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INTERNATIONAL MARKET SELECTION PROCESS ADOPTED BY SMALL AND MEDIUM-SIZED ENTERPRISES:

Case Studies From Two Italian Companies

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TABLE OF CONTENTS **Page**

LIST OF FIGURES AND TABLES — Page

UNIVERSITY OF VAASA	
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ABSTRACT:

International market selections are crucial decisions for resource constrained SMEs, and the process leading to the selection is shown to have an influence on the outcome of the decision. Understanding the process adopted by the SMEs, steps and methods adopted, and the factors bringing to their adoption may bring benefit to the manager of small business through more fitted prescriptions and recommendations and may better address Governments' policies to promote SMEs export.

The rationality model, bounded rationality model, power and politics model and garbage can model were individuated as best theories explaining the drivers of decision inside organizations. While the contingency model was used to explain how SMEs could turn toward different driver of decision, given their unique characteristics.
The international market selection was explained and associated with a decision-making process model composed by 3 steps and 4 methods leading to decision, which was drafted on the basis of previous literature on the topic. The main theoretical bases for the model came from Mintzberg, Raisinghani & Théoret (1976) and Jocumsen (2002).

The empirical analysis of the study was qualitative with case studies coming from two Italian SMEs. The data were collected through semi-structured interviews done to the decision-makers of the companies about the selection of 2 markets each. The collected data were analysed through the confrontation with the theoretical framework, jointly with the cross of the answers among the answers and with the collected secondary data.

The results have shown how the IMS process is highly unstructured and based on informal methods of information gathering and analysis, in which network and manager's intuition play a central role. Even though SMEs limited resources influences the adopted process, greater influence on the adoption is exercised by managers' knowledge, ability and behaviour. The introduction of higher education inside the process is expected to increase its rationality.

KEYWORDS: International market selection process, SMEs, decision-making, contingency Theory.

1. INTRODUCTION

1.1. Background of the study

Small and medium sized enterprises (SMEs) are surrounded by widely spread interest among scholars, and in the last decades this interest has moved toward their internationalization. The growing dynamic forces, which act in the modern business environment, create a climate of constant uncertainty for the entrepreneurs, who can't rely anymore on the safety of their acquired market position which it's always at stake. The increasing internal and external competition has made the companies' capability to spot and seize opportunities at international level a crucial success factor contingent to their survival and growth. However, the complexity of the international environment makes it difficult to successfully operate in foreign markets.

Despite the interest received by SMEs' internationalization and exporting activities, little is known about the managerial processes that allow them to successfully compete on the international stage (Namusonge, 2014:3).When engaging to export, the managerial processes and practices, related to export marketing activities, are crucial in determining the success of a business. The process leading to a decision strongly affects the decision outcome (e.g. Dean & Sharfman, 1996; Mintzberg et al. 1979; Nutt; 2004). The increasing awareness among executives and scholars of its importance has led toward an increasing interest in the strategic decision-making process (Musso & Francioni, 2012)

The research has so far focused on 'procedural rationality' as the leading process to decision, which derives from the study of large MNE. The process adopted by MNEs is characterized by the presence of many actors, with the use of considerable amount of resources, with the adoption of complex practices and great influence exercised by the politics (Eisenheardt & Zbaracki, 1992). The resulting processes have shown to be comprehensive and systematic, and represent the model of decision-making suggested as the one to be implemented (Brouthers & Nakos, 2005). As illustrated by Harrison

(1996:49) "Because objectives constitute the foundation of the strategic decision-making process, and because such objectives are set based on the results of a comprehensive strategic gap analysis, it seems reasonable to posit that a formal decision-making process is conducive to strategic decision success."

However, the assumptions at the base of studies on MNE can't be considered valid also when moving into processes taking place in SMEs, where the contextual variables have been shown to play a critical role in setting limits (Huang & Brown, 1999). Organizations are influenced by internal and external factors in the adoption of their decision processes (Elbanna & Child, 2007). In particular, concerning SMEs, firm size and decision-maker characteristics are factors which have been found to have a significant influence on SMEs.

Many researchers have argued that the decision-making process adopted among SMEs is different from the one adopted in MNEs (e.g. Brouthers, Andriessen, & Nicolaes, 1998; Jocumsen, 2004; (McCartan-Quinn & Carson, 2003), leading to the consideration that the models suggested in the theory are not adequate for small firms. In this regard, some studies found the decision process of these firms to be less complex and systematic (McNaughton, 2001: 12) and more influenced by the use of informal practices such as intuition and heuristics (Busenitz & Barney, 1997), but little is still know about it.

Among the strategic decision related to export activities the international market selection process bears great relevance. In fact, "there are more than 200 foreign countries in the world. No one firm is likely to have the resources to develop profitable businesses in all of them. Selecting the right market(s) to enter is critical for businesses for their future success." (Rahman, 2003:119) Firms find themselves toward the need to select few of these markets out of all the possibilities and the erroneous or lacking attention to their selection can lead toward the loss of opportunities or the waste of resources.

It could so be of interest to study the international market selection process adopted by SMEs and understand 'how' it is explained by SMEs’ characteristics. A deeper understanding of the strategic decision-making process is of great importance, because it could help to improve the effectiveness of the businesses' decisions and contribute to their success on the international stage.

1.3. Justifications and research gap

In this section will be explained the reasons which make important a study on the decision-making in SMEs, by explaining the relevance of the topic and by reviewing the gap in the literature. The decision-making importance in the survival of the companies has been recognized by past researcher and widely studied in the past years. Nevertheless, the literature on the decision-making inside SMEs organization is still immature, given the small studies on the topic, which mainly concentrate on larger companies.

The relevance of SMEs in the world economy is well known and documented. The European Commission (2014) “more than 99% of all European businesses are, in fact, SMEs." "They provide two out of three of the private sector jobs and contribute to more than half of the total value-added created by businesses in the EU. Moreover, SMEs are the true back-bone of the European economy, being primarily responsible for wealth and economic growth, next to their key role in innovation and R&D". The importance is also greater in Italy where the economic structure is based almost entirely on SMEs (Istat, 2009). In fact, 99.9% of Italian enterprises are micro, medium and small enterprises employing less than 250 employees. (Salvatore, 2013)

The growing importance of small business in relation to globalization, and the unique opportunities and threats they face, call for a careful and systematic research on the topic (Etemad 2004: 222). This importance is often not reflected in the literature and there is still wide space to be filled in the different areas regarding this enterprise's specie. In particular, the research on the SMEs focus mainly on their internationalization process and the difficulties they face given their limited resources. But it is still unclear

how these elements relate to the unique characteristic of SMEs; helping to identify possible elements of concern and space for reflection for SMEs management.
In particular, the success of SMEs export activities is crucial for their survival and achievement of superior performance. Empirical and theoretical researches have pointed out the importance of organizational capabilities as enduring source of competitive advantage. Among the organizational capabilities strategic decision-making, in particular, has drawn the interest of both scholars and executives (Miller & Ireland, 2005), since it involves those fundamental decision which shape the course of a firm. (Eisenhardt & Zbaracki, 1992:17) The international market selection process can be considered as one of those since their relevance for SMEs export performance. Given the limited resources at their disposal small businesses must be able to use them in the most efficient way and adequately select the market on which operate. A better understanding of the topic could help the organizations to increase the quality of their decision and increase the effectiveness and efficiency of the whole process.

Prescriptive literature can contribute significantly on the developing of methods and techniques for overcoming biases and improving decision quality. However, the effectiveness of the prescription cannot depart from assumptions on which the models are built. When the assumptions are met then the techniques produced can result to be of use for the organizations in their decision-making. "Unfortunately, classical decision models depend on a number of problematic assumptions which seems difficult to be met in an operational environment. If the assumptions are rarely met, then these models may not be useful guidelines for making better decisions."(Klein & Calderwood, 1991:1019) For instances, It has been assumed in the literature that managers of firms have unlimited time and monetary resources to gather the required information to make an optimal, rational decision; but there are many instances when managers are faced with constraints." (Kumar & Subramanian, 1997:55) These considerations prove to be of particular interest for smaller business. Indeed, SMEs have characteristics that distinguish them from large organizations (McCartan-Quinn & Carson, 2003). In particular, firm size and characteristic of the decision-makers have been found to influence SMEs and are expected to do so through their influence on human and financial resources. Managerial process in a small business is unique and cannot be considered to be the same as professional management in large organizations practiced on a reduced scaled (Jennings & Beaver, 1997).

The application and applicability of rationality need to be understood better and, to reach this purpose we need to better understand the decision's context (Pettigrew, 2003). With the term context are addressed all those factors influencing the decision process: characteristics of decision-maker, firm's characteristics, external environment and nature of the decision. Past researches have shown how context can significantly change the applied managerial practices (e.g. Fredrickson & Mitchell, 1984; Nutt, 1984). Nevertheless, the proposed normative models do not take into consideration the constraints which have been documented in many researches (e.g. Wally & Baum, 1994; Elbanna & Child, 2007).

International business has, in the last century, assumed an increasing importance, occupying a relevant part in business literature. Despite these efforts, the international business literature traditionally assumes that internationalization decisions are purely rational and scholars tend to ignore strategic decision-making research in explaining how firms made their foreign decisions (Brouthers & Hennart, 2007).
Mintzberg & Waters (1985:269), underlined the need of further research on decision-making process since:" More research is required on the process of strategy formation to complement the extensive work current taking place on the content of strategies; indeed, we believe that research on the former can significantly influence the direction taken by research on the latter (and vice versa)". Additionally, In the literature, other than the decision formation itself, also a coherent description of decision-making into context still lacks (Nutt, 2011) Elbanna & Child (2007), more specifically underlined the inconsistencies in the results of previous studies on strategic decision rationality and particularly underlined the inconsistencies related to organization size and rational decision process, calling for further studies.
Additionally, the majority of articles related to strategic decision-making process have been tailored on large firms but very few studies have been focused on SMEs (Brouthers et al., 1998; Musso & Francioni, 2012). The research investigating decision-making within large organizations, has limited applicability for our understanding of

strategic decisions in smaller firms (Hang & Wang, 2012:91). Past strategic making research focuses mostly on the procedural rationality of the decisions in large multinational firms (Brouthers et al., 1998). Also Kumar & Subramaniam (2001) underlined the paucity of research on decision-making of small firms. This reveal to be problematic since "the application of analytical, ‘tool-box’, formal and ‘rational’ methods drawn primarily from large organizations' research to the small business sector have had limited success only, partly due to insufficient attention being paid to the wide variety of contexts and environments associated with small businesses. Effective interventions, to improve the strategic marketing decision-making processes in small businesses, require a deep understanding of current processes." (Jocumsen, 2004:660) Also Hang & Wang (2012:92) underlined how important it is to first understand how the decision-making actually occurs inside SMEs to improve the prescriptive part of the theory, since the understanding of SMEs decision processes is still lacking. In fact, "while SME-focused studies do exist, this body of works is relatively limited and provides for a fragmented understanding of the decision- making dynamics in firm constrained by their size." (Hang & Wang, 2012:92).
After this study new insight of the strategic decision process of SMEs will be acquired enabling for more focused prescriptions for small businesses.

With reference to export Brouthers & Nakos (2005:364-365) underlined how the research had concentrated on the factors influencing the process, with particular regard to firm and managerial characteristics, and suggested how the focus needed to move to integrate this stream of research to develop a more effective normative model. They further pointed out how studies usually approached export without a theoretical perspective, bringing to a shortage of theoretical based studies. This study proposes to integrate the research by increasing the understanding of the way the factors influence a firm and widening the theoretical base on the topic.

1.2. Research question and objectives

The research question of the study is:

How do Italian Small and medium-sized enterprises perform their international market selection?

The aim is to understand the structure of the followed decision-making process and the applied methods, inside SMEs. In doing so, revealing how much the decisions are the result of a formal and comprehensive process and how much, instead, are determined by informal and non systematic reasoning of the management or entrepreneur.
What is discovered will then be related to the contextual factors surrounding the company, with particular regard to SMEs (firm size and resources) and decision-makers characteristics (experience and educational level).

To answer this question, taking in account those further considerations, the following objectives are set:

The first objective is to review the decision-making models and how these are related to the decision's contingent elements inside the SMEs.

The second objective is to identify a base decision-making process, comprising of phases and methods used in it.

The third objective is to discover the decision-making process related to international market selection of Italian SMEs and how it is explained by their characteristics and their decision-maker characteristics.

1.4. Delimitations

In the following paragraph the choices made inside the study, which delimitate the boundaries of the covered topic are exposed and explained.

Subject of the study

The thesis focuses on small and medium sized enterprises. In this study we will consider as SMEs those companies which are non-subsidiary, independent firms which meet the ceilings set by the European Union: "[...] the turnover of medium-sized enterprises (50-249 employees) should not exceed EUR 50 million; that of small enterprises (10-49 employees) should not exceed EUR 10 million while that of micro firms (less than 10 employees) should not exceed EUR 2 million. Alternatively, balance sheets for medium, small and micro enterprises should not exceed EUR 43 million, EUR 10 million and EUR 2 million, respectively.” (OECD 2005:17).

Secondly, SMEs operating international includes a wide range of subjects at different stages of their internationalization process, each of which presents its own peculiarities. However, only SMEs at a specific phase of the internationalization process were taken into consideration. In particular, based on Rao & Naidu (1992) stages of internationalization, only “regular exporters”, which are defined as those firms that seem to be well underway toward internationalization, allocating substantial resources to international marketing activity (Segaro, 2007).

The choice of Italian SMEs is justified by the Italian nationality of the author who has a subjective personal interest toward phenomena related to his country.

Factors influencing the IMS process adoption of SMEs

Different theories exist explaining decision-making; for this study it was decided to adopt the contingency theory as the basis to provide explanation on the process adopted inside SMEs, this choice was made because the unique characteristics that belong to this firm typology and which have been studied to have an influence on them.

A great amount of characteristics are relevant inside small firms. Starting from the review of the studies on SME's entity a series of characteristics were individuated as greater source of interest.
An important characteristic of a great number of SMEs is represented by the figure of the owner-entrepreneur or executive. The entrepreneur is not controlled, but controls the overall business, including managers, and exercises a wide influence on the firm operations (Gibcus, 2009). In these circumstances, the competence of SME founder-entrepreneurs is of fundamental importance, given their nature and characteristics and particularly their dominant role and influence in decision-making (Carson & Gilmore, 2000). SMEs are significantly influenced by the management style and personality of their founder (Franco, Santos, Ramalho, & Nunes, 2014). These considerations assume relevance since, in the determination of managerial choices and strategies, various factors have an influence; other than rational evaluation; important is the role of emotive aspects, such as the need for achievement, control and autonomy (Hang & Wang, 2012). While, in the case of family-owned SMEs, which represent a significant share of the category, also familial issues and dynamics can play an important role (Aldrich & Cliff, 2003).

Another, unique feature characterizing SMEs is their "smallness", both in terms of size and resources, though it can shift hugely between firms comprised in the class, it widely impact over the managerial processes adopted by the firms. This feature entangles a series of limitations and defining features. Matlay (1998), in a study conducted on British SMEs, noted how firms belonging to this category often face challenges pertaining to their informal planning, control and administrative procedures, and restricted access to relevant import/export information and support. Reason behind it is usually to be found in their limited financial and human resources.

Low technological level, incomplete management systems and less scientific management usually present themselves inside SMEs. The companies may so not be provided with adequate technologies and information system to process the data. For these reasons it could not be possible, from a practical or financial point of you to run complex analysis and managerial process

Limited human resources have a significant influence on management. One important managerial aspect that it usually implies is that decisions are usually taken by individuals instead of groups. Managers accumulate responsibilities regarding a number of heterogeneous activities, which, instead, would be better off if attributed to different roles (Namusonge, 2014). The concentration of responsibilities in one subject makes the firm dependent on few key individuals. Consequences of this are that the characteristics (ability, knowledge, experience, perceptions and even personal attitudes) of the managers may greatly influence the management process. (Hang & Wang, 2012; Namusonge, 2014). "Managers in small firms are better characterized as bundles or portfolios of competencies. Some of these competencies may be technical or functional and thus related to a particular job. Others are behavioural, that is, much linked to the personal traits and motives, social roles, and constructed self-image and, as such, much more readily transferable from one job to another." (Namusonge, 2014:8).

In a small firm it is generally difficult to find specialists. Additionally, the many tasks that the management is called to fulfil to require managerial time which is not always available. What is brought to evidence is the need of additional managerial competence in the SMEs (Veciana, 1994:204), which can be acquired through the use of training or the support of experts and consultants external consultants (Kumar & Subramaniam, 1997:65); but it is seldom the case where they have the required resource or expertise to take complex technical decisions through this external channel (Culkin & Smith, 2000) Furthermore, it has also been seen that some entrepreneurs, even when have the possibility to acquire additional managers, show reluctance to delegate part of the control, preventing the firm from acquiring the needed competencies (Lindell & Karagozoglu, 1997).

The same problems regarding lack of competencies and time limitations, other than among managers, can also be seen among the administrative employees. The entire firm's staff is likely to be fully occupied and may not have the required competencies to run activities to support managerial processes. As a result, decision-making biases and heuristics, as well as intuition, are expectedly to be more likely used in strategy selection in SMEs (even after formal analyses) than in larger firms (Brouthers et al., 1998; Busenitz &Barney, 1997).
Problems from poor organization and formalization of export departments; firms lacking competent personnel to administer exporting activities effectively; lack of available consulting expertise, time limitations, which affect information gathering activity (Katsikeas, 1994:19-20). SMEs are handicapped by a number of difficulties in decision-making, especially concerning the major multi-objectives decision-making: unclear objectives, uninformed decision methods, latent decision etc. All these may lead to decision mistakes, which will eventually cause management failures (Zhao & Yao, 2012). It appears that the success on the international stage can be hampered or compromised by managerial limitations. The complexity of procedures and tools utilized in the process could demand for a level of expertise beyond the level of the organization. More specifically, Karagozoglu & Lindell (1998) added that smaller firm manifest a lack of know how about obtaining information about potential international markets.

Starting from this analysis of SMEs peculiar internal context, two main factors have been selected because thought to have greater influence on the decision process: firm size, for its influence on the available resources (both human and financial), and decision-maker background (past experience and educational level), which have been seen to influence manager decision through the influence it exercise on his/her knowledge, ability and behaviour. In particular, the attention on decision-maker characteristic is explained because of the central and autonomous role that owners and executives have inside small businesses.
Other factors were seen to have influence on the IMS but for reason of focus were not taken into consideration in this study.

