JOURNAL OF SMALL BUSINESS STRATEGY

THE INFLUENCES OF ENTREPRENEURIAL MOTIVATION AND NEW BUSINESS ACQUISITION ON STRATEGIC DECISION MAKING

Richard C. Becherer
University of Tennessee at Chattanooga
richard-becherer@utc.edu

J. Howard Finch
Florida Gulf Coast University
jhfinch@fgcu.edu

Marilyn M. Helms
Dalton State College
mhelms@daltonstate.edu

ABSTRACT

Strategic management is the domain of upper-level corporate management. The ability to make corporate decisions based on the company's internal strengths and externalities in the macro-environment is a key duty of top management. In small businesses, the business owner or founder generally operates the business and is in a leadership role as the CEO. Are the strategic management and decision-making processes similar for small entrepreneurial businesses? Is the strategic or long-term decision making the same for all entrepreneurs who start their own companies? Does the involvement of top managers in entrepreneurial companies vary in their day-to-day versus their long-term decision making? Small businesses may be inherited from family, started from scratch by an entrepreneur, or purchased as an existing entity. Is the involvement by the small business owner in decision making influenced by the way the business was founded or acquired? The purpose of this exploratory paper is to investigate the decision-making tactics of the small business owner or entrepreneur and to determine the influence, if any, of the means of business acquisition. Discussion and ideas for further research are presented.

INTRODUCTION

Owner-manager involvement in long-term and day-to-day decision making has been demonstrated to influence the strategic orientation of small and medium-sized enterprises (SMEs). Becherer, Halstead, and Haynes (2003) found that the marketing orientation of an organization is dependent on how involved the CEO is both in day-to-day and long-term decision making in the company. They found that CEOs who are overtly involved in day-to-day decision making create organizations that are less marketing-oriented than those who focus more on long-term decision making or strategic areas. Similarly, other aspects of the internal SME environment have been demonstrated to have more influence on strategic decisions than external variables (Barrett and Weinstein, 1998). An understanding of aspects influencing strategic management provides insight into the performance differences among SMEs.

STRATEGIC MANAGEMENT

Hill and Jones (2004) define a "strategy" as an action that managers or owners take to attain the organization's goals, whereas "strategic management" is the process in which managers choose the appropriate set of strategies for the company to allow it to achieve superior performance. These activities include analysis, planning, decision making, strategic management of the organization's culture, creating a shared value system, and defining the corporate vision. Historically, corporate executives acknowledge that strategic management has been their principal approach to directing and determining the efforts for their firms' long-term survival. Successful firms have been demonstrated to have widely supported strategic decision-making processes (Eisenhardt, 1999).

Hunsicker (1980) observed that top management involvement in the strategic planning process was too often limited to allocating resources among prior options. He attributed this narrow focus to the multiple demands on top executives' time and the complex and disparate makeup of large companies. More recently, Ugboro (1991) found that strategic planning is only effective when top managers develop a mission statement and personally spend time on the strategic process in the organization.

Strategic Planning in SMEs and Smaller Entrepreneurial Firms

Most research on strategic management has focused on mature firms in mature industries (see Hatten, 1974; Burgman, 1983; Willard, 1982; Cool, 1985; Smith, 1985) and has overlooked the implications of strategic decisions made during the founding stages of a firm. On the other hand, prior entrepreneurship literature has focused on character, education, experience, and personality of the entrepreneur as the reasons for a new venture's success (Sexton, 1982; Hisrich, 1986; Gartner, 1988). Yet, this view is incomplete and controversial (Shaver, 1995), and Hofer and Sandberg (1987) point out that strategy is an important input to a start-up business at a very early stage, possibly determining the later success of the firm.

Research on small firm planning has indicated that planning in SMEs is generally more sophisticated than previously perceived. The vast majority of SMEs have long-range plans, including strategic plans of three-years or longer. Most SMEs plan for their growth and compare their plans to actual results (Ibrahim, Angelidis, & Parsa, 2004). These findings were supported by Gibbons and O'Connor (2005) in their study of Irish firms. They found that entrepreneurial firms have formal strategic-planning processes, particularly when the owner-manager of the SME is a less experienced manager. Seasoned chief executives tend to utilize a less formal strategic-planning process. The research team believes this may represent a strong commitment to the status quo. Thus, as experience levels increase, the perceived need to review a strategy more formally decreases.

Although Perry (2001) did not identify the high level of strategic planning in small firms, successful firms were found to engage in more systemic planning than failed firms. Masurel and Smit (2000), in their study of nine hundred Vietnamese SMEs, supported the importance of scale for planning. Their study indicated increased planning among SMEs is associated with increased profitability.

