The cornerstones of corporate strategies in Slovenia and Croatia (Research Note)*

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In our study, we managed to include companies involved in six different industries. Diversification is the most frequently used corporate strategy. Our study reveals that 43.3% of companies diversified through external means, 26.7% diversified through internal means, while 30% diversified through both internal and external methods. Retrenchment strategies are relatively unpopular because retrenchment seems to imply failure. The orientation of most top management towards growth strategies has resulted in a strong preference for acquisitions and joint ventures. 90.3% of companies are expanding their operations internationally. In our paper, we also examine the motives for developing a specific corporate strategy. Special attention is given to the core competencies and skills that have proved to be the cornerstones of the competitive advantages of companies.

In unserer Studie gelang es uns, Firmen zu beschreiben, die in sechs unterschiedlichen Industriebereichen tätig sind. Diversifikation ist die am häufigsten eingesetzte korporative Strategie. Unsere Studie belegt, daß 43,3% von den Firmen durch die externen Mittel variiert werden, 26,7% variieren durch interne Mittel, während 30% durch die internen und externen Methoden variieren. Einschränkungsstrategien sind verhältnismäßig unbeliebt, weil wie es scheint, Einschränkung Ausfall ankündigt. Die Lagebestimmung des meisten oberen Managements in Richtung Wachstumstrategien hat eine starke Präferenz für Erwerb und Joint Ventures ergeben. 90,3% der Firmen erweitern ihre Betriebe international. In unserem Beitrag überprüfen wir auch die Motive für die Gestaltung einer spezifischen korporativen Strategie. Besondere Aufmerksamkeit wird den Kernkompetenzen und -fähigkeiten gewidmet, die als Grundsteine der Firmenwettbewerbsvorteile fungieren.

Key words: Company / corporate strategy / growth / transition

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1. Introduction

Our paper presents some insight into the corporate strategies of companies in Slovenia and Croatia. Slovenia and Croatia have been undergoing transition since 1991. The principal concern of corporate strategy is to identify the business areas in which a company should participate in order to maximise its long-run profitability (Hill, Jones, 1998). To create value, a corporate strategy should enable a company or its business units to perform one or more of the value creation functions at a lower cost or perform one or more of the value creation functions in a way that allows differentiation. Thus, a company's corporate strategy should help in the process of establishing distinctive competency and competitive advantage at the business level. It is a link that many companies appear to have lost of sight of.

Slovenia and Croatia are new European states, founded in June 1991. In the last decade they have been faced with a three-way transition process: the transition to an independent state; the reorientation from former Yugoslav to Western developed markets; and the transition to a market economy. The Slovenian industry and some aspects of Croatian industry have succeeded in finding substitute markets. Top managers in Slovenian and Croatian companies spent a lot of time in the first three years of transition dealing with the short-term issues of how to privatise the firm or how to survive. In the second stage of transition (1994-1998), they focused on long-term strategic questions such as market and product development, recruitment and the development of personnel, quality control and cost reduction. Most firms are now attempting to find their competitive position in the global economy (Pučko et al., 1997).

2. Theoretical Background and Methodology

A fundamental part of any firm's corporate strategy is its choice of what portfolio of businesses it is to compete in. There are two main types of diversification: related diversification and unrelated diversification. Related diversification is diversification in a new business activity that is linked to a company's existing business activity. In most cases, these linkages are based on manufacturing, marketing or technological synergies. The diversified company can create value in three main ways. First, by acquiring and restructuring poorly run enterprises. Second, by transferring competencies within businesses. Third, by realising economies of scale.

Scholars have analysed the performance of related vs. unrelated diversification strategies. The empirical evidence of this issue is however unclear . Basically we can identify at least three different groups of authors with contradicting results. According to the lion's share of the academic literature, the diversification strategy should reflect the superiority of related diversification over unrelated diversification (Singh/Montgomery, 1987; Rumelt, 1974). This first group of scholars found that well-managed organisations had used a "sticking to the knitting" strategy (Collis, Montgomery, 1998). Another group of scholars argues that performance differences depend on the characteristics of the markets in which firms operate rather than on the strategic relationship between existing and new businesses (Lecraw, 1984; Bettis, Hall, 1982). However, the third group of scholars found that unrelated diversification performs better than related version (Chatterjee, 1986; Little, 1984).