1.5. Structure of the study

In the first and second chapter the theoretical framework of the study is built. A considerable amount of the literature related to decision-making is reviewed, to create the theoretical basis and acquire the required level of knowledge of the topic needed to perform the analysis of the data collected.

The second chapter firstly introduce the concept of decision and decision-making and after move on to introduce the main decision-making models recognised in the literature. This model introduces assumptions and proposes explanation regarding the principles and dynamics of the decision-making activity taking place among individuals and organizations. In particular, the validity of rationality inside decisions is introduced, together with a series of model integrating and opposing rationality inside decision-making.

Given the empirical validity that all those models have obtained, the contingency theory of decision-making is introduced to explain the determinants bringing organizations to variedly conform to the introduced models. In particular, a wide framework of means through which the process is effected is shortly drawn, inside which greater attention is given to content factors explaining the influence of strategic decision on the process and, at the same time, great attention is put on two factors strongly related to SMEs and individuated having a significant influence of the process adopted by them: firm size and decision-maker background.

In the third chapter the concept of international marketing selection is introduced. The decision-making process phases and methods adoptable in it are revised by extensively drawing from the literature on the topic. The activities individuated as taking place in the phase and the method adopted are used as a basis to understand the systematicness and comprehensiveness of the process. The concept of decision-making as a process will be evaluated, together with its different stages and mechanisms, based on the previous model proposed in the literature.

After the theoretical framework has been set, the research methodology are presented, starting from the explanation of the philosophy underlying the research, following with the strategy and methods used for the data collection; the description of the technique; parameters for the selection of the subject of the study; the case studies. Finally the validity and reliability of the study are discussed.

The collected data are analysed through quotation and contraposition of the collected data with the theoretical framework.

In the last chapter, starting from the data analysis, evaluations are made and the conclusion disclosed. Afterward it proceeds with possible managerial implications, limitations of the study and suggestion for future research.

2. DECISION-MAKING MODELS AND CONTINGENCYFACTORS

2.1. Decisions

Mintzberg (1976: 246), when described the concept of decision, limited it to a simple commitment to action. This definition, though being efficacious, doesn't allow us to understand the complexity beneath it. A decision doesn't simply involve a commitment to action, which could instead be seen as its final purpose. The complexity of the concept of decision was better delivered by Ofstad (1961:5), who introduced the component of judgment, regarding what one ought to do in a certain situation, after having deliberated on some alternative course of action. In fact, important for is the presence of alternatives; when taking a decision the decision-maker has several alternatives and the choice involves comparison between them and an evaluation of their expected outcomes (Eilon, 1969). Nevertheless, the evaluation of the alternatives it is not necessary to configure a situation requiring a decision. As underlined by Klein & Calderwood (1991) a decision presents itself whenever a choice exists, in the form of reasonable alternatives, regardless of whether the decision-maker considers any of these alternatives at the time an action is initiated. In this case, a decision exists also if it is not formally taken, since no different alternatives are contemplated.

Nevertheless, managers, though not always formally, do take into consideration multiple alternatives so, for this study, we will rely on the following definition of decision " [...] as a moment, in an ongoing process of evaluating alternatives for meeting an objective, at which, expectations, about a particular course of action, impel a decision-maker to select that course of action most likely to result in attaining the objective"(Harrison, 1996:4). This definition is also generally accepted in the literature of managerial decision making (Gore, Murray, & Richardson, 1992:19). It is important to underline that the definition talks in terms of expectations, this mean internal conviction of the decision-maker about the validity of that course of action.

2.2. Decision-making

The decision-making represents the core activity for every manager in each organization, whatever the nature and the characteristics of the organization. The importance of this activity lies in its role of determining the company's survival and future. Through decision-making, the directions for future development are evaluated and chosen, together with methods and contents of the activities (Yao & Zhao 2012).

Mintzberg et al. (1976:246) attempted to frame the activity of decision-making identifying it as the set of actions, and factors influencing those actions, that begin with the emergence of a stimulus and end with a specific commitment to action. The Individual or organization perform these series of actions to discover existing alternatives and evaluate them to establish which one of them could contribute the most to reach the organization's desired future position. Decision-makers are continuously “faced with alternatives,” and have to consider them in order to insure that a preferred alternative meets performance expectations' (Nutt, 1998a). To reach this purpose they have to consider "the consequences” of each alternative, in terms of an analysis of future states, weighed against alternative goals. (Calderwood & Klein, 1991) All of these possible future states can be desirable, depending on the decision-maker set of preference (goals) and constraints delimitating the field of choice. This creates a situation where rarely a decision has one best solution, since what is considered best change in function of the decided objectives.

Other than the actions taken, another aspect underlined by Mintzberg et al (1976), which characterize decision-making, is the factors which influence those actions. The decision-making activity is performed inside a context presenting qualities which exercise different level of influence on it. Since these factors vary across organizations within an industry, decisions processes follow different patterns in different organizations. These factors differ also among decisions so the patterns may change also within an organization. (Rajagopalan, Rasheed, & Datta, 1993)

The variety of the basis of a decision makes it difficult to develop univocal assumptions on the decision process, leading to wavering paradigms surrounding it. The uncertain nature of the decision-making process has led to various models of decision-making being developed; all meeting different levels of legitimacy.

2.3. Decision-making models

The complexity of the process and the variety of factors influencing it have brought to the development, in the literature, of different models trying to explaining the foundations on which decisions are taken. In particular they focus on the rationality of the process and address potential factors incident to it, since its level and purposes it serves greatly shape the standards, structure and direction of the process. These models addresses decision-making under different perspectives, are based on different assumptions and emphasize different aspects incidents to the process.

Throughout the literature on decision-making five main models have received the greatest credit and have been specifically cited in their framework by many researchers (e.g._Çeleby, 2008; Eisenhardt & Zbaracki, 1992; Elbanna, 2006; Hart, 1992; Tarter & Hoy, 1998) and they are the rational model, the bounded rationality model, Intuition, the power and politics model, and the garbage can model.

2.3.1. Rationality

The rationality in decision-making, also referred to as synoptic formalism or comprehensive model of decision, has had a long and profound impact on organizational studies from economics to organization's theory and psychology (Dean & Sharfman, 1993). It can be considered as the prescribed or "ideal" approach to decision-making. It describes decision-making as the one depicted inside management textbooks.

Rationality in decision manifests itself through the application of "pure reason" and formal logic principles. This, when moving into decision making, means that a decision-maker enter decisions with clear understanding of the problem, clear and well defined objectives, search for perfect information, evaluate all the alternative, and objectively operate the selection; all of this to aim for the maximization of goals. (Eisenhardt & Zbaracki, 1992)

The rational behaviour requires from the decision maker an high level of analytical capability to clearly frame the problem and from that forming clear well target goals, which are fundamental to decide the magnitude of the answer, guide the process direction and determine the value of the following actions' consequences (Nutt, 1998a).

The decision-maker should also search for the perfect information in order to discover all the possible alternatives and create an exhaustive picture of the possible solutions. This end is achieved through comprehensiveness and exhaustive analysis of all the aspects incident to a problem (Hart, 1992:328). Decision-makers follow a formal, systematic process (Fredrickson, 1984; Dean & Sharfman, 1996), with well defined policies, rules, charts and plans are explicitly articulated (Eisenhardt & Bourgeois, 1988), to assure that the process move linearly from one step to next only after all the necessary information have been gathered.

Finally, to summarize the concept of rationality inside an organization we can rely on the definition provided by Hart (1992:328), in which he states that "Rationality implies that a decision maker (a) considers all available alternatives, (b) identifies and evaluates all of the consequences which would follow from the adoption of each alternative, and (c) selects the alternative that would be preferable in terms of the most valued ends."

2.3.2. Bounded rationality

Rationality cannot be always achieved but it meets limitations. This is an idea firstly articulated by H.A. Simon (Fiori, 2005), who individuates limitation to the cognitive ability of humans. The theory postulate that Individuals can be rational at the best of their own capabilities and possibilities; they so have a bounded rationality. The studies on decision-making shows inconsistencies in the goals, across people and time; dependency of decisions on standards and usual practices, which give a sense of security to the decision maker; the required information, for the decision, are often searched opportunistically and with a lack of method, or reasoning, behind it. At the same time, allow for a reduced commitment, both in terms of resources used and time dedicated. (Eisehardt & Zbaracki, 1992) The boundaries to rationality are also set by organizations in which they are made, in the form of available resources that they can commit for information gathering and computational effort; and environmental, for instance "few strategic decisions have the advantage of a complete, accurate and timely information." (Elbanna, 2006: 11)

March and Simon (1958:169) explained that "because of the limits of human intellective capacities in comparison with the complexities of the problems that individuals and organizations face, rational behaviour calls for simplified models that capture the main features of a problem without capturing all its complexities". The individuals try to overcome the limits they face, through satisficing instead of maximizing (Mintzberg et al. 1976), opting for alternatives that are 'good enough rather than the best' (Eisenhardt, 1997:1), and are commonly referred to as "remedies" (Rajagopalan et al., 1993).

2.3.3. Intuition

Though there is still limited empirical research on the topic, intuition is seen as an approach to decision-making complementary and integrative to the rational process; a form of intelligence on which the decision-maker can rely on when the rational approach is precluded (Parikh, 1994). Eisenhardt and Zbaracki (1992:33), through their review of past studies, noticed how intuition "is related to continuous engagement in the details of business and linked to firm success."In fact, though the stream of research is still limited, there are a series of studies showing the relevance of intuition in the management decision (Eisenhardt & Zbaracki, 1992; Khatri & Ng, 2000, Miller & Ireland 2005; Elbanna 2006.).

Kandemir & Akur (2012) define intuition in strategic decision-making as “expertise” and “holistic hunch”. Intuition is a complex mental process, carried out by the decision-maker, which relies on rational considerations and considerable level of experience (Miller & Ireland, 2005) allowing for "a solid and complete grasp of the details of the business." (Khatri & Ng, 2000:59) It is based on the decision-maker "deep, intimate knowledge of the situation" (Eisenhardt & Zbaracki, 1992:33), which can make the rationale behind it unknown to the author of the intuition him/herself (Nutt, 1998c). The complex nature of intuition makes it difficult to distinguish between intuition as a logical process, or, instead, as superstitious learning (Eisenhardt & Zbaracki, 1992:33) leading to haste decisions. The resulting non-explicable activities are generally followed by rationalization practices, consisting in carefully built motivations in support of the selected solution, which can be used to defend pet ideas and visions, alike. (Nutt 1992:521)

Table 1. Decision-making models.

Model	Assumptions	Features of the process	Guiding principles
Rationality	Decision-makers are rational Value-maximizing	Formal, comprehensive, systematic process. Clearly defined objectives; search of perfect information; development of all the alternatives; objectivity.	Theory
Bounded rationality	Decision-makers meet limits to their rationality Value-satisficing	Inconsistency of objectives; opportunistic and limited search of information; development of limited number of alternatives; biased selection.	Theory and experience
Intuition	Alternative form of rationality Value satisficing	Considerable level of experience and knowledge allows for forms of rationality other than structured processes and formal practices.	Experience and gut-feelings
Power and politics	Participants are individually rational	Adoption of rational practices of personal interests-serving purposes. Political practices can hindrance the process rationality; organization objectives	Power
Garbage can	The process is casual and irrational	No rationality inside the organization: the final decision is the result of casual meetings of problems with alternatives. No goals setting, little understanding of the processes and activities used, casual participation into the process	Chance

2.3.4. Group implications to rationality: Power and politics model

The level of rationality inside the decision can be increased through the participation of more people inside the process which can increase the amount of information and the viewpoints. The findings have shown how rationality inside groups can be increased through the introduction of conflict (Janis, 1982). The decision-maker has to take into consideration the different insight of the participants that contribute to underline the merits of different alternatives. (Eisenhardt & Zbaracki, 1992)

The teamwork benefits can be hampered by what Janis (1982) found in many strategic decision situations and that he defined 'groupthink', an attitude that lead group to avoid conflicts. In this case, the rational analysis of alternatives could emerge as inconvenient when it undermines the favourite alternative or points out toward alternative not favoured by the decision makers (Nutt, 1998c). This is one on the negative effects displayed in decisions with multiple participants and are portrayed in the power and politics model.

The power and politics model focus on the effects that dynamics among participants in the decision can have on decision-making. The model highlights how personal goals and interests interact inside the decision activity, influencing its pattern and outcome. Political behaviours hamper the search and analysis of alternatives; "decision-makers consider several alternatives to insure that a preferred alternative meets performance expectations." (Nutt, 1998b:334), this happens because in the "decision-making process the search is not only for problem-solving information but for interest accommodating alternatives" (Hickson, 1987:173) An excess in political behaviour can cause participants to put personal interests in front of organizational interests, bringing to negative practices such as coalition building, lobbying, information manipulation, agenda control, negotiation and bargaining, tactics of timing, use of power or use of external consultants in the attempt to direct the decision process (Elbanna, 2006). These negative externalities can result in the organization achieving decision outcomes that fail to reach their goals (Eisenhardt & Bourgeois, 1988; Bailey & Peck, 2013).

The influence of power and politics effects inside organizations have been studied by Eisenhardt & Burgeois (1988) who found that the more political influences affect a decision the lower the performance results to be, and that the opposite relation also exists.

2.3.5. Garbage can model

The model was first articulated by Cohen, March, & Olsen (1972) and in the following studies it met little evidence and acceptance (Çeleby, 2008); nevertheless, some studies challenging the model found evidences giving it support (e.g. Olsen, 1976; Rommetveit, 1976; Anderson & Fischer, 1986).
The model describes particular organizations which overturns the idea of rationality in decision-making. Inside of them, decisions are not the result of a rational and formal process but, instead, are the result of casual emergent actions.

Cohen et al. (1972) synthesize the characteristics of these decision situations in three properties: problematic preferences, unclear technology and fluid participation. The decision-makers don't clearly frame their decisions at the beginning of the process but instead define them along the process. A second cause of ambiguity is determined by loose understanding of means and ends (Eisenhardt & Zbaracki, 1992). The knowledge of the participants in the decision process is acquired through experience, trial-and-error learning, invention and casual invention. The underlying causes of a process are so often obscure to the participants. Finally, the participants and their role inside the decision process are not specified. The participation in the decision process is dependent on time constraints, personal interests and opportunity. It is so difficult to predict who will take part in the process and how he/she will be involved in the process; the role and responsibilities he/she will assume. (Cohen et al. 1972)

In the garbage can model the decision is the result of a random confluence of events in a given moment in time. People enter the decision process randomly and their preferences and targets waver along the time. In this unstable environment decisions are taken when 'by chance' a solution meets a problem and decision- makers are willing to take a decision. (Cohen et al. 1972)

2.3.6. Summary

The empirical researches have shown different theories describing different aspects regarding decision-making. The empirical research supported all of them though the garbage can model received little support, suggesting that even though organizations can follow different path each of them tend to adopt some form of rationality.

The prescriptive nature of the rational model is shown to be an ideal to which difficulty the decision-makers can conform; because of the limits and bad practices which afflict organizations, and have been shown as coming from individual's cognitive limits and group dynamics (See table 1). These obstacles to rationality can reach their extreme manifestation in the garbage can model, where the process is driven by irrationality and haphazardness.

The assumptions underlying the proposed theories are so all valid but assume wavering consistencies inside different contexts. According to decision-making shift along a continuum, having pure rationality and garbage can behaviour as its extremes, and having alternative forms of rationality inside the continuum, represented by the use of decision strategies and in the intuition.

2.4. Contingency theory

As seen in the previous part, the companies do not always adopt practices conforming to the rational model, even though they could improve the final outcome of a decision, and as it emerges in works on organizational decisions and social psychology, departure from rationality emerges especially when these decision are complex or unclear for the decision-maker. (Kumar & Subramaniam, 1997). The difficulties met by an organization change accordingly to the circumstances surrounding it. Depending on those circumstances, a systematic and comprehensive process of decision could, not be achievable by managers, or prove to not be the most suitable method. Starting from this idea, studies on decision-making have challenged the idea of the existence of a best approach to be followed, since the set of contingencies is deemed to have an influence on the business adherence to prescript practices. (e.g. Elbanna, 2006; Fredrickson, 1984; Fredrickson & Iaquinto, 1989; Papadakis, Lioukas, & Chambers, 1998).
Since no unique best model solution exists that fit every context, to evaluate the decision-making process adopted inside the firms is important to analyse the set of contingencies in which it takes place. This type of approach dominates management theory (Nutt 2011) since the importance of the fit between the managerial process and its context is widely recognised. "The contingency approach is defined as identifying and developing functional relationship between environmental, managerial and performance variables." (Luthans & Stewart, 1977:183) They identify contingency as the compass of the concepts and techniques adopted by managers, in the use of the available resources, for defining and accomplish organizations' objectives (Luthans & Stewart, 1977:185) with satisfactory results. In other words, organizational structure, management style, policies, practices and procedure are dependent upon a set of contingency factors (Tosi & Slocum, 1984). This contingency factors are constituted by environment, resources and managerial characteristics, which could alternatively represent qualities or constraints.

The number of contingent factors identifiable as having an influence on the managerial process is paramount and highly subjective. For instance, as mentioned by Fisher (1998), in his article, Hoffer (1975) identified 54 possible contingency factors in strategy settings. Since the difficulty of including a large number of variables, usually, the contingency variables, included in empirical studies, are selected on an ad hoc basis (Fisher, 1998: 49). Also in this study the factors have been identified on an ad hoc basis, according to the interest of the topic. In particular, two main categories were identified, one is the content of the decision and the other one is its context in which it takes place. Inside them, in turn, other specific factors were identified.

In the following section the factors influencing the decision are mentioned, analysed and related to strategic decisions and SMEs.

2.4.1. Content

Content refers to the characteristics of the decision's topic, depending by which different kinds of behaviour can be associated. (Rajagopalan et al. 1993) The variations among the qualities of different decisions influence the nature of the adopted process. The main distinctions can be made between strategic and organizational decisions and objective and subjective decisions. (Nutt, 2011:9).

In this case the interest will be put on strategic decisions and the characteristics that differentiate them from ordinary decisions, which are unfamiliarity, complexity and perceived importance.

Strategic decisions

Starting from the general concept of decision, a specific kind of decision can be individuated: the strategic decision. Mintzberg et al. (1976) gave a simple but effective definition by stating that "strategic simply means important, in terms of the actions taken, the resources committed, or the precedents set." However, Nutt (2011:9) suggested "calling a decision strategic to merely suggest importance and significance, to be poor practice. Strategic decisions must be precisely accounted to separate out decisions that are merely costly, for example, from those that determine strategic action". The strategic action mentioned by Nutt could be explained with the long-term impact that the strategic decisions have, since they have a significant impact on the firm performance and survival (Jocumsen, 2004).