Strategy formulation in entrepreneurial companies often exhibits identifiable patterns over time. The personal characteristics of entrepreneurs are predictors of the strategic options that the entrepreneurs choose. Kisfalvi (2002) found that entrepreneurs who exhibit higher needs for achievement, risk taking, and innovation are likely to plan strategies which are more action oriented and less introspective. To the extent that these entrepreneurs have achieved success, these behaviors become firmly imbedded and unlikely to change. An emphasis of this paper is the impact that the personal orientation of the entrepreneur or small business owner can have on the strategic orientation of the firm.

Zahara (1993) calls for more research on the effect of entrepreneurship on firm performance, while Feeser and Willard (1990) agree more research is needed to understand the role of entrepreneurial strategic planning. They cite the potential explanations for differences in performance levels in high growth and low growth firms, even within the same industry as due, in part, to the firms' founding strategies. Regardless, creating a new entrepreneurial venture is a dynamic and complex process made up of many events and decisions, including developing and refining the business idea, as well as the business environment (Korunka, Frank, Lueger, and Mugler, 2003).

Research indicates that specific planning and strategic decision-making processes are important in determining small business success (Van Gelderen, Frese, and Thurik, 2000). Two of these processes are critical point strategy and opportunistic strategy. "Critical point strategy" concentrates on the most difficult and challenging issues currently confronting the SME, while "opportunistic strategy" begins with a rudimentary plan that may change when opportunities arise. Both have been identified to be the most effective strategies in SMEs. Conversely a "reactive strategy" – where the firm does not plan or work toward previously-determined goals but simply reacts to immediate situational demands or stimuli – was found to be negatively correlated with a firm's success (Frese, Van Gelderen, and Ombach, 2000).

Pritchard and Bradway (1981) agree that small firms using long-range planning are more successful than those that do not. Hudson and McArthur (1994) found entrepreneurial firms and established firms need different contracting strategies because they operate in different environments. They agree that established firms operate in environments with more economic stability, while entrepreneurial firms operate in a state of disequilibrium. Similarly, smaller businesses use a less complex strategic decision-making process. They have been demonstrated to utilize less professional advice and are much more comfortable using intuition or "gut feel" (Jocumsen, 2004). While SMEs' level of sophistication in the strategic decision making process may be lower, it does not lessen the importance of the strategic decision-making process to the firm's success.

Dess, Lumpkin, and Covin (1997) studied a wide variety of competing firms in different industries and found that aligning their entrepreneurial strategy with the environmental conditions had higher predictive performance than only using a contingency approach to planning. The authors call for alternative theories for linking the entrepreneurial strategy process to creating competitive advantage. In contrast, Hart (1992) suggests entrepreneurial-type strategy making is more likely to be associated with poor performance. He associates this outcome with the directive, command mode of decision making of entrepreneurial top managers. Anderson and Atkins (2001) found existing models of strategic planning cannot cope with environmental uncertainties found in smaller entrepreneurial firms. They believe that the special entrepreneurial environment requires unique strategic approaches. Alternatively, in an entrepreneurial setting, it is often not clear how to define strategic management and strategic decision making. Entrepreneurial organizations must react quickly and be responsive as the environment changes. This may necessitate a different process than traditional strategic management.

When comparing the role of strategic planning and decision making in SMEs with traditional organizations, a problem arises due to a blurring of definitions and boundaries. More importantly, there may also be a problem in understanding the role of the strategic decision-making process in SMEs. Morris, Schindehutte, and Allen (2005) believe the fundamental business model may be more relevant than the business plan or strategic decision making process in understanding successful entrepreneurial business. They identified a six-component framework used to characterize a business model regardless of venture type. Their typology is useful in comparing organizations and the factors which may be fundamental to their long-term success. According to Bolton and Thompson (2004), the business model embraces the product or service, the market, and the "compelling reason to buy" the product or services. Based on the business model, the strategy always involves choices. Once organizations make decisions about their intentions and the model, the strategies which underpin it need to be reviewed constantly.

Entrepreneurs, Owner-Managers, and Corporate Managers Compared

The Chief Executive Officer position is the most important in an organization but the study of CEOs in small businesses is an under-investigated field of study (Castaldi, 1986; Shaw, 1991; Nwachukwu, 1995). Miller and Droge (1986) agree the CEO role is critical and overwhelmingly influential in small firms, in which the impact of the leader can be both direct and persuasive.

In their study of entrepreneurs and corporate managers, Stewart, Watson, Carland, and Carland (1999) found corporate managers who focused on profit and growth and utilized strategic planning exhibited the classic profile of high levels of achievement motivation, risk-taking propensity, and a preference for innovation. In comparison, small business owners were found to focus mainly on stability. These results contradict the oft-repeated notion that the propensity to take risks distinguishes the entrepreneur and small business owner-managers from traditional corporate managers.