On the other hand, some scholars suggest that the traditional ways of measuring relatedness between two businesses is incomplete because it ignores the strategic importance and similarity of the underlying assets residing in these businesses (Markides, Williamson, 1994). Researchers have traditionally regarded relatedness as being limited primarily because it has tended to equate the benefits of relatedness with the static exploitation of economies of scope scale, thus ignoring the main contribution of related diversification to long-run competitive advantage. This is the potential of a firm to expand its stock of strategic assets and create new ones more rapidly at a lower cost than its rivals which are not diversified across related businesses.

According to the Porter study of 33 prestigious US companies, each company entered an average of 80 new industries and 27 new fields. Just over 70% of the new entries were acquisitions, 22% were start-ups, and only 8% were joint ventures (Porter, 1987). Entry into new product-markets, which represents diversification for the existing firm, may provide an important source of future growth and profitability. In his study Porter identified four concepts of corporate strategy that have been put into practice: portfolio management, restructuring, transferring skills and sharing activities. The concepts are not always mutually exclusive, but each rests on a different mechanism by which the corporation creates shareholder value and each requires the diversified company to manage and organise itself in a different way. The first two require no connections among business units, the second two depend on them.

Research of 358 executives over a 45-year period revealed growth to be the most frequently used corporate strategy (Hill, Jones, 1998). This strategy has been used six times more often than stability and seven times more often than retrenchment. Growth strategies are extremely popular because most executives tend to equate growth with success (Wheelen, Hunger, 1999). Corporations in the dynamic environment must grow in order to survive. Growth is a very seductive strategy for at least three key reasons:

To exploit economies of scale, as well as the effect of the experience curve.

A growing firm can cover up mistakes and inefficiencies more easily than a stable one. Larger firms also have more clout and are more likely to receive support in the case of impending bankruptcy.

Growth, *per se*, is exciting and ego-enhancing for CEOs. A growing corporation tends to be seen as a winner.

We included 25 companies in Slovenia and 6 companies in Croatia in our research.Our research was focused on the corporate strategies of large companies in the transition period. The empirical research was based on an extensive questionnaire. After careful consideration, it was decided that top managers were to be interviewed personally since the other techniques available were not () considered appropriate to the problem at hand. A fully-structured interview was prepared with pre-coded responses. The responses of the top managers were recorded on a standardised Likert scale. In order to fall within the research sample, the firm had to possess the following characteristics :

1. A minimum of 250 employees and at least USD 5 million annual income;
2. Active operation in the chemical, electrical, tourism, textile, food-processing or retail industries; and
3. It had to have been established before 1991.

We compared the performance of the various corporate strategies by using four different criteria: ROA (return on assets), ROE (return on equity), ROS (return on sales) and value added per employee. We formulated two basic research hypotheses:

H_0: There are no performance differences between specific types of corporate strategies.

H_0: There are no performance differences between internal and external growth strategies.

We defined three basic criteria to determine whether two businesses are(were) related or not. In order for one business to be related to another and to consider diversification as related, at least two of the following three criteria had to be fulfilled: (1) similar type of markets served, (2) similar type of products sold and, (3) similar technology used in production.

3. The Results of Our Study

Most companies involved in our research have been developing at least one form of growth strategy: market development strategy, product-market diversification strategy or the strategy of conglomerate diversification (see Table 1). Only one company is developing the retrenchment strategy by divesting its strategic business units. This finding is consistent with the research results in other developed economies. By comparing the performance of various types of corporate strategies, we came to the following conclusions (see Appendix A.):

There are no statistically significant performance differences regarding ROA, ROE and value added per employee between the related diversification on one hand and unrelated diversification strategy on the other. We can reject the H_0 at an extremely high “p” level.