Strategic decisions present characteristics which clearly differentiate them from other decisions. They are complex, pervading and involve the commitment of substantial resources. Typically, they address issues that are unusual for the organization and not routine decisions. The novelty, complexity and open-endedness of these decisions makes them difficult to assess in terms of performance and characterizes them with an high level of uncertainty; for these reasons they rarely have one best solution and once they are implemented their reversion is difficult and costly. (Elbanna, 2006)

Strategic decision most unique characteristics makes them more challenging, for the management, than other decision and, for this reason, require an higher level of attention in their analysis. Also when dealing with strategic decision, however, the repetition of similar strategic decision in the past could reduce the 'attention' toward the decision or increase the use of intuition and judgement.

Unfamiliarity. Unfamiliarity refers to the lack of knowledge that a decision-maker can have with reference to a decision problem. The previous experiences with a problem can facilitate the decision-maker in narrowing down the set of alternatives, allowing him/her to simplify the process and focus efforts and resources. (Kumar & Subramaniam, 1997)

Complexity. Complexity is given by the amount of different factors that compose a problem; which determines the amount of information to be processed by decision-makers (Schwenk, 1984, Kumar & Subramaniam, 1997). The greater the number of aspects that a decision-maker need to take into account; the greater the difficulty of the required analysis. The comprehensiveness, duration and rationality of a decision are so affected by it.

Perceived importance. Decision are handled differently according to the importance that the decision-maker deems them to have. The attention paid toward important decisions may be far greater than other decisions. Many authors find it to be a relevant motive for rationality (Papadakis et al., 1998)

2.4.2. Context

Context indicates the environment in which the decision is taken, which is characterized by both internal and external factors to the organization (Schwenk; 1995). Internal factors include organizational features, among which: size (e.g. Gibcus, 2009; Katsikeas, Deng, & Wortzel, 1997; Papadakis et al., 1998), performance (e.g. Fredrickson, 1984, Eisenhardt, 1989), composition of top management (TMT) (Rajagopalan et al. 1993), ownership (Eisenhardt & Burgeois, 1988; Hart 1992, Papadakis & Barwise, 2002), as well as decision-maker characteristics. (e.g. Kumar & Subramaniam, 1997; Musso & Francioni; 2012) Instead, external factors can refer to factors such as economic conditions, stability, industry complexity (Eisenhardt & Burgeois, 1988; Fredrickson & Mitchell 1984).

Characteristics of the firm: Firm size

The unique characteristics related to SMEs have often been found depending by two organizational factors: firm size and resources availability, which are strictly related to each other.

Many studies have tried to demonstrate the existence of a relationship between firm size and export success. Though contradictory results have been found, many of those studies found a positive correlation between firm size and export performance (e.g. Majocchi, Bachiocchi & Mayrhofer, 2005; Katsikeas et al, 1997) and other studies found the existence of a relationship between firm size and export behaviour (e.g. Archarungroj & Hoshino, 1998, Walters 1993).; whereas influence of size on firms was not supported in Bonaccorsi (1992) seen in Majocchi et al. (2005).

The attention that firm size has received with respect to firm export behaviour on the international market can also be attributable to its strong relationship which has been recognized with the amount of resources (human and financial) available inside of it (Barney, 1991), and so firm size is seen as a good approximation of them (Archarungroj & Hoshino, 1998:80).

A study by Mintzberg & Waters (1982) put in evidence the influence that the size of an organization have on strategic decision making. The size influences the number of human resources employed. The composition of the top management team and the financial resources available. Though other factors have a significant influence on these characteristics, often there is a strong positive correlation between firm size and human and financial resources available. (Elbanna & Child, 2007)

Losada, Ruzo, Navarro, & Diez (2011) through their study were able to assess how the firm's available resources (scale resources, experiential resources and structural resources) are essential determinants of the export behaviour. The influence of the size and the lack of resources can operate through managerial process. Moving more specifically into decision-making, Walters (1993) discovered a positive relationship of size with the use of formal activity; while, Child (1972), Fredrickson (1984), Fredrickson & Iaquinto (1989) found that size is a significant factor explaining the level of comprehensiveness of the decision-making process, with small companies showing a lower level of comprehensiveness, even if other studies did not supported these conclusions (e.g. Dean & Sharfman, 1993; Hickson 1986). As seen in Brouthers et al. (2005:365), Van Horn (1979) found that when compared with MNEs, SMEs typically had a poorly developed policies and procedures and a tendency toward opportunistic rather than systematic strategic decisions. Instead, more general implications with rationality and political behaviour are yet to be understood (Shepherd & Rudd, 2014), though Papadakis et al. (1998) found no relationship of firm size with politicization, and the same did Dean & Sharfman (1993) with rationality.

The influence on comprehensiveness and systematicness of managerial activity could be related to particular problems found afflicting SMEs. Among them are resources constraints, information-system related problems and concentration of decision-making (Dodge, 1992; Huang & Brown, 1999; Terpstra & Olson, 1993). Huang & Brown (1999) also found evidence of problems related to human resources management, organizational structure and general management. Additionally, a number of researches found limits in the marketing and market research activity, attributable to the lack of financial resources needed to employ specialists and access experienced managers, and to the lack of human resources (e.g. Huang & Brown, 1999; Walters, 1993).

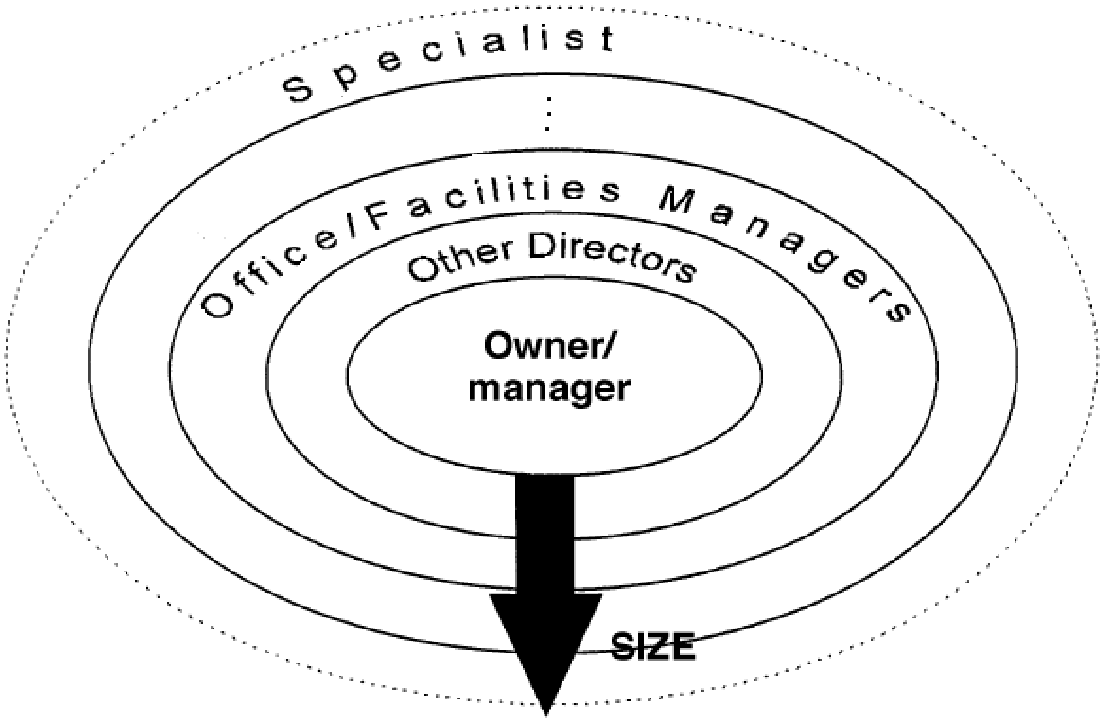

Figure 1. Levels of decision-making unit (adapted from Culkin and Smith (2000)).

Resources are tangible or intangible, human (e.g. skills, knowledge) or non-human (e.g. capital, products) factors over which management has more direct control and over which it operates to produce the desired changes. (Luthans & Stewart. 1977:185) Resources have boundaries over which the management can't act to operate changes. Decision-making rationality and comprehensiveness, being it an activity requiring resources, is influenced by the level of resources' commitment and availability inside the organization. The required information to adopt rational decisions may often reveal to be costly; not all information can be acquired easily or freely. Also the computational effort of developing and evaluating alternatives require technological and human resources.

As shown in figure 2, when the size of the company increases, so do the available human resources increasing the level of specialization inside the organization, with emergence of specialized figures and departments.

Characteristic of the decision makers: manager's background

Decision-maker, when related to firms, means managers, who are "individuals, within the organization system, having formal authority to make decisions affecting the allocation or utilization of available resources." (Luthans & Stewart, 1977:184) The decision-making process is carried out by managers each of them with different characteristics.

A number of studies found interest in the relationship between decision-maker characteristics and firm's export market performance and behaviour. Among them knowledge, abilities and behaviours are all crucial dimensions defining human capital resources (Martin-de-Castro, Delgado-Verde, Lopez-Saez & Navas-Lopez, 2011). These characteristics are difficult to assess and evaluate so they can be understood though manager's background which, in turn, can be broken down to two factors object of wide interest among the scholars: experience (e.g. Fredrickson, 1985; Gibcus, Vermeulen & Jong, 2009; Hitt & Tyler, 1991) and educational level (e.g. Gibcus et al., 2009; Musso & Francioni, 2012; Papadakis & Barwise, 2002; Shepherd & Ross, 2014).

Many studies found that managers' educational level can strongly influence strategic decisions (e.g. Gibcus et al. 2009; Hitt & Tyler, 1991; Musso & Francioni, 2012; Shepherd & Ross, 2014). Musso & Francioni (2012) discovered that managers with higher educational level rely more on rational and formal SDMP, similarly other researchers noticed a positive relationship between education and level of comprehensiveness and systematicness of the process (Papadakis & Barwise, 2002; Shepherd & Ross , 2014), while Goll & Rasheed (2005) referred more specifically to the level of analytical ability, thesis supported by Dollinger (1984) and Batel (1993) who are cited by Papadakis et al. (1998) to have found educational level to be related to analysis and demand for detailed information and financial reporting, before achieving a decision. Nevertheless, not all the studies gave support to the influence of educational level on the degree of systematicness of the process. Papadakis et al. (1998) found evidence only over the use of financial reporting, while for instance Brouthers et al. (2005) didn't find any evidence of the influence of educational level over the SDMP.

Table 2. Factors influencing SMEs' decision-making process.

Area of influence	Factors	Related factors	Implications to decision-making
Content:	Decision typology (**Strategic**)	Complexity	Increases the difficulty of information gathering and analysis.
		Unfamiliarity	Increases the need for analysis and information gathering.
		Perceived importance	Influences the commitment.
Context:			
Characteristic of the firm	Firm size (**small**)	Limited resources	Reduce the capacity to adopt rational practices.
Decision-maker characteristics	Educational level Past experience	Knowledge	Influences the capacity of relating on formal practices and methods.
		Ability	Influences the manager's business related skills level.
		Behaviour	Influences the approach to decision-making.

They explained their results with the role that experience has in providing knowledge and compensating for the lack of managers' education.

In fact, according to studies by Hitt & Tyler (1991) and Nielsen & Nielsen (2011) the SDMP and the choices resulting from it are also influenced by the managers previous experiences, with Fredrickson (1985) who highlighted how decision-makers with more experience take different path than the one with less experience, and Westhead, Ucbasaran, Wright & Bink (2005) who saw that the typology and amount of accumulated experience strongly influence strategic decisions. Losada (2011) more specifically addressed how two different kind of experiential resources have a fundamental role in supporting marketing decision-making in the international context: knowledge about the firm activity and knowledge about foreign markets.

These two addressed factors manifest themselves inside decision-making mainly through three manager's qualities: knowledge, ability and behaviour.

Knowledge. The decision-maker knowledge of decision-making formal practices and their potential benefits, influences his\her propensity toward their adoption. This knowledge allows individuals to effectively perform their tasks and it can be acquired through formal education, specific training, experience and personal development (Cohen, Naoum & Vlismas, 2014). The participants' ability to use elaborate instrument should allows for a more rationality to enter the process, leading to superior outcomes.
The decision-makers can make up for their lack of knowledge through the use of external specialist and consultant, these, however, call for awareness of the existence of formal practices and the potential benefit of these superior practices. (Kumar & Subramaniam, 1997:61)

Ability. It is determined by the skills possessed by an individual as a result of the accumulated experience and practice (Subramaniam & Youndt, 2005) and it refers to individual learning, team working, communication and leadership. Experience helps to develop a superior ability to manage strategic decision (Musso & Francioni, 2012), and is at the base of the use of decision strategies such as intuition and heuristics (Carlson & Gilmore, 2000)

Behaviour. influence how participants to the decision direct the way individuals carry out their tasks and they include mental models, paradigms and beliefs such as commitment, self-motivation, job satisfaction and creativity (Martin-de-Castro et al., 2011). The behaviour of decision-maker can so significantly influence the approach, effort and attention put into decision-making process

2.5. Decision-making inside SMEs

The contingency theory, when applied to SMEs, can represent a valid mean to understand the strategic decision-making theory applicability inside this specific context. The differences in the approach to decisions have a greater impact when related to strategic questions, where the firms are outside their normal operating life and are faced with problems which are not well defined and complex. This type of decision asks for companies to employ a great organizational focus and effort. Being the strategic decision complex and undefined they require the search and analysis of unknown information in order to acquire the necessary elements to make the best possible decision, following the principles of rational decision-making.

When seeing rationality through the contingency theory lens, it must be intended as Dean & Sharfman (1993) did, meaning as the "extent to which the decision-making process reflects a desire to make the best decision possible under the circumstances. Such 'intended rationality' is characterized by an attempt to collect the information necessary to form expectations about various alternatives, and the use of this information for the final choice." Rationality, though being present in each organization willing to survive, cannot be expected to be the same for every organization which find themselves in different circumstances, and are so able to express different level of rationality.

Perfectly rational models that can suit MNEs, having large amount of resources, can't be expected to be followed by smaller companies with resources constraints. The comprehensiveness and systematicness of the process require the commitment of resources, both human and financial, for the acquisition and processing of information, while systematicness need for competencies and clearly defined practices and time availability.

These requirements can prove to be a problem for resources constrained companies. The rationality inside of SMEs can so be expected to present the limits depicted in the bounded rationality model, and satisficing strategies could be a valid way to make up for the lack of capabilities to run extensive process.

In presence of experienced managers intuition can also represent a valid means to be adopted to achieve decision's not requiring deep and formal analysis.

Limited human resources issues limit the participation inside the process, decreasing the conflicts and the emergence of power and politics vicious dynamics. However the limited conflicts also limits the number of insight and critical thinking entering the process, and which have been seen important ‘sources’ of rationality and 'push' toward improvement (see chapter 2.3.4).

The sum of factors inhibiting rationality may also bring the process to assume the haphazard and irrational features shown in the garbage can model (see chapter 2.3.6).

3. STRATEGIC DECISION-MAKING PROCESS: INTERNATIONAL MARKET SELECTION (IMS)

3.1. International market selection

The expressed concepts of rationality inside decision-making are valid for all the field of decision inside a firm. They assume a greater relevance inside a key field as it the international market selecting process (IMSP), which represent a firm's strategic decision.

The market selection activity consists in the analysis and evaluation of foreign markets to spot possible markets of interests and formulate a system of preferences among them, to decide the resources allocation to each market. The importance of the process leading to the marketing selection resides in the complexity and variety of the potential markets aspects related to the market potential; among them competition, product-related factors, factors of production availability, country environment, psychic distance, cultural distance, level of economic development, market size and growth, costumers-related factors, information availability and market knowledge (Russow & Okoroafo, 1996; Whitelock, 2004; Sakarya, Eckman & Hyllegard, 2007).

Market selection approaches generally describe the process as composed of a series of activities which are ascribable to three categories preliminary screening, in-depth screening and selection. Preliminary "screening" identifies markets that represent a source of interest, on the base of macro-level indicators. This is a process of inclusion rather than exclusion. After, other macro-level criteria are used to asses market's measurability (possibility to identify the segments), accessibility (access to the market), profitability and actionability (possibility to implement effective programs,) meaning answering questions like should we enter the market? Can we enter it? Would we be able to operate effectively in it? Market size, growth rate, fit between customer preferences and the product and competitive rivalry constitute proposed screening criteria. In-depth screening involves focusing on candidates for subsequent analysis, for the "assessment of industry attractiveness and forecasts of costs and revenues for the short-listed countries." (Sakarya et al., 2006:212). The selection stage determines a rank of preferences among the countries based on the fit between the mark and firm's objectives, resources and characteristics.

Starting from the paramount amount of identified criteria, many different framework and operational models have been proposed. As seen in Brouthers et al. (2005:366), Papadopoulos & Denis (1988) was able to review over 40 of this propose international market selection (IMS) models.
In the literature on the strategic decision-making, also associable to the IMS, many different classifications appear for phases, methods and factors influencing the process. (Jocumsen, 2002:662).

3.2. Decision-making process's framework for the IMS

The decision inside a firm are carried out through a series on actions, which are brought for through the use of different methods, and which can be aggregated inside different phases or stages. "Progression through these stages, coupled with the interactions of team members, including how they gather and share information, build knowledge, and create decision outcomes define the decision-making processes within the boardroom." (Bailey & Peck, 2013:132) It is visible to the participants since they are patterns of behaviours taking place inside the organization, independently from their being more or less formalized (Fredrickson & Mitchell, 1984).

3.2.1. Phases of the process

Though many different decision-making processes have been proposed in the literature, all of them were defined as composed by a series of steps, succeeding each other from emergence to decision outcome, by means of developing and analysing alternatives (Bazerman, 2006). However the existence and identification of these phases is controversial; not all the researchers found evidence of the existence of distinct phases.

For instance, Witte (1972), as mentioned by Mintzberg et al.(1976), tried to test the existence of distinct phases in the first place and, in his study over the decision process of 233 organizations, found inconsistencies in the sample over the adoption of distinct phases and, instead, found simply the existence of multitude of actions. Nevertheless, generally, there is agreement upon the process being constituted of different stages, whether explicitly or implicitly. Major discord in the findings, instead, can be seen over the identification of the phases which compose the process, with many different classifications proposed.

The distinctions between different stages' models vary, both, in term of number and definition of the identified phases. The various studies accomplished on decision-making process found different actions taking place during the process, and reached different conclusions regarding the phases in which they should be aggregated. These mentioned differences can be minimal and lie purely on the phases' denomination, or can be substantial, with regard to the number and content of the stages. Specifically, the model with lowest number of phases identified three of them, while, the most articulated models can arrive to recognize eight or more phases (Mintzberg et al., 1976:252).

