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Strategic Decision Making in the Transitional Economy of Romania: The Case of TAMIV S.A.

INTRODUCTION

Adapting an organization to changes in the environment is one of the primary concerns of strategic management (Ginsberg, 1988; Fiol and Lyles, 1985). Scholars have suggested that different configurations of strategy and structure may be appropriate for different environmental states (Ansoff and Sullivan, 1992; Miles et al., 1978; Miller and Friesen, 1977; Naman and Slevin, 1993). These studies have provided support for the basic FIT paradigm that protends that organizations need to align strategy and structure (Naman and Slevin, 1993; Miller, 1988), strategy and environment (Tan and Litschert, 1994; Kim and Lim, 1988) and structure and environment (Miller, 1988; Miller and Friesen, 1978) to achieve optimal performance. Taken as a group, these organisational theories have been described as rational and normative (Hitt and Tyler, 1991; Bourgeois, 1984; Mintzberg 1993).

Closely linked to this literature is the strategic adaptation literature. It states that firms should cope with environmental change, by adapting the organisational strategy and structure to the new conditions (Jennings and Seaman, 1994; Chakravarthy, 1982). They stipulate that when environmental conditions change, the organization should adopt its strategy and structure to the changed context, according to some prescribed rules and logics, displaying a high level of organisational adaptability.

A limitation of these theories is that they have been developed and tested mainly in Western business environments. Economies in transition may pose very different challenges to managers and the assumptions behind these theories¹ may not hold anymore .

¹ the availability of sufficient information, the existence of commonly shared organizational goals and the decision maker uses a rational decision making system (see among others Mintzberg (1993), Grandori (1987) and Schoemaker (1993))

It may therefore be appropriate to study the strategic decision making process, taking in consideration more perspectives on strategic decision making than only the rational normative. In this way, it may be possible to better understand and predict the strategic decisions organizations in transitional economies take and their consequences on the success of adaptation.

Taking this in consideration, this article reports on a case study at a (former) state firm in Romania, TAMIV S.A.. We have based the methodology mainly on the recommendations of Eisenhardt (1989). The study was organized around three main research questions:

1. How do managers of TAMIV S.A. make strategic decisions considering the adaptation of the organizational capabilities to changing economic conditions (problem recognition, generation of alternatives, the selection of the strategic alternative that will be implemented)?
2. Which of the following five schools that may describe the strategic decision making process at TAMIV S.A. (rational normative methods, power and politics, environmental determinism, organizational choice and strategic choice) are relevant when taking strategic decisions? 2.a. How are managers of TAMIV S.A. supported or hindered by the other four factors, when they use rational normative methods for strategic decision making?
3. Which strategic solutions do managers of TAMIV S.A. choose when they are confronted with: (1) influences related to environmental determinism, (2) influences related to organizational choice, (3) influences related to power and politics and (4) influences related to strategic choice? 3.a. What are the outcomes of these decisions in terms of performance?

The present study intends to contribute to organizational theory as well as to the knowledge about the organizational behavior of (former) state firms in transitional economies. Firstly, a study of strategic decision making in Romania would be particularly informative “(...) since most research on strategic decision making has been conducted in Northern European and North American contexts.” (Eisenhardt and Zbaracki, 1992:33). A test of theoretical concepts in a different setting may lead to new insights and extension of the theories.

Secondly, for stakeholders active in transitional economies (such as domestic managers, consultants, policy makers or Western partners), it may be important to know how strategic options of (former) state firms may be limited and how they may cope with these

restrictions. This knowledge may result in better strategic decisions and thus a more successful adoption to environmental change.

The next part of the paper will present the theoretical constructs that we have used in this study. Following that, we will elaborate on the methodology. Next is to present the evidence gathered during the case study. Finally, we shall present the conclusions, with the answers to the questions that have been put in this introduction.

THEORETICAL CONSTRUCTS

In the following paragraphs we define the constructs which with we shall work in the rest of the paper. We follow the recommendations of Eisenhardt (1989) to not predict any theoretical relationships. We define *strategic decisions* as commitments of relatively large amounts of resources, which have considerable effects on the long-term performance of the firm (Fredrickson, 1985; Schwenk, 1988:6; Shrivastava and Grant, 1985).

A *strategy* is a determination of long term goals and the consequent adaption of courses of action and resource allocation (Chandler, 1962) . Miles, Snow, Meyer and Coleman (1978) have identified three main strategic types. Firstly, defenders maintain a small niche, that is difficult for others to penetrate. Firms falling into this strategy type are mainly concerned about cost efficiency. Secondly, analysers will enter into new markets or market new products only after their viability will be proven. They will try to be cost efficient, while at the same time be capable of seizing new opportunities. Thirdly, prospectors' main objective is to locate and develop market opportunities. Firms that do not fall into one of these three categories, are according to Miles et al. (1978) reactors. These firms show an inconsistent and unstable adjustment.

Normative-rational techniques involve extensive analysis of the environmental conditions and the characteristics of the internal organisation. Typically, the first step is to analyse (developments in) the external environment. Secondly, the internal organisation will be examined. Next is to establish whether the future external environment and the internal organisation match or 'fit'. Rational normative decision models finally suggest that management should generate and consequently implement those strategic alternatives that allow the internal organisation to fit the expected external environment (Naman and Slevin, 1993; Ansoff and McDonnell, 1990; Sousa de Vasconsellos e Sá and Hambrick, 1989).

Decision making that is based on rational and normative methods may result in a comprehensive decision making process (Fredrickson, 1983).

'Power and politics' represents the use of power in an informal and unauthorised manner, to further the interests of oneself or those of the firm. It is not sanctioned by the organisational chart, procedures or systems. Often it is diversive, conflictive and covert. This definition is useful for the purposes of this research, because it makes explicit the difference between, on one hand, the use of 'legitimate power' as is authorised for example by the organisational chart and, on the other hand, the use of informal influence tactics. Researchers have argued that 'power and politics' may have beneficial as well as detrimental effects on the quality of strategic decision making (Mintzberg, 1985; Eisenhardt and Bourgeois, 1988). Power struggles may exist in the case that among managers power is too much centralised or decentralised and when conflict of interests exist (Eisenhardt and Bourgeois, 1988)

Environmental determinism relates to the external conditions and interest groups, with which the focal organisation has to deal. Researchers have stated that environmental characteristics influence strategic decision making in several ways (Bourgeois, 1984; Pfeffer and Salancik, 1978; Hitt and Tyler, 1991; Hannan and Freeman, 1977). For example, Pfeffer and Salancik (1978) proposed that the influence of any given outside group on the focal organisation is a function of its dependence on this external group.

Scholars who work in the area of environmental determinism mostly refer to three main measures: environmental complexity, dynamism and hostility. The first measure, environmental complexity, includes interconnectedness and concentration variables. It concerns the number and variety of environmental interest groups with which the firms must interact. Secondly, environmental dynamism measures how fast the environment changes as well as the extent to which these changes are hard to predict. Finally, environmental hostility measures the degree of competition and whether the environment offers resources and possibilities for exploiting new opportunities. Dess and Beard (1984) found in their research that organizational task environments vary mainly in terms of these three measures. These measures influence how managers consider the level of environment uncertainty and consequently affect strategic decision characteristics (Sawyer, 1993; Miles et al., 1978; Tan and Litschert, 1994).

