The Decision-Making Process in International Business Strategies: Factors of Influence on Small and Medium Enterprises

Fabio Musso, Department of Economics, Society and Politics, University of Urbino, Urbino, Italy
Barbara Francioni, Department of Economics, Society and Politics, University of Urbino, Urbino, Italy

ABSTRACT

This paper investigates the relationship between the contextual factors related to the firm’s decision-maker and the process of international strategic decision-making. The analysis has been conducted focusing on small and medium-sized enterprises (SME). Data for the research came from 111 usable responses to a survey on a sample of SME decision-makers in international field. The results of regression analysis indicate that the context variables, both internal and external, exerted more influence on international strategic decision making process than the decision-maker personality characteristics.

Keywords: International Management, International Strategy, Internationalization, Small and Medium Size Enterprises (SMEs), Strategic Decision-Making Process, Strategic Management

INTRODUCTION

A central aspect related to the internationalization of small and medium-sized enterprises (SMEs) pertains to the strategic decision-making process (SDMP) (Jocumsen, 2004). The importance of SDMPs in international businesses is widely recognised, even if the international business literature traditionally assumes that internationalization decisions are purely rational. Indeed, the analysis of how non-rational factors affect foreign expansion decisions has been in large part neglected (Brouthers & Hennart, 2007). Moreover, most of research related to SDMPs has been tailored to large firms (Driouchi & Bennett, 2011; Nielsen & Nielsen, 2011) and few studies were focused on SMEs (Brouthers, Andriessen, & Nicolaes, 1998; Dimitratos, Petrou, Plakoyiannaki, & Johnson, 2011; Liberman-Yaconi, Hooper, & Hutchings, 2010).

DOI: 10.4018/ijabe.2013040101
The purpose of this paper is to reverse this trend and to explore the different dimensions of SMEs’ strategic decision-making process in international decisions and, within these dimensions, we want to understand if are related to the decision-maker characteristics and also to broader contextual factors characteristics.

The paper is organized as follows. In the second section the concepts of strategic decision-making process and factors influencing international SDMP are approached. Next, the research methodology, findings analysis and discussion will be presented. Finally, conclusions, limitations of the study and suggestions for future research are explored.

THEORETICAL BACKGROUND

Strategic Decision-Making Process

The process of making strategic decisions has emerged as one of the most important themes of strategy research over the last two decades (Papadakis, 2006; Papadakis & Barwise, 2002). According to Harrison (1996), the SMDP can be defined as a combination of the concepts of strategic gap and management decision making process, with the former “determined by comparing the organization’s inherent capabilities with the opportunities and threats in its external environment”, while the latter is composed by a set of decision-making functions logically connected, that begins with the setting of managerial objective, followed by the search for information to develop a set of alternatives, that are consecutively compared and evaluated, and selected. Afterward, the selected alternative is implemented and, finally, it is subjected to follow-up and control.

Other authors (Fredrickson, 1984; Mintzberg, Raisinghani, & Theoret, 1976) developed several models of strategic decision-making process since 1970, mainly based on the number of stages (Nooraie, 2008; Nutt, 2008).

Although different researches investigated SDMP with specific reference to either small firms (Brouthers, et al., 1998; Gibcus, Vermue-
Likes and Comments: The Untamed Facebook Sex Education in Uganda and Kenya for Emerging Adults
www.igi-global.com/chapter/likes-and-comments/173156?camid=4v1a

Chicken Killers or Bandwidth Patriots?: A Case Study of Ethics in Virtual Reality
Kurt Reymers (2013). Moral, Ethical, and Social Dilemmas in the Age of Technology: Theories and Practice (pp. 140-160).
www.igi-global.com/chapter/chicken-killers-bandwidth-patriots/73617?camid=4v1a