Pomerol and Adam (2004) found that Simon (1965) proposed a simple process construct through the elaboration of a three phases framework composed of intelligence phase, in which the problem is assessed and framed; design phase, consisting in the development and assessment of the alternatives; and choice phase, in which the preferred alternative is selected. Mintzberg et al. (1976) followed Simon's three stage framework, even though they defined the phases differently (identification, development, selection) and further sub-divided them into seven routines, where they more specifically addressed the activities taking place in them. Instead, other researchers found the steps in the process to be five, in many cases pointing out similar stages, with respect with the previous mentioned models, but proposing different moments sanctioning the beginning and the end of the process.
Among them, Nutt (1998) determined the process to be composed of intelligence gathering, direction setting, option search, option selection and implementation phases;

and so making the process starts with intelligence gathering like Simon, but brought the process further by identifying its end with the implementation phase, where the managers see through the finalization of the decisions.

Mintzberg et al. (1976) illustrated how Witte (1972) also developed a five steps framework, in which he made the process starts with problem recognition and ended it before the implementation, with alternative choice.

In the contingency model, developed by Beach & Mitchell (1978), after the problem recognition, evaluation of the decision characteristic and selection of the decision strategy, take place. This model finds its basis in the contingency theory, in which the adopted process is dependent on the factors surrounding the decision. This make necessary to assess the contingent elements to the decision before deciding the adequate process to make the decision. The two additional phases are so needed to absolve this purpose. This model takes into consideration the constraints present on the real stage and which limit decision-makers' actions. Many other models have been proposed, some of which showing an increasing complexity.

Finally, Jocumsen (2004:662), through his literature review, was able to individuate a total of twelve steps which had been recognized in past studies: decision emergence, diagnosis and initial intelligence gathering, selection of decision criteria and weights, data collection and analysis, alternatives development and evaluation, emergence of favoured decision option, final detailed assessment and final commitment, which afterwards he included in his stage model.

3.2.2. Sequentiality or repetition among the phases of the process

The different theories on the decision-making process found two main ways in the proceeding among the stages inside the process: sequentiality and iteration. The majority of the literature depicted the decision-making process as a linear sequence of steps, from the beginning to the end of the process (Mintzberg et al.,1976) The decision would so move from one step to another only after that all the tasks of the step have been completed . In this way, it would assure that all the necessary elements, to move forth, have been acquired and there is no need to go back to the previous steps.

Other researches depicted the decision-making process as an emergent and iterative process. The reality depicted in the bounded rationality shows how the decision is not the result of perfect actions and, additionally, the process take place in a dynamic environment, in which element of the decision can change. Each action could so require adjustments and the decision-maker could need to move back and forth in the process to clarify goals and modifies directions.

Streams of research supported the presence of repetition and lack of order among the phases (e.g. Witte 1972; Mintzberg et al. 1976; Van Horn, 1979; Nutt 1984; Harrison 1996; Jocumsen, 2002). This would make every decision a unique process, which pattern changes according to emergent elements during the process. The empirical research has given more credit to this second school, with many studies pointing out to the iterative nature of the process.

Mintzberg et al. (1976) mentioned how Witte (1972), in his study of companies' processes, did not found any support to the existence of the sequence, and in their model viewed the phases as occurring in random order; the whole process could repeat itself and shifts in its stages.

Also Nutt (1984) didn't find any support to the sequential theory; instead, he found that not necessarily a simple sequence is followed.

Repetition could be expected to be also more common in SMEs, where the decision process his expected to be a less structured activity than in larger organizations, as emerged in a series of studies on decision-making in SMEs (e.g. Van Horn, 1979; Jocumsen, 2002; Hang & Wang, 2012).

3.2.3. The three stages model

The three stages model, developed by Simon, is a simple model and contains the core decision-making process' phases on which every organization run through when making a decision. Every decision, no matter how articulated can be downsized to this three stages and, at the same time, also the most simple process can be said to be composed of, at least, these three stages. Ebert & Mitchell (1975) also noticed how conceptualizing strategic decision- making in terms of three phases was efficacious in enlightening the movement of the process from cognition to behaviour. The effectiveness of a three stage model is recognized by Mintzberg et al. (1976) which adopted it and further integrated its content.

The model developed by Simon, and later integrated by Mintzberg et al. (1976), has been acknowledged and adopted by many different authors as reference model (Schwenk, 1994; Brouthers et al., 1998; Wally & Baum, 1996; Hang & Wang, 2012). It so represents a valid base model for this research. Also Jocumsen (2002) and Hang & Wang (2012), in their empirical researches on the strategic decision-making process of SMEs, discovered that in these entities the process was simple and the models developed starting from their results were associable with the three stage models.
The three phase framework appears so to be the most effective way to analyze the process inside small firms

In the following part the three stages composing the process will be analysed in detail.

Identification phase

In this phase the problem, threat or opportunity is recognized by the management which acknowledge the existence of a strategic gap (Harrison, 1996) or performance gap (Mintzberg et al. 1976) propelling the need to take action. The gap represents a discrepancy between the actual situation and the expected or target situation, with reference to industry's standards, past performances, performance projections, management's expectations and theoretical models (Mintzberg et al. 1976:253).

Mintzberg et al. (1976:253) underline the difficulty of this operation since "problems and opportunities must be identified in the streams of ambiguous, largely verbal data that decision makers receive."

The problems object of the decision can present itself spontaneously, through the collection of random flows of information and stakeholders' claims (Nutt, 2004), or the firm can perform activities of information gathering and analysis known as environmental scanning. This activity purpose is to provide timely information about the changes in the environment.

The attention to this phase allows managers to spot problems and opportunities in advance and allows for exploitation of opportunities and answer to threats in a timely way, allowing for a better handling of the decision. Once the opportunity or threat has been individuated, and the need to take action acknowledged, it must be analyzed to assess the nature and scope of it, what Nutt (2004:14) calls identifying the arena of action.

The organization, to reach this purpose, can tap existing information channels or searches for new one. (Nutt, 1998b)

The assessment of the problem and the definition of goals is fundamental to determine the direction of the whole process, since different decision's frames call for different sets of alternatives to be searched, and influence the way they are evaluated.

Research into decision-making cognition suggested that the same stimulus to action can be interpreted differently by managers, also within the same organization (Papadakis et al., 1998:117), triggering different response, and generating alternative outcomes (Fredrickson, 1985). The erroneous understanding of the issues can produce interrupts and recycling, with waste of resource and time, and, in the worst case scenario decision failure (Nutt, 1998).

This phase, for its importance in individuating issues and setting directions, is considered by many researches the most important (e.g. Hang & Wang, 2012; Harrison, 1996; Mintzberg et al. 1976; Nutt, 1998a).

Development phase

In this second phase, managers have determined the boundaries of the problem or opportunity and start to produce alternatives. The organization can assume an active or passive stance; actively seeking for alternatives or, instead, relying on the management knowledge and third parties' proposals, with informal or formal requests, known as request for proposal (RFP) (Nutt, 2004).

The greater the number of alternatives found and considerate, the higher is the possibility to find a better solution.

At the same time, alternatives can emerge from inside or outside of the organizations in the form of existing solutions or designed anew. Existing solutions can be found in past and current business practices, by coping other organizations' solutions, or they can be bought. Designed solutions can be developed inside the organization or can be commissioned to third parties. (Mintzberg et al 1976)

In the first case the reliance on existing solutions allows for a reduced commitment of resources while the design of original one requires a significant amount of resources. The different commitment required for the production of alternatives influence the number of alternatives that an organization is able or willing to develop (Mintzberg et al 1976; Nutt, 2004).

By the end of the process, the management should have developed a set of alternatives and evaluated a series of parameters related to them, to assess the meet with the targeted objective.

Selection phase

In the selection phase the alternatives are screened according to parameters of feasibility and adherence to objectives. After the initial screening the management choose a preferred course of action.

Theoretically, the choice should be done through the analysis of information and confrontation of the different alternatives' pros and cons, based on objectives and explicit evaluations. This analytical approach can involve the use of quantitative techniques, such as scenario analysis and Delphi technique; but also more approachable techniques like probability analysis or net present value (Brouthers et al. 1998: 134). Nevertheless, as noted by Mintzberg et al. (1976) in this phase many factors play a role in the final choice, among which a relevant part is assumed by "soft" non quantitative criteria. He goes further by stating that "[...] a plethora of value and factual issues, few of them concrete, many involving emotions, politics, power and personality must be considered." (Ibid: 259). This second consideration puts in evidence the role of judgment in the process, which can override the analytical approach (Brouthers et al., 1998; Nutt, 1998c). It must be also noticed how the importance of this phase could be marginal according to the number of alternatives developed in the previous phase. Sometimes, the actual selection can happen right after, or during, the identification phase with the individuation and development of only one alternative (Mintzberg et al. 1976; Nutt, 2004).

3.2.4. Summary

The identification phase is individuated by some authors as the most important (e.g. Mintzberg et al., 1976; Nutt, 1998a) since the evaluation of the problems influence all the following steps. Additionally, a first selection of the alternative can also happen in this stage, bypassing the search for alternatives and developing only one alternative, which will then directly move to refinement and confirmation of its feasibility and effectiveness.

The development phase can assume more or less importance according to the number and consistency of alternatives which make it through the first phase. Finally the selection phase can assume simply a ratification role, if an alternative as already manifested itself as the favourite.

The three stages "are not necessarily discrete or linear; rather, they can be intermingled and involve iterations that result from new information as the process progresses" (Wally & Baum; 1994). The process can meet interrupts and recycles by which decision-makers may return to previous phases when necessary (Mintzberg et al. 1976).

3.3. Methods applicable inside the process

As we have seen in the previous paragraph the whole decision process is accompanied by two supporting process of information gathering and information analysis. These processes are fundamental for the main process accompanying it throughout all the phases.

The methods associable with these processes are multiple and can be alternative or complementary with each other. They were classified by Jocumsen (2002) into learned and inherent competencies and internal and external networks; with Internal networking composed by formal and informal employee group processes, while External networking refers to the use of resources outside the company as could be experts or consultants. Carlson & Gilmore (2000), in their study on marketing decisions, used a different classification with textbook practices, experience, networking and innovative practices. Starting from this two classifications, in this study were individuated four main methods: rational practices, intuition, experts and consultants, and networks.
Each of the methods can be used by the management when taking their decisions, tough for reasons of cost, or level of knowledge and competencies inside the organization, not all of them may be used or taken into consideration.

3.3.1. Formal practices

Formal practices, what Jocumsen (2002) identified with learned competencies, and Carlson & Gilmore (2000) with textbook practices, are formal and analytical practices and activities, which acquired through training and education and are usually suggested by the textbooks as means to increase comprehensiveness and systematicness of the decisions.
Jocumsen (2002) defined this formality with the use of analytic tools and written activity, while Eisenhardt & Bourgeois (1988) more specifically identified the practices with organizational policies, rules, charts and plans explicitly articulated and which help decision-makers in the analysis, conferring systematicness to the process.

Brouthers et al. (2005), when describing the systematic international market selection (SIMS), added the use of objective criteria to select export markets such as systematic and formalized market research activities, visits of foreign markets on fact-finding tours before entry, monitoring of related business press, and the use of published statistical sources in differentiating foreign markets.

Also the use of teamwork can be seen as a formal mean to expand the organization's network of contact, increase the competencies and provide the balance of expertise required to profit from certain types of cooperative activity (Etemad, 2004:100). The use of teamwork increase the analysis and comprehensiveness of the process through conflict (see chapter 3.2.4) The beneficial effect is amplified through the introduction of practices that stimulate the emergence of alternative and conflicting opinions; these was noticed to increase the quality of the recommendations and assumptions. (Janis 1982; Cosier & Schwenk, 1990).

3.3.2. Experts and consultants

Experts and consultants allow organizations to access needed competencies and to information to help them in the understanding of the problem and development of alternatives. In this category enter all professional consultants such as business planner, trade or product consultant and market researchers.
Improvements in decisions' outcomes, leading to development and growth, are thought to be stimulated by consultancy interventions, providing the important managerial time unavailable within small firms.

Though the use of expert and consultants can represent a valid meaning to increase the quality of a decision, their access can be limited by their cost and by reluctance to rely on a third parties or mistrust.

3.3.3. Manager's inherent competencies

Inherent competencies refer to those abilities unique to a specific manager, since they are strictly related to the person. Primary among these learned competencies is that of "doing business", which is the manifestation of a range of competencies (Carson & Gilmore, 2000: 3). These competencies can't be acquired through training or education; instead, they are the result of what Carlson and Gilmore (2000) refer to as experiential learning: skills that a person develops as a result of experience and practice. They are derived through the accumulation of on-the-field practice and experience of past results, through a trial and error process. Through experience managers can rely on memories of past situation to face emerging issues (Subramaniam & Youndt, 2005).

The underlying idea is that decision makers, also when not using a formal or codified model of decision, still apply a basic logic or structure and do not rely exclusively on gut feeling. Starting from this idea it can be assumed that the process followed by some managers, also when not comprehensive or articulated, as the one suggested in the rational model, can still be defined as rational. (Mintzberg et al., 1976) Steinbruner (1974), with his cybernetic strategy, proposed a theory akin with this idea, in which the variety of a decision problem is ignored and only a small set of critical variables are taken into consideration. Starting from these variables, the decision is evaluated through a process based on heuristics. This model implies that assumptions and previous expectations are formulated before starting the actual evaluation of alternatives, allowing for a reduced spectrum of the scenario to be taken into consideration. The use of heuristic strongly relies on the decision-maker cognitive capability and level experience. This approach does not require specific knowledge and can capitalize on a reduced amount of information (Kumar & Subramaniam, 1997). Previous researches suggested that often managers rely on heuristic to accomplish their decision tasks (Fredrickson 1985; Eisenhardt, 1989).

3.3.4. Networks

Managers draw extensive support and information from contacts which may include: professionals, their peer group and other small businesses operating in the area, their suppliers, their staff, in cases they have it; their customers and, indirectly, their customers' customers; their competitors, and contacts from their personal life: friends, relatives, acquaintances, and so on (Culkin & Smith, 2000:150).

Networking, up to a certain extent, is integral to doing business, so it doesn't require additional effort or commitment of resources by the organization. The formation and development of business and personal links is built around managers' normal interactions and activities. Through their networks they can consciously seeking information out of individuals, believed to have possible contribution to make, while other times they can unconsciously exploit their networks through information caught in casual or informal conversations. (Carson & Gilmore, 2000:4). These networking can take place in trade events, personal contacts and as part of managers' business endeavours.

Networking is an important mean through which managers can gather information about the environment. It acts as source of information, helping the organization to spot opportunities and threats, understand the nature and the context of the issue and help the management in reaching their decision.

3.4. IMS and rationality

The generic concept of rationality seen in the previous chapter finds its plastic representation in the followed process and applied methods. Different adoption of the practices described in the chapter, display different levels of rationality (see table 1.) inside the IMS. In particular, the attention to each of the activity described inside the three stage model and their systematic performance is the manifestation of a great rationality, since they contribute to increase the comprehensiveness of the decision.
The same reasoning applies to the thoroughness with which this passages are completed. The companies do not need to perform those passages or to perform them thoroughly but their lacking accomplishment compromise the rationality of the process and the validity of the analysis on which the decision is based.
The methods used inside the process are also characterized by different level of rationality, with formal methods being characterized by high rationality, since bearer of higher analyticity and systematicness, as it is the use of expert and consultants, who can be seen as an externalization of those formal methods. On the opposite, manager's competencies and networks are methods which can only achieve a bounded rationality (see table 1.), given their lack of formality and limited comprehensiveness. In the first case, because of the cognitive limits of individuals (see chapter 2.3.2.); while, in the second case, because of the opportunistic nature and limited scope of the streams of information coming from networks.

The use of grater rationality inside the process require the use of greater resources, being the financial, human or the commitment of time, for these reason many companies may settle for limited form of rationality (see table 1) because of the lack of resources limiting their ability to adopt, or acknowledge the need for, more rationality. In fact, human capital and financial situation are the base on which different methods can be taken into consideration. In particular, "Human capital refers to the tacit and explicit knowledge of people and their ability to generate tangible and intangible assets. This knowledge makes human resources capable of effectively executing their tasks and includes formal education, specific training, experience and personal development." (Cohen et al., 2014).

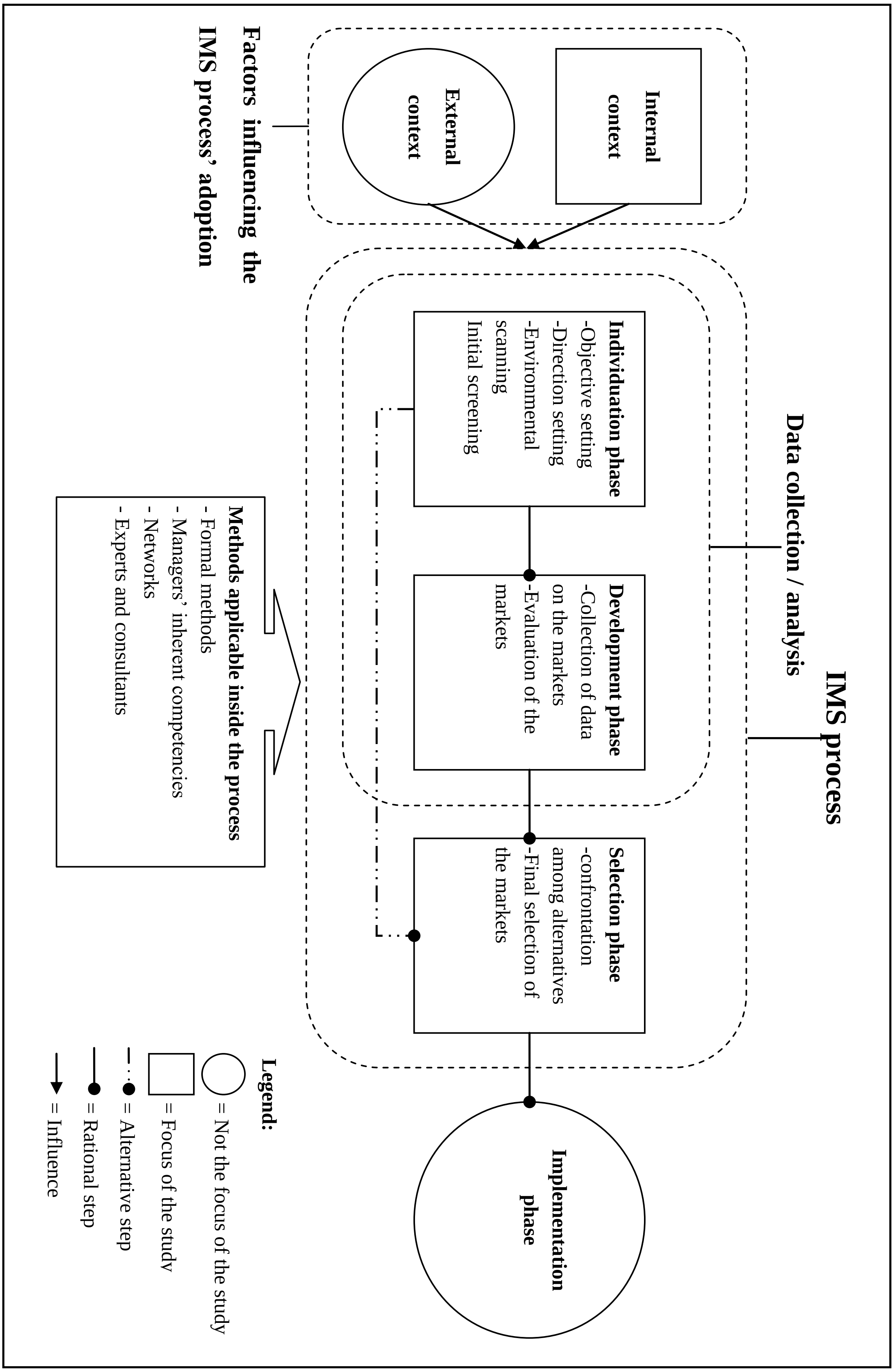

Figure 2. Theoretical framework of the IMS process.