Organizational choice consists of the influences on strategic decision making that may be related to characteristics of the internal organisation. It may be further divided in (i) the organisational structure and (ii) the organisational culture and (iii) the organisational systems.

Firstly, the structure of an organisation may be defined as the static assignment of work roles and administrative procedures that allow firms to conduct, co-ordinate and control their work activities (Miller, 1987; Ansoff and McDonnell, 1990). A structure may be ‘mechanic’, characterised by high centralisation and formalisation. If the structure is based on product or matrix responsibilities and shows decentralised control and a low degree of formalisation, then it may be described as ‘organic’ (Mintzberg, 1988; Pfeffer, 1982; Miles et al., 1978; Fredrickson, 1986). Several authors have drawn attention to the effects structure may have on strategic decision making (Miller, 1987; Fredrickson, 1986; Schwenk, 1988).

Secondly, a culture represents an organisation’s sets of shared values and beliefs, that evolve in collectively accepted meanings and understandings (Pettigrew, 1979; Brown and Starkey, 1994). Hofstede, Neuijen, Ohayv and Sanders (1990) have found that an organisational culture may be manifested in practices (symbols, heroes and rituals) and values, that make up the core of an organisational culture. They have empirically derived the following measures of organisational culture: process versus results orientated, employee versus job orientated, parochial versus profesional orientation, open versus a closed system, loose versus tight control, normative versus pragmatic orientation. Researchers have also related cultural aspects of an organisation to strategic decision making (Kabanoff et al., 1995; Brown and Starkey, 1994, Hofstede et al., 1990).

Thirdly, organisation systems stand for the arrangement of the flows and timing of activities through the organisational structure (Ansoff and McDonnell, 1990). Examples are reward systems, control and planning mechanisms of an organisation. Scholars have argued that the type and orientation of these systems, may influence the strategic decision making process of an organisation. (Schwenk, 1988).

Strategic Choice represents the arguments that personal characteristics of managers may influence the strategic decision making process. In general, when managers are confronted with ill-structured, complex and uncertain strategic decision problems², they develop and use heuristics to simplify

² such as the interpretation and the response to contradictory external forces

the decision-making process. These heuristics may create systematic biases and consequently influence strategic decision making (Hitt and Tyler, 1991; Barnes, 1984; Schwenk, 1988: 17). Cognitive heuristics and biases differ among managers as a consequence of individual characteristics (Hambrick and Mason, 1984; Schwenk, 1988: 25; Bantel and Jackson, 1989; Stubbart, 1989). Thus, in the view of strategic choice, "(...) human factors in the executive ranks greatly affect what happens to companies" (Hambrick, 1989: 5). Strategic choice theorists typically measure age, organisational tenure, (functional) experience, education (level and type) and whether the managers are owners.

Several authors have argued that *organisational performance* may be measured with objective, as well as subjective data (Dess and Robinson, 1984; Naman and Slevin, 1993; Eisenhardt and Bourgeois, 1989).

METHODOLOGY

Inductive case study research may be in particular useful for developing theory (Noël, 1989; Fredrickson, 1983; Burgelman, 1994; Snow and Thomas, 1994; Yin, 1994; Eisenhardt, 1989). Considering that to date no systematic research concerning strategic decision making of firms in transition economies has been undertaken, and consequently no coherent theory exists, this kind of research may now be appropriate. This research plan is based on the approach of Eisenhardt (1989), in her article about building theory from case study research.

Research question and preliminary constructs

To maintain flexibility is essential to an inductive case study approach. Because its objective is to generate theory, the researchers should start with a minimum of a priori theoretical presumptions. However, the definition of preliminary constructs and a broad description of the research question, may be helpful for two reasons. Firstly, it prevents the researchers from collecting too much data. Secondly, the constructs may be measured more precisely and moreover, if the constructs are confirmed in practice, one may have a stronger confidence in the validity of them (Eisenhardt, 1989; Yin, 1994).

Nevertheless, the researchers should keep in mind that the research question and the constructs are both only preliminary. The research question may change as valuable, unexpected findings may attract the focus to another subject in the same broad domain. In addition, a priori defined constructs may prove to be irrelevant to the emerging theory, leading to their replacement with other constructs that may have practical value (Eisenhardt, 1989).

2. Selecting cases

When building theory from cases, theoretical sampling is appropriate (Eisenhardt, 1989). Therefore, concerning our research theme, adaptation in the Romanian transitional economy, it is the intention to select different sized firms, with diverse activities in different industries. In this way, emerging theory may be tested in different settings, extending it and improving its external validity.

This study presents the case of TAMIV S.A. This firm is known as a firm with a relative high performance. This may allow us to develop propositions concerning the eventual relationships between strategic decision making and high performance. This case will be followed by others, that include studies about firms with lower performance, from different industries and with different sizes. From these subsequent studies, it should appear whether these propositions are robust.

3. Crafting Instruments and Protocols

Case studies make it possible to use a broad variety of data collection methods. Common are observations, interviews, questionnaires and archival measures (Noël, 1989; Webb and Dawson, 1991; Eisenhardt, 1989; Brown and Starkey, 1994; Burgelman, 1994; Yin, 1994). The current research intends to use these methods, thereby combining qualitative with quantitative evidence.

Quantitative data may indicate not salient relationships and enhance the reliability of findings based on qualitative data. With the use of qualitative data, a researcher may gain understanding of the causes of the relationships discovered by quantitative analyses or it may lead directly to theory, if it can be supported by quantitative data.

Except the use of different collection methods, this research has been a joint effort of multiple investigators. A student³ has been primarily responsible for collecting the data at the respective firm. The author of this paper has been responsible for the instruments and will interpret the data in collaboration with the student. Each interview has been conducted by two persons, the student responsible for the respective firm and another student who has made notes and recorded observations (Huber and Power, 1985; Yin, 1994).

³ the respective student used the collected data for his master thesis, specialisation management, at the University of Transilvania, Brasov

In the final stage, the author of this article, has completed for each case separately a case study report, including hypotheses that emerge from each case.

3.1. Archival data

The student has been responsible for collecting the following data:

- Inside the firm: catalogues and leaflets; balance and income sheets from 1993 to the last quarter of 1996; documentation of the meetings of the Board of Directors; annual reports or reports to the main shareholders; reports on the firm's history; description of the offices: space, location and equipment; other relevant internal documents, such as memos and feasibility studies; organisation-scheme; a description of reward systems, control systems, environmental scanning systems (if any) and planning mechanisms.
- Outside the firm: a description of the respective industry: average sales growth and financial performance; main competitors; clients; suppliers; marketing studies or other indications of future developments in the industry; banks and other financial partners.

