Preface

It is widely accepted that the management and particularly strategic management of SMEs is quite different from that of large enterprises. Because it is obvious that small business is not a small copy of a large company and has its own inherent specific characteristics, particularly its generally local orientation and isolation, shortage of resources and of course the combination of ownership and management function in one person – the entrepreneur. All this results in a specific approach to strategic management, its largely informal character, embodying above all the personal characteristics of entrepreneur, his experience, creativity, intuition, and improvisational opportunities, particularly in a dynamic, heterogeneous business environment.

Globalization of the economy, the “death of distance,” thanks to the development of ICT, increasing heterogeneity and dynamics of the business environment, increasing importance of managing cultural differences determines the new challenges to strategic management in SMEs. If 20 years ago the global behavior of small firms was rather an exception today, participation of these firms in the global division of labor is tangibly felt. “Think globally and act locally” is not a slogan but a necessity. This gives rise even to the term “glocalization.” Today, the speed and flexibility (“fast eat the slow”) are essential tools for SMEs in the global competitive environment. Now, it is normal for a proactive entrepreneur of a small company for air conditioners (45 people) to fly to China to buy the skeleton and air conditioning mechanics and electronics from France or Spain to use in her workshop for air conditioners in Bulgaria. Thus, the air conditioner “Star Way” assembled in her firm and sold at a competitive price is an example of the global division of labor, the blurring of boundaries, and material recognition of the strategic approach of the global entrepreneur, albeit one of a smaller firm. Increasing the “born global” firms, without passing gradual stages of internationalization, shows where today business trends are going. All this opens up new challenges to the strategic management of SMEs and the strategic behavior of entrepreneurs and firms.

In recent years, we have witnessed a rethinking of the “classic” (casual) current strategic concepts and the search for new, not only to describe but also to prescribe the behavior of SMEs in today’s dynamic, with increasing heterogeneity, global multicultural business environment. The procedures of the classic strategic management are subject of a critical analysis, which, albeit with different nuances in “strategic schools,” has determining common features: setting stable targets, conducting strategic choice, and providing the resources necessary to achieve them. This causation approach erodes when used in a dynamic and uncertain environment, particularly in the specific case of SMEs. Therefore, researchers such as S. Sarasvathy (2008) launched the so-called effectuation approach, which suggests more explorer behavior (i.e. mindset modification depending on the circumstances) and achieving the adoptive objectives with
available resources. Moreover, a number of authors launched the idea of the bricolage approach with emphasis on the recombination of resources to achieve desired possible (changeable) goals. Therefore, the need to combine the famous advantages of strategic management (more oriented to exploitation) with proactive, entrepreneurial behavior oriented more to exploration comes to the forefront. After launching the concept of Strategic Entrepreneurship (SE), some distinguished authors continue to discuss hot topics in search of working strategic approaches for SMEs.

Nowadays, entrepreneurship activity in the global dynamic, multicultural business environment requires conceptual solutions and rethought best practices in various contexts: political, geographic, economic, socio-cultural, religious, and psychological. That is why this book, synthesizing various theories, concepts, discussions, constructive critical analysis, and good practice intend to help extant researchers and active entrepreneurs, managers, and other stakeholders.

In preparing this book, we had in mind:

- The heterogeneity of entrepreneurial activity in various economic and socio-cultural contexts and hence large differences in knowledge, skills, experiences, values, and especially, entrepreneurial behaviors and practice.
- Heterogeneous SMEs in terms of size, stage of life cycle, sectoral affiliation, and specific characteristics, which affects their behavior and need for support.
- The leading role of the entrepreneur in smaller enterprises, based on personal and behavioral characteristics and specific roles, such as coordinator of resources, operator, leader, and strategist in particular.
- International dimensions of entrepreneurship and SMEs, particularly in the implementation of strategic actions in different political, geographical, economic, and socio-cultural contexts. Here not only do external conditions produce challenges but they also provide opportunities for the application of scientific achievements in the field and relevant practice and/or opportunities for adapting foreign practices.
- A diverse audience with different backgrounds and perceptions.

For all these reasons, we have adopted an indirect approach to the representation of strategic management in SMEs from different perspectives, different practices, and different settings.