In a study of small firms operating in high tech, Berry (1998) found that successful companies do use strategic planning, even in turbulent environments, to direct their long-term growth and development. He also discovered that the strategic planning processes become more sophisticated as the businesses grow. High tech companies led by entrepreneurs whose skill sets were highly technical typically did not employ strategic planning, putting the business' growth and survival at risk. Woods and Joyce (2003) found owner-managers of small firms use a management style with a personal and arbitrary form of control. They believe a need still exists to understand how and why small business managers have embraced the language of planning and the strategic-planning process as it relates to their decisions.

Some studies have suggested that strategic planning and strategic decisions among SMEs are largely "personality in crisis" driven. Some entrepreneurs have a personality orientation drawn toward planning, and crisis situations that arise in SME organizations promote more careful planning and strategy in their aftermath (McCarthy, 2003).

Is the strategic or long-term decision making the same for entrepreneurs who start their own companies? Does the involvement of top management in entrepreneurial companies vary in their day-to-day versus their long-term decision-making? In additioin, does their involvement in decision-making vary by how the business was founded or acquired? The purpose of this paper is to analyze the self-reported decision-making tactics of the small business owner or entrepreneur and see if this involvement varies by the type of business acquisition, and among entrepreneurs by their motivation to start the business. Discussion and ideas for further research are also presented.

HYPOTHESES

This research focuses on whether the involvement of the owner-manager in daily tactical and long-term strategic decisions is influenced by the characteristics of the firm or business owner, the method of business acquisition, and the motivation for owning or starting a business. The literature suggests that both long-term and day-to-day decision making by the business owner may be influenced in the SME organization by all of these factors.

Several studies have indicated both that characteristics such as firm size (Coviello, Brodie, and Munro, 2000) can influence the personal involvement of the owner/manager in the activity of the firm, and that firm characteristics such as size can influence the locus of control exercised by the owner/manager (Miller, Kets de Vires & Toulouse, 1982).

Thus, the first two hypotheses are:

H1: A business owner's involvement in ***day-to-day*** *tactical decision making is related to the demographic characteristics of the business or business owner (number of full-time employees, age of the business owner, or number of previous start-ups).*

H2: A business owner's involvement in ***long-term*** *strategic decision making is related to the demographic characteristics of the business or business owner (number of full-time employees, age of the business owner, or number of previous start-ups).*

The concept of "degrees of entrepreneurship" was investigated by Cooper and Dunkelberg (1986) and relates to how the method of business acquisition influences the entrepreneurial organization. They found that owners who started the business were more involved in their business than those who purchased or inherited it. Based upon this research, it is hypothesized:

H3: A business owner's involvement in ***day-to-day*** *strategic decisions is related to how the business was acquired.*

H4: A business owner's involvement in ***long-term*** *strategic decisions is related to how the business was acquired.*

Several studies have investigated how different motives to start a business influence the entrepreneurial process. Haynes, Becherer, Helms, and Jones (1999) found that business owners who are motivated to start a business based upon their dissatisfaction with prior employment were more likely to establish businesses that allowed for more personal control. These businesses, however, did tend to be smaller and more "lifestyle" oriented businesses. This research was based upon other studies comparing the motives for business start-up and their influence on firm performance (Shapiro, 1975; Brockhaus, 1980). This leads to the following hypotheses:

H5: A business owner's involvement in ***day-to-day*** *tactical decision making is related to the reason for owning or starting the business.*

H6: A business owner's involvement in ***long-term*** *strategic decision-making is related to the reason for owning or starting the business.*

DATA COLLECTION AND METHODOLOGY

Data was collected using a questionnaire mailed to 3,574 persons who had applied for a new business license in a five-county metropolitan statistical area. This area crosses political boundaries and is located at the border of three Southeastern states. These licenses, valid for five years, are required of all new businesses, as well as those who change ownership or the form of their organization (e.g., partnership changed to an S-corporation). Thus, the original population contains both new and existing businesses in the sample area. As in prior research, entrepreneurs have been defined as those individuals who respond to the opportunities for creating new products (Holmes and Schmitz, 1990). Owner-managers of small businesses are also considered entrepreneurs (Brockhaus, 1982).

The data collection procedure included a postcard to alert potential respondents to the forthcoming survey and two mailings of the survey instrument. A total of 428 usable responses were received, for a response rate of 12 percent. Of the respondents, 343 (80%) fit the definition of a true start-up, while 85 (20%) were business owners who acquired the business through purchase, inheritance, or other means. The majority of respondents had prior experience in a strategic or supervisory position. The modal age class was between the ages of 30 and 49 and half of the respondents were college graduates.