Based on this research, a report has been prepared about the firm and its environment that contains: a history of the firm; its product range; structure and systems (reward, control, environmental scanning, planning); its main competitors, suppliers and clients; a description of the industry; main weaknesses, strengths, opportunities and threats; current issues (investment plans, lay-offs, a new client, new suppliers, etc.); power structure in the firm.

3.2. Interviews

All the interviews has been conducted in tandem, one person being responsible for the interview and the other taking notes and filling gaps in the questioning (Eisenhardt and Bourgeois, 1988; Huber and Power, 1985; Yin, 1994).

Firstly, an entry- interview has been conducted with each CEO. This interview was semi-structured with open-end questions (Brown and Starkey, 1994; Eisenhardt and Bourgeois, 1988), that are included in Appendix I (page 31). These questions may have been supplemented with others, that may appear to be fruitful during the interview (Eisenhardt and Bourgeois, 1988; Huber and Power, 1985).

After this entry-interview, one of the decisions that had been mentioned by the CEO, have been selected. The decision chosen (1) relates to the strategic position of the firm (long-term, influence on the adaptation of the firm); (2) has important consequences for the firm's

future; (3) involves as many as possible functions; (4) represents the strategic decision making process of this firm (Eisenhardt and Bourgeois, 1988).

Consequently, semi-structured interviews has been conducted with every executive in the top management team, inclusive the CEO. The open-ended questions appear in Appendix II, page 32.

3.3. Observations

It may beneficial to observe decision making sessions or a manager working. When observing a manager working, it may be possible to estimate the amount of time the manager is working on operational and strategic issues⁴, the persons with whom he or she collaborates most of the time and to get an impression of his or her leadership style. Observing a decision making session may be useful for getting an impression of the decision making style of the management team. It may also serve to determining if coalitions exist and if so, which members form a coalition.

4. Entering the field

Data analysis goes hand in hand with data collection. It is important to write down everything that happens, and thereby constantly asking questions such as, "what do we learn from this" or "how does this relates to our other findings" to obtain a deeper understanding. This joint process of data analysis and collection allow researchers to collect data flexibly, to make adjustments in the data collection process. In this way, researchers may obtain as much understanding as possible (Eisenhardt, 1989; Yin, 1994).

5. Analysing within-case data

Within case analysis is important to order the volume of data. This implies that each researcher will prepare a detailed report of each case-study, to become familiar with the data. Important in this phase is to become familiar with each case as a single entity (Eisenhardt, 1989; Yin, 1994).

⁴of course, observation may only lead to rough estimations, for example, a manager may work in the evening time, at home on strategic issues

6. Searching for cross-case patterns

Data may also be structured using within-case analysis. In order to obtain relevant patterns across the different cases, a researcher may use different tactics. Firstly, one may select categories or dimensions and to look for within-group similarities coupled with inter-group differences. Secondly, cases may be paired and consequently the similarities and differences between each pair may be listed. Finally, the data may be divided by data source, one researcher studying for example qualitative, the other qualitative data (Bourgeois and Eisenhardt, 1988; Eisenhardt, 1989; Yin, 1994).

7. Shaping hypotheses

The next step is to compare systematically the emergent relationships and hypotheses from these analyses, with the evidence from each case or from the one case. The objective is to obtain a theory that closely fits the data. The first step of this process is to sharpen the constructs by redefining the definition of the constructs and to build evidence that measures the construct in each case. This process is similar to an attempt to obtain construct validity. The second step here is to check whether the relationships between the constructs are confirmed by the evidence in each case. Qualitative data are important for understanding why or why not emergent relationships hold. (Eisenhardt, 1989; Noël, 1989; Yin, 1994). With the underlying theoretical reasons, it is possible to establish internal validity of the findings.

8. Enfolding literature

Confronting the findings of the research with conflicting research will enhance the confidence in the findings. Secondly, the theory may be sharpened, by analysing why results conflict, consequently, this may result in deeper insight in the emergent literature and the conflicting literature. Similar findings should be discussed as well, because it may enhance the internal validity of the research (Eisenhardt, 1989).

FINDINGS

Background

TAMIV S.A. processes leather for among others the furniture, clothing and shoe industry. It employs now about 300 people. Its net profit over 1996 amounted to approximately DEM 800.000. 15-20 of its production is exported and 75% of its materials needs to be

imported. The factory is completely privately owned. In December 1993 a Management and Employee Buy Out took place.

Managers and employees are now the owners of the firm. The management team (commercial director, general and technical director), together with the head of the mechanics department, hold the majority of the shares, being able to make the main decisions without the other shareholders having much influence (source: observation of stockholders' meeting). These main shareholders have all a long organisational tenure and occupied key-positions inside the factory, also before the privatisation process and even before December 1989.

The factory dates back from the years 1860-1870. It has been nationalised in 1948 and became part of a larger conglomerate. In 1964-1968 the production process was modernized and the production capacity has been extended in 1976-1978. In January 1991 the factory was juridically separated (the other part becoming a shoe factory).

Strategy

TAMIV S.A. has a written mission statement: manufacturing of products that are competitive concerning the quality, for the domestic as well as for export markets. Further, all the managers agreed that the strategy of the firm is specialisation, although the commercial manager indicated also differentiation. The managers of the firm intend to limit their product range to leather for furniture and for use in cars. For these products exist export possibilities and TAMIV management believes that the resources obtained from export will permit the firm to safeguard its investment program. This strategy should be realised by maintaining a high profit level, in order to ensure the necessary cash flow for the investments (source: interviews with the managers).

The general manager and the economic director of TAMIV S.A. have also participated in a questionnaire survey, that included among others questions about the strategy followed. From their responses it appears that the management of TAMIV S.A. is orientated towards long-term investments, even if it will negatively affect the short term profitability of the firm. According to the responses of the two managers, the investments are orientated towards making the technology process more cost-efficient, to become more competitive. Further, when making strategic decisions, managers seek constantly to introduce new brands and products on the market. They follow government regulations with attention to anticipate them

and to take advantage of them. The two respondents to the questionnaires indicate that they have a moderate attitude towards risk taking.

The objectives of the managers are (source: interviews)

- general manager: realisation of a new heating system; realisation of investments in order to make specialised products; realisation of a shop with finished products
- technical director: short term: obtaining same financial performance as last year, by means of higher export; long term: investments to raise quality and productivity
- commercial manager: to export 60-70% of the finished products
- economic director: to improve the rentability and to raise the percentage of finished goods that is exported

It becomes clear from this account that TAMIV S.A. is actively in only one product domain and that management has no intention to add other product groups. It appears that TAMIV S.A. follows a strategy of limiting their product range, to some categories that are suitable for export. This may be relatively best described as a focus strategy (Miller, 1988).

However, the commercial manager indicates that except for specialization, TAMIV S.A. follows also a differentiation strategy. He further believes that R&D and the pilot station of TAMIV are important functions (source: interview). This seems to confirm that the commercial manager may support a 'prospector' posture (Miles et al., 1978). Research and Development and pilot stations are mostly used to develop new products and to be able to benefit fast from new business opportunities (Miller, 1988).