Because of these factors limiting rationality, the processes can variedly distance themselves from the depicted rationality, until the IMS assumes the form of " a dynamic process: complex, redolent with feedback and sideways, full of search, detours, information gathering, and information ignoring, fuelled by fluctuating uncertainty, fuzziness, and conflict; it is an organic unity of both pre-decision and post-decision stage." (Harrison, 1996:49), and elements of the garbage can model (see chapter 2.3.5.) can emerge

The smallness of SMEs is one major factor generating limits to the level of rationality because of the contingencies that it implies (see table 2.), especially in the IMS decisions which are characterized by an high complexity (see table 2.).

4. RESEARCH METHODOLOGY

In this chapter are discussed the research methodology of the thesis, consisting of its philosophy, approach, design and detailed description of the data collection technique.

4.1. Research approach

This research is ascribable to realism which aims to understand phenomena as to how they are taking place in a given time and place, to discover and know reality. The thesis is based on the deductive approach with the aim not to create a new theory but, instead, to try to increase the understanding of the decision-making process and its dynamics in particular contexts and, by doing so, increase the adequacy of existing theories when applied to small organizations, also under a prescriptive point of view. A choice is also made on qualitative methods instead of quantitative methods, which is not only motivated by the nature of the topic, but also by the personal preference of the researcher toward a qualitative approach allowing for a deep understanding of the managerial processes taking place inside organizations.

4.2. Research strategy

The strategies are the mean used to answer the research question and meet the objectives. The researchers can account on a wide spectrum of strategies, among which experiment, survey, case study, action research, grounded theory, ethnography, and archival research (Saunders, Thornhill & Lewis, 2009). The choice of the strategy is dependent upon the aim and the subject of the study.

The aim of this study is to understand "how" the decision-making is conducted inside SMEs, and "why" it is so conducted by this type of enterprise. It tries to explain and understand a certain phenomenon (Yin, 1994). This point toward a qualitative approach since the aim is not to predict phenomena but, instead, it is to explain it (Leavy, 1994); to understand things rather than measure them (Gordon & Langmaid, 1988). For this reason the qualitative approach is seen as suitable for the understanding of decision-making in SMEs Jocumsen. (2004).

Among the different strategies, applicable to a qualitative approach, the case study strategy has been chosen as the one most suited to achieve the study's purpose. This decision arises from considerations regarding case studies utilising largely qualitative data sources (Yin 1994) The case study is particularly useful if you want to gain a rich understanding of the context of the research and the process being enacted. This fit arises from its ability to provide in-depth insights of empirical contemporary phenomena, within their real life contexts. (Dubois & Gadde, 2002: 555) since "the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events," (Yin, 2003:2) like in the case of organizational and managerial processes. The case study strategy can be worth for exploring existing theories, challenge them and provide a source of new research questions. These characteristics have made it widely used in researching SMEs (Hang & Wang, 2012) since their particularity and uniqueness call for a deep understanding, which is not considered by existing theories focusing of larger companies or simply on establishing relationship between statistical data on SMEs.

Yin (2003) distinguished between different case study strategies: Single case and multiple cases. The first is used when it is present a critical, extreme or unique case. The multiple cases is used to define if the findings of the first case occur also in the other cases, and so if u can generalise. For this study a multiple case approach is used since the number of cases investigated in the study influence its relevance. An increase in the number of case studies, object of the research, is positively correlated with the significance of its results.

Yin (2003) also separated among holistic and embedded cases, which refers to the unit of analysis. The SMEs are small organization with low level of separation within them and high level of organizational involvement, so the holistic method is more adapt to study them.

4.3. Data collection

A wide range of data collection techniques such as questionnaires, interviews, and observation, together with the use of secondary data are employed within case study in order to obtain needed data for analysis and allow for triangulation of the data.

For this thesis, in-depth interviews were the primary data collection method employed; the choice is explained by their ability to obtain rich and detailed information. More in detail, the interviews were semi-structured. According to Yin (2003: 89), the semi-structured interviews allow to help the interviewer to lead the interview through a logical pattern and go through all the point of interest, "in a fluid fashion". Nevertheless, at the same time they allow flexibility to the interviewee when answering the questions and they give the participants the opportunity to respond in their own words, resulting in rich explanatory answers. The flexibility benefits also the interviewer who can deepen possible emerging points of interest (Bourgeois & Eisenhardt, 1988; Mintzberg *et al.*, 1976). These techniques are considerate to be particularly effective for collecting data from managers and owners of SMEs (Curran & Blackburn, 2001), being so very well suited for the study of the decision-making process, since the variety of solutions that can be adopted for it and to understand better the influence of the factors of interest for this study. The semi structured interviews can so be adapted better to context of the case study.
Following the Yin's (2003) 'holistic' case study approach, the research has been complemented with the collection of other relevant sources of information, like documents and archives, which represents the secondary data. These data allow for triangulation, when needed, and help in the clarification and understanding of the case studies.

4.3.1. Cases selection

The focus of the thesis is strategic export marketing decision-making. Based on this focus it is important that firms in the case studies present the following characteristics:

- Parameters in line with the SMEs definition provided in the chapter 1.4.
- Relevant part of their turnover coming from foreign markets, which should be considered as a priority for the firm (export intensity higher than 50%). .
- Actively operating on the international stage by actively seeking for new markets, instead of exclusively relying on unsolicited orders.

The case studies ware selected in such a way to present different firm size and differences among the experience and educations received by their managers. The firms were initially selected among a pool of candidates adherent to the requisites, and which were individuated through internet search. After, the companies were directly contacted via e-mail or phone call individuated to assess their willingness to participate. The final case selection was done among the managers who gave their availability for the interview.

The number of subjects was limited given the lack of available candidate and time constraints for operating the search. Furthermore, the population of Italian firms presents a strong concentration of micro and small enterprises, limiting the ability of the interviewer to access to available companies with more the 100 employees. (European Commission, 2014).

Further limitation was found in the individuation of export directors having high education, which led to the selection of two companies presenting a manager with a low educational level (high school diploma) and a manager with a diploma in marketing, The presents of companies presenting an export director with university degree in a IMS related field would have increased the variety of the sample. Also in this case difficulty aroused from the scarce presence of managers with high educational level among Italian companies, which account to only 15% (Rustichelli, 2013), which implies an even lower lever of SME’s export director with high level education.

4.3.2. Interviews

The list of questions was constructed on the basis of the past literature review. The list of questions aimed at identifying the adopted formal and informal decision-making practices inside the organization and of the activities conducted in it. Questions also investigated the contextual factors surrounding the process, with particular regard to organizations characteristics and decision-makers background.

The initial questions focused on assessing the characteristics of the firm (goods/services offered, markets served, ownership, number of employees and turnover, financial situation, TMT) and decision-maker background (position, education, past experiences), and so defining the context of the decision. After the question moved to defining the decision-making process for identifying the steps taken and activities conducted, and the participants in those activities, in each steps; the question were structured on the decision-making process and methods reviewed in the theoretical framework. For each steps additional questions were made to assess the reasoning leading the mentioned activities. The interviewees were asked to describe the decision-making process adopted for to the selection of international markets.

The interviews were conducted by the researcher in person and lasted among 1 and 1 and a half hour; each interview was recorded and transcribed to allow for a better review and analysis of its content and to facilitate quoting from the interviews. The interviews were analysed with the closest time lap possible to increase the understanding given the possibility to rely on fresh memory of the circumstances surrounding the answers. The interviewees were contacted a second time for further inquisition about unclear parts and further clarifications that emerged during the analysis of the interviews.

The analysis of the interviews proceeded through the confrontation of the contents of the interviews with the theoretical framework. This was done though the division of the interviews in more segment which then were assigned to different sections of the theoretical framework for their analysis

Table 3. Case studies' data collection description.

Data collection		Company A	Company B
Interviewees		Managing director	Export director
Interviews			
	1st	09.11.2014 Semi-structured interview. Method: in person (recorded). Duration: 01:46	15.11.2014 Semi-structured interview. Method: in person (recorded). Duration: 01:33
	2nd	11.11.2014 Specifics questions to clarify doubts emerged from the 1st interview's analysis. Method: phone call. Duration: 00: 19.	19.11.2014 Specifics questions to clarify doubts emerged from the 1st interview's analysis. Method: phone call. Duration: 00:22.
	3rd	15.12.2014 Specific questions related to the IMS process' participants. Method: in person (recorded). Duration: 00:23.	14.12.2014 Specific questions related to the IMS process' participants. Method: phone (recorded). Duration: 00:16.
Visit to the company		18.12.2014. Short in person interview to other IMS participants	
Secondary data		Company A's website LinkedIn Articles related to the furniture industry Articles related to the company Articles related to market cases	Company B's website LinkedIn Articles related to the mattresses industry Articles related to the company Articles related to market cases

After the decision-making process of each firm were analysed, cross-case analyses were conducted using theme identification and pattern matching (Yin, 2003). The emerging decision-making patterns between organisations were matched with the characteristics of the SMEs to evaluate the influence that factors inside the firm had on the adopted decision-making process and practises.

In the case of Company A, the researcher visited in person the company and through a short interview done to other participants into the IMS process, owner and vice president of the company, could confirm the description that Manager A made of their role inside the IMS process. The interviews were not recorded or deep, since the interviewees mentioned their limited participation and knowledge of the activities which took place in the process, mentioning how they were responsibilities of Manager A, and the whole process was personally led by him.

It must be noticed that Manager A was not present during the visit to the company, increasing the reliability of the answer.

4.3.3. Secondary data

Secondary data are all those data not directly collected by the researcher. For this research additional information was collected through internet sources to increase the understanding of the cases and cross the data with those collected from the interviews.

Information were collected about the companies by checking the companies' web pages, and collect more detailed information on the company structure, product, history and business activities; which was also done through the reading of a limited number of articles related to the companies. Information were also acquired on the companies' management and, more specifically on its top management team and participants to the decision, through the review on their LinkedIn profiles. A deeper understanding of the respective industries and of the international markets situation, at the time of the market cases selection, was also achieved through the review of articles on the topic.

4.5 Validity and reliability

An integral part of the thesis is represented by the consideration of the limits to validity and reliability of the study, which could affect the whole credibility of the research, the results and, consequently, of the conclusions deriving from them.
Validity and reliability of the data need to be taken into consideration when designing the research design, along with concerns regarding ethical and access issues (Saunders et al. 2009: 9). Validity and reliability should be always kept in mind by the research while proceeding in his/her research, to avoid threats which could compromise the whole study. While, reliability is concerned with the consistency of the results, naming their replicability, production of embraceable observations and transparency of the process leading to them (Saunders et al. 2009: 149).

4.5.1. Reliability

There are four threats to reliability. The first is subject or participant error, which occurs when the research are conducted in different times. Similarly, there may be subject or participant bias such as respondents reluctant or dishonest in their answers. Third, there may be an error in observation, such as different ways of conducting research between researchers in one research. Finally, observer bias coming from an erroneous way to interpret answers (Saunders et al. 2009: 149-150).
In order to decrease the subject biases all the interviewees were willingly participating to the interview to assure their commitment to answer and share their information, additionally the interviews were conducted during a convenient time for them to assure that problem regarding time pressure didn't diminish the comprehensiveness of the answers. The interviewees were also assured confidentiality regarding data that could allow to identify firm and managers reducing, in such a way, the possibility of participants' reluctance to share information. The biases were also reduced by asking the interviewees to refer to decisions not older than 3 years, to limit the risk of memory failures. The risks were further reduced by relying on additional sources of information (other participants or documents).

Instead, regarding the biases related to the interviewer, other strategies were implemented. All the interviews were conducted by the same interviewer, in the mother tongue of both interviewees and interviewer and the possibility of misunderstanding was further reduced through the use of English (language in which the interviewer is proficient) whereas it resulted to be more effective to deliver a concept. The interviewer asked for clarifications were needed, also after the interview if doubts emerged during the review of the interviews' recordings. The interviews were done in a fluent way and attention was put so to don't influence the interviewees.

Finally, biases could take place during the transcription and translation of the interviews from Italian to English. This problem has been taken into account and the recording of the interviews allowed for a calm and attentive translation of the interview, and second checks. In addition, the documentation of all the acquired data increases the reliability.

4.5.2. Validity

The concept of validity encompasses the whole research approach and relates to the use of scientific methods to generate valid data. The validity of a study is threatened by several threats regarding different aspect of the research (History, testing, instrumentation, mortality, maturation, ambiguity about causal direction, generalisability, logic leaps and false assumptions, identification of the population, data collection, data interpretation, development of conclusions) (Saunders et al. 2009: 149-150). Of particular interest for this thesis is the threat regarding the external validity, meaning the ability of the reached conclusions to be generalised. This study was conducted on a limited number of case studies), so its results cannot be generalised to the wider population of SMEs. Nevertheless, the benefits of multiple case studies are relevant also where the cases should be two instead of one. The possibilities to avoid excessively subject's dependence and that to introduce elements for comparison, arising from the presence of, at least, two case studies, greatly reinforce the external validity of the findings. (Yin, 2003:53-54). The increased validity is attributable to the accumulation of the evidence at the base of the conclusions; which can continue with decreasing benefits. Low generalisability problems can also be ascribed to the circumscribed Italian context.

However, low generalisability problems are implicit to the case study since they "do not represent a 'sample', and in doing a case study, your goal will be to generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization)" (Yin, 2003:10). This study can so assume relevance by leveraging on existing theory on the topic and increasing the significance of the findings, by matching them with theories and confirm or challenge them.

Direct quotations from the interviews sided with clear reference to the theories in the theoretical framework and a thoroughly explanation of the reasoning behind the interpretation of the data, should avoid the risk to ask the reader to make logic leaps and increase the credibility of the achieved conclusions.

5. IMS PROCESS OF ITALIAN SMEs

5.1. Case studies' introduction: the context surrounding the IMS process

In this section, information regarding the context surrounding the IMS process adopted by the two companies are introduced. The mentioned context refers to companies' characteristics: size (addressed in terms of number of employees and turnover), financial situation, top management team (TMT) composition, with particular regard to the IMS decision-maker, which was the selected interviewee, companies' international markets. Finally, the past IMS cases are introduced and contextualized.

5.1.1. Company A's case study description

Internal context of the company

Company A has 94 employees and a turnover of 25M Euros, parameters that allocate them inside the class of medium sized company (50-249 employees and a turnover cap of EURO 50 million). The company is a single shareholder limited liability company and its TMT (top management team) is composed of the owner, who act as president of the company and holds a role of lead and proxy for the decisions inside the company; the vice-president, with function akin to the president to which she cumulates administrative responsibilities, the managing director, who incorporates the role of marketing director and general manager; the production director, who focus solely on the production related aspects of the company.
The firm has been operating in the furniture industry since more than one century, and has established itself in the market of costume made luxury furniture, targeted to the high-end segment of the market. It has gradually increased its offer and starting from one brand has now expanded its product portfolio to three different brands.
Nowadays, the company is an established producer of luxury furniture worldwide and has recorder solid growth numbers, with high profitability for the past 15 years, only recently manifesting a decrease in their growth rate and profitability, which is

attributable to a contraction of the Russian market and economic difficulties of European countries.

Description of the IMS' decision-maker (referred to as Manager A)

The interview was done to the managing director of the company, role which concentrate the responsibilities concerning the marketing and general management; he is the responsible and decision-maker leading the international market selection process of the company. The manager entered the company has export direct and then moved up to cover the role of managing director after 14 years.

Manager A's education comprehends an high-school diploma as accountant and a marketing diploma at Oxford. In both cases the manager didn't mention any specific knowledge coming from his education which resulted to be influential for his IMS activity. He limited himself to cite accounting principles coming from the accountant diploma, and proficiency in English language and a general knowledge of marketing concepts coming from the marketing diploma

The manager started his working career as accountant in a small company. According to him this experience was crucial for the understanding of the relevance of the financial aspects of a company, and how it was important for the relevance that he puts to the payment methods adopted in each country. .After one year, he moved to a small luxury furniture company, where he was employed as export manager and assistant of the export director; he remained into the company for 7 years. During that experience he had occasion to increase his knowledge of different markets around the world through direct visits and various forms of information acquisition, which can be regrouped under the label of experience and 'doing business' (see chapter 3.3.3). The manager increased his knowledge of the markets (especially Europe, U.S.A. and Russia), furniture industry, and market selection activities; additionally he started to develop his personal network. All of these competencies were further developed during his presence in the present company, where he acquired knowledge of countries in the Gulf regions, Australia, Asia and Africa.

Table 4. Manager A's background.

Activity	Period	Acquired knowledge.
Accountant diploma		Accounting principles.
Marketing diploma		General marketing principles, English language.
Accountant	1 year	Comprehension of the importance of the financial situation of a company. Attention to the methods of payments adopted in each country.
Export manager	7 years	Experience with international markets. Experience with luxury furniture industry and markets. Development of a personal network.
Managing director	20 years	Experience with international markets. Experience with luxury furniture industry and markets. Development of a personal network. Experience with the management of the company; greater understanding of the product and of the productive chain.
Fact of interest	The manager didn't show any knowledge of formal market analysis methods (decision-making models, SWOT analysis, CAGE framework, etc.)	