In this context, the book is divided into five interrelated sections, as follows:

The first section “Foundations of Strategic Management in SMEs,” covers the basic aspects, problems, and possible solutions in the strategic management of SMEs. The section begins with an introductory chapter on the Strategic Orientation (SO) of SMEs as a field of purposeful research in recent years and illustrates how SO is combined with marketing and innovative orientation. It is focused largely on strategic management and the complex relationship between strategic management and strategic orientation. It is analyzed how inductive and exploratory research within SME research allows for developing deep and more meaningful insights as to how firms orient and navigate in competitive challenging environments. It requires new research to generate knowledge and skills and experience for the specific needs of SMEs, to assist them in implementing strategic behavior in different situations. The second chapter discusses adequate concepts for Strategic Management (SM) in SMEs in the global economy and their relevance for the competitive behavior of those enterprises, helping entrepreneurs/managers of SMEs on how to
form and develop competitive advantage in a dynamic, global environment. The author underlines the existing gap between the need of strategic management in SMEs in the global environment and what existing theories and research results offer to these firms. Compared with the end of the 1990s, when nearly no SMEs practiced strategic management, in 2010, new concepts and methods like resource-based view and core competencies have been adopted. The chapter demonstrates how strategic management and SME research can be re-conceptualized to respond to new global business challenges. Particular attention is paid in the third chapter to identifying and analyzing the driving forces in the external environment as a starting point in the SM of SMEs. It is about scanned information from different sources to be used for strategic and functional decisions in SMEs. Data obtained form case studies and in-depth interviews with Australian SMEs suggest that these firms share some commonalities and differences with their large firm counterparts. The SMEs focus mainly on economic, customers, and competitive information, having in mind external sources from media, sales people, clients, and competitors as their main sources of information. The information is stored mainly by human memory and minimal filing systems. At the same time, the information is distributed through personal communications. The fourth chapter provides a comparative perspective, including the preparation of strategic success in different contexts, offering a consistent strategic learning framework and multiple practical examples for SMEs leadership teams. In addition, the chapter considers learning traps that prevent firms from renewing their capabilities and highlights practices to avoid those traps to facilitate strategic learning in technology-based SMEs. The chapter also presents some practical, actionable steps that CEOs and leadership teams can take to foster strategic learning and escape learning traps, making successful adaptation and strategic change possible. The fifth chapter analyses the winning strategies of SMEs when fighting with bigger companies (the fast eat the slow). Using ancient metaphor of battle between David and Goliath, the authors analyze how SMEs (microgiants) with limited resources are able to compete against much larger multinational firms. Based on detailed case studies of actual firms and simulation models, the authors analyze the relationship between key assets, critical success factors, and microgiants’ competitiveness. They produce six scenarios reflecting different strategies for developing tangible and intangible assets and critical balance between them.

The second section of the book, “The Entrepreneur/Manager as Strategist and Leader,” considers the roles of entrepreneur, who is an owner-manager in most cases. He is presented in his/her roles as strategist, leader, manager, and improviser. The first chapter shows he/she playing a crucial (strategic) role not only in identifying entrepreneurial opportunities (requiring strategic intervention), but also in the creation of such opportunities (cognitive-subjective approach). In many cases, the entrepreneur also plays the role of (strategic) improviser, and the chapter demonstrates how, through improvisation (myths, metaphors, bluffs), strategic entrepreneurial behavior can be achieved and trained. The second chapter presents and summarizes the understandings of the distinctive core competencies of the entrepreneurial manager and to outline the challenges to their development as a basis for future research and development projects. The author distinguishes and discusses two views about the idea of entrepreneurial manager – the entrepreneurial manager as an entrepreneur who is managing his own business and the manager who plays the role of internal entrepreneur in large established enterprises. The author also tries to outline the common ideas coming from both views as well as to make a critical review of the extracted both conceptually and empirically key entrepreneurial and managerial competencies in different environments and organizational contexts. The last chapter explores leadership processes within SMEs emphasized
as a unique opportunity to observe the genesis of collective cognition and its transformation into collective competence. The authors argue that a close examination of SMEs’ interactions between leaders and employees reveals that these interactions strongly contribute to building collective cognition and competences that further impact strategic business outcomes. SME leaders build a strategy coordination system on the basis of collective cognition and competences that articulate three different phases: the communication of the leader’s vision and its evolution/transformation, the assessment of the structure, processes, business model, and functioning of the enterprise, and the development of internal and external interpersonal and business interactions. The authors examine bricolage leaders, experimental leaders, and entrepreneurial leaders in the context of this strategic coordination system.

The third section, “Strategic Management in SMEs by Stage of Development,” presents the strategic behavior of SMEs at different stages of their development. The first chapter analyzes the problems and opportunities for strategic development and crucial role of entrepreneur (even at the start up stage). The chapter draws on what is involved in becoming strategic in an active and experience sense in small business. Strategy practice is distributed across all the social interactions that are necessary to take a concept, transform it into a marketable service or product, and do this in an ongoing and profitable manner. Many of these interactions will be a consequence of the social capital available to the nascent entrepreneur or small business operator through existing personal and professional networks or those they create around their business. The second chapter in this section examines the growth strategies of SMEs, identifying the key factors influencing growth and its support in different contexts. Using the results of surveys in 211 Portuguese firms, the authors demonstrate how the life cycle of companies, their resources, competencies, motivations, and surrounding environment influence the Strategic Entrepreneurial Orientation (SEO) of SMEs. The empirical evidence shows how SEO—across four specific dimensions: proactiveness, innovativeness, risk-taking, and competitive aggressiveness—clearly impact the growth of these SMEs. The internationalization of SMEs is important from both a theoretical and practical point of view, and following this consequently, chapter three presents different views on internationalization. Comparative analysis shows the relative advantages/shortages of different schools, concepts, and alternatives, and a new model of internationalization is launched. This model, thanks to the supposed variables (roots of resources and development and direction through which these resources are valorized) and mechanisms, offers interesting theoretical and managerial insights for the analysis of the internationalization process characterized by increasing uncertainty.