We can reject the H_0 by comparing the performance of unrelated diversification with the related diversification strategy ($p=0.063$). We might argue that unrelated diversification strategy outperforms related diversification strategy regarding return on sales.

Retrenchment strategy is outperformed by the other two types regarding all four criteria (ROA, ROE, ROS and value added). The performance differences are statistically significant at low levels ($p<0.05$) when comparing performance by the first three criteria. The differences are statistically significant at a higher level ($p>0.05$) when comparing value added per employee and we cannot reject the H_0 hypothesis.

Table 1. Structure of the companies regarding the type of corporate strategy

Type of the corporate strategy	**Share of companies (in %)**
Market development	23.3
Product-market diversification	23.3
Conglomerate diversification	23.3
Product development	13.3
Operative development	6.7
Market-technology diversification	6.7
Divestment	3.3

Our study reveals that 43.3% of companies diversified through external means, 26.7% diversified through internal means, while 30% diversified through both internal and external methods. Internal growth prevails in Croatia. Acquisitions are obviously the most popular growth strategy in Slovenia (see Table 2). On the other hand, the record of mergers and acquisitions in the developed economies is not very encouraging (Dess, Picken, Janney, 1998).Nonetheless, the Slovenian companies involved in our research are trying to strategically restructure their activities through acquisitions. There appear to be no statistically significant performance differences between companies regarding the external or internal growth strategy. We could not reject the H_0 hypothesis at a statistically significant low “p” level (see Appendix B.). Some other scholars have come to the same conclusions in their studies (Lamont, Anderson, 1985). Companies also tend to develop various forms of long-term strategic co-operation. This process can be crucial for developing competitive advantages.

The most important motives for the corporate strategy that has been developing in Slovenian companies are: to increase or maintain market share and to improve cost efficiency through rationalising operating costs. Companies are trying to maintain their competitive advantage that is obviously partly based on economies of scale (see Table 3). We found out by comparing motives for corporate strategies of companies in Slovenia and Croatia that more offensive oriented motives such as increasing the market share and market power as well as pursuing synergies between business units are statistically significant ($p<0.05$) in Slovenian companies.

Table 2. Share of companies that develop a specific type of growth strategy

Type of growth strategy	Share of companies - Slovenia (in %)	Share of companies - Croatia (in %)
Acquisition	70.8	14.3
Internal growth	58.3	57.1
Joint ventures	41.7	14.3
Long-term production co-operation	29.2	14.3
Franchising	25.0	14.3
Other forms of strategic alliances	12.5	28.6

Therefore we may argue that companies in Slovenia are pursuing the restructuring process much more offensively that their Croatian counterparts. Companies in Croatia are obviously still in the defensive phase of the strategic restructuring process. However, we were surprised to find that motives involving the transfer of strategic assets between business units are less important in both countries. The development of some skills and competencies and their transfer to acquired companies are not the dominant factor of the corporate strategies. This could be a serious weakness of corporate strategies that are not based on the achievement of sustainable competitive advantages.

3.1. Internationalisation Strategy

The ongoing internationalisation of business activities is a very important characteristic of the companies involved in our research. 95% of companies in Slovenia and 71% of companies in Croatia are internationalised. The rest of companies are oriented to the domestic market. These international business dynamics reflect the changing international business environment and the organisational response of companies whose competitive strategies increasingly involve crossing national borders. As soon as at least one competitor gains from taking an international strategic position then competitive forces begin to change, with the leading firms in the market needing to respond. The dynamic nature of such responses inevitably results in increased international exposure, requiring co-ordination and relationships with suppliers, distributors and customers across functional and geographical boundaries. More detailed analyses of the internationalisation process show that the companies are trying to develop a more complex form of international business activities (see Table 4).

The prevailing strategic orientation of Slovenian companies is to build up international strategic alliances. This should lead to global competitive advantages through long-term business co-operation. Companies are keen on greenfield investment as well as acquisitions. The most important motives that determine the internationalisation business strategy are: to increase growth and performance of the company (64.4%); to realise various operative synergies (41.9%) and, last but not least, a defensive strategy against competitors.