Significant differences were investigated between various demographic characteristics of the business and their owners using ANOVA or analysis of variance. Data were cross-tabulated and Chi-Square statistics were calculated to determine if the pattern in the data was significantly different than what would be expected by chance alone.

Measures

The survey polled respondent business owners about their level of decision-making involvement in their business. On a four-point scale, respondents were asked if they "make none/some/most/or all" of the significant day-to-day decisions such as hiring, credit, and purchasing, and whether they "made none/some/most/or all" of the long-term strategic decisions such as expansion, new products or services, and major financial commitments. General demographic questions polled respondents about their education, age, and previous occupation.

Respondents were queried about their methods for becoming the owner of the company and their past business experiences. Choices for business ownership included "started the business," "inherited the business," "purchased the business," or "other," and respondents were asked to specify the reason for their ownership. Additionally, respondents were asked their reason for deciding to start or own a business. These included "unemployment," "unfavorable former job," "opportunity to implement their own ideas," "opportunity to test the ideas of others," "wanted to be their own boss," "to make more money," and "other" reasons.

RESULTS

Tables 1 and 2 indicate there are some significant differences in the strategic decision making involvement of the owners relative to key demographic characteristics of the owners and their businesses. For example, day-to-day involvement in strategic decision making is significant across the subject companies based upon the number of full-time employees ($p \leq .00$). In smaller firms, there was more day-to-day decision making by the owner than in larger organizations. Additionally, owners that are more involved in day-to-day decision making had less start-up experience than those owners who are more experienced in new ventures.

The demographic profile of the firms and their owners does not appear to be related to long-term decision-making involvement, as there was no statistical significance. While the evidence suggests that H2 is not supported in that demographic characteristics are not related to the business owner's involvement in long-term decision making, these characteristics do appear to influence the owner's involvement in day-to-day tactical decisions. Thus, H1 is accepted. Perhaps day-to-day decision making is easier to delegate than long-term strategic decision making regardless of the size of the organization, the nature or characteristics of the business owner, or their previous experience. Ultimately, it appears that the long-term strategic decision-making process must be the responsibility of the business owners and requires their direct involvement.

Table 3 compares the day-to-day and long-term strategic decision making of the respondent business owners, relative to the way they acquired the company. Interestingly, 69 percent of those who started their own business made "all" the day-to-day strategic decisions and 71 percent of the long-term decisions, while those inheriting or purchasing a going concern were less likely to be involved in these decisions. In the day-to-day decisions, there was no significant difference in strategic decision involvement, relative to how the company was acquired, so H3 is rejected. Perhaps the mundane nature of day-to-day decisions in SMEs does not reflect the notion of "degrees of entrepreneur" defined by Cooper and Dunkelberg (1986). Everyday business decisions are the same, regardless of the passion for entrepreneurship and the basis by which the firm was created. In addition, the small workforce typically found in entrepreneurial organizations does not provide additional management levels to which the owner can delegate strategic decision making.

Table 1 – Analysis of Variance for Involvement in Day-to-Day Tactical Decision-Making

			F-Ratio	*Significance*
Number of Full Time Employees	None Some Most All	68.00 147.12 34.96 3.21	4.183	*0.0*
Age of the Business Owner	None Some Most All	43.00 44.51 42.89 43.09	0.2	*NS*
Number of Previous Start-Ups	None Some Most All	3.00 2.06 3.14 1.74	2.04	0.10

Table 2 – Analysis of Variance for Involvement in Long-Term Strategic Decision-Making

			F-Ratio	Significance
Number of Full Time Employees	None Some Most All	5.00 9.40 52.87 14.26	0.75	NS
Age of the Business Owner	None Some Most All	45.00 42.45 43.48 43.11	0.08	NS
Number of Previous Start-Ups	None Some Most All	3.00 1.52 3.14 1.83	1.88	NS
NS=Not significant				

However, when long-term decision involvement was investigated, relative to company acquisition, the differences were statistically significant ($p \leq .00$). Thus, how the company was acquired does make a difference in the strategic decision-making of the manager. Managers who inherited, purchased, or otherwise acquired their business were less involved in long-term strategic decision making, compared to those who started their own business. Additionally, business owners who inherited the business seemed to be less involved in long-term strategic decision making than those who purchased their business or acquired it by other means. Thus, H4 is accepted, and we conclude that how companies were acquired influences the owner's long-term strategic decision-making involvement.