More likely is that R&D and the pilot station are used at TAMIV S.A. to further enhance the quality and productivity of their product lines, in order to be able to sustain the strategy of specialization. As mentioned above, TAMIV management actively tries to reduce costs and raise quality, to become competitive on especially their export markets. It may very well be that in this way, TAMIV uses R&D for product improvement rather than development.

We have asked the general manager to identify the three most important decisions that management recently has made. These include: investments in the production process, among which the most important is the new heating plant for the factory; the decision to move some polluting parts of the production process to another location, outside the living area where the factory is located; adoption of new technologies, by using more environmental-friendly auxiliaries. This is another indication that the firm actively tries to improve the quality and

efficiency of its production process and that it further concentrates on its current product range.

Management believes that, in order to obtain performance, TAMIV S.A. should compete aggressively, having the best prices and best quality. The general manager believes that TAMIV S.A. has a policy of 'destroying the competitors' (source: questionnaire). The production process is orientated towards productivity and cost-efficiency. Further, as will be shown later in this paper, the administrative arrangements are rather mechanic. We therefore believe that the strategic posture of TAMIV resembles mostly that of a defender (Miles et al., 1978). It therefore seems that management considers the core competencies of TAMIV to be cost-efficiency. This enables them to offer better prices and a more competitive product range than its competitors.

Rational Normative Techniques

Rational normative decision making characteristics are characterised by extensive analyses and lead to what Fredrickson (1983) has called comprehensive decision making (Hitt and Tyler, 1991; Naman and Slevin, 1993). In order to establish to what extent the firm uses rational normative decision making techniques, we have traced one strategic decision TAMIV S.A. had made.

The decision to invest in a new heating plant seemed to us the most appropriate, because of the following reasons. Firstly, the decision is made and already being implemented. Secondly, concerning the size of the factory and relative to the overall situation in Romania, the investment is considerable: it amounts to approximately DEM 700.000. (source: interview with commercial director). This investment will make it possible for TAMIV S.A. to generate by themselves heat energy. Until now, they received heat from a large factory, that supplies as well heat to living quarters. TAMIV S.A. uses heat in the production process. the decision may therefore be described as an implementation of a strategy of vertical integration.

The problem has been firstly perceived by the department head of mechanics (who is responsible for the supply of heat and energy), by the general director and by the economic director. They have perceived this problem because of the high energy bills, in comparison with firms who have their own heat plant. This situation was created by the inefficiency of the heat supplier as well as by the loss of energy, caused by the transport of the heat from the supplier. TAMIV S.A. felt strongly that this would impede their strategy of cost reduction and focus. As

a second step, a consultancy firm has made a feasibility study about the profitability of this investment. This firm has analysed six different offers. Finally, the final decision was based on the price, performance, guarantee conditions and the reputation of the supplier (source: interviews with the managers). The decision has been made by the general director, the technical director, the commercial director and the head of the department of mechanics (source: interview with commercial manager), based on economical considerations.

Except for economical considerations, the decision has also been motivated as to reduce dependency concerning the actual heat supplier. This is a large national enterprise. Concerning the current privatisation and restructuring politics of the actual government, the future for this enterprise is rather uncertain (source: interviews with commercial and economic director). Further, two other dimensions of the focal decision that the economic manager mentioned are: to raise the quality and reliability of the production process.

A measure of to what extent a firm uses rational normative techniques is the comprehensiveness of the decision making process (Fredrickson, 1983). Firstly, the motive for initiation is important. According to a rational decision process, the focal decision of TAMIV S.A. seems to be initiated by a problem (the high energy costs, dependency on supplier). A non rational process would typically show a decision initiated by personal motives or opportunity seeking behavior.

Secondly, the decision process seems to be goal directed. Every manager indicated that with the new energy plant, the general organizational objective of cost efficiency, can better be realised (source: interviews, observation of general meeting of shareholders). A non rational decision making process may result in a decision that is not related to organisation goals because of constraints imposed during the bargaining process.

A third dimension is the relation between means and ends. In non rational decision making processes, the analysis of the decisions is limited to the means (what are the resources that we should use?). This may be caused by disagreement among the decision makers concerning the organisational goals. The decision of TAMIV S.A. to invest in the heating plant, seems to be originated in the organisational goals and management has consequently related the means to these ends. Every manager has indicated that the means (the investment) should result in the reduction of costs (source: interviews).

Fourthly, from our interviews it appeared that the strategic decision contributed to the overall organisational strategy of cost reduction. The impact of political factors, what may lead to suboptimal decisions concerning the attainment of organisational goals (Fredrickson, 1983), has not lead at TAMIV S.A. to sub optimal goal attainment. All the respondents to the interviews agree that the final decision has been made based on its contribution to cost efficiency.

A fifth aspect of comprehensive decision making is whether the decision has been analysed sufficiently. The impact of cognitive biases and for example information costs is related to this concept (Fredrickson, 1983). It appeared from our evidence that the decision has been made on economical decisions and that its impact on profitability has been calculated. Management has made the proper decision, based on these calculations (source: feasibility study, interviews with the managers). Therefore, although the impact of the decision has been major, we have found that the decision has been made on economic analyses.

Finally, the last aspect that is related to comprehensive decision making, according to Fredrickson (1983), is whether the strategic decision making process is integrative. Management typically should formulate their decisions, instead of let one decision lead to another, based on incremental logics or due to a focus on a limited number of ideas and subjects. Again, we believe that management has also acted comprehensively in this respect. As mentioned above, apart from economic considerations, management has not lost sight of the dependency on the supplier of heat. This may indicate, that management may have a general orientation towards cost reduction, but that other aspects are not neglected.

Based on the evidence presented in this section, we may therefore conclude that at least concerning our focal decision, management has used to a large extent rational and normative techniques. It seems that these have resulted in a comprehensive decision making process.

Environmental Determinism

From our interviews, observations and direct communication it appeared that the supply side of raw materials causes TAMIV S.A. problematic uncertainty. Firstly, because this sector of the environment is rather hostile. Supply of raw material is scarce and the quality of the raw leather that suppliers deliver is not stable and rather bad (source: interviews, direct communication). In the summer of 1996, absence of raw materials caused the production to be interrupted (source: interviews, confirmed by an informant of the bank). Contracts with

suppliers are very uncertain (source: direct communication). Further the suppliers of raw material are dispersed. TAMIV S.A. has to deal with many small suppliers (source: interviews). This also contributes to uncertainty, because it is in this way hard to obtain stable relationships with suppliers.

The same is valid for auxiliary materials such as colorants. For the largest part, these need to be imported from outside Romania. This is rather hard because of the need for valuta (that is scarce in Romania) and because of high import tariffs (source: interview with commercial director).

The problematic supply of heat has been hostile to TAMIV, because it depended on one supplier, that itself is in an unstable situation. This caused TAMIV S.A. to make a major investment.

