEG's business segment technological resources. Neo-institutional Theory explains the search for certifications as an effect of market and industry coercive pressures. The complementary of the theories derives from company's need to meet both technological and legal requirements its markets.

Corporate Governance was a strategic event explained from two theoretical perspectives. Neo-institutional Theory justifies the creation of the Board of Directors and WEG's adherence to Level 1 of Corporate Governance as a result of coercive pressures and company's search for legitimacy, respectively. Stakeholder Theory complements the explanation of Neo-Institutional Theory in that it helps to understand the pursuit of legitimacy as a result of pressure from stakeholders to WEG's adherence to the highest standards of Corporate Governance and performance of its international IPO.

WEG's diversification movements may be interpreted under four theoretical lens. Theoretical diversity is explained due to the heterogeneity of events regarding objectives and results. Population Ecology partly explains the failure of unrelated diversification attempts to the extent that only survived organizations whose characteristics adjusted to environmental requirements. Transaction Cost Theory offers an

additional explanation for these cases of failure in that justifies discontinuance of unrelated business based on the economic infeasibility of such investments. In cases of related or moderately related diversification, Transaction Cost Theory also applies to understanding business opportunity assessment as a result of cost savings, economies of scale and scope, geographic expansion and entry into new markets. Contingency Theory complements WEG's diversification events choices in that it explains the relation between the company's and competitor's organizational structural adaptation and their perception about the need to expand the scope of action to avoid a potentially saturated market niche. Neoinstitutional Theory also explains this strategy in that it was observed a type of mimetic isomorphism. In the case of acquisition of suppliers, Resource Dependence Theory explains diversification as WEG's intent involved increasing control over critical resources for its operation, such as guaranteed deadlines and input required quantities.

WEG's Downscoping strategy can be explained based on three theoretical perspectives: Neo-institutional Theory, Stakeholder Theory and Transaction Cost Theory. These theories are complementary in the sense they justify the simultaneous adoption of scope reduction practices by organizations as a result of pressures from stakeholders. Such practices were encouraged by stakeholders and also legitimated by the market, for being considered an opportunity to promote the reduction of organizational transaction costs.

WEG's internationalization movements may be explained by a wide range of theories. Contingency Theory explains them based on a managerial perception of technological and market environmental uncertainty. Neo-institutional Theory is complementary in that respect, by explaining internationalization as an isomorphism motivated by competitive conditions and organizational search for legitimacy. Transaction Cost Theory complements other theories by justifying internationalization as a strategic search of competitive advantage through cost reduction. Resource Dependence Theory is also theoretical complementary by focusing on WEG's intent to reduce its dependence associated with critical resources by accessing them on the global environment. Stakeholder Theory explains WEG's internationalization movement as a way of reducing risks maximize profitability, both interests of company's shareholders.

Organizational Certification was explained by three of the theoretical perspectives applied to WEG's case study analysis. Population Ecology helps in understanding changes in environmental standards related to organizational practices and processes. Neo-institutional Theory explains the way in which changing patterns became prevailing in the environment. Finally, Stakeholder Theory considers that adoption of dominant market practices is positively related to company's results and social legitimation.

Conclusion

Longitudinal analysis of strategic organizational adaptation is necessarily a process which requires multiple theoretical lenses. The analysis of WEG's history based on the main events allowed comparative observation of selected theories explanatory capacity individually and when considered together.

With Population Ecology exception, the theories had moderate and high explanatory power regarding the studied phenomena. Contingency Theory helped to explain strategies of different levels, in addition to highlighting the elements 'structure' and 'perception' as important variables to be considered in the study of organizational strategies in the face of different environmental contexts. Neo-institutional Theory also helped explain strategies of various levels and highlights the increase in the amount and intensity of environmental pressures faced by the company due to its growth and development. Resource Dependence Theory explains many strategies of different levels by emphasizing the centrality of resources in company's history. WEG's competitiveness - in the short, the medium and the long term - is mainly explained by its ability to access and manage value and rare resources essential to its operation such as capital, technology, and human resources. Transaction Cost Theory also has a broad explicative potential impact about the strategies adopted by the company by reinforcing its vocation as a theory related to structural changes driven by issues related to cost. Finally, Stakeholder Theory has relatively less explanatory power concerning the previously mentioned theories but is relevant as draws attention to the importance of shareholders and investors in strategic decision making made by a large company.

Complementarities were observed in the joint use of different theories to explain strategic organizational adaptation. For example, varying degrees of generalization in relation to the phenomenon may be covered: while Contingency Theory explains the managerial decision for organizational structural adjustment in the face of perceived environmental uncertainty, Resource Dependence Theory offers a further explanation by pointing out the type of adjustment needed (in capital structure, production processes, types of market, among others). Or, while the Neo-institutional Theory explains strategic organizational adaptation as a result of environmental coercive, normative or mimetic pressures, Stakeholder Theory complements the explanation in that it points out the origin of relevant influences in strategic decision making. Theories differ therefore in terms of focus (strategic motivations or results, for example) and level of analysis (the relationship between variables of individual and organizational levels or between variables of environment and organization levels, for instance).

Additionally, it can be inferred broad theoretical explanatory diversity related to corporate level strategies. Strategy inherent complexity, therefore, seems to favor explanation of the phenomenon under various theoretical perspectives. That is the case, for example, of strategies of diversification, internationalization, and downscoping.

Finally, it was found that although the external environment context is a conditioning factor in strategic organizational adaptation, organizational and individual characteristics have shown to be relevant in the case studied.

Based on the results, some suggestions may be submitted for new studies, among these: (a) comparative studies based on other organizations in the same industry or other sectors of activity and (b) a deeper study complementarities between these and other theories useful in explaining strategic organizational adaptation.

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