Tables 4 and 5 compare the owner's decision making, either day-to-day or long-term, based on the owner's reason for owning/starting their business. The Chi-Square analysis indicates that there is a significant association between both the owner's day-to-day and long-term strategic decision making involvement and their reason for owning/starting their business ($p \leq .05$). Thus, we accept H5 and H6 and conclude that the motivation for owning or starting a business has an impact on the own-

Table 3 – Owner Strategic Decision Making Activities Related to Company Acquisition

	Day-to-Day Decision Making				
Company Acquisition	**None**	**Some**	**Most**	**All**	**Total**
Started	2 (1%)	28 (8%)	77 (22%)	236 (69%)	343
Inherited	0 (0%)	2 (25%)	3 (37%)	3 (38%)	8
Purchased	0 (0%)	4 (7%)	25 (41%)	32 (52%)	61
Other	0 (0%)	1 (6%)	4 (25%)	11 (69%)	16
Total	2	35	109	282	428
Chi-Square = 14.09 Sig = NS					

	Long-Term Strategic Decision Making				
Company Acquisition	**None**	**Some**	**Most**	**All**	**Total**
Started	0 (0%)	24 (7%)	76 (22%)	243 (71%)	343
Inherited	1 (12%)	3 (38%)	0 (0%)	4 (50%)	8
Purchased	0 (0%)	4 (7%)	22 (36%)	35 (57%)	61
Other	0 (0%)	0 (0%)	5 (31%)	11 (69%)	16
Total	1	31	103	293	428
Chi-Square=72.05 Sig ≤ .00					

er's involvement in both daily and long-term strategic decisions.

Interestingly, both day-to-day and long-term decision making by the owners follows a similar pattern – the majority of the business owners are involved in all day-to-day and long-term decision making, with the exception of those managers who started the business to develop the ideas of others. While those that started the business to develop other's ideas are not involved in *all* the day-to-day and long-term decision making, they are involved in *most* of it. What is most interesting when comparing motivations to start a business with decision-making behavior is that, in general, owners of SMEs are involved in a great deal of the day-to-day and long-term decision making. It is likely that the very nature of the SME requires that they cannot delegate these tasks, regardless of how they acquired the business.

DISCUSSION AND IMPLICATIONS

While characteristics of the company itself or the business owner appear to be related to how involved the owner is in day-to-day decision making, how the owner acquired the company does not appear to be an influence. The opposite is true, however, for long-term decision making. Demographic characteristics of the company and the owner do not appear to affect involvement in long-term decision making, whereas how the business was acquired is related to business owner involvement in long-term decision making. Involvement in long-term decision making by business owners transcends characteristics associated with the business or the owners and is universally important, regardless of the size of the business, the age of the business owner, or previous start-up experience.

Day-to-day decision-making involvement is contingent on the size of the organization and the business experience of the owner. This could be a function of the culture of small businesses. Many such businesses have limited opportunities for the owner *not* to be involved in day-to-day decision making since there are typically few employees to assume planning aspects for the business. Or, the owner learns, over time, which aspects of the day-to-day operations *can* be delegated to employees. Further research is needed to determine at what point entrepreneurs can dele gate day-to-day operations and the various types of decisions included. Does the

Table 4 – Day-to-Day Decision-Making by Business Owners Relative to the Reason for Owning/Starting Their Business

Involvement in Day to Day Strategic Decision Making					
Reason for Owning/Starting their Business	**None**	**Some**	**Most**	**All**	**Total**
Unemployed	0 (0%)	0 (0%)	2 (25%)	6 (75%)	8
Unfavorable Former Job	0 (0%)	7 (14%)	12 (24%)	31 (62%)	50
Opportunity Own Ideas	1 (1%)	14 (10%)	30 (22%)	93 (67%)	138
Opportunity Others Ideas	0 (0%)	3 (15%)	12 (60%)	5 (25%)	20
Wanted Own Boss	0 (0%)	4 (4%)	31 (31%)	64 (64%)	99
Make More Money	0 (0%)	6 (12%)	8 (15%)	38 (73%)	52
Other	1 (2%)	1 (2%)	14 (24%)	43 (73%)	59
Total	2	35	109	280	426
Chi-Square = 33.24 Sig ≤ .05					

Table 5 – Long Term Strategic Decision-Making by Business Owners Relative to the Reason for Owning/Starting Their Business

Involvement In Long Term Strategic Decision Making					
Reason for Owning/Starting Their Business	**None**	**Some**	**Most**	**All**	**Total**
Unemployed	0 (0%)	0 (0%)	2 (25%)	6 (75%)	8
Unfavorable Former Job	1 (2%)	5 (10%)	14 (28%)	30 (60%)	50
Opportunity Own Ideas	1 (1%)	12 (9%)	28 (20%)	98 (70%)	138
Opportunity Others Ideas	0 (0%)	4 (20%)	10 (50%)	6 (30%)	20
Wanted Own Boss	0 (0%)	7 (7%)	19 (19%)	73 (73%)	99
Make More Money	0 (0%)	3 (6%)	12 (23%)	37 (71%)	52
Other	0 (0%)	0 (0%)	18 (31%)	41 (69%)	59
Total	1	31	103	291	426
Chi-Square = 32.11 Sig ≤ .05					

pattern follow a time-based continuum or is it more related to size or profitability?