Further, the supply of financial resources is also problematic. Although according to our bank informant⁵, TAMIV S.A. is in the category of best performers and has never delayed any reimbursement, it could not obtain a loan for the investment in the heat plant. Because of this, TAMIV S.A. has had to firstly stock their valuta from export, to make the investment possible. This caused that the implementation of the decision has been considerably delayed (source: interviews). Therefore we conclude that the environmental sector 'supply' is uncertain, because this sector is hostile to TAMIV S.A. and to some extent complex (concerning the many small suppliers of raw material).

Another environmental sector that causes problematic uncertainty may be regulatory factors. Firstly, because of the high tax rates, that deplete resources for investments (source: interview with commercial director). Secondly, because no facilities exist for producing firms that need materials non existing in Romania. The government charges also for these imports tariffs (source: interview with commercial manager). Thirdly, government has for a part liberated export for crude leather. This worsened considerably the situation on the supply markets for raw materials (source: interviews).

Concerning social-cultural factors, we have found limited evidence that the workers's mentality is a problem (interview with economic and commercial director). However, the

⁵ larger Romanian firms, especially (former) state firms, typically have a person inside a bank who is responsible for the daily operations with the firm. This includes controls, that are also done at the premises of the firm. We have interviewed the bank employee responsible for TAMIV S.A.

general manager indicated the work discipline and in general the characteristics of personnel as a strong point of TAMIV S.A. It may be that the workers' mentality may be negatively influenced by the working conditions (lots of heavy work, unpleasant smells, defective sanitary facilities, seasonal work, old equipment). This is evidenced in a high turnover of workers (source: annual report). An indication of a rather good mentality may be that in 1996 only existed six cases of not motivated absenteeism.

Although the work does not necessitate high qualifications, it may be difficult to obtain a good workforce, also because many workers are commuters (this is rather difficult in the Brasov area). We have found contradictory evidence whether this causes problematic uncertainty. TAMIV S.A. has been able to further rationalise the production flow and has laid off 180 employees. On the other hand, the general manager makes two times a day a visit to the production facilities (source: observation). In this way he feels that he can better control the workforce (source: direct communication).

We have not found evidence that other environmental sectors may cause problematic uncertainty. Competitors are relatively quite weak (source: interviews) and the competitive environment is described as friendly (source: direct communication, interview with commercial manager). Indeed, it appears that competitors are borrowing from each other auxiliary and raw materials (this may be another evidence of problematic uncertainty at the supply side; source: direct communication).

Further, demand for the products of TAMIV S.A. is relatively high (source: interviews, bank employee), although their requirements vary, that may indicate complexity (many different demands). However, it does not seem that this complexity is problematic, because TAMIV S.A. has and uses the strategic option to specialise in certain product niches to make the production process more efficient.

Finally, we have not found evidence that fast technological process and innovation in its sector, causes problems to TAMIV S.A. According to the respondents to our interviews, rather cost-saving investments are necessary to obtain competitiveness.

Strategic Choice

In this section we present the personal characteristics of the managers at TAMIV S.A. The Strategic Choice perspective predicts that those may influence the strategic decision making process.

Concerning age, the management team is heterogeneous. The commercial director is the oldest, with 53 years, followed by the general manager, who has 48 years. Younger are the economic director (31 years) and the technical director (40 years).

The majority of the management team has a long organisational tenure and none of them have worked for another firm. The commercial manager has worked 31 years for TAMIV S.A., the general director 26 and the technical director has worked 17 years for the firm. The economic director works now for 8 years in TAMIV S.A.

Considering this long organisational tenure, all should have long experience. The commercial manager works since 1971 in this function. The general and technical director worked their way up through the different departments in the factory. The economic manager works since 1993 in this function. Before that she worked in the bookkeeping department.

The management team has in majority a technical education. In fact: the commercial, general and technical manager have all attended to the same university: industrial chemistry. Only the economic director has an education at a economic faculty.

All the managers are also stockholders. Together they hold approximately 55% of all the outstanding shares.

Power and Politics

Our evidence does not clearly indicate a concentration of power in the management team. In fact as will be shown in the next section, the general manager is on the same line with the other three directors. All the managers indicated that they work in a team. We have observed that the managers take goodbye as a group of friends. This is confirmed by the responses from the interviews in which the managers confirm that they work together in a friendly manner.

Some exceptions to this statement should be noted however. The real power seems to be accumulated in the Board of Directors⁶, to which the economic director does not belong. In this way, although in her position and because she is shareholder, she may very well influence a decision, she typically does not take part in the final decision making process. Another indication for her relatively inferior position in the management team is that she has to request permission from the general manager to leave from the factory during a work day (source:

⁶ Members are chosen based on the number of shares they possess

observation). This is confirmed by the commercial manager, general manager and technical manager who did not include her in the persons who made the final decision concerning the heat plant. Finally, in discussions with clients participate always the same group: the commercial, general and technical director. We therefore may conclude that a coalition is formed by the three directors that have a technical education and who have a seniority in the firm.

It may even be that a smaller coalition exists: between the general director and the commercial director, as the latter one is the principal stockholder (source: direct communication). Further, the offices of the commercial and general director are located close to another, the technical director is located in another part, but on the same floor though. Further, the equipment of the offices of the general and commercial manager is more modern than that of the technical director. Another indication is that the general and commercial director may be called through the secretary and that the technical director can be reached only through the telephone central. This may indicate a difference of status and therefore of power. This is further confirmed by the response of the commercial manager to who participated in the strategic decision making process concerning the heat plant. He first mentioned the general director and himself, only after that the Board of Directors. Finally, the commercial director (who is the principal stockholder), stated that he 'has raised the general director as an engineer' (source: interview). We may even hypothesise that the commercial director may be the most important inside the management team. Except for being the main stockholder, he is also responsible for production, a function that has been indicated by three of the managers (except for the commercial manager) as being the most important. In contradiction with this evidence, is than again that the commercial director shares his office with the economic director, while the technical director does not have to share his workspace.

Considering this preliminary evidence on coalitions inside the management team, we could not find evidence for the existence of conflict among the management team. This may be caused by the homogeneous management team and by the fact that all members have stock. Moreover, the dominant coalition has the same background and may therefore have the same organisational preferences.