When introducing his past experience, the manager didn't mention the use of formal or analytical activities, practices or process, related to decision-making in general and not only to IMS, since the rational and formal practices of decision-making can be applied to every field of decision inside a company.

Role inside the IMS of the other members of the TMT

The owner of the company doesn't have any high educational level and doesn't possess any specific knowledge related to international marketing. He is a consultative and approval role in the IMS process.

The vice-president, and daughter of the owner, doesn’t possess an high level education. She has a consultative role in the IMS process.

The production director of the company, and son of the owner, possesses a diploma as accountant. he has a consultative role in the IMS process.

Company’s export activities and international markets

The business, in the last 30 years, has started to stably operate in foreign countries through direct and indirect export mode, and since the past 20 years export sales represents the main component of the total sales, with export intensity over 80% for the past 10 years. The company nowadays exports its products in 29 countries spread among North America, Europe, Asia, Africa and Oceania.
Given the targeted niche the company operates mainly in markets with marked wealth distribution inequalities and with an elevated number of millionaires and presence of luxury hotels. Its main markets have been, for many years, the ex-URSS and the Gulf Region countries, while in Europe the company has a small consolidated market and in North America and Australia it has a limited presence and has so far been unable to successfully establish itself. Recently the company has been trying to expand toward African and South-East Asia countries.

The export activities are led by the managing director, supported by his personal assistant and three other sales manager, which are variously involved in the export activities of the company but are mainly focused in the clients’ management. The company relies on international agents for the sales to foreign markets, who also have an important role of information source and consultancy.

Table 5. Company A’s international market selection cases.

Market	year	Participants in the selection	Participant’s role in the process	Background of the selection
China	2012	Managing director	Decision-making, lead and coordination. Information gathering and analysis	The company had its sales concentrated among ex-URSS countries and the Gulf Region’s countries. The company was scarcely present in Asia, and not present in South-East Asia. China was the most important growing economy and was an important emerging market for luxury furniture.
		Managing director’s assistant	Assist managing director in its activities.	
		Agents	Information gathering and analysis, consultancy.	
		Owner	Approval, consultancy.	
		Vice-president	Approval, consultancy.	
		Production director	Consultancy.	
Pakistan	2013	Managing director	Decision-making/ lead and coordination.	The company was scarcely present in South Asia and had been trying with unsatisfactory results, to impose itself in India. The Pakistani market was unknown to the company.
		Local business man	Market development, market analysis.	

China's selection case

The company decided to enter the Chinese in market at the end of 2012. At that time, its market's growth, also in the furniture industry, was a major fact of interest among the industry operators. Starting from the early 2010s China, together with India, had emerged has the most attractive new market for luxury furniture (Beghelli, 2011; ITA - Italian Trade Agency: ICE). The company targeted the market to increase its market diversification; at the time of the selection its sales were concentrated to ex-URSS am Gulf Region countries.

Pakistan's selection case

Pakistani's selection happened in 2013, and was the result of a casual meeting by the managing director with an important local business man operating in the furniture industry. The Pakistani market was until that time unknown to the company. Nevertheless, the entrance into the market allowed an opportunity for diversification and increase of market to the company. The presence of a local business man to help the company to develop the market allowed for a minimum commitment from the company.

5.1.2. Company B's case study description

Internal context of the company

Company B has a turnover of 15M Euros and 63 employees, which places it among the medium-sized firms. It is a limited liability company owned by three partners also form the TMT of the company. The TMT is composed of the general manager, with administrative responsibilities and involved in all strategic decisions; the production director, who is exclusively involved in the production related aspects of the company and the export director, who has responsibilities over marketing related decisions and has unique responsibilities regarding the export management.

The company sells a particular kind of high quality mattresses and operates exclusively through business to business sales. The particularity of the product makes it highly dependent on the unique sleeping habits of a country, since different sleeping habits demands for different mattresses types.

The business though being operating in the in the industry for just 12 years has been able to impose itself as one of the main producers in the world among its specific kind of mattress, but has struggled to achieve satisfactory results in terms of profitability, given the high investment in the production plant and product development, and discontinuity in its sales.

Description of the IMS' decision-maker (referred to as Manager B)

The interview was done to the export director of the company, role that she has been covering for the past 14 years.

Manager B education comprehends a diploma in languages in Germany, which gave her high proficiency in German and French languages, which proven to be of great importance in her job as export manager in communicating with market operators (clients, colleagues, other players) and creating relationship, helping her to form her personal network.

The Manager, before moving to the actual company, worked for a branch of an important MNE operating internationally in the mattress industry. Here manager B began to work as secretary and after some year was promoted to export manager, thanks to her languages proficiency. During her 40 years inside the company she was gradually assigned the responsibility of the whole European market

Manager B underlined how her experience as export manager allowed her to develop an extensive knowledge of the industry and European markets, where was the bulk of her markets, and only marginally of markets outside Europe. Here she was able to develop an extensive network inside the industry, being able to develop many relationships with firms and industry operators, also on strong personal level, and get numerous contacts.

Table 6. Manager B's background.

Activity	Period	Acquired knowledge
Languages diploma		Knowledge of French, German and English languages.
Export manager	42 years	Experience with Mattresses industry . Experience with international markets. Development of a personal network.
Export director	13 years	Experience with Mattresses industry . Experience with European markets. Development of a personal network.
Facts of interest	The manager didn’t show any knowledge of formal market analysis methods (decision-making models, SWOT analysis, CAGE framework, etc.)	

Role inside the IMS of the other members of the TMT

The general manager of the company is an engineer with decades of experiences as engineer in the same MNE as manager B, covering the position of R&D director. He, however, does not possess any knowledge with export marketing. He has a consultative and approval role inside IMS strategic decisions.

The production director of the company is an engineer, who came from the same MNE as manager B and the general manager of the company, where he covered the position of R&D manager. He has a consultative role inside the IMS process regarding technical aspects.

Company’s export activities

The company has been operating internationally since its starting the business in 1999; it operates through direct and, only marginally, indirect export with the use of international agents.

Nowadays it sells its products in 24 countries all around the world, distributed among North America, South America, Europe, Africa, Asia and Oceania, with the bulk of the market in Europe and more recently in South Korea, which together represent the 90% of the sales of the company.

The export activities are led by the sole export director, who confront herself with the general manager during the final stage of the selection process. The company had an additional employee for 2 years who covered the role of assistant to the export director, and who had task related to company communication and also of market analysis.

South Korea's selection case

The Korean market was selected in the middle of 2011. The market emerged to the attention of the company through Manager B knowledge of the international market; it was not the result of a discovery but of a growing interest coming from cumulated evidences from the external environment. The company at that time didn't have any specific knowledge of the market or the country.
The company at that time had its sales focused in great part on the European market, which had experience a slow down due to the world financial crisis of 2007 and of a stagnant European markets economies. (European Commission, 2011; Avent, 2011).

France's selection case

The French market was selected at the beginning of 2013. The entrance into the market emerged as possible through the exploitation of Manager B personal network that brought to her attention a new opportunity that was emerging there. Additionally the market was well known by Manager B through her past experience in the market.

At the time the company was experiencing difficulties caused by imbalance toward the Korean market and discontinuity of production, even though still continuing to have a significant presence in Europe.

Table 7. Company B’s international market selection cases.

Market	year	Participants in the process	Participant’s role in the process	Background of the selection
South Korea	2011	Manager B	Decision making, lead and coordinate the process. Information gathering/analysis .	The company had the majority of its income generating from Europe. The company was scarcely present outside of Europe.
		General manager	Approval, consultancy.	
		Production director	Consultancy.	
France	2013	Manager B	Decision making, lead and coordinate the process. Information gathering/analysis	The company’ sales were highly dependent on the Korean market and needed to increase its sales diversification.
		General manager	Approval, consultancy.	
		Production director	Consultancy.	

5.2. Italian SME's international market selection process

In this chapter the data gathered through the interviews are analyzed, through the quoting from the different interviews, crossing the data coming from the different case studies. The chapter is structure according to the phase of the process as described in chapter 3 (see table 3), meaning Identification phase, development phase and selection phase. For each phases also the method used by the manager are analysed.

Beginning of the process

From the interviews emerged that the international market selection process were not recognized inside the companies and as such the process that brought to the market selection, in all the cases, didn't have a clear beginning but, instead, it was the result of an ongoing process inside the company. In all the cases the managers didn't mention a moment inside the company in which the gap was formally recognized, but mentioned the need of the company to increase the sales performance as a trigger to take action.

"We are constantly seeking for ways to increase our sales. We participate to fairs; we take contacts; we keep our eyes open for potential clients. We are open to respond to any new opportunity that should present to us. " (Manager A)

The markets search was the result of the existence of a gap between the company actual performance and management wished performance. The gap acknowledgement was not the result of a formal comprehensive analysis of the company situation; being instead the result of managers' cognizance of the company's situation, reached with various informal methods such, and confrontation among members of the TMT. The companies, to fill the perceived gap, assumed a stance of constant search for opportunities and awareness toward input coming from the external environment.
This behaviour doesn't respect the guidelines of a rational approach given its lack of formality, nevertheless the great involvement that the managers have in the "life" of the companies and the great proximity among the members of the TMT, grants them a vast

knowledge of the business situation, which could allow them to frame a clear picture of the company’s situation without the need of formal analysis.

Objectives setting

No situation specific and formally articulated objectives were mentioned leading the market selection processes. Given the lack of a formal beginning of the process; the companies couldn't had set situation specific objectives. Nevertheless, in both companies overall objectives were mentioned to take part in the market selection, but they were implicit as part of the decision-makers’ awareness of the companies situation and needs.

Other than the generic objective to improve the company's performances, both managers mentioned the objective of diversification of their markets' portfolio as hedge against markets' specific risks. In particular Manager A, underlined how market diversification considerations had been central in the market selection activity of the company. Manager A clearly mentioned the will to diversify when referring to the decision to enter the Chinese market :

"We certainly took into consideration our overall market situation, trying to diversify our markets exposition. For instance other companies met great difficulties because in the last 20 years they invested and exploited only on the Russian market which is falling together with the Ukrainian market which as almost disappeared. They invested there, were focused there and now they met payments problems and will probably end up disappearing. We instead tried to remain in multiple markets like U.A..E., U.S.A. and in this optic we went strong on China. I, in these past 20 years, have always tried to diversify our markets. For instance, many people asked me why I went to Arabic countries instead of putting more commitment into the Russian market. Now, you can see people going to the Arabic countries trying to sell their products, but now they don't have a market there, it's difficult for them. You have also to commit to markets that are less attractive but allow you to have an alternative to sell tour product." (Manager A)

How it emerges from this statement, even though not formalized, the manager did have some goals leading the search and the selection of the alternatives and, according to the manager words, they had been leading company's choices and decisions.
The same could be said for Manager B who, inversely, mentioned how the entrance into the French market was important to restore a misbalance toward the South Korean market, after choices which proved detrimental for their market diversification goal:

"You can't have just one market, what do you do if it stops? You have to find the right balance; we are trying now to go back to that balance"

The companies didn't formalize these objectives before selecting the markets but they seemed to be important drivers in the market selection of the companies; nevertheless, the lack of formal activity and analytical considerations, prevent us from evaluating the real weight that this objectives had in the following steps of the process. The cross of the manager's description with secondary data, on the company's international market presence and on the selected countries, and with the researcher 's knowledge of international markets, showed coherence among companies' objective of market diversification and the final market selections. The presence of implicit objectives leading the process was so supported by the companies' behaviour.
It still remains difficult to assess the weight that each objective had in the final decision. For instance the Chinese and the South Korean markets also were big markets with high potential, and these elements were also recognized by the management as important for the final decision. The accomplishment of diversification inside the choice could actually be the result of those dynamics, depicted in the garbage can model, in which casually an objective meets a solution. On the opposite, the high emerged use of intuition could have brought inside the decision additional objectives which the decision-makers are not able to rationalize (see chapter 2.3.3).
The importance of the setting of objectives lies in its role of framing of the decision and setting of direction to lead the whole process. The scarce participation inside the IMS (see table 6. and 8.) make the explicit formulation of a direction less needed, since the objectives are known to the decision-makers and are easily verbally sharable.

Environmental scanning: Information gathering

Information gathering activity shown to be an emergent and highly informal activity, without the presence of any formal analysis and planning leading it. The companies didn't perform any activity to frame the problem and direct the search of information. The search, instead, was haphazard and limited in its scope. The scanning activity result to be directed through managers' intuition:

"I choose the one [the fairs] that are most suited for us, where I think there would be more opportunities, but sometimes they are not worth it." (Manager B)

The lack of planning and systematicness could be attributed to lack of human resources. The activities were entirely performed by the export director, in the case of Company B; while, in the case of Company A, the managing director ran the activities assisted by other 3 export managers, even though in this case more managerial time in available. In both cases the management didn't appear to have knowledge (see chapter 5.1.1 and 5.1.2) of process adjustments introducing more rationality (see figure 2.)

The collection of information wasn't done through an active scanning of the market but was an emergent activity with an opportunistic search of information. The companies assumed what can be defined as an 'active stance', allowing them to intercept opportunities among random streams of information coming from the external environment.

The methods used by the companies also displayed low rationality since based on little formality and planning in favour of more practical means: participation to trade fairs, use of networks and decision-makers intuition. Both firms, when addressing the sources of information leading to the markets individuation, mentioned the participation to trade fairs as an important source information about the industry and new markets. Manager B in particular stated:

"It starts from fairs, most of the times it starts from fairs. From it you get hints, you get new contacts. At the end of the day you sum things up and you realize that there is a possible market in that country or in the other. " (Manager B)

Also Manager A underlined the importance of fairs for the individuation of the markets:

"At the fairs we collect many contacts, we exchange information [...] At the end of the day I review the acquired contacts and I write notes about them. It's useful, so that I have a starting point; I get new ideas, new opportunities." (Manager A)

The individuation of the fairs into which participate emerged through informal considerations made by the decision-makers. From the interviews no comprehensives consideration were made on the international trade fairs participation, even though the location of the fair has influence on the provenience and typology of the market information, and so strongly influence the direction on the search.
It must be noticed that the participation to the fairs has a relevant cost for the firms, both financially and in terms of time dedicated by their human resources and so the participation can't be extended indiscriminately to many different fairs, but it's constrained to a limited number:

"I would like to attend many more fairs, that would be useful in order to get new contacts and understand better some markets, but it is not possible. If you are present to a fair, you must go there two days before to prepare thing, and in those days you have to pay the people, to pay their hotels, and you have to stay there all the day. So it's not as much as the cost of the stand that matters but all what is around it." (Manager B)

Greater comprehensiveness and systematicness of the process, during the environmental scanning and in the framing of the company situation could help to lead the selection of the fairs, allowing for a more rational and effective use of the resources.

Other than trade fairs they mentioned the use of formal and informal networks, personally handled by the two decision-makers, and which appeared to be more related

to the managers than to the companies. Company A also exploited a wide system of agents to increase the scope of the search. The use of agents is inexpensive in the search since they are paid though provisions. The networks allow the companies to receive timely and inexpensively information, though are limited in their comprehensiveness.
One manager underlined the importance of the personal contacts she had developed throughout her career for the individuation of new opportunities:

"I have worked in this industry for many years; I know many people, they know me. They keep me informed; there is a mutual exchange of information." (Manager B)

At the same time, also Manager A putted in evidence the role of networks in acquiring information about the Chinese market and for individuating the Pakistani market. The manager, other than personal contacts, also referred to the networks of agents developed by the company, and the acquisitions of casual streams of information acquired through third parties as result of casual meetings:

"Many times it happens that we start to look into a market because of the suggestions of some agent that searched the market, or suggestions coming from personal contacts or people met casually who had experience and knowledge of that specific market." (Manager A)

Company A manifested a wider search activity than Company B, because of its extended network of agents and greater resources to dedicate to trade fairs participation. These greater possibilities didn't translate in more comprehensiveness, in terms of systematicness and analyticity of the search.

Another important source of information for the individuation of new opportunities is the decision-makers intuition arising from their past experience and deep knowledge of their companies, product and international markets (see tables 5 and 7):

“[...] I don't go to England's fairs; they want uninflammable mattress that we would be able to produce but don't find convenient to do, so, for us, it's pointless to go there " (Manager B)

The companies substituted the use of formal and comprehensive data research by leveraging on their decision-makers experience, abilities and personal contacts, which allowed to for a restricted resources-efficient search and analysis of information.
Formal methods are only limitedly used. The companies only marginally collected secondary data, mainly through the use of internet and the reading of specialised magazines:

" We also try to actively scan the markets in search for potential clients or contacts through the search of information on internet on various markets, but that's not how it [the market individuation activity]usually works." (Manager A)

This activity was marginal and not performed in a consistent way, since no planning was mentioned as leading the search. Additionally, the searches were not accompanied by any written activity, with the exception of the production of lists of potential contacts. The search and analysis of secondary data requires dedicated human resources with competencies, and financial resources to acquire the means for the search. They were absent in the case of Company B (see chapter 5.1.2.: Company’s internal context) and were not employed by Company A, even though it appeared to be possible, under a financial point of view, to employ additional human resources (see chapter 5.1.1.: Company’s internal context).

Market individuation

The lack of a planned market scanning led to opportunities discoveries that were accidental or not supported by consistent evidences. They were not the result of firms' efforts to reach their objectives but, instead, they were suggestions or ideas which happened to meet the objectives of the companies at that specific moment in time. All the individuated opportunities answered the need for diversification and allowed the companies to increase their sales.
The French and the Pakistani markets were found through external stimuli coming from managers' personal contacts. In particular, the opportunity represented by the French market was spotted through Manager B personal network:

"I got the news from a personal contact and then I verified it with other contacts. He had gotten to know that a local big producer was going bankrupt and so a big share of the market was going to open up for us to take, so we had to go there. That was a big opportunity." (Manager B)

The creation of a strong personal network was possible thanks to the manager great experience in the industry, and was strictly related to her competencies.

Another means to individuate of opportunities was managers' ability to size unexpected opportunities. Company A was able to spot a potential, and until that moment unknown, market in Pakistan, thanks to a chance meeting with a local dealer:

"In the case of Pakistan, a local businessman offered us the possibility to enter that market that was little known by us. He was an important local business man who also worked with IKEA. So sometimes it's me making considerations about the market, but other times it[the market individuation] happens spontaneously through casual meetings.'' (Manager A)

The use of personal contacts allowed the firms to spot opportunities in new markets without the commitment of any resource, thanks to the ability of the managers to create and manage company and personal networks. Nevertheless, the companies, and more specifically their managers, to achieve these results had to create and develop their network, which had been possible through the use of managers' time. The allocation of time to ‘public relationships’, to create and maintain a network, is bound to subtract time to other managerial process inside the IMS process.