Relative to how the company was acquired, in general, inherited businesses have less day-to-day and long-term strategic decision-making involvement than businesses started or purchased by the business owner. This result is expected, as inheritance was not a direct action by the business owner. In effect, the business was acquired passively. Perhaps inherited businesses have both long-term and day-to-day decision-making mechanisms in place that are already functioning. The "inherited business owner" may enter the business with an "end game" attitude (run the business as-is until a suitable buyer is found). The inherited owner may elect to leave these existing decision-making systems in place. Acquired businesses seem to require less involvement in day-to-day and long-term decision making than those that have been started by the owner. This may also be a function of the decision-making mechanisms already in place or the fact that the business is really just part of a franchise organization where decision-making process-es and criteria are determined and provided as part of the franchisor-franchisee arrangement.

Venture capitalists tend to have a bias against inherited businesses, as opposed to started or purchased businesses, since the inheritors may not have the business credibility or commitment to pass the due diligence process. The qualifications, experience, and passion of the entrepreneurial team that are cited as critical success factors in entrepreneurial businesses and very often those who acquire a business through inheritance or purchase do not have the same characteristics as the classic entrepreneur. Starting a business requires familiarity with the business model that may be a prerequisite for effective strategic management and ultimately the success of the business. Further research is needed to delineate how the differences in business acquisition methods may affect implementtation of the business model.

Universally, regardless of the reason for starting the business, the involvement in both day-to-day and long-term strategic decision making was relatively high. The one exception is the business owner who started a business to develop the ideas of others. This may suggest that these individuals are involved with entrepreneurial teams or in franchised businesses where the individual decision-maker's freedom and flexibility are constrained. Of additional significance, very few (<10%) of the business owners indicate that they are involved in "some" or "none" of their day-to-day and long-term strategic decisions of their businesses. This certainly points to the hands-on nature of SMEs and the strong influence business owners exert over the direction of their business.

The findings from this study confirm the high involvement of the owners in both the day-to-day and long-term strategic decision making of their businesses. The day-to-day decision-making involvement appears to be related to the nature of the business and the entrepreneurial experience of the owner. Long-term decision-making involvement is strongly related to how the business was acquired.

AREAS FOR FUTURE RESEARCH

A natural extension of this research would focus on how involvement in day-to-day and long-term strategic decision making relates to company performance. As business owners become more or less involved in the long-term and day-to-day decision making in their organizations, how is organizational culture impacted? Is an environment for innovation created? Are there other strategic advantages that directly relate to the role and involvement of the business owner in these important strategic decision areas?

Further research into the basic business model is needed. The model may be more fundamental to the success of a venture than the business plan or the strategic decision-making approach utilized. More research needs to delineate the basic business models that can launch a successful start-up firm. Perhaps the proper business model is a necessary but not sufficient condition for small firm success. By identifying key characteristics in SME business models and their respective importance weightings, the role of the business plan and strategic decision processes can be clarified.

Additionally, is the involvement in strategic decision making a function of the longevity of the firm, its size and number of employees, or the industry experience of the business owner? In the special case of franchise opportunities, a growing section of the modern economy, does the role of the franchisor negate the importance of business owner (franchisee) involvement in long-term strategic decision making? Does the process and structure provided by the franchise organization put the business owner more in a role to implement an existing plan rather than to create an innovative strategic decision plan? These issues are critical to the continuing development of the literature on small business management and decision making.

While this study focused on SMEs, it is important to recognize that these SMEs may be differentiated between "start-ups", more "mature small businesses," businesses that are "small but desirous of becoming larger firms," and those that are "small but not aggressively seeking growth." While all these firms may fit into the same size category, their perceptions of strategic decision making and orientation may be very different. Research is needed to identify the culture and motivation of the SME in terms of its current maturity and perspective on the future as well as its need for entrepreneurial long-term planning skills.

REFERENCES

Anderson, A. & Atkins, M. (2001). Business Strategies for Entrepreneurial Small Firms. *Strategic Change*, 10(6): 311-326.

Barrett, H. and Weinstein, A. (1998). The Effect of Market Orientation and Organizational Flexibility on Corporate Entrepreneurship. *Entrepreneurship: Theory and Practice*, 23(Fall): 57-71.