The fourth section of the book, “Strategic Management at Different Types (Subgroups) of SMEs,” considers the manifestation of strategic management in different types of SMEs. The first chapter in this section underlines there is little research that analyses the nature and direction of strategy and strategic change in family firms. The authors propose building blocks for formulation and implementation of strategy. Three categories of strategic change are defined, namely Restructuring, Expansion, and Transformation. Strategy demands discipline and continuity. In this sense, family firms have advantage because they are less focused on short-term financial results and instead adopt a more long-term vision. At the same time, family firms are under the danger not to recognize the signals for strategic change from external sources and because of internal closeness. In the second chapter, the authors determinate the importance of knowledge transfer in the multistage succession process in the family firms. At the same time, they underline in family firm succession that knowledge transfer is most often not managed at all or poorly managed at best. This chapter aims at identifying context-based knowledge transfer strategies
and at developing a typology of transfer constellations. Based on theoretical analysis and empirical research, the authors established a framework for the deviation of context-based knowledge strategies within family SMEs. In the third chapter, internal non-family succession was explored and used as a case of smaller company to shed light on how the firm is preparing for this type of succession. With regard to succession preparation, insights into the aspects of successor selection, successor training, and employee involvement in the succession process and performance measurement systems are provided. Despite the small example for illustration, the authors believe it is important to present in a clear way the succession process in non-family firm. The fourth chapter is devoted to strategic management in sports business and shows that a democratic approach is a desired style of work, but not for everyone and every company. It requires certain conditions for application, obtaining specific expertise and willingness of managers, especially in making strategic decisions. Formulation, implementation, and continuous evaluation are adequate in serving as a broad guide to the strategic management process of sport organizations and can be refined by sport managers to meet the varying missions across sport organizations.

The book concludes with the fifth section, “Strategic Management of SMEs in Different Contexts (Specifics, Problems, Good Practices),” presenting different views and practices of SM in different countries and continents. The first chapter examines the key role of the Mittelstand (medium-sized) companies as the backbone of the German economy, working in 174 countries. The formal approach in big corporations in strategic management does not really work in the very owner-centric environment of a Mittelstand company. The owners of Mittelstand companies seem to act more intuitive and are more intrinsically motivated than their counterparts in big corporations. The question now is what do Mittelstand companies have in common in their strategic management, which can be generalized? Chapter two analyzes some aspects of strategic management in Italian SMEs, focusing on Management Control Systems (MCS). Although Italy is often seen as a textbook example of successful development of entrepreneurship and SMEs, they are not without their problems. The issue in this chapter is the gap between the strategic management requirements of SMEs and the available MCS. The third chapter deals with the main elements of social capital of SMEs and expressed strategic management through participation in various forms of business (entrepreneurial) networks using examples of Bulgarian SMEs. Participation in such networks allows access to information and resources for solving strategic tasks impossible for the isolated firm. On the other hand, intensive collaboration and networking creates problems and challenges of SMEs and places new requirements to their strategic management. The aim of the fourth chapter is to offer an alternative to the emigration and marginalization currently experienced by indigenous Latin American communities by creating ecotourism ventures in their home territories. This is an introductory work and the preliminary findings highlight the importance not only of social networks in the creation of indigenous SMEs but also of the culture, values, uses, and customs of such communities in the identification of the profile of the indigenous entrepreneur. The authors of the last chapter discuss the challenges of ERP system implementation in Arab SMEs by introducing the main studies conducted in the area. Their intent is to provide readers with a theoretical framework linking business managers’ skills and interaction between business managers and IT managers to ERP strategic alignment as main chosen variables. This framework was tested in previous research conducted in the Tunisian context and retested for this study in a Saudi context. Within this context, the authors hope the chapter can be helpful for researchers in ERP strategic alignment, mainly for students and professors in their academic activities.
In brief, this book includes a wide variety of approaches, problems, and discussions in the field done by the contributors. It provides a color and fresh look at some difficult concepts and a field that is difficult to unify. Alongside the established theories and concepts, the reader will encounter a number of issues for discussion promoted and defended by different contributors from many countries. This book is aimed at a wide audience of potential readers, including students, teachers, researchers, entrepreneurs, managers, and policy makers. The editors believe that the book will provide an opportunity to learn about new ideas and methods of strategic management of SMEs in a global cross-cultural context.

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