In the other cases the markets were spotted through the informal processing of information done by the managers who, in doing so, judged specific markets to be of interest for the company. In the case of China, Manager A made considerations based on not well defined stream of information collected through various means (e.g. fairs, newspapers, internet, TV, networks, etc.):

"China presented itself spontaneously, it was evidently a growing market with an high potential, starting from these we turned our interest to the market and we looked at onto it. It had a steadily growing GDP, the number of rich people in it was growing, meaning cash availability, and there was request of made-in-Italy products, these were the main components [leading to the market individuation]." (Manager A)

Manager B, alike Manager A, while explaining the individuation of South Korea didn't mention any formal research, evaluation method, or precise source of information leading to the individuation of the market. It just happened through manager’s evaluations based on general stream of information, which can be associated with intuition:

"We decide to go there because I knew about the economic growth of the country. Since I already had two clients in China and I already had some contacts in [South] Korea, I thought that was worth going there. And my knowledge of the country was getting wider since my first travel I made there 3 years ago". (Manager B)

From these answers it emerged how the individuation of new market was left to the managers’ awareness of possible opportunities, and did not come from the systematic scanning of markets to acquire extensive information to individuate new opportunities.

By these means the scanning of the market can result to be wide or narrow depending on the extensiveness of the possessed network. Nevertheless, the resulted information are expected to be opportunistic, positing relevance on managers' 'luck' and ability to individuate relevant pieces of information among the heterogeneous streams of information coming from the external environment.

It must be noticed that, at the time of their individuation by the companies, both South Korea and China had been countries with well known high steady GDP growth and positive economic indicators, which made them source of interest among the market operators, and so easily recognizable by the two managers; especially in the case of China, which, at the time, was becoming a relevant market for luxury furniture (see chapter 5.1.1.:China's market selection case). Korea didn't have major's indicators related to mattresses industry (see chapter 5.1.2.:Korea's market selection case).

Preliminary screening

The companies, from the various information, individuated a number of new possible markets. This task wasn't formally performed by the company since the new markets opportunities were not explicitly formulated inside the companies. Nevertheless, even though not formally performed, a first screening of the various alternatives was done in this phase by informal means. The managers acted as 'hub', collecting information coming from various stream of information, networks and their experience and individuate the markets of interest. This mental screening appeared clearly in the answer of the two decision-makers:

"[...] Then, of course there are other markets that are impossible for us, like in the case of South America because of the trade barriers, or the Northern Europe because of the product's lack of attractiveness there. We do also take significantly into consideration the type of payment of the market; U.S.A. was never attractive for us because they are bad payers, they rely heavily on credit forms of payment; you don't have any guarantee in that way." (Manager A)

A series of possible new markets were known to the companies, and more specifically to their export directors who, on the base of considerations grounded on subjective and objective consideration, eliminated the alternatives that they deemed to be not worth or not pursuable by the company. The underlying analysis, on which this preliminary selection was done, were not explicitly formulated or clearly articulated. As also seen in the chapter 2.3.3., these practices grounded on managerial competencies are not clearly rationalized by the decision-makers themselves, giving the impression to be haphazard, with wavering weights among alternatives. For instance, in the case of Company A, if for some markets the local culture and traditions played a role (Northern Europe and India), in the case of the Chinese selection the main point of interest appeared to be the economic growth, while the culture and tradition were not mentioned; these, however, were only the mentioned elements and it's also possible that at the time the manager made more comprehensive analysis. The rationality behind evaluations base on intuition is of difficult evaluation and it would have in this case required a deeper analysis.

Summary

The first phase of the process displays little rationality while, conversely, shows many of the limits mentioned in the bounded rationality model. Starting from the objectives setting which were not explicitly articulated. That was also in part due to lack of framing of the 'problem', meaning individuation of companies' needs and target markets. As a result, all the markets individuations were the result of spontaneous events and random discoveries promoted through the use of networks and managers abilities (intuition, knowledge and awareness). Also the search of information was not systematic and only limitedly based on objective information coming from secondary data analysis,

Finally, the first screening of the markets didn't show any formality and systematicness, which no production of comparable elements determining the developing of the alternatives; the means for the screening are so unclear and of difficult evaluation.

While the limited comprehensiveness of the search could be attributed to the lack of sufficient resources to systematically cover a vast number of markets and handle a large amount of information, the same can't be said in the case of the lack of method and

planning accompanying the individuation phase. Formality doesn't necessary require significant commitment of resources, but the needed knowledge of the methods, practices and procedures and of their benefits.
Formal methods were replaced by vast use of managers' heuristics and informal means, creating circumstances where casualty and chance assume a role difficult to determine inside the decisions.

5.2.2. Development phase

In this phase, the possible alternatives are defined and developed. The markets are analysed and reviewed to assess their measurability, accessibility, actionability and profitability. The number of considerate alternatives can range from one to a theoretically infinite number.

Set of alternatives

Contrary to rational prescriptions the number of further developed alternatives was not broad. On the opposite, for every of the four market selection cases only one alternative at a time was taken into consideration. In all the, the interviewees never mentioned the selection of the market being part of a formal process of comparing alternatives, among which individuating the most suitable market to which commit their resources. As previously mentioned, a first screening of the possible alternatives was accomplished by the managers during the individuation phase and only one market was actually developed and evaluated.

The companies considered all the opportunities as separate one from the other and so are separately developed after it had been deemed of interest during the preliminary screening. The number of developed alternatives is influenced by companies' resources:

"We took into consideration other markets like, for example, India, and however the markets are not alternative to each other, we can pursue more markets at the same time. Obviously, each market requires different level of commitment, and we must take that into consideration. There are market that are much more costly than others, for instance U.S.A. requires a great effort since a full market coverage would require being present in many different cities. You must be present in New York, Los Angeles, Boston and so on. Instead, in a market like Pakistan you just have to be present in Islamabad. In this sense, China has become increasingly difficult, before it just used to be Shanghai; now the number of cities that we have to cover is increasing. The bigger is the market, the bigger is the difficulty for the company to operate in it." (Manager A)

From the answer the resources allocation emerges as a reason behind the focusing on only one alternative, since small firms operate under resources constraints conditions. The analysis of a vast market like China drew a considerable amount of the company's resources, inhibiting the ability of the company to focus on other markets. The difficulty to develop more market at the same time was even more felt by Company B in the case of the Korean market, since the development phase was performed exclusively by Manager B alone. The resources commitment required for each alternative, as will be shown in the next paragraph, was linked to the development of the market and not to the analysis of the alternative.

Even though not formally recognized, the markets were alternative to each other, since the companies had to establish priorities and postponing the development of other alternatives; this put more relevance on the preliminary screening bringing to the development.

Alternatives development

Once the markets were individuated the companies proceeded with their development. The focusing on one alternative, in the cases of China and South Korea, could be attributable to the lack of resources to develop more alternatives at the same time. In fact, the analysis of the markets were done mostly through the ‘test’ of the markets, directly visiting local market players and dealers; these activities required considerable financial resources and managerial time to be performed (e.g. travels expenses, time allocated to visit the dealers). In this way, the companies, while trying to establish themselves on the market, searched and acquired information through what can be defined as experiential learning, assessing the markets’ actionability and profitability (see chapter 3.1):

"The analysis of the market was done on the place, we sent agents on the territory and started to explore the market, individuated the local showrooms and we went to meet them, from there with moved to establish if there was a network of architects, so that we could understand how we could set up the sales channel [...]It is important for us to go to the market to establish its level of receptivity [..]We sent some agents to Taiwan and afterward they moved to China and we started to investigate the market and gradually increased the number of projects in the market." (Manager A)

The use of information search and analysis through office activities and secondary data were minimal or absent. Before moving to on-the-place investigations, a minimal number of information were collected to obtain a general idea of the market, assess its measure and programme the steps to move on during the visits to the market. Manager B mentioned a really brief general internet search before going to South Korea:

"I made myself a culture on the South Korea from internet and other sources, nowadays it's easy to get information, and after that I decided that I had to go there on my own to search the market." (Manager B)

Altogether, the companies didn't show any systematicness in their market alternative development, with not defined practices for analysing it before the selection. The use of formal methods was characterized by a loose understanding of the means (see chapter 2.3.5), and the reliance on simple analytical methods. More specifically, the analysis was based on simple market information found on internet:

"How big was the market; how many mattresses were sold there; if there were competitors present there or if we were alone; how people slept. These are the most important information; I started from them" (Manager B)

Manager A also evidenced the use of simple and generic researches to understand the market, but further developed the concept, justifying the lack of use of more complex analysis mentioning the difficulty to accomplish them. Instead the analysis focused on more simple elements:

"A financial analysis for our product target would be difficult since we target the 0.05% of the entire population and so it is difficult for us to find a comparable existing product on the market on which basing our projections. Evaluations are made on the expected receptivity, like in the case of India where the evaluations were made on the basis of traditions toward our product, and behaviour of the rich people." (Manager A)

It was mentioned how these elements were mainly acquired through the participation to local fairs and visits to the local market, not mentioning any secondary data research:

"We go to local fair trade and visit local market to assess their behaviours." (Manager A)

This method was accompanied, or substituted, by the use of networks, local contacts and managers' knowledge.
In these cases the search on information were clearly directed toward the individuation and establishment of the sales channels, while a more comprehensive search of information was opportunistic and limited

In the cases of Pakistan, for Company A, and France, for Company B, the market alternatives, after being spotted, were not further developed since, in the first case, the alternative development activities were left to the third party who firstly introduced the market opportunity; while, in the second case, the market were already well know by Manager B since her past work experience and additional information were provided by her network contacts:

"As soon as I got the news [about the competitor going bankruptcy] I made some calls to verify the situation and I started to contact local companies. [mattresses retailers/ dealers]" (Manager B)

In this case the development of the alternative was completely absent since the decision-maker already possessed the needed elements to operate a selection. The companies were so able to spare resources in the analysis. Other than the vast knowledge of the market already possessed by Manager B, the market was also no further analyzed because of time pressure linked to the situation specific nature of the opportunity .

The absence of a more comprehensive development of the alternative, and production of objective elements supporting the market, could also be accounted to the absence of third participants questioning the choices and requiring formal confrontation based on objective elements analysis. The selection could so move straight without power and politics dynamics undermining the alternative and challenging the reasoning behind them.
The reduced participation in the decisional process, by limiting the conflicts and confrontation, reduced the need for explicit methods to increase the sharing of information, which would however be useful to increase the rationality of the choice.

Summary

Also in this second phase the rationality of the practices used was limited if compared to the theoretical comprehensive approaches seen in the literature and suggested by many textbooks (see chapter 2.3.1), in which the alternatives are framed and more aspect researched to see the market fit with the objectives. Both firms used to a very limited extent written activity and analytical tools, limiting to simple financial evaluations. The companies didn't pursue perfect information as suggested in the rational approach (see chapter 2.3.1.), to better address their visits to the markets and the margin of error in the selection and, further again, during the implementation phase.

The little use of rational practices to acquire additional elements on which increasing the knowledge of the markets, their profitability and actionability, can be attributed to the lack of knowledge of those formal tools used in the IMS to evaluate the market. Indeed, the two managers didn't show any knowledge of market analysis methods, practices and procedures, not any interest toward their application. The propensity toward practical approaches could be attributed to their great experience as sales manager lack of a high education level. Indeed, the lack of resources appears less plausible as explanation given the however high amount of resources committed to on the field investigations. Especially in the case of Company A, while in the case of Company B, the diversion of resources from the implementation phase and visits to the market could be more critical decision.

The focus on only one alternative at a time was so motivated by the limit to the rationality enhancing practices that the company could manage with their limited resources. Nonetheless, the resources, especially in the case of Company A, could have been diverted toward a more theoretical approach, allowing performing more in depth analysis of the alternatives than what was actually performed in the preliminary screening.

5.2.3. Selection phase

In this phase the decision-makers review the results collected during the development phase and decide which market select.

The market selection for both companies happened informally through exchanges taking place between the responsible of the market selection and other managers inside the companies.

Manager A described the process of selecting the market as taking place spontaneously inside the company:

"All these considerations are done through process happening inside the company, which maybe can't be considered as formal, but which happen automatically inside the company." (Manager A)

As expressed by the manager himself, the review of the alternatives was not done formally, but was the result of informal exchange of information and opinions among the members of TMT. The scarce formalization characterizing the evaluation of the market was also noticed for Company B. The export director imputed it to the lack of managerial time:

"It happens informally between me and the general manager. We confronted each other about the choices. We wouldn't have time for formal consideration. We are a small firm; we have to do everything in it. And however many considerations are denied by what really happen after [...]" (Manager B)

The decision emerged through the informal analysis of information made through managers' heuristics and exchange of opinions happening between the companies' managers, with the export director taking a dominant role.
From the answers it also emerges how the manager doesn't believe in the effectiveness on a greater attention to formal analysis preferring instead a trial and error approach to the market.

Given the lack of formal data collection and analysis in the previous phase, the lack of a formal review of the alternatives was expected, since not written activity was produced to operate a systematic scrutiny of the elements involved in the decision.
Additionally, the central role assumed by the decision-maker reduced the conflict and the need for rationalization of the evaluation made by the decision-maker when leading the process:

“The final decision was taken by me as a managing director. Of course afterward I had to inform the other managers and receive their support, because they must also see a possible market in there, otherwise they would address me as a fool. For example a manager in a rival company decided to go to the Ecuador which is something I would never do. So I confronted myself with them and with other agent but the ultimate decision rest on me." (Manager A)

The final decision was the result of consultation with the remaining participants, which, however, assumes more the traits of motivations building and suggestion gathering, than a real collegial decision coming from confrontation and conflict, as instead is suggested in theory as a mean to increase rationality (see chapter 2.3.4.)

In the other market selection cases, the managers decisions were made through objective and rational considerations, which however appeared to be narrow in the number of elements taken into considerations and the deepness of the analysis, like in the case of South Korea and France*:*

"It's about the volume of the sales, the revenues, and the quantities. For a producer to produce the same product in large quantity is the best possible, so I can understand why he [the general manager] wanted to focus on South Korea, that made sense. Producing for them we could keep producing 24/7 without stopping the plants [...] if we go to France they have many different sizes and products [measures and qualities of the mattresses]. So we have to keep switching the moulds [different mattresses require different moulds] and we have to stop the plants to do that." (Manager B)

The decision to commit to the South Korean market was based on technical and demand aspects, which were taken into account through verbal and cognitive activities. Similarly, in the case of France the same parameters were taken into consideration, together with the general objective of increasing the market differentiation and reducing the dependency on South Korea:

"With Korea we did a mistake. You had to worry about your productive capacity when you enter new markets; you have to worry about your productive cycles. When we received many orders from Korea we put aside other clients but that was a bubble, we ended up with many months of inactivity when the orders from Korea stopped. I mentioned that risk to the general manager but he didn't pay heed to me. However, we couldn't forecast that [the stops of the Korean market], there was no way we could." (Manager B)

The orders from South Korea stopped because of fluctuations of the final user demand, which could have possibly be forecasted through more in depth analysis of the market, and the risk linked to that could have been offset through the use of differentiation as a hedge against the risk.

As emerged in the previous parts, some selection could also take place right after the market opportunity individuation, without any analysis or collection of further information on the market, because of spontaneous event enticing a quick decision by the managers. As explained by Manager A when referring to the circumstances bringing to the Pakistani market selection:

"These consideration are made by me and then discussed with our agents, but they can also happens by spontaneous events like the meeting of people with knowledge on the market, like in the case of Pakistan, where a local businessman offered us the possibility to enter that market which was little known by us. So sometimes it's me making considerations about a market, while other times they happen spontaneously through the meeting with local market players. Our is a niche market so the product tends to channel itself on its own, though sometimes it's us who force its way into a market, which is the case of the Chinese market; it, however, is a difficult operation." (Manager A)

This decision may appear haste and grounded on few objective elements; however the marketing alternative being developed by a third party was relatively inexpensive for the company and so absent of risk. Nevertheless, when relying on third parties to develop an alternative, the lack of a personal deep analysis by the company could generate a wrong understanding of the market and ultimately determine a misevaluation of it leading to possible overlook of an opportunity or the fail to forecast possible future problems.

In the case of the France selection was made since functional to the company objective of decreasing the dependency to South Korean markets by increasing the market diversification; in that case no other factors, related to the market, were mentioned as taking part in the final decision. Nevertheless, other factors were probably taken into consideration through the extensive knowledge of the market by Manager B.

Summary

As we have seen the individuation of an alternative for its development could already be identified with its selection, since only one alternative was developed and it was mainly accomplished through visits to the market and trial and error process while establishing the sales channels, which indicate a relevant commitment to the markets. In this context, the selection phase assumed the traits of an iterative process composed pre-decision and post-decision stages with respect to the development phase. The first selection was already made in the individuation phase (pre-decision) and the definitive selection was done after the company had tried to develop/enter the market (post-decision).

After the individuation of the market, and the decision to develop it, the moment of its selection was not well defined. In all the cases the firms could establish a sales channel, which determined the final selection of the market. The final decision, or post-decision, manifested itself through a trial and error process in which the outcome was not simply ‘binary’, selected or not selected, but ranged inside a continuum defined by the level of commitment to the market. In this study the selection was intended as the consequent continued investment into the market.

5.2.3. Decision-maker and firm size influence on the IMS process.

Both firms showed limits in their ability to employ formal search and analysis of data, not possessing the necessary human resources to perform them, both in terms of competency and dedicated time. However, the capacity that the two SMEs would have to acquire more, and more qualified human resources, or divert existing resources, is of difficult evaluation. Indeed, the visits to the market, as a source of information on it, absorb significant resources from the companies, but have the advantage to contemporary allowing them to set in motion the implementation of the market. It is difficult to appraise if the companies would actually have the possibility to move these resources from the market implementation toward a more comprehensive search of the markets. In the case of company A, which has a larger size and better financial situation (see chapter 5.1.1), given its positive past performances, than Company B (see chapter 5.1.2.), the possibility to implement a more rational, comprehensive and systematic process seems concrete. Instead, Company B showed more criticalities, limiting its ability to implement a more rational IMS process, given constrained resources, both human and financial.

However, in both cases the non application of more comprehensive and systematic process leading to the market selection is imputable to be lack of knowledge of the potential benefits arising from greater rationality and of methods and practices enhancing it. Additionally, both decision-makers exhibited a strong trust toward their competencies and the use of networks and practical and direct methods (trade fairs, market visits), coming from their long experience with export in their respective industry (see table 5. And 7.).These elements emerged repeatedly during the interviews.