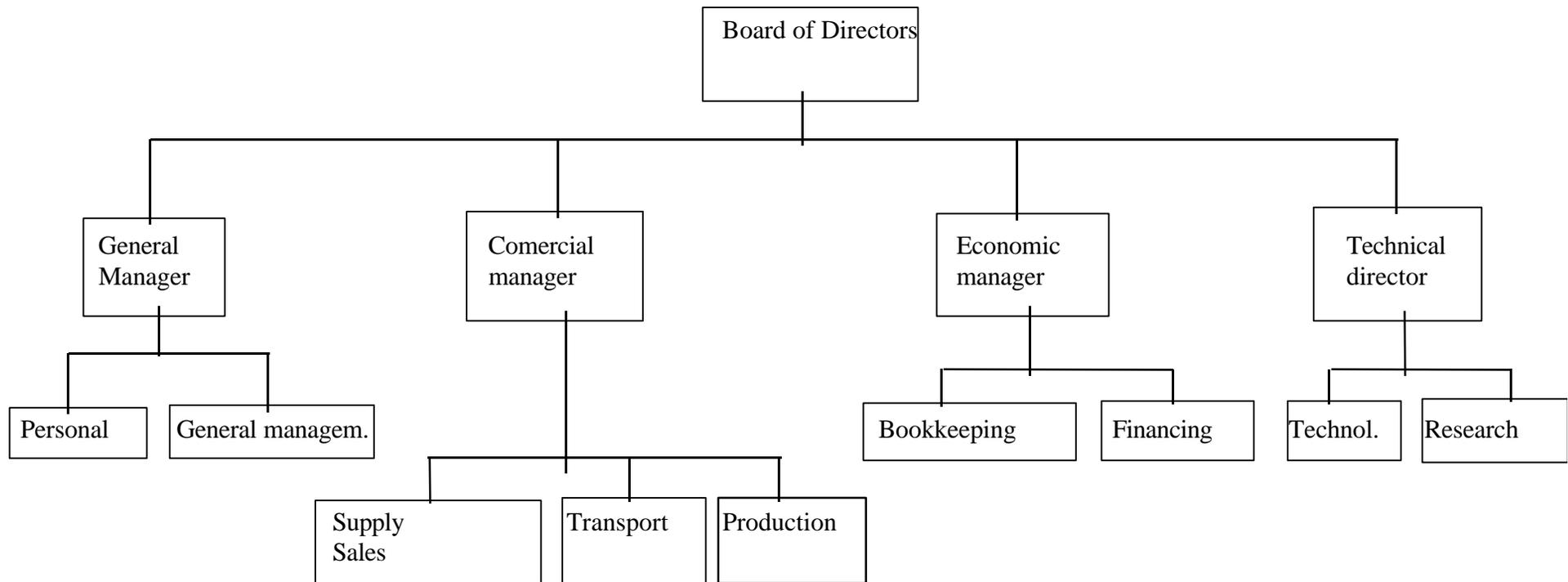
Finally and in concordance with the formal organisational form, all the managers confirmed in their interviews that the operational level does not have any influence on the

decision making process. This may be in contradiction with the fact that many employees have stock, but they are dominated at the meeting of stockholders, by the majority the management team has.

Organisational choice

Organisational structure

The organisational chart shows that the commercial manager holds all the major functions, such as sales and supply. Further, the executive directors are not lower in hierarchy than the general manager. This means that the management team really functions as a team. They have also the majority in the Board of Directors.



Organisational chart TAMIV S.A.

Except for the fact that the general manager has no formal authority over the other directors, the structure very much resembles a classical functional mechanic structure type. The power is centralised in the hands of the management team. The operational level has not the authority to interfere in the decision making. Further, except for the management team, the organisation shows a high level of formalisation. Management expects that the workers act strictly conform their job descriptions (source: responses to the questionnaires by the economic and general manager).

Inside the management team however, information flows freely and directors may have their own management style. Further, management feels that it should adapt and resolve problems, without considering too much official procedures and former experience (source: responses to the questionnaires by the economic and general manager). We therefore may describe the structure as rather hybrid: at the operational level rather formal and centralised, on the other hand at management level it resembles more with an organic structure with low formalisation and low centralisation of power (at least formally). However, most of the power inside the management team, seems to be formally concentrated at the commercial director, who is responsible for most of the critical organisational functions.

Organisational culture

The first dimension of organisational culture, as described by Hofstede et al. (1990) is whether it is process or results orientated. The production process (especially in the first phase of the production process the equipment is quite old, it is not yet modernised, source: direct communication), is quite labour-intensive. Further, the rate of absenteeism is relatively low (only 6 in 1996, source: general meeting of stockholders). TAMIV S.A. is a rather simple organisation, without many administrative layers. Another indication may be that we have found no evidence that the labour union holds much power (this may be related to the seasonal character of the work and to the high turnover of the staff). Finally, we have the impression that management of TAMIV S.A. are rather 'doers'. This is evidenced in the fact that they are owners and that the factory is rather small. We therefore expect that management does not have to concern too much about items related to procedures and processes. This is again confirmed in how management collaborates and in the responses from the economic and general director to the questionnaire survey (see page 22). We therefore conclude that the culture of TAMIV S.A. is results orientated, rather than process orientated.

Secondly, we believe that TAMIV S.A. has a job, rather than a employee orientation. An argument for this may be found in the recent lay-offs that have taken place. Further, we have observed a rather high turnover (source: direct communication). We have also strong evidence that management strongly evaluates performance in terms of cost-efficiency and high profits (see the section about strategy, page 11). Next, from our interviews it appeared that management is strongly orientated towards fulfillment of the job requirements. Although the management team is highly educated (source: interviews) and most of the employees are young (source: observation), characteristics that may be related to an employee orientated culture, we believe that the before mentioned arguments allow to describe the organisational culture as job orientated.

A third dimension of organisational culture is whether it is parochial or professional. The employees and management have no strong professional ties to identify themselves with their profession, rather they identify themselves as a member of TAMIV S.A. Further, TAMIV S.A. has a traditional technology, that not necessitates highly eductated professionals, who may work conform strong outside standards. Finally, the firm is rather small, this is also a characteristic of a parochial organisational culture. For these reasons we believe that the organisational culture of TAMIV S.A. is rather parochial.

Fourthly, another measure of organisational culture is whether it may be described as an open or rather as a closed system (Hofstede, 1990). We have found that access in the firm and to the managers is rather easy. TAMIV S.A. does not have a strict acces control to the factory or offices (source: observation). Further, one may easily obtain information about the operations of the firm, how it is organised and its performance (source: observations). This is confirmed by the general and economic manager who described the communication channels as free and who stated that information is allowed to circulate freely through the organisation (source: questionnaire survey). We therefore conclude that the organisational culture of TAMIV S.A. is rather open than closed.

The fifth dimension of organisational culture following Hofstede et al. (1990) is the intensity of control: tight or loose. We believe that at superior level the control is rather loose (evidenced in the informal way of working at this level), but that at the operational level management exercises a tight control. This is reflected in the lay offs that have taken place and may be motivated by the low qualifications of the workers. Another indication may be the daily

visits the general manager makes in the factory. He confirmed (source: direct communication), that these serve also to be able to better control the operations.

Finally, Hofstede et al. (1990) found that a pragmatic versus a normative orientation may be a measure of organisational culture. We have found TAMIV S.A. to be pragmatically orientated because it operates on a competitive market. Further, Hofstede et al. (1990) have found that specialisation is a characteristic for pragmatic firms. Another argument is that TAMIV S.A. is a private firm and that management partly owns the firm. We therefore believe that management will be rather pragmatically orientated.

Organisational Systems

We have found no evidence that management uses formal organisational systems such as environmental scanning, marketing instruments or any systems related to human resources. Rather, we believe that management uses informal systems.