Table 3. Motives of a corporate strategy

Motive	**Importance of a specific motive in Slovenian companies**	**Importance of a specific motive in Croatian companies**	**Sig.**
To maintain a competitive advantage	4.42 (0.78)*	4.00 (1.41)*	0.313
To increase market share	4.54 (0.59)*	3.43 (1.27)*	0.002
To maintain the current market position	4.38 (1.06)*	4.00 (1.41)*	0.450
Cost reduction	4.33 (0.76)*	4.00 (1.00)*	0.350
To increase market power	4.42 (0.77)*	3.00 (1.29)*	0.010
Synergies	4.17 (0.92)*	2.57 (1.62)*	0.002
To gain new knowledge	3.54 (0.88)*	3.71 (1.38)*	0.693
Development and transfer of competencies	3.50 (1.38)*	3.86 (1.46)*	0.557
Risk diversification	3.13 (1.12)*	3.00 (1.92)*	0.827
Transfer of strategic assets to the distribution channels	2.92 (1.14)*	3.00 (1.63)*	0.878
Transfer of strategic assets to customers	2.46 (1.38)*	3.00 (1.63)*	0.388
Transfer of strategic assets to business process	2.38 (1.06)*	2.57 (1.62)*	0.705
Transfer of strategic assets to input	2.38 (1.17)*	2.57 (1.62)*	0.723
Industry attractiveness	2.33 (1.37)*	1.86 (0.90)*	0.397

*Standard deviation
Scale: 1 – unimportant motive, 5 – very important motive

Internationalisation of a company leads to cost reduction through the global configuration and co-ordination of its business activities. We can identify the following pattern of internationalisation. Direct and indirect exports prevail in the first phase of internationalisation. This is the initial entry into the market. Success in the first stage leads the parent corporation to believe that a stronger presence is needed in the target market. Subsidiaries of the parent were formed in the second phase. In some cases, we also identified joint ventures between the parent and local companies. Most companies have autonomous subsidiaries owned by the parent that is developing a specific market strategy in the local market. The characteristic of the third phase was usually the formation of an independent local company that gradually also takes(took) over some other functions. In this phase, companies often develop some forms of a strategic partnership with local companies that can lead to acquisition in the near future. This pattern of the internationalisation of business activities is characteristic of those Slovenian companies seeking to gain as large a share as possible in Southeast European markets.

Table 4: Strategies of internationalisation developed by the companies involved in our research

Strategy of internationalisation	**Share of companies in Slovenia (in %)**	**Share of companies in Croatia (in %)**
Greenfield investment	62.5	0
Acquisition of foreign companies	45.8	0
Direct export	37.5	28.6
Long-term production co-operation	29.3	42.9
Joint ventures	37.5	0
Franchising	20.8	14.3
Other forms of strategic alliances	20.8	0
Licensing	12.5	0
Indirect export	8.3	14.3

3.2. Some Competitive Factors of Corporate Strategies

The factors that determine why and how one business outperforms another have been the subject of considerable research. In general, the debate has centred(focused) on competitive positioning, resource- or competence-based theory and knowledge-based approaches. The first of these approaches, the subject of Porter's work, concentrates on developing a strategic framework by viewing a firm in the context of its environment (Porter, 1985). The second sees superior performance as a consequence of the special resources of an individual organisation (Grant, 1991). This approach is called the resource-based theory. The third approach is based on core competencies that can be defined as a combination of resources and capabilities that are unique to a specific organisation and which are responsible for generating its competitive advantage (Prahalad, Hamel, 1990). The knowledge-based theory is the fourth approach focused on the importance of knowledge management and organisational learning in building and maintaining a competitive edge (Whitehill, 1997). Although each of these approaches provides a method by which superior performance can be investigated, it is the knowledge-based approach that in more recent times offers the best perspective from which the determinants of a company's competitive advantage can be analysed. Successful corporate strategies are based on certain competitive advantages of companies that can be explained by these theories.