When asked about space for improvement inside their international market selection process, the managers pointed out how the absence inside the development process of formal and most comprehensive methods was attributable to the lack of the resources needed to run activities allowing them to increase the scope of the information gathering and analysis:

"Yes, we could have also performed a deepest analysis, that would have helped to better understand a difficult market and find new niches but it's difficult for a small company like us. Who would take care of an additional activity?[rhetoric question] we are too few, we would require other people and we don't have the resources for that. Anyway; it's impossible to consider everything, you have to try and maybe make mistake. There is always the possibility that something goes wrong. " (Manager A)

Also Manager B mentioned a general will to perform a more comprehensive process to find new markets. However, she didn't refer to any specific phase or formal practice to be added or improved, but referred to a generic market analysis. She also mentioned the past experience she had with an assistant who left the company and was not replaced for the lack of resources:

"We had it. We had a girl who did that for us [market analysis]. She helped me, she was something similar to my assistant. Once I told her to analyse the U.S. market. I said her:"I give you three months, see what you can find.''In the end she couldn't find anything. She sent e-mails, used trade magazines and made a lot of phone calls, but she couldn't produce any result." (Manager B)

Even though Manager B mentioned the will to perform more comprehensive analysis, also in the presence of additional human resources, no formal analysis was performed but the process was directly focused on the search of clients. No time was spent to formally analyse the market and not specific analysis or information were targeted for the development of the alternative. Consequently, the lack of formal and systematic operations does not seem to be attributable to the lack of resources but, instead, to the firm, or Manager B, international market selection approach. Additionally, Manager B when referring to space of improvement, focused on the need for greater fairs participation:

"We should do more, it would be needed. But we can't; we don't have the money nor the people. We should attend many more fairs. That would be useful to find new opportunities and new clients." (Manager B)

The manager put more importance on on-the-field search than on pre-emptive analysis and collection of data on the markets. It appears that managers deem seizing opportunities, and the acquisition of timely streams of information, more relevant than having a clear picture of the markets before making her decision. Systematicness and comprehensiveness are so sacrificed for more concreteness and immediateness.

Summary

Both managers mentioned how their ability to run a more articulated international market selection was impeded by their limited resources, while they would have liked to perform a wider market’ screening and analysis. The mentioned comprehensiveness however was intended by the managers as greater market participation instead of wider international market knowledge and increase of the process rationality, formalization and systematicness, showing no interest toward theoretical and formal means.

6. CONCLUSIONS

The aim of the thesis was to understand the international market selection (IMS) process adopted by SMEs and the influence that contextual factors had on the adoption, with particular regard to available resources and decision-makers' background. To this end, 4 market selections made by 2 Italian SMEs were analysed.

The analysis was based on the IMS process identifiable with the adoption of rationality and, as such, suggested in the theory; to than evaluate the existing divergences that SMEs should show with respect to this process and understand to what contingency the differences were ascribable, helping ourselves with decision-models (see table 1).

The IMS process resulting from the theoretical framework is composed of a series of steps and practices assuring a wide comprehension of the problem, and its possible alternative solutions, before proceeding to the decision. The whole process is divided in 3 phases: identification, development and selection, to which 4 possible methods, displaying different type of rationality, could be applied: office activities, heuristics, networks and external consultants.

The reached findings are important since past research on the topic is limited. Researches related to contingency have asserted the importance of context for the adoption and efficacy of a model and other research have argued the differences existing among small and large companies, on which prescriptions are based on, in their managerial process. However, really few studies actually studied the decision-making process of small firms and particularly the one regarding their IMS.

6.1. Findings

SME's international market selection process

The analysed international market selection of Italian SMEs (see figure 3.) shows little adherence with the steps identified in the theoretical framework (see figure 2.), with reference to the activities supposed to take place in each phase, seeing as many of those activities are not performed or are performed to a limited extent. The process is informal and happens spontaneously inside the company. It does not manifest a clear beginning or steps; because of it the companies don't have the opportunity to clearly frame the external and internal situation before proceeding to the selection. In this way, the process result to be emergent, starting with the spontaneous appearance or individuation of an opportunity by the management.

The opportunities are spotted through the use of opportunistic means, allowing the companies to acquire limited information, which are integrated with the use of managers' inherent competencies (see chapter 3.3.3.): experience and heuristics based on the possessed information. The resulting market's individuations come from the ability of the managers to recognize markets suited for the company, by filtrating information among the stream of information. This operation can be considerate a preliminary screening of the opportunities. It is operated by the decision-makers informally by evaluating known information of different markets and marginally integrating these information with additional search and secondary data.

From this preliminary screening only one alternative is actually developed, limiting the rationality of the final selection. The market alternative is developed with a marginal use of secondary data search and, in great part, through on-the-field analysis based on a trial-and-error and direct contact with local dealers. The companies, while visiting the selected market and trying to establish a sales channel in it, collect additional information.

In this phase development of the alternative and implementation of the selected market are barely distinguishable.

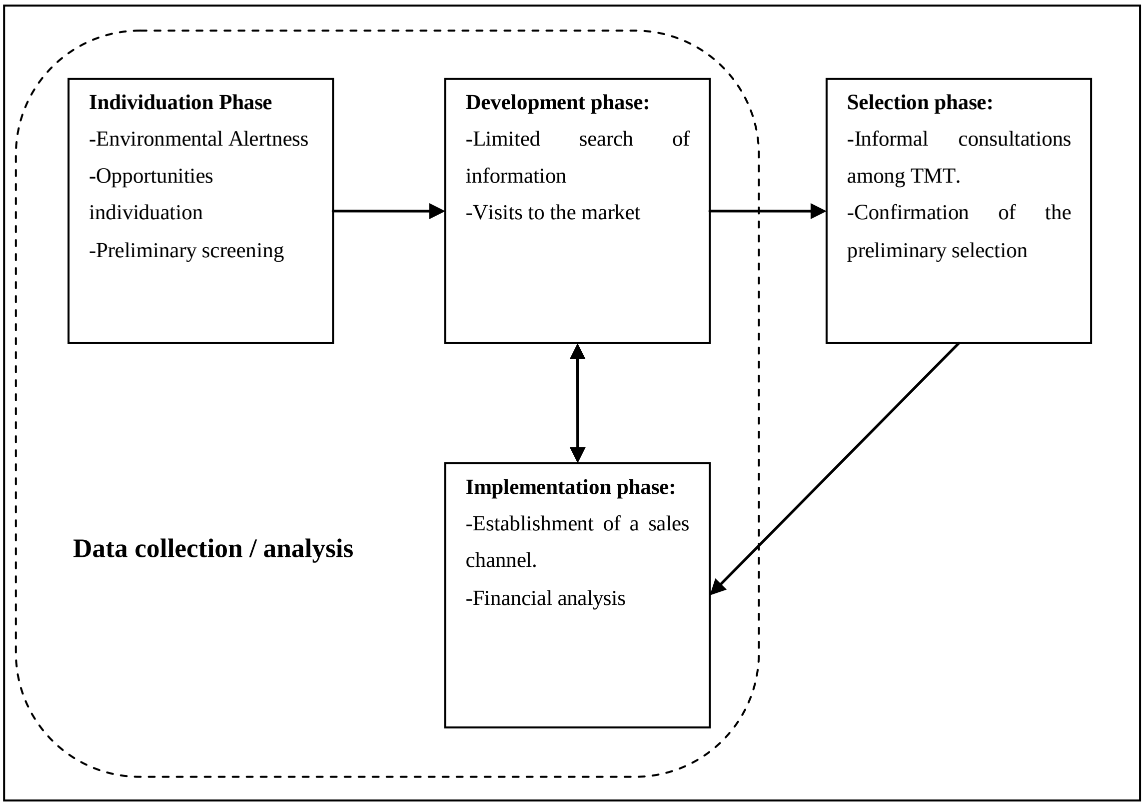

Figure 3. Italian SMEs' IMS process resulting from the data analysis.

The actual selection appears to take place right after the opportunity recognition and it is operated through informal evaluations done by the decision-makers with the consultations of the other members of the TMT. The responsible of the export activities assumes a central role while the other members participating in decisions more related to market implementation aspects (sales channel implementation, negotiation with dealers) than in alternative individuation and development.

In all the phases the use of systematicness and formal planning was limited or absent; with the main lead of the process being the managers' intuition, or heuristics, and an opportunistic collection of information strongly based on the use of networks and practical means (visits to the markets, trade fairs). The use of formal methods is limited and not consistent. The whole process is oriented toward a practical approach and experiential learning.

The IMS process of small companies shows to be far from the prescriptions of the rational model, oscillating between bounded rationality's remedies and haphazardness, with the validity of the rationale behind the applied intuition being the discriminating factor among the two (see table 1). In this regard, the decision-makers show to rely on objective consideration, being more close to heuristics than haste decisions, as intuition could sometimes prove to be.

Contingencies influence on the IMS process: resources and managers' background

The small size of the companies influences them in their internal structure being the TMT and clerical body less developed, generating a lean and 'agile' bureaucratic activity, and limiting the ability to perform formal methods.

The simple structure of the TMT causes the conflicts inside the decision process to be limited, because of the dominant role assumed by the export director and of the limited participation inside the process. The process can move straight and smoothly with limited need for 'justification' on the direction taken and choices assumed by the decision-maker. The great decision discretion and autonomy owned by the decision-maker, together with the absence of intermediary level of decision (see figure 1.), nullifies the detrimental dynamics depicted in the power and politics model (see chapter 2.3.4.).

The limited participation diminishes the beneficial effects of conflict on decisions but, on the other side, smoothes it's application by eliminating behaviours that could harm the decision process. The use of alternative form of rationality through intuition, not employing formality and being mostly intimate, is in this way encouraged.

More complex is the evaluation of the limits imposed by the limited human resources. Certainly the small number of office employees compromises the ability to employ vast formal methods, and run comprehensive analysis, both for a lack of working time and of competencies. What is less clear is the extent to which this really posits a limit to their adoption or, instead, it just represents a mere contingency. In fact, the use of systematicness, through more planning, and use of simple forms of written activity (chart, graphs) and internet search do not require great commitment of resources.

The decision-makers' background seems to have more relevance on the IMS process adopted inside the SMEs . In the case the knowledge of the decision-makers is gained through 'doing-business' instead of from education, the managers acquire practical skills and develop a general preference toward methods leveraging on them. The lack by decision-makers of high education and knowledge of IMS textbooks' suggested processes and practices to enhance rationality, accompanied with ignorance about the possible benefits that an enhanced rationality brings to the final outcome, may without a doubt play a central role in the preference of practical over theoretical approach in the individuation and selection of new markets.
Companies cannot adopt processes, practices or methods of which they do not know the existence or do not possess a sufficient knowledge and, at the same time, they are not motivated to acquire this knowledge if they have no knowledge of their potential benefits, or they don't possess the necessary trust in them.

In conclusion, from this study it emerges how in small businesses the available resources may make it difficult the adoption of IMS formal processes and methods, addressing companies toward more immediate forms of decision, embodied by managers' inherent competencies. But, what appears to be critical, in the adopted process is the lack of highly educate management with knowledge of theoretical IMS models, which inhibits the use of comprehensiveness in favour of 'pragmatism'.

6.2. Managerial implications

The IMS is an important moment inside a company, even more so inside small businesses which are characterized by limited resources to be committed toward new markets, and so usually moved toward the development of few new markets at the same time. Starting from these considerations, it is critical for SMEs with limited resources to commit them effectively, to the 'right' markets.

The Italian SMEs' IMS process emerging from this study is characterized by little systematicness and comprehensiveness, which are substituted by high use of intuition and managers' unique competencies, with lowly educated managers having great 'on-the-field' experience. These conclusions, even though based on a limited sample, and so not generalisable, are in line with a picture of Italy in which companies don't 'reward' high education. This context is efficaciously portrayed by numbers showing how managers with low level of education is higher than in other countries, with only 15% of Italian managers possessing a bachelor level degree or higher, against an UE average of over 40% (Rustichelli, 2013); and where people with university degrees have a probability of employment similar to people with high school diploma, while only 13% higher than people with middle school diploma (Sarra, 2013).

The conclusions suggest space for improvement inside Italian SMEs. In fact, even though some studies suggested the effectiveness of intuitive approaches to decision (e.g. Miller and Ireland, 2005; Parikh, 1996), and also the superiority of those approaches over rationality in contexts characterized by high uncertainty (e.g. Fredrickson & Mitchell, 1984; Fredrickson & Iaquinto, 1989), it is underlined by many authors how rationality allows decision to reach better outcomes (e.g. Eisenhardt, 1989; Dean and Sharfman, 1992; Nutt, 1992, 1994,). The use of more comprehensive and systematic search allows for companies to increase the range of their search and individuate markets outside their 'radar'. Their knowledge and networks are, in fact, bound to be limited to their existing environment, even though casual discoveries are always possible. Also, more attention toward formality and systematicness can bring SMEs to better direct the search for information, through the framing of the decision, to perform a better scrutiny of the markets, and to utilize more objective evaluations for the selection since; in fact, how noticed by Nutt (1998a:335), "most strategic decisions stem from emotional attachment, power, politics, and personality and 'soft' criteria that resists quantification." The mentioned additions to the process may help SMEs to avoid the blunders mentioned by Nutt (1998a, 2004) as affecting many strategic decisions and which may 'sabotage' the. The idea behind It is to increase the moments for reflection and confrontation during the process, increasing the possibility to spot mistakes and find new, otherwise unnoticed.

Additionally, the discovered IMS process strongly relies on export decision-makers' inherent competencies and it makes scarce use of formality. This doesn't allow SMEs to

develop their export intangible assets (competencies, policies, databases, network, etc.), creating dependency toward the responsible of the export activity, who possesses great part of export knowledge of the company and handle the company's export network. All issues which can diminish the possibility for company's development and create problems for a future smooth handover of responsibilities, since experience and networking skills cannot be learned or transferred.
The introduction of more formality inside the process could provide a more solid base on which managers could apply their intuition and promote companies' development of export internal intangible assets, helping SMEs' future export performances.

As emerged in this study the non-adoption of more formal practices inside the IMS process can be attributed to managers' level of education and knowledge, even though these findings can't be considered conclusive because of the small size of the sample and because of the lack in it of SMEs with highly educated decision-makers, proving that this kind of companies would turn toward the use of greater rationality. Nonetheless, this starting point suggests that the acquisition by SMEs of highly educated managers may encourage the purse of more comprehensiveness.
The acquisition of additional competencies by Italian small firms, however, seems to be impeded by an Italian climate in which inherent competencies are valued more than education; as previously seen in the data on the level of education of the Italian managers and the level of employment of people with university degree. These may be caused by the scarce faith that Italian owners and executives have toward theoretical approaches to decision-making and by their little knowledge of the potential benefits that these approaches may bring to their decision outcomes.

In conclusion, Governments trying to promote the export and development of SMEs may turn toward the IMS process of the companies to support and favour its 'upgrade'. Just providing means to help the information gathering and analysis, may result to be useless if the companies do not know how to make use of those information. Instead, they could promote the adoption of higher levels of rationality inside the SMEs' selection of new export markets through the publicizing of the benefits that IMS' more rational practices may bring to them; and they could adopt policies favouring the

employment of university graduated workers, with knowledge of those rational approaches.
It is also possible that the future generational change will favour this adoption through the appearance of a greater amount of owners and executives with high educational level.

6.3. Limitations and suggestions for future researches

First of all, this research was limited by the lack in the sample of companies having decision-makers with high level education and knowledge of the IMS rationality enhancing practices prescribed in textbooks. It would be so needed an integration of this study allowing a comparison between the different processes adopted by decision-makers with different level of education.
In addition, the research was limited to the Italian context; it would be interesting to explore the IMS adopted by SMEs in other countries and evaluate the influence that culture has on the decision-making process.
At the same time the number of contingency factors taken into consideration was limited since the great amount of external factors that have been seen to have an influence on the IMS process, among which ownership type, environmental pressure, influence of the share holder and characteristic of the decision-makers other than the one investigated in this thesis, such as risk adversity, age and many others. All this factor posit restriction and exercise influence on the managerial processes adopted by the management; their understanding can help researchers and consultants to create prescription more suited to SMEs, and can help Governments to employ more effective policies for the promotion of export and SMEs development.
Future researches would also be needed to understand the link between rationality of the IMS and decision outcomes, both in terms of performances and presence on the international markets, number of countries and diversification. Studies on the effect of the process on the decision’s outcome already exist but not related to the IMS.
Interesting would also be to understand the propensity of companies to adopt rational practices of decision-making in their IMS and monitor their adoption, in terms of hardships met and export performances before and after the adoption.

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APPENDIX 1. INTERVIEW STRUCTURE

General information on the company

Numero d’impiegati.

Turnover.

Prodotto venduto e canali di vendita.

Principali mercati internazionali.

Risultati passati della compagnia.

Membri del top management team e loro ruolo nella compagnia.

Descrizione dei membri (Titolo di studio, passate esperienze).

General information on the interviewee

Titoli di studio/corsi di formazione.

Precedenti esperienze lavorative.

Ruolo nell'impresa.

Da quanti anni ricopre il ruolo.

Market selection case

1. Mercato e anno della selezione.
2. Da cosa nacque la scelta di entrare in un nuovo mercato?
3. Com'è stato individuato il mercato?
    - -Fonti d’informazione.
    - -Ragioni che hanno portato all’individuazione.
    - -Partecipanti e loro ruolo.
    - -Documenti prodotti.
4. Erano stati presi in considerazione altri possibili mercati alternativi?

- Fonti d’informazione.
- Ragioni che hanno portato all’individuazione.
- Partecipanti e loro ruolo .
- Documenti prodotti.

5. Com’è stata stabilita una preferenza?

6. Come avete proceduto dopo l'identificazione?

- Attività svolte.
- Partecipanti e loro ruolo.
- Documenti prodotti.

7. Avreste voluto svolgere una ricerca e/o analisi più approfondita?

- Di che tipo?
- Cosa ve l'ha impedito?

8. Come avete effettuato la scelta finale di entrare nel mercato?

- Partecipanti alla decisione e loro ruolo.

9. Questo rappresenta uno standard nella selezione dei mercati?

10. Reputate che il processo che ha portato alla selezione sia migliorabile?

-Come?

11. Erano presenti obiettivi più ampi che hanno guidato il processo di selezione?

12. Quali strumenti e pratiche conoscete legate alla selezione dei mercati internazionali?

- Perché non sono stati utilizzati?