First, the commercial director regularly visits foreign customers. During these visits he may obtain information about the actual needs on the foreign markets (source: direct communication). Secondly, as evidenced by the visits of the general manager to the factory, we believe that also the workers are controlled basically informally. Thirdly, performance is measured by use of the usual profit figures and balance sheet (source: interview with economic director). We have found however no evidence that management actively tries to predict performance or even makes up a budget. To our knowledge, management has only an investment plan that is approved every year by the general meeting of stockholders and that consequently will be implemented in function of the available resources (source: interviews with economic and general director).

The use of informal methods may be related to the tendency of managers in transitional economies to make heavily use of personal networks to obtain information and resources (see for example Child and Czegledy, 1996). However, Ansoff and McDonnell (1990) may describe these systems as 'control management', because management takes no effort to actively and in a systematic way to collect information about what happens in the future, even if only based on extrapolative methods.

Performance

We have found strong evidence that the performance of TAMIV S.A. is rather high, relative to its competitors. First, in the district of Brasov it ranked in 1996 first in its industry for small and medium sized firms, in a poll that is organised every year by the Chamber of Commerce. This poll takes in consideration a broad range of performance variables, such as profit, rentability figures, sales figures, etc. In the same poll, but now for the whole of Romania, TAMIV S.A. ranked as number eight, far above its direct competitors.

Relative to its direct competitors, every respondent to our interviews indicated that TAMIV S.A. outperforms them. From the interviews it appeared that TAMIV S.A. has six competitors, but all regarded as not threatening because of their low performance levels.

Finally, another indication of the high performance of TAMIV S.A., is that its bank categorized the firm in the 'A' group, that represents the most performant clients (source: discussion with bank informant).

DISCUSSION

In this section we shall interpret our findings and present preliminary propositions concerning the relations between our concepts.

Proposition 1. (Former) state firms will obtain performance if:

- *customers are not hostile, if their preferences remain stable and if this sector is not too complex*
- *if inside the firm exist strong homogeneous dominant coalitions, with the same objectives*
- *if the firm has a simple structure, without administrative problems*

In this particular case, management has the opportunity to focus their product group and to raise their cost efficiency. Therefore, the last condition is that:

- *management uses a comprehensive/ rational decision making process that leads to a focus strategy and the strategic posture of a defender*

We presume that, managers who have their main experience in transitional and planned economies, are very capable of solving supply shortages, although these may hinder the implementation of decisions, as is the case with TAMIV S.A. We believe that in the planned and transitional economies, managers may have developed informal personal networks that serve as a buffer to apparent shortages (Child and Czegledy, 1996). This is confirmed by our

case: management of TAMIV S.A. was able to maintain a high performance level, notwithstanding the problems it had with its shortages supply.

However, we believe that hostility in the customer sector of the external environment will be much harder to handle for a typical (former) state firm. During the planned economy, management should only be concerned about production, the products were always taken from its factory. Therefore we expect that the management and the firm typically would not have developed capabilities and experience in this area. For example, we notice at TAMIV S.A. that no marketing department is present⁷. Romanelli and Tushman (1986), Kelly and Amburgey (1991) and Levinthal and March (1981), stated that characteristics of past organizational responses restrict the nature and range of feasible strategic change. For this same reason, we expect that managers, through their personal and informal networks are also better able to handle uncertainty in the environmental sector made up by regulations.

Following this line of reasoning, a non hostile and stable environment may be convenient for (former) state firms, because this does not necessitate much strategic decision making capacity. Again, as managers have been in a planned economy⁸ mere followers of production plans, they and their firms might not have developed capabilities in this area. As environments become more complex, dynamic and hostile, this capacity becomes more important (Hart and Banbury, 1994). Further, Naman and Slevin (1993) argued that in a turbulent environment an entrepreneurial management style is needed. Conform to our argument, (former) state firms may lack this capability. This may be another reason why TAMIV S.A. has the high performance, because it does not need this specific capacity.

We agree with Yasai-Ardekani (1986), who stated that environmental uncertainty is a too narrow measure of the environment. Certainly in transitional economies, it may be necessary to measure more environmental characteristics and to separate the environment in segments, because management may have developed very different capabilities than managers in western settings would have done and may therefore come up with different strategic responses.

⁷ in (former) state firms that have a marketing department, this may rather be a sales or export department (source: practical experience of the author)

⁸ it is doubtful whether Romanian managers of state-owned enterprises had much autonomy the first two years after the fall of the communist regime

Strong inside coalitions may be related to a defender strategic posture (Chakravarthy, 1982). In our case we have found a strong coalition, that was able to ensure a rather comprehensive decision making style that seemed to be well aligned with its external environment. If opposing powerful interest groups exist, the comprehensiveness of decision making will be reduced (March, 1988, Eisenhardt and Bourgeois, 1988; Bourgeois, 1984).

The coalition in TAMIV S.A. was also strong concerning eventual outside influence. Basically, the owners also managed the firm. In comparison with other managers who work based on management contracts with representatives from the state ownership fund, their external dependency might be quite lower. Also, dependency on other external constituents may cause that management complies with the requests of these external interest groups (Oliver, 1991; Pfeffer and Salancik, 1978). This may lead to for example, orientation towards short term profit (because management needs to show its capabilities) and delay in restructuring (because managers are afraid that workers may complain and exert pressure on the authorities, that happen to be the owners).

In our case, the dominant coalition was homogeneous with respect to age, organizational tenure, experience and education. This causes that less contradictory objectives will exist inside the management team. This may enhance the danger of cognitive limitations (Sharfman and Dean, 1997; Bantel and Jackson, 1989), but increases goal agreement and the homogeneous perceivment of environmental uncertainty. This may be beneficial in the environmental setting of TAMIV S.A., that not necessitates radical changes (Bourgeois, 1985; Hambrick and Mason, 1984).

Managers of state-owned firms may be inexperienced in handling administrative problems. First, most of the managers do not have an education in leadership or management. They mostly are experts in technology and production. Secondly, firms have been typically organized functionally and administrative issues would have been quite unimportant during the era of planned economy, meaning that the organization probably does not have gained experience with these organizational issues (Romanelli and Tushman, 1986; Levinthal and March, 1981).

A centralized and simple structure is related to consistent and integrative decision making (Fredrickson, 1986). This is consistent with our case. However, due to the relative free and informal decision making style at the top of the organization, TAMIV S.A. may avoid the

negative influence of centralization, namely that it reduces rationality (Miller, 1987). An open organizational culture, as in our case, may also contribute here. This again may indicate that particular informal arrangements may lead to different behavior than Western theory would predict.

Our case confirms the proposition of Hofstede et al. (1990), that labor intensive production processes and a simple organization are related to a results orientated organizational culture. A results orientated culture supports a defender type strategic posture (Miles et al., 1978).

A focus strategy reduces environmental uncertainty (Miller, 1988), also in sectors such as customers. Through a focus strategy, management may more intimately know its customers, making formal marketing and planning systems less important. Further, a focus strategy does not necessitate strict formal controls and may reduce also the complexity of the organization. We have already shown that this may be beneficial to (former) state firms.