Becherer, R.C., Halstead, D., & Haynes, P. (2003). Marketing Orientation in SMEs: Effects on the Internal Environment. *New England Journal of Entrepreneurship*, 6(1): 13-22.

Berry, M. (1998). Strategic Planning in Small High-Tech Companies. *Long Range Planning*, 31(3): 455-466.

Bolton, B. and Thompson, J. (2004) *Entrepreneurs: Talent, Temperament. Technique* (2nd ed.). Boston: Elsevier Butterworth Heinemann Press.

Brockhaus, R.H. (1980). Psychological and Environmental Factors which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study. *The Academy of Management Proceedings*, 368-372.

Brockhaus, R.H. (1982). The Psychology of the Entrepreneur. In Kent, C.A., Sexton, D.L., & Vesper, K.H. (eds.), *Encyclopedia of Entrepreneurship* (pp. 39-57). Englewood Cliffs, NJ: Prentice-Hall.

Burgman, R.J. (1983). *A Strategic Explanation of Corporate Acquisition Success.* Unpublished doctoral dissertation, Purdue University.

Castaldi, R.M. (1986). An Analysis of the Work Roles of CEOs of Small Firms. *American Journal of Small Business*, 10: 53-64.

Cool, K. (1985). *Strategic Group Formation and Strategic Group Shifts: A Longitudinal Analysis of the US Pharmaceutical Industry. 1963-1982.* Unpublished doctoral dissertation, Purdue University.

Cooper, A.C. & Dunkelberg, W.C. (1986). Entrepreneurship and Paths to Business Ownership. *Strategic Management Journal*, 7(1): 53-62.

Coviello, N.E., Brodie, R.J., & Munro, H.J. (2000). An Investigation of Marketing Practice by Firm Size. *Journal of Business Venturing*, 15: 523-545.

Dess, G.G., Lumpkin, G.T., & Covin, J.G. (1997). Entrepreneurial Strategy Making and Firm Performance: Tests of Contingency and Configurational Models. *Strategic Management Journal*, 18(9): 677-695.

Eisenhardt, K. (1999). Strategy as Strategic Decision Making. *Sloan Management Review*, 40(3): 65-73.

Feeser, H.R. & Willard, G.E. (1990). Founding Strategy and Performance: Comparison of High and Low Growth High Tech Firms. *Strategic Management Journal*, 11: 87-98.

Frese, M., Van Gelderen, M. & Ombach, M. (2000). How to Plan as a Small Scale Business Owner: Psychological Process Characteristics of Action Strategies and Success. *Journal of Small Business Management*, 38(2): 1-19.

Gartner, W. B. (1988). 'Who Is an Entrepreneur?' is the Wrong Question. *American Journal of Small Business*, 12(4): 11-32.

Gibbons, P. & O'Connor, T. (2005). Influences on Strategic Planning Processes among Irish SMEs. *Journal of Small Business Management*, 43(2): 170-187.

Hart, S. (1992). An Integrative Framework for Strategy-Making Processes. *Academy of Management Review*, 17: 327-351.

Hatten, K.J. (1974). *Strategic Models in the Brewing Industry.* Unpublished doctoral dissertation, Purdue University.

Haynes, P., Becherer, R.C., Helms, M.M., & Jones, M. (1999). The Accidental Entrepreneur: When Dissatisfaction is a Primary Motivation for Entrepreneurship. *Journal of Business and Entrepreneurship*, 11(2):, 89-104.

Hill, C.W.L. & Jones, G.R. (2004). *Strategic Management: An Integrated Approach* (6th ed.). New York: Houghton Mifflin

Hisrich, R.D. (1986). Entrepreneurship and Intrapreneurship: Methods for Creating New Companies That Have An Impact on the Economic Renaissance of an Area. In Hisrich, R.D. (ed.), *Entrepreneurship, Intrapreneurship, and Venture Capital* (pp. 71-104). Lexington, MA: Lexington Books,

Hofer, C.W. & Sandberg, W.R. (1987) Improving New Venture Performance: Some Guidelines. *American Journal of Small Business*, 12(1): 11-25.

Holmes, T.J. & Schmitz, J.A., Jr. (1990) A Theory of Entrepreneurship and Its Application to the Study of Business Transfers. *The Journal of Political Economy*, 98(2): 265-285.

Hudson, R.L. & McArthur, A.W. (1994) Contracting Strategies in Entrepreneurial and Established Firms. *Entrepreneurship Theory and Practice*, 18(3): 43-60.

Hunsicker, J.Q. (1980). Can Top Managers Be Strategists? *Strategic Management Journal*, 1: 77-83.