We found that managerial competencies (4.32) as well as competencies based on a specific business process (4.26) are the most important. Competencies based on inputs are less important (3.23). The same is true for competencies based on outputs (3.26) that are embodied in products or somehow represented in services. 80.6% of companies are developing a corporate strategy based on core competencies. We can identify four large groups of core competencies that are the cornerstones of the corporate strategies developed. The first group is based on the position of a firm within the local industry. These competencies are financial power, the company's image, location, bargain power with regard to the suppliers and familiarity with the local environment. The second group of core competencies is based on technology management (know-how, product development, and technology development), whereas the third group of core competencies is based on the quality of business processes and products. The fourth group of core competencies is based on the employees (management, experts, training process) as well as on the organisational culture in the firm.

Human capital and organisational culture prevail in Slovenian firms among the various types of knowledge that are important for achieving a competitive advantage. The differences between Slovenian and Croatian companies are substantial (see Table 5). The organisational culture was defined as the pattern of beliefs, expectations and values shared by the organisation's members. Within each firm, norms typically emerge that define the acceptable behaviour of people from top management down to the operative employees.

Rumelt argued (1984) that a firm's competitive position is defined by a bundle of unique resources and relationships with competitive advantage arising from the sources of potential rents, ranging from changes in technology and consumer tastes to innovation and legislation. The ability of a firm to develop and sustain a competitive advantage from these sources depends on its ability to develop isolating mechanisms. These can take the form of specialised assets and resources, especially those that provide specialised information, enhance brand name, image and reputation, and restrict entry. It is evident that core competencies and the isolating mechanism are heavily dependent on knowledge. Therefore, modern business literature emphasises knowledge as the most critical success factor of companies. Sustaining a competitive edge in a dynamic and volatile environment depends on an organisations' ability to generate new knowledge more rapidly than its competitors.

Familiarity with the concept of knowledge management was important. Top management is in most cases responsible for managing knowledge. The department for human resource management is responsible for knowledge management in 29% of firms, whereas in 19.4% of firms this responsibility is distributed between top management and the department of HRM. Nobody takes care of knowledge management in 12.9% of firms. Considering the importance of knowledge for achieving a sustained competitive advantage, we argue that top management should in fact be involved in the knowledge management process in all companies. We also argue that it should increase its current involvement. Companies involved in our research sample need to develop a detailed and transparent strategy for knowledge management. By analysing results, we were surprised to find that ISO standards are relatively unimportant for a competitive advantage. On the other hand, ISO standards are a codified and easily accessible type of knowledge. They have become a necessary standard for business practices. However, a company needs to develop more innovative types of knowledge for a sustainable competitive advantage.

Table 5. The importance of knowledge for a company's competitive advantage

Type of knowledge	**Importance of a specific type of knowledge in Slovenia**	**Importance of a specific type of knowledge in Croatia**
Human capital	4.50 (0.72)*	2.14 (1.68)*
Organisational culture	3.92 (0.72)*	2.29 (0.95)*
Familiarity with the concept of knowledge management	3.79 (1.06)*	2.57 (1.40)*
Structural capital	3.79 (1.02)*	2.29 (1.11)*
Knowledge developed through strategic alliances	3.46 (0.83)*	2.43 (0.98)*
ISO standards	2.96 (1.46)*	2.14 (1.22)*
Patents, licences, models	2.62 (1.38)*	3.00 (1.83)*

*Standard deviation
Scale: 1 – not important, 5 – very important

4. Conclusion

Most companies involved in our research have been developing one form of growth strategy: market development strategy, product-market diversification strategy or the strategy of conglomerate diversification. By comparing the performance of the various corporate strategies we came to the following conclusions:

There are no statistically significant performance differences regarding ROA, ROE and value added per employee between the related diversification on one hand and unrelated diversification strategy on the other.

We might argue that unrelated diversification strategy outperforms related diversification strategy regarding returns to sales.

Retrenchment strategy is outperformed by the other two types regarding all four criteria (ROA, ROE, ROS and value added). The performance differences are statistically significant at low levels ($p<0.05$) when comparing performance by the first three criteria. The differences are statistically significant at a higher level ($p>0.05$) when comparing value added per employee and we cannot reject the H_0 hypothesis.