The relative success of defender strategic postures in transitional economies, has already been found by Tan and Litschert (1994), who even stated that this posture is in every environmental type the most successful in transitional economies (they conducted their study in China). Also Chakravarthy (1982) has indicated that firms that have depleted resources (material as well as human), will opt for defender strategic postures. Based on our case, we therefore reject the proposition of Jennings and Seaman (1994), who state that every internal strategic fit (thus also high adaptability, organic structure and prospector strategic posture) may have the same performance in whatever kind of environment. We strongly believe that, following Miller (1988), strategic fit originates in a right balance between environment, organizational capabilities and strategic posture.

Dean and Sharfman (1993) state, that without restrictions (that may come from organizational choice, environmental determinism, strategic choice or power and politics), a firm will obtain procedural rationality. We basically believe that TAMIV S.A. is in this situation. We further would propose that, following the line of reasoning of Levinthal and March (1981) and Romanelli and Tushman (1986) and the statement of Chakravarthy (1982), who believes that firms that have depleted resources should adopt a defender strategic posture, *restrictions from strategic choice, environmental determinism, organizational choice and power & politics will have significant detrimental effects, inhibiting a strategic adoption of*

other types than a defender or reactor, causing the (former) state firm to be strategically misorientated.

This is what we mainly see happening with the state firms that are confronted with hostile, complex and dynamic environments in one of the segments that are hard for them to handle, especially customers and competition. In this case, firms should obtain human and material resources and change comprehensively their organizational arrangements. Moreover, in this setting their informal networks may not function anymore as the stakeholders in their environment will change.

However, the restrictions may be time dependent (Neu, 1992). As the general environment becomes less hostile and other firms in the competitive environment adapt, it may be that these restrictions become less severe. Institutional theorists, for example, have shown how organizational practices and know how will be dispersed in an industrial sector, in function of the development and settlement of this sector (Dimaggio and Powell, 1983; Oliver, 1991).

CONCLUSIONS

We may now respond to our research questions.

1. Managers at TAMIV S.A. make strategic decision in a comprehensive and integrative way. This is possible because
2. TAMIV S.A. is not restricted by power and politics, environmental determinism, organizational choice and strategic choice, but rather may use more or less rational normative methods.
3. TAMIV S.A. has chosen for a focus strategy and has adopted a defender strategic posture. It has obtained high performance.

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APPENDIX I

The questions included in the entry interview with the General Manager were:

1. When did you enter the firm and when have you obtained your current position;
2. Please describe us, how your firm has become what it is today, beginning with its existence;
3. Please describe to us, the main strengths and weaknesses of your firm;
4. Today, how would you describe the position of the firm in its industry;

5. What are the main opportunities and threats in the external environment for your firm;
6. How would you describe the main objectives of your firm;
7. What do you think, are the most important factors that may determine in your industry, whether you are able to realise these objectives;
8. How do you intend to realise these objectives;
9. How would you describe your strategy of realising the firm's objectives;
10. Which of the functional areas, do you think, are most important in implementing your strategy;
11. What products, of your product-range, in your opinion, are most important in implementing your strategy;
12. With whom do you collaborate most (inside and outside your firm) trying to realise your company's objectives;
13. How would you describe your opinion concerning the realisation of these objectives;
14. Which firms offer the same products in your markets;
15. How would you describe them;
16. How would you describe the performance of these firms, relative to yours;
17. What makes you different from these competitors;
18. How would you describe the three most important issues, in your industry and for your firm, at the moment;
19. What, in your opinion, are now or have been in the recent past, crucial decisions, that may influence the long-term survival of your firm?
20. With whom do you consult or did you consult, in making these decisions (every decision apart)?

APPENDIX II

1. When did you enter the firm and when have you obtained your current position;
2. Please, describe to us your background, career and education;
3. Please describe us, how your firm has become what it is today, beginning with its existence;
4. Please describe to us, the main strengths and weaknesses of your firm;
5. Today, how would you describe the position of the firm in its industry;
6. What are the main opportunities and threats in the external environment for your firm;
7. How would you describe the main objectives of your firm;
8. What do you think, are the most important factors that may determine in your industry, whether you are able to realise these objectives;
9. How do you intend to realise these objectives;
10. How would you describe the firm's strategy of realising its objectives;
11. Which of the functional areas, do you think, are most important in implementing the firm's strategy;
12. What products, of your product-range, do you think, are most important in implementing the strategy;
13. How would you describe your opinion concerning the realisation of these objectives;
14. Which firms offer the same products in your markets;
15. How would you describe these firms;
16. How would you describe the performance of these firms, relative to yours;
17. What makes you different from these competitors;
18. How would you describe the three most important issues, in your industry and for your firm, at the moment;
19. You have described to us the strategy of the firm, how would you describe the strategy of your department in the framework of the firm's strategy;
20. With whom do you collaborate most (inside and outside your firm) trying to realise your objectives;
21. Please, introduce to us your colleagues (age, education, career, personality, his or her skills);
22. How would you describe the nature of the collaboration with your colleagues (for each colleague separate);

23. When you make decisions with your colleagues, please describe to us how they are made, usually conflicts exist or do you mostly agree, how do you and your colleagues behave, with whom do you mostly agree, what are your common goals;
24. From now on., please focus your attention on decision X (will be specified later by the CEO); When did this first become an issue and why;
25. Where did the issue come from (internal organisation, external environment) and how was it detected;
26. Who firstly presented it as an issue;
27. Was the issue by the management team being conceived as a threat or as an opportunity;
28. Please describe to us, by resolving this issue, which organisational goals are served;
29. In your decision making process, how did you relate the means to organisational goals;
30. How did the available means influence the decision concerning the issue;
31. Who participated in the decision making process, why;
32. With whom did you agree and with whom not, why;
33. What information sources have been used, what decision techniques, has the problem been discussed in management sessions, how many;
34. Please describe to us, how were evaluated the consequences of each alternative for the organisational goals;
35. How is the actual issue related to former and future decisions, how have you integrated the decision in the company's strategy;
36. Who did make the final decision and when;
37. What was the motivation for taking this decision;
38. Based on this decision, how are planned the consequent organisational actions;
39. How would you describe the influence of the operational level on the outcome of the decision?

Questions 1 - 23 have the objective to gather general data about the firm, its competitive strategy, its position within the industry, its distinctive competencies, key industry success factors, the functional strategy of the area wherein the respondent is active, descriptions of the management team members, the frequency and nature of the interactions of the management team members with each other and to gather data about the decision making style of the management team (Eisenhardt and Bourgeois, 1988). Questions 24 - 39 are meant to trace the decision as specified by the entry-interview with the CEO. These questions are based on the dimensions of strategic process research mentioned by Fredrickson (1983): motive for initiation, concept of goals, relationship between means and ends, concept of choice, analytic comprehensiveness and integrative comprehensiveness. In this way, directly or indirectly (through the decision stories), it is the intention to measure the influence of the several factors identified in part 1 of this research plan (page 3), on strategic decision making.