Ibrahim, N., Angelidis, J., & Parsa, F. (2004). The Status of Planning in Small Businesses. *American Business Review*, 22(2): 52-61.

Jocumsen, G. (2004). How do Small Business Managers Make Strategic Marketing Decisions? A Model of Process. *European Journal of Marketing*, 38(5/6): 659-672.

Kisfalvi, V. (2002). The Entrepreneur's Character, Life Issues, and Strategy Making: A Field Study. *Journal of Business Venturing*, 17: 489-518.

Korunka, C., Frank, H., Lueger, M., & Mugler, J.(2003) The Entrepreneurial Personality in the Context of Resources, Environment, and the Startup Process – A Configuational Approach. *Entrepreneurship Theory and Practice*, Fall: 23-42.

Masurel, E. & Smit, H. P. (2000). Planning Behavior of Small Firms in Central Vietnam. *Journal of Small Business Management*, 38(2): 95-113.

McCarthy, B. (2003). Strategy is Personality Driven, Strategy is Crisis Driven: Insights into Entrepreneurial Firms. *Management Decision*, 41(4): 327-340.

Miller, D., Kets de Vries, M. & Toulouse, J.M. (1982). Top Executive Locus of Control and Its Relationship to Strategy-Making, Structure, and Environment. *Academy of Management Journal*, 25: 237-25.

Miller, D & Droge, C. (1986). Psychological and Traditional Determinants of Structure. *Administrative Science Quarterly*, 31: 539-560.

Morris, M., Schindehutte, M., & Allen, J. (2005). The Entrepreneur's Business Model: Toward a Unified Perspective. *Journal of Business Research*, 58(6): 726- 735.

Nwachukwu, O.C. (1995). CEO Locus of Control, Strategic Planning, Differentiation, and Small Business Performance: A Test of a Path Analytic Model. *Journal of Applied Business Research*, 11(4): 9- 14

Perry, S. (2001). The Relationship between Written Business Plans and the Failure of Small Businesses in the U.S. *Journal of Small Business Management*, 39(3): 201-208.

Pritchard, R.E. and Bradway, B.M. (1981). *Strategic Planning and Control Techniques for Profit: A Handbook for Small Business Owners*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

Sexton, D.L. (1982). Research Needs and Issues in Entrepreneurship. In Kent, C.A., Sexton, D.L., & Vesper, K.H. (eds.), *Encyclopedia of Entrepreneurship* (pp. 383-389). Englewood Cliffs, NJ: Prentice-Hall

Shaver, K.G. (1995). The Entrepreneurial Personality Myth. *Business and Economic Review*, 41(3): 20-23.

Shaw, B.M. (1991). Dressing Up Like an Organization: When Psychological Theories Can Explain Organizational Action. *Journal of Management*, 17: 805-819.

Shapero, A. (1975). The Displaced, Uncomfortable Entrepreneur. *Psychology Today*, 9(6): 83-88.

Smith, C. (1985). *Established companies diversifying into Young Industries: a*

Comparison of Firms with Different Levels of Performance. Unpublished doctoral dissertation, Purdue University.

Stewart, W.H., Jr., Watson, W.E., Carland, J.C., & Carland, J.W. (1999). A Proclivity for Entrepreneurship: A Comparison of Entrepreneurs, Small Business Owners and Corporate Managers. *Journal of Business Venturing*, 14(2): 189-214.

Ugboro, I.O. (1991). Top Management Involvement and Strategic Planning System Performance: A Validation Study. *SAM Advanced Management Journal*, 56(4): 38-42.

Van Gelderen, M., Frese, M., & Thurik, R. (2000). Strategies, Uncertainty and Performance of Small Business Start-Ups. *Small Business Economics*, 15(3): 165-188.

Willard, G.E. (1982). *A Comparison of Survivors and Non-Survivors under Conditions of Large Scale Withdrawal in the US Color Television Set Industry*. Unpublished Doctoral Dissertation, Purdue University.

Woods, A. & Joyce, P. (2003). Owner-Managers and the Practice of Strategic Management. *International Small Business Journal*, 21(2): 181-202.

Zahra, S. (1993). A Conceptual Model of Entrepreneurship as Firm Behavior: A Critique and Extension. *Entrepreneurship Theory and Practice*, 18: 5-21.

Richard C. Becherer holds the Clarence E. Harris Chair of Excellence in Business and Entrepreneurship at the University of Tennessee at Chattanooga.

J. Howard Finch is the Alico Chair in Financial Management and Planning at Florida Gulf Coast University.

Marilyn M. Helms is the Sesquicentennial Endowed Chair and Professor of Management at Dalton State College.