Our study reveals that 43.3% of companies have diversified through external means, 26.7% through internal means, while 30% have diversified through both internal and external methods. Acquisitions are obviously the most popular growth strategy. There appear to be no statistically significant performance differences between companies regarding the external or internal growth strategies. The companies are also tending to develop various forms of long-term strategic co-operation. This process can be crucial for developing competitive advantages. We may argue that companies in Slovenia are pursuing restructuring process much more offensively that their Croatian counterparts. Companies in Croatia are obviously still in the defensive phase of the strategic restructuring process.

We were surprised to find that motives involving the transfer of strategic assets between business units are less important. The development of some skills and competencies and their transfer to acquired companies is not the dominant factor of corporate strategies. Such a business practice is not in line with the latest suggestions found in business literature. This could be a serious weakness of the corporate strategies developed that are not based on the achievement of sustainable competitive advantages.

The ongoing internationalisation of business activities is a very important characteristic of the companies involved in our research. We managed to identify three phases of the internationalisation process. More detailed analyses of the internationalisation process showed that the companies are trying to develop more complex forms of international business activities. We also identified four groups of competencies that are the cornerstones of the corporate strategies. Given the importance of knowledge for achieving a sustainable competitive advantage we argue that top management should be involved in knowledge management process in all companies. ISO standards have become a necessary condition for successful business practices. However, a company needs to develop more innovative types of knowledge for a sustainable competitive advantage.

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Appendix A

Descriptives

		Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
ROA in the period 1998-2000	Related diversification	4,01E-02	3,834E-02	1,025E-02	1,795E-02	6,222E-02
	Unrelated diversification	3,91E-02	2,812E-02	7,029E-03	2,410E-02	5,406E-02
	Retrenchment strategy	-,2084	,	,	,	,
	Total	3,15E-02	5,492E-02	9,863E-03	1,140E-02	5,169E-02
ROE in the period 1998-2000	Related diversification	,1337	,2511	6,711E-02	-1,13E-02	,2787
	Unrelated diversification	5,05E-02	4,809E-02	1,202E-02	2,490E-02	7,615E-02
	Retrenchment strategy	-,4026	,	,	,	,
	Total	7,35E-02	,1950	3,502E-02	1,973E-03	,1450
ROS in the period 1998-2000	Related diversification	2,93E-02	3,172E-02	8,476E-03	1,097E-02	4,759E-02
	Unrelated diversification	8,94E-02	,1120	2,800E-02	2,973E-02	,1491
	Retrenchment strategy	-,8333	,	,	,	,
	Total	3,25E-02	,1828	3,284E-02	-3,46E-02	9,955E-02
Value added per employee in the period 1998-2000	Related diversification	3.687,93	3.362,21	898,59	1.746,65	5.629,21
	Unrelated diversification	4.367,81	2.931,09	732,77	2.805,94	5.929,68
	Retrenchment strategy	,00	,	,	,	,
	Total	3.919,87	3.136,65	563,36	2.769,34	5.070,40

Contrast Coefficients

Contrast	Corporate strategy		
	Related diversification	Unrelated diversification	Retrenchment strategy
1	1	-1	0
2	1	0	-1
3	0	1	-1

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Company average ROA 1998-2000	Between Groups	6,0E-02	2	2,975E-02	26,904	,000
	Within Groups	3,1E-02	28	1,106E-03		
	Total	9,0E-02	30			
Company average ROE 1998-2000	Between Groups	,286	2	,143	4,685	,018
	Within Groups	,854	28	3,052E-02		
	Total	1,140	30			
Company average ROS 1998-2000	Between Groups	,802	2	,401	55,782	,000
	Within Groups	,201	28	7,185E-03		
	Total	1,003	30			
Company average value added per employee 1998-2000	Between Groups	1,9E+07	2	9664488,1	,981	,387
	Within Groups	2,8E+08	28	9850975,2		
	Total	3,0E+08	30			

Appendix B

Descriptives

		Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
ROA in the period 1998-2000	Internal growth	3,2E-02	2,779E-02	9,824E-03	9,115E-03	5,558E-02
	External growth	4,3E-02	3,528E-02	9,784E-03	2,137E-02	6,400E-02
	Both	4,1E-02	3,546E-02	1,182E-02	1,415E-02	6,867E-02
	Total	4,0E-02	3,268E-02	5,967E-03	2,734E-02	5,175E-02
ROE in the period 1998-2000	Internal growth	4,3E-02	4,538E-02	1,605E-02	4,626E-03	8,051E-02
	External growth	,1384	,2596	7,200E-02	-1,85E-02	,2952
	Both	6,0E-02	5,772E-02	1,924E-02	1,579E-02	,1045
	Total	8,9E-02	,1768	3,227E-02	2,335E-02	,1554
ROS in the period 1998-2000	Internal growth	3,7E-02	3,006E-02	1,063E-02	1,222E-02	6,249E-02
	External growth	6,9E-02	,1047	2,904E-02	5,253E-03	,1318
	Both	7,2E-02	,1024	3,415E-02	-6,44E-03	,1510
	Total	6,1E-02	8,870E-02	1,619E-02	2,822E-02	9,447E-02
Value added per employee in the period 1998-2000	Internal growth	2.951,42	2.891,43	1.022,27	534,12	5.368,71
	External growth	4.019,51	2.898,33	803,85	2.268,07	5.770,96
	Both	5.072,33	3.551,03	1.183,68	2.342,77	7.801,90
	Total	4.050,53	3.103,27	566,58	2.891,75	5.209,31

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Company average ROA 1998-2000	,216	2	27	,807
Company average ROE 1998-2000	2,916	2	27	,071
Company average ROS 1998-2000	1,288	2	27	,292
Company average value added per employee 1998-2000	,753	2	27	,481

Contrast Coefficients

	Growth		
Contrast	Internal	External	Both
1	1	-1	0
2	1	0	-1
3	0	1	-1

Contrast Tests

		Contrast	Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
ROA in the perio 1998-2000	Assume equal variances	1	-1,0E-02	,508E-02	-,686	27	,499
		2	-9,1E-03	,630E-02	-,556	27	,583
		3	1,27E-03	,455E-02	,088	27	,931
	Does not assume equal variances	1	-1,0E-02	,387E-02	-,746	17,646	,466
		2	-9,1E-03	,537E-02	-,590	14,799	,564
		3	1,27E-03	,535E-02	,083	17,301	,935
ROE in the perio 1998-2000	Assume equal variances	1	-9,6E-02	,972E-02	-1,202	27	,240
		2	-1,8E-02	,620E-02	-,204	27	,840
		3	7,82E-02	,693E-02	1,017	27	,318
	Does not assume equal variances	1	-9,6E-02	,377E-02	-1,299	13,166	,216
		2	-1,8E-02	,505E-02	-,702	14,810	,493
		3	7,82E-02	,453E-02	1,049	13,671	,312
ROS in the perio 1998-2000	Assume equal variances	1	-3,1E-02	,073E-02	-,765	27	,451
		2	-3,5E-02	,404E-02	-,793	27	,435
		3	-3,8E-03	,930E-02	-,096	27	,924
	Does not assume equal variances	1	-3,1E-02	,092E-02	-1,008	14,970	,330
		2	-3,5E-02	,576E-02	-,977	9,523	,353
		3	-3,8E-03	,482E-02	-,084	17,614	,934
Value added per employee in the period 1998-2000	Assume equal variances	1	-1068,10	1.394,98	-,766	27	,451
		2	-2120,92	1.508,46	-1,406	27	,171
		3	-1052,82	1.346,15	-,782	27	,441
	Does not assume equal variances	1	-1068,10	1.300,47	-,821	14,990	,424
		2	-2120,92	1.564,01	-1,356	14,907	,195
		3	-1052,82	1.430,83	-,736	